

Alaska Affordable Energy Strategy

Cady Lister
Chief Economist

Katie Conway
Government Relations Manager

Presentation to the
Senate Resources Committee

January 25, 2017







Bulk Fuel



Generation



Distribution

Energy infrastructure is critical infrastructure

- Foundation for community sustainability
- Power and heat
- Requires continued investment
- Alaska's is aging



The future points to more dynamic funding

2017

the future

Need remains constant

Yet availability of public funding to help meet that need is decreasing

The AkAES is a strategic plan to improve the methods by which the State works with **non-Railbelt communities and utilities** to identify, evaluate, develop, and maintain **cost-effective energy solutions.**

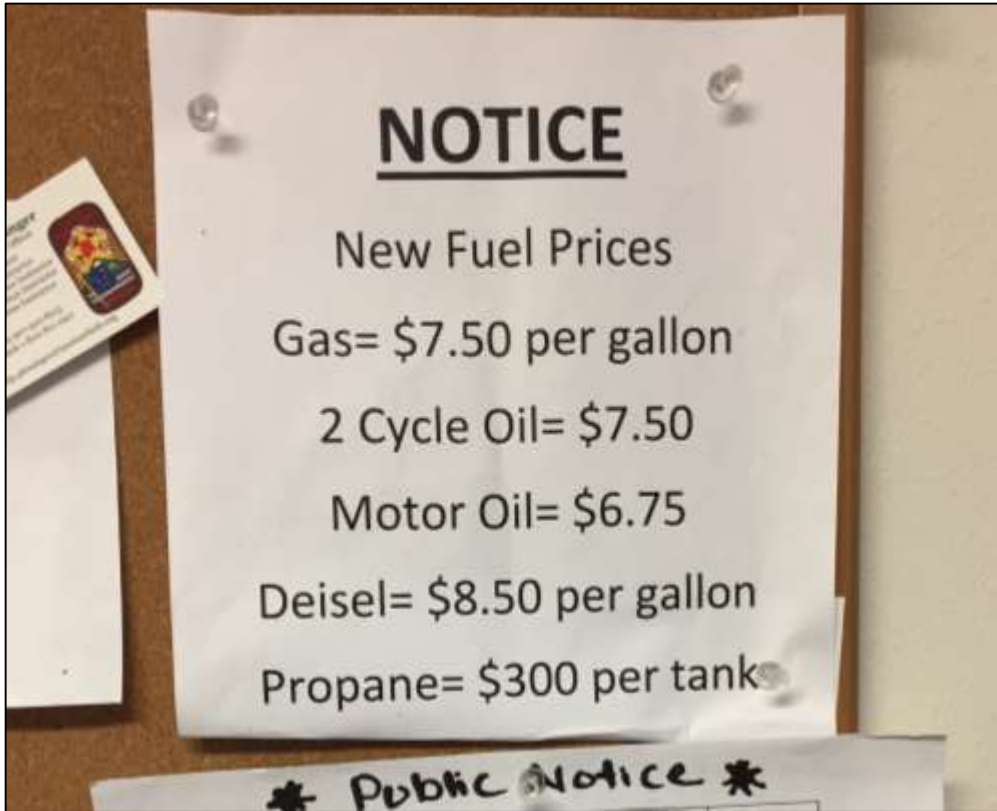
In 2014, Senate Bill 138 tasked AEA to

- Develop a plan for cost-effective energy outside the Railbelt
- Consider existing policy
- Recommend funding mechanisms



This work is even more relevant today
in light of the state's fiscal challenges.

Study area communities



Venetie, 1/5/17

Mostly small
Mostly remote
High energy costs

Implementing AkAES can facilitate better use of everyone's dollars through:

- Improving project selection
- Diversifying financing options
- Strengthening accountability



A foundation of research and collaboration

- Compiled existing research
- Analyzed potential projects
- Conducted primary research
- Collaborated with stakeholders



Affordable = Cost Effective
(circumstances are important)



There are no one-size-fits-all solutions.

The AkAES is a framework to build safe, stable, reliable, and affordable energy systems



Research identified pain points in the system and offers solutions to address them

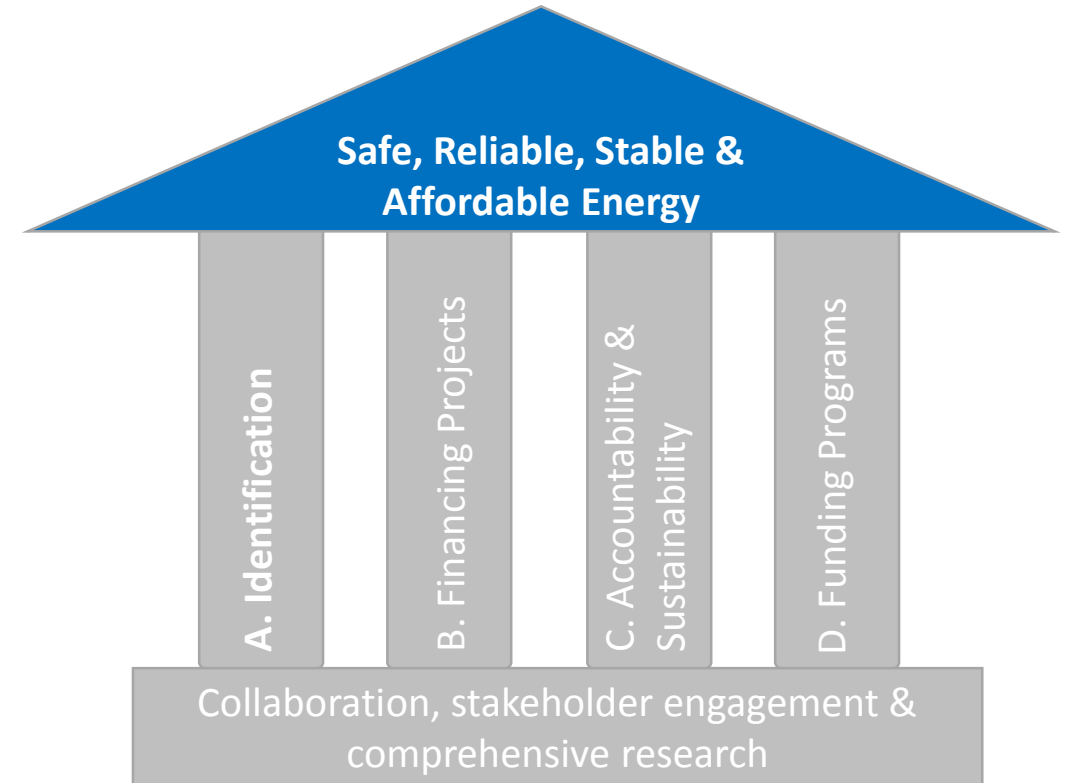
- Expectation of grants
- Funding-driven decisions
- Insufficient managerial capacity
- Shortage of technical expertise



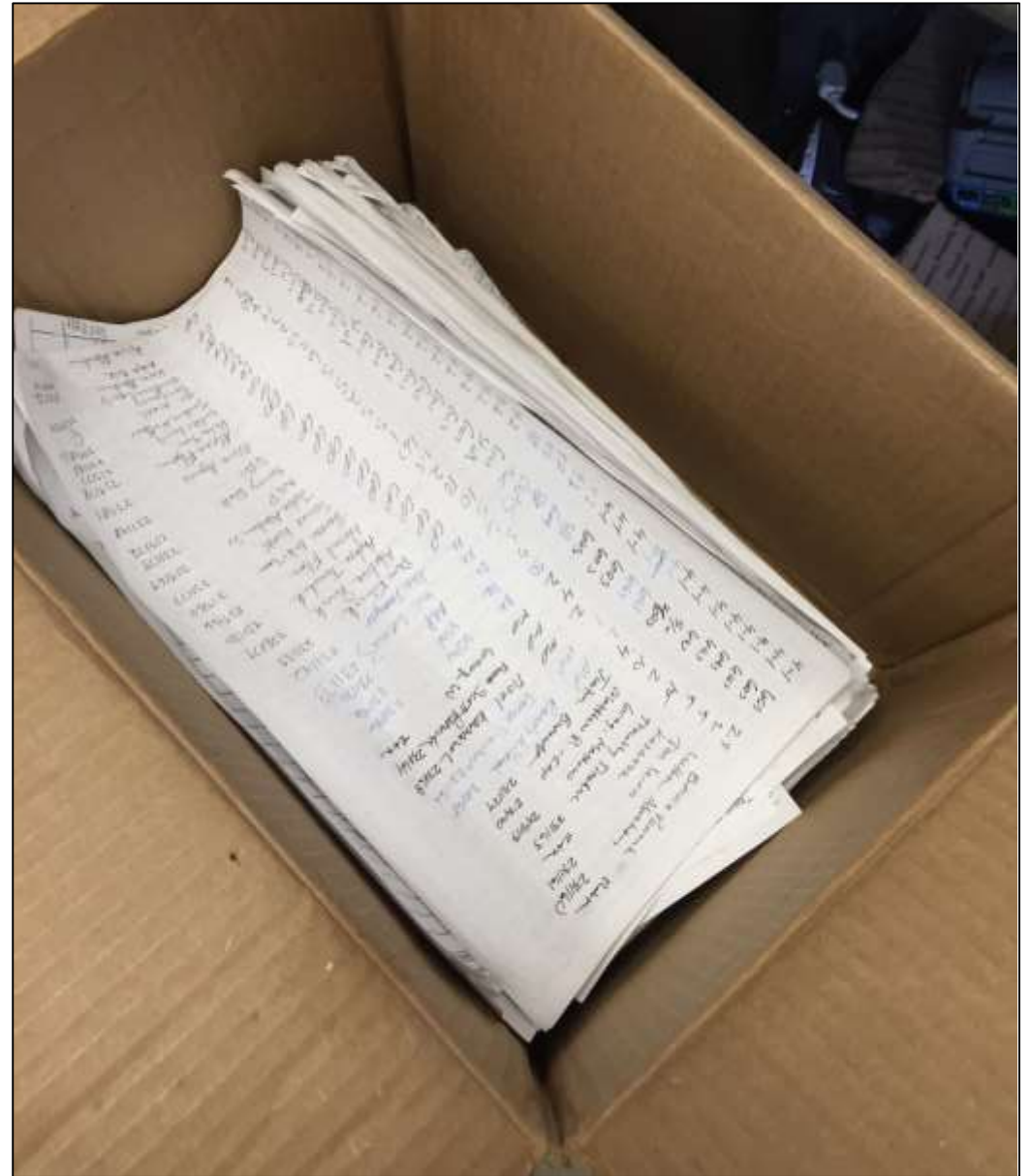
Statutory, regulatory, and policy changes can help transition Alaska to a more effective way of supporting critical energy services and programs despite limited public dollars.

Recommendation 0-0:

Strengthen State energy policy by declaring that all communities will have safe, stable, reliable, and affordable energy by 2030.

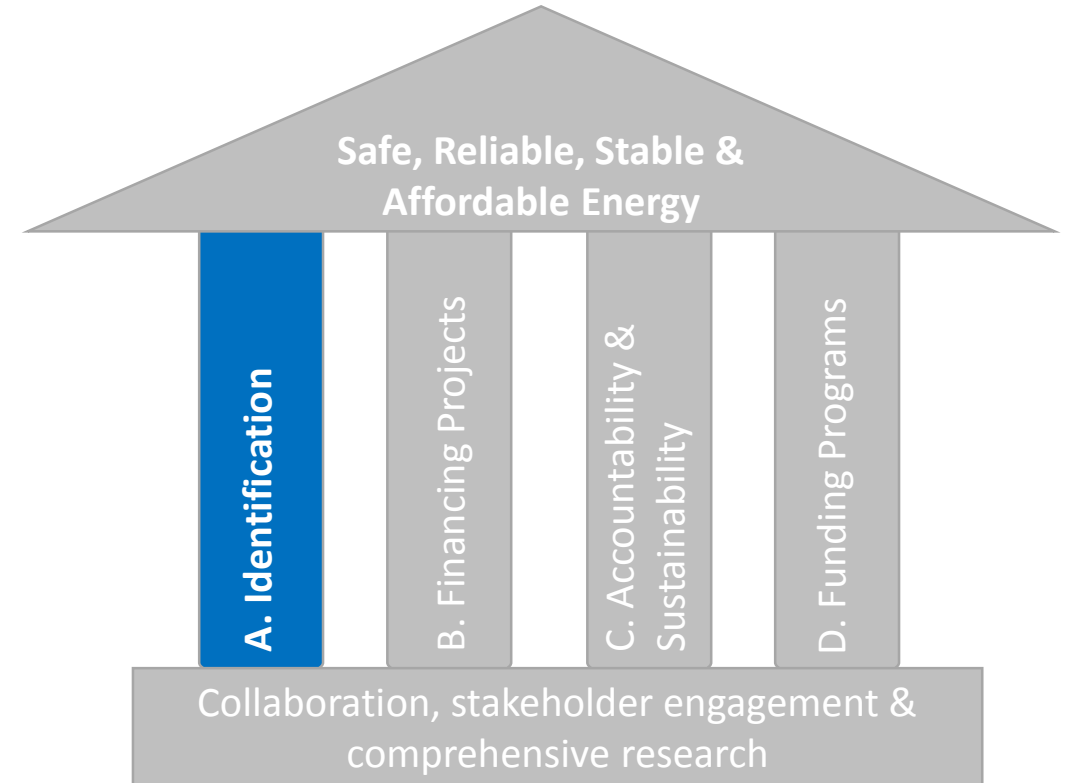


Identification of cost-effective projects



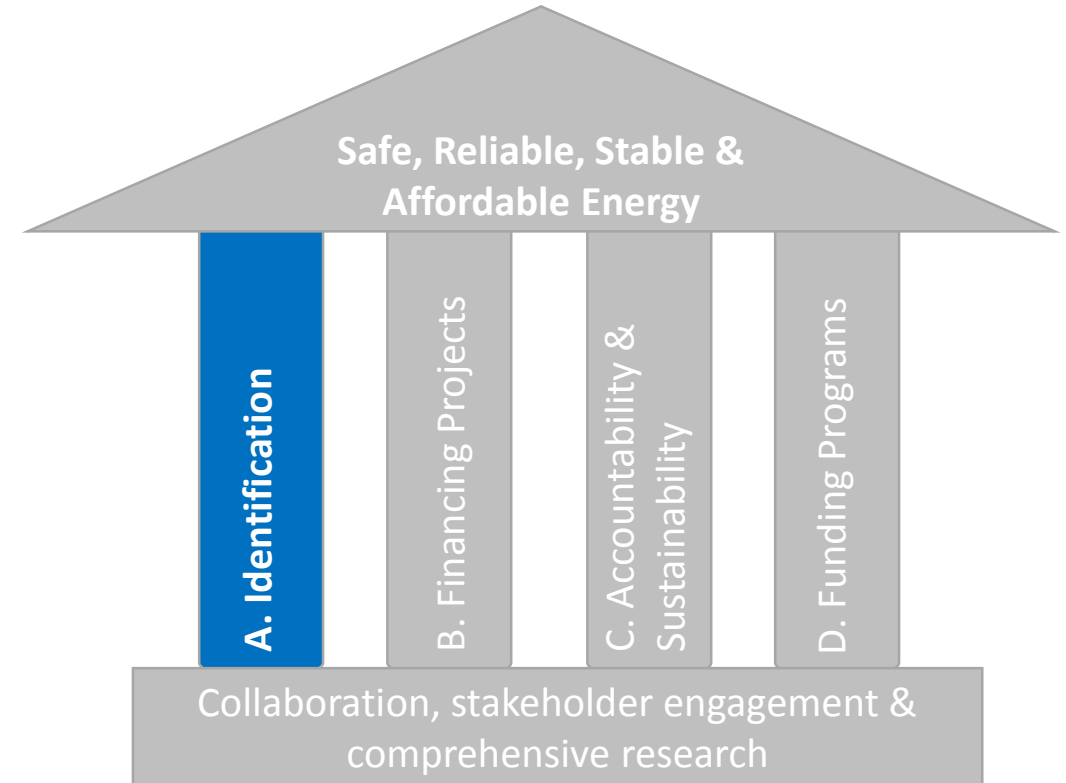
Recommendation A-1:

Improve data collection and analysis



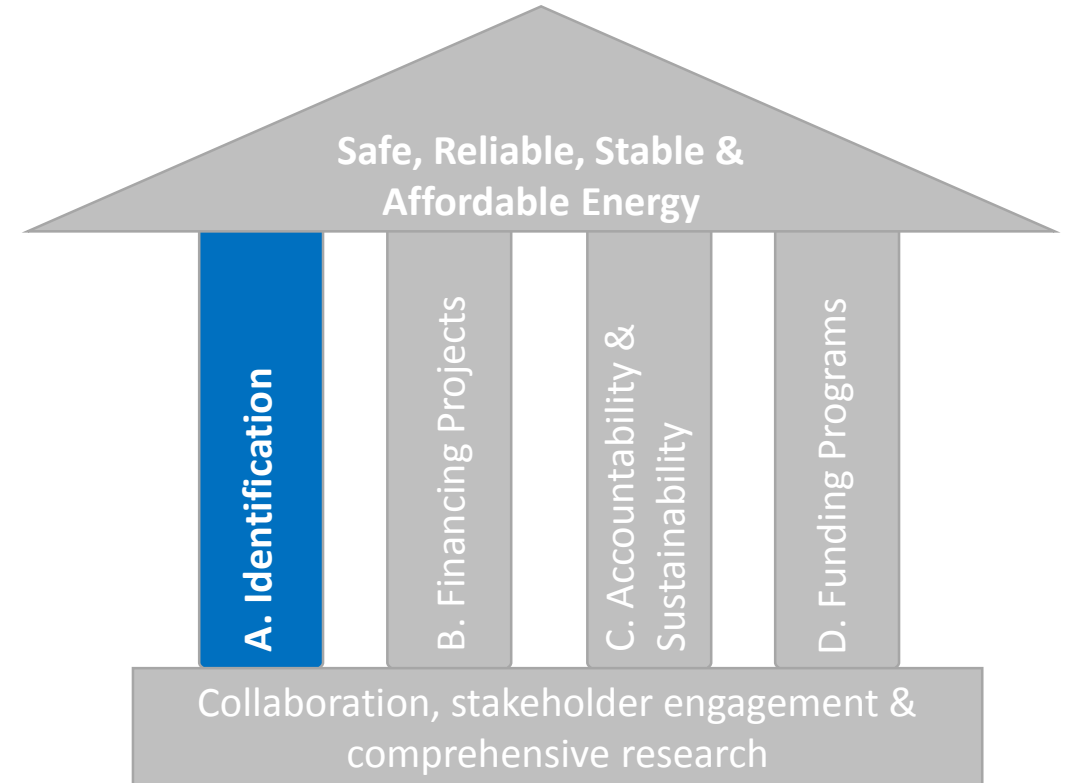
Recommendation A-2:

Clarify State's role in working with communities on project identification, planning, and financing



Recommendation A-3:

Establish residential and non-residential building energy codes

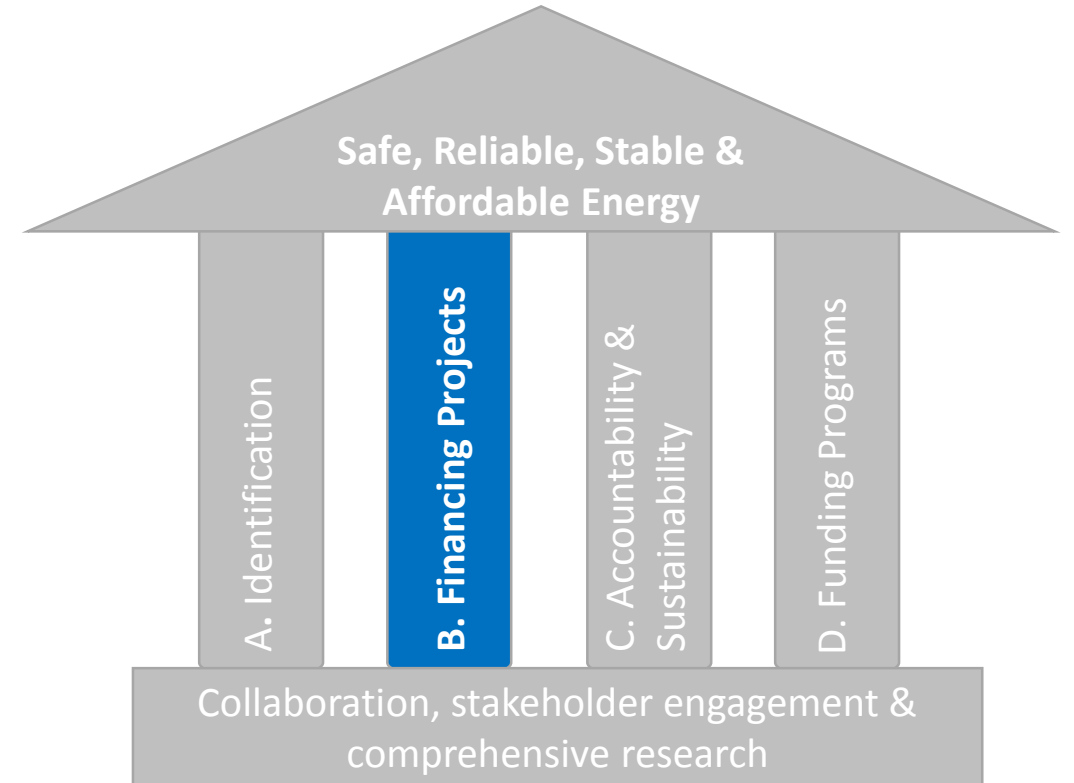


Financing cost-effective projects



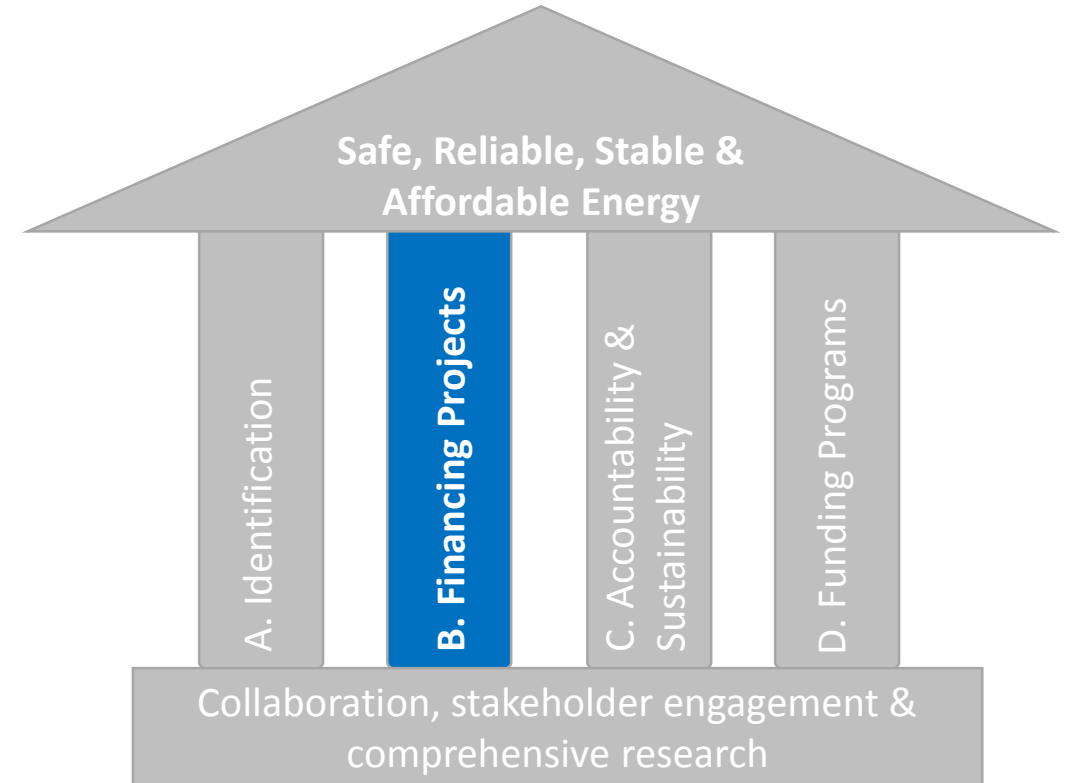
Recommendation B-1:

Allow Bulk Fuel Loan participants to purchase non-diesel fuels



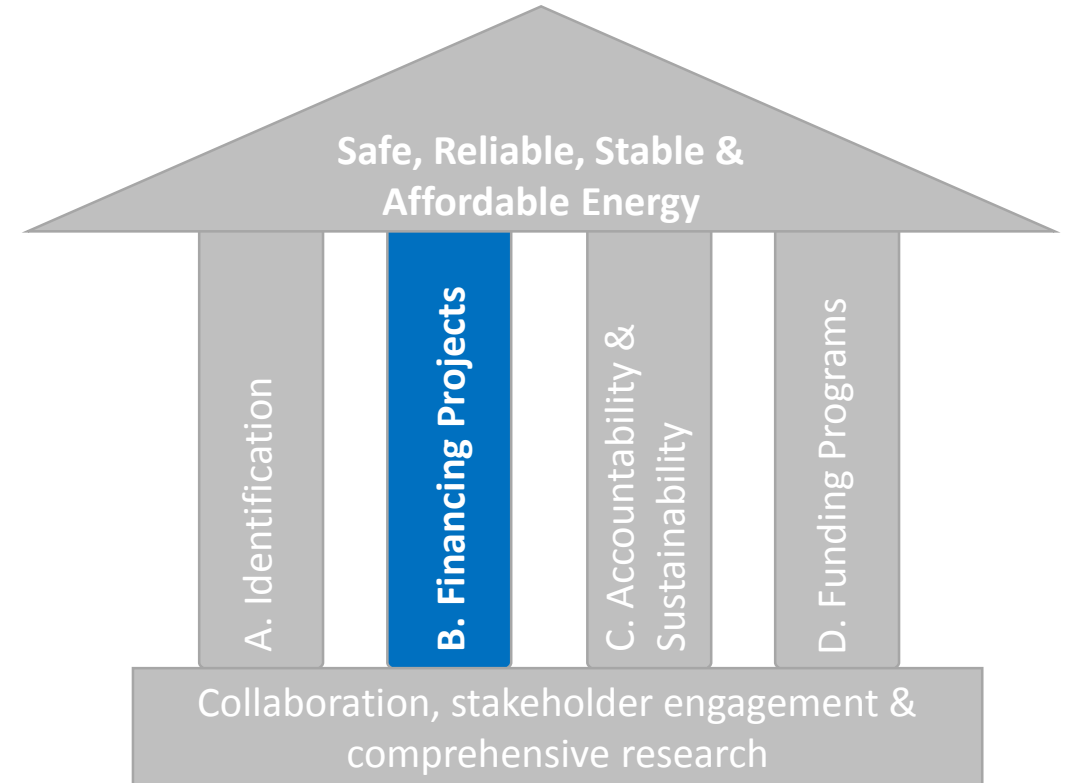
Recommendation B-2:

Create a one-stop-shop fund for communities that allows for segregated state, federal, and private grants and loans that could be blended to develop energy projects



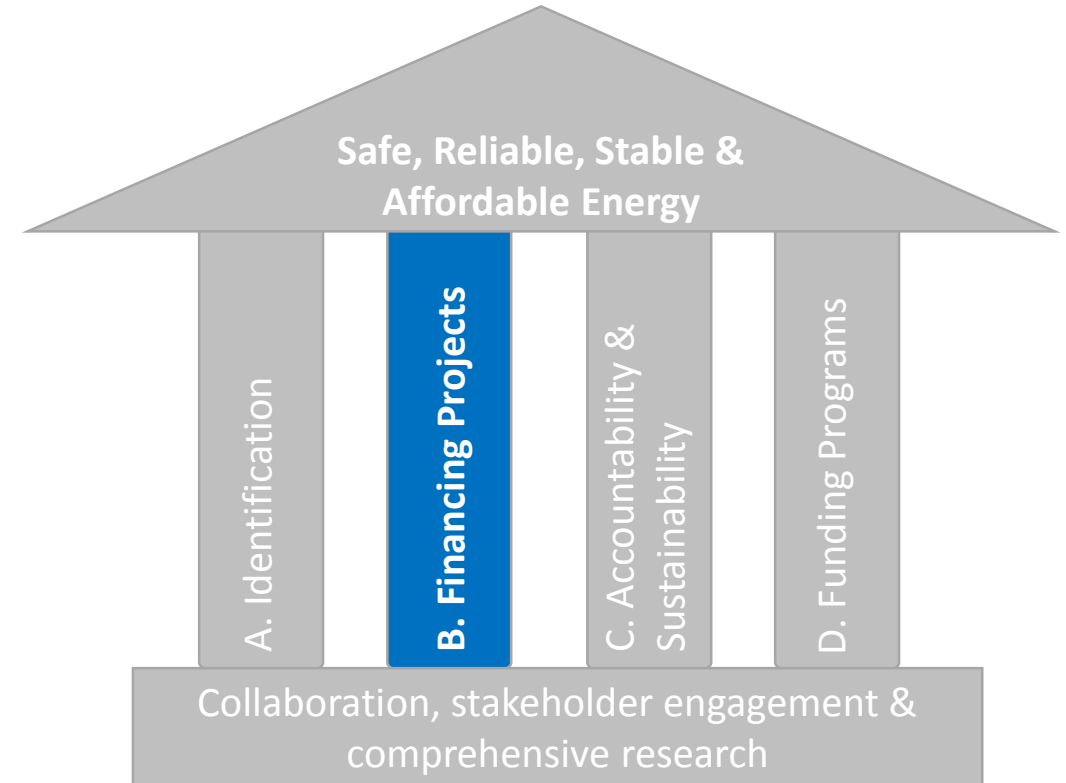
Recommendation B-3:

Create a loan program with refund provisions that reward project performance



Recommendation B-4:

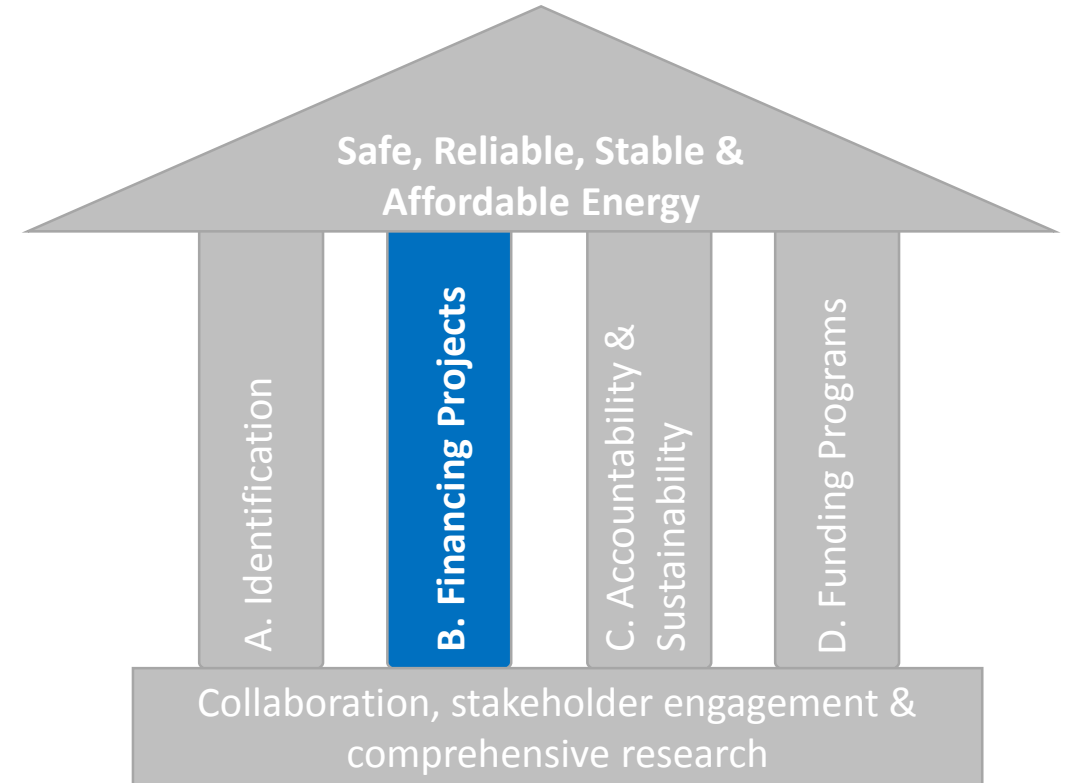
Statutorily allow voluntary on-bill financing and C-PACE



Recommendation B-5:

Stabilize State funding for residential Weatherization

Modify Home Energy Rebate rules to expand access to residential efficiency services

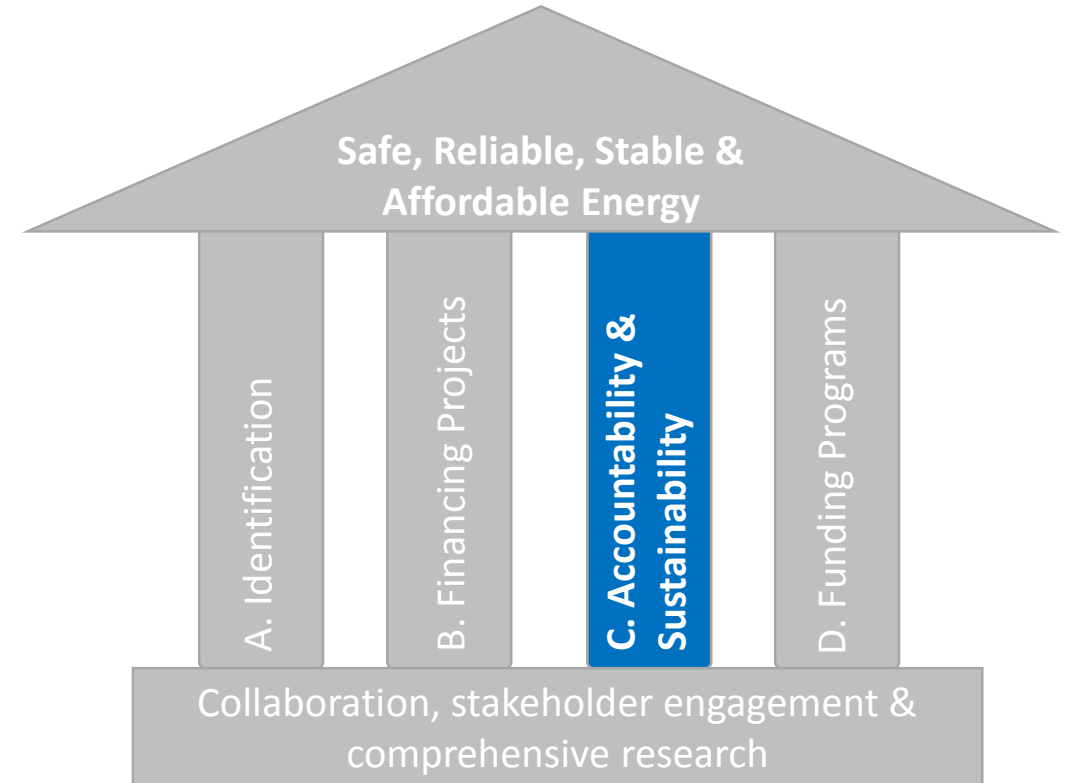


Accountability & Sustainability



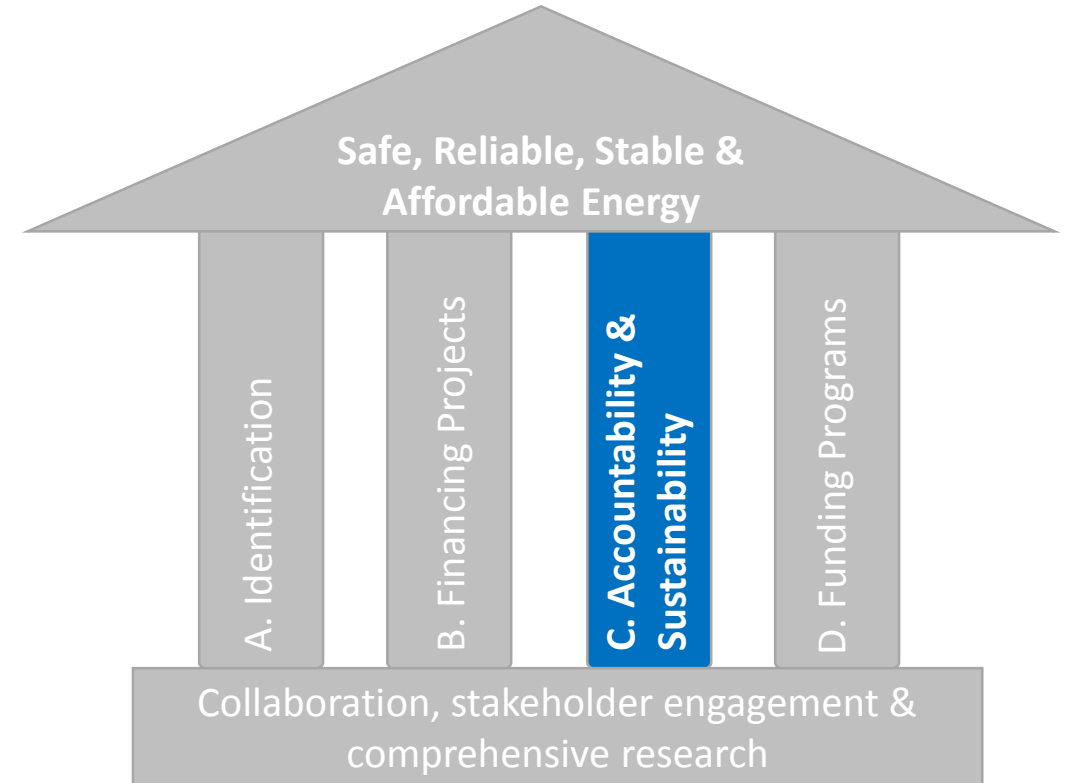
Recommendation C-1:

Strengthen business and financial management assistance for PCE-eligible utilities



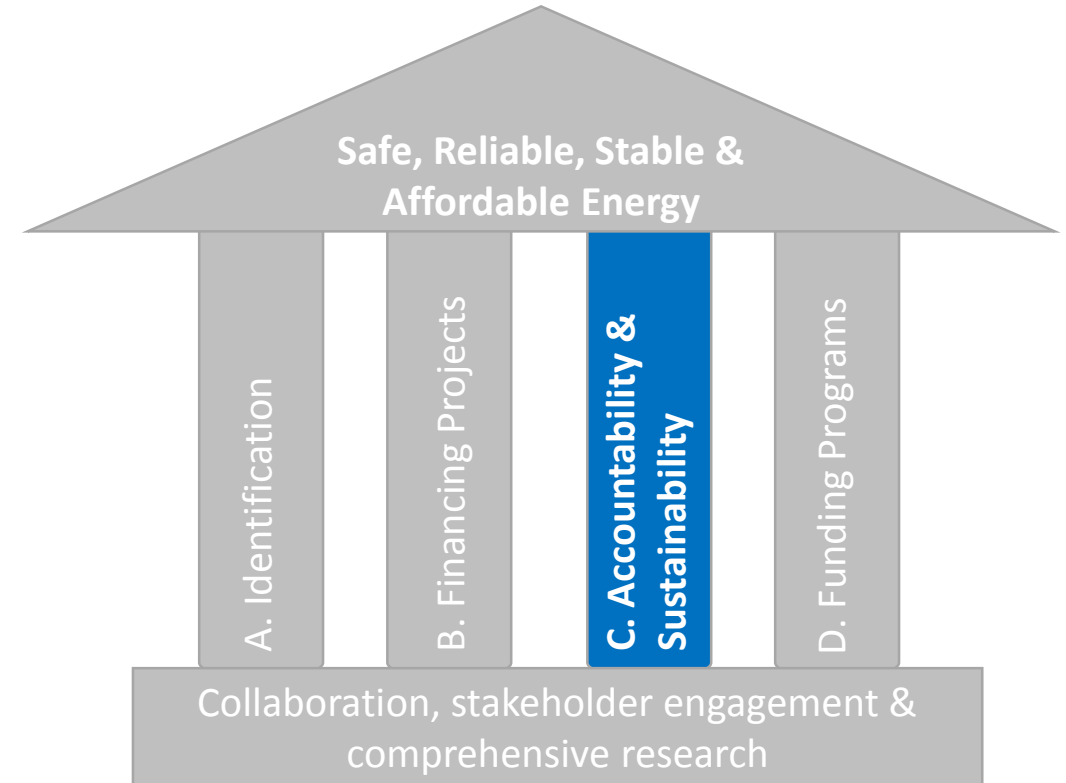
Recommendation C-2:

Draw on the State's partnerships with regional and statewide entities to more cost effectively provide needed assistance



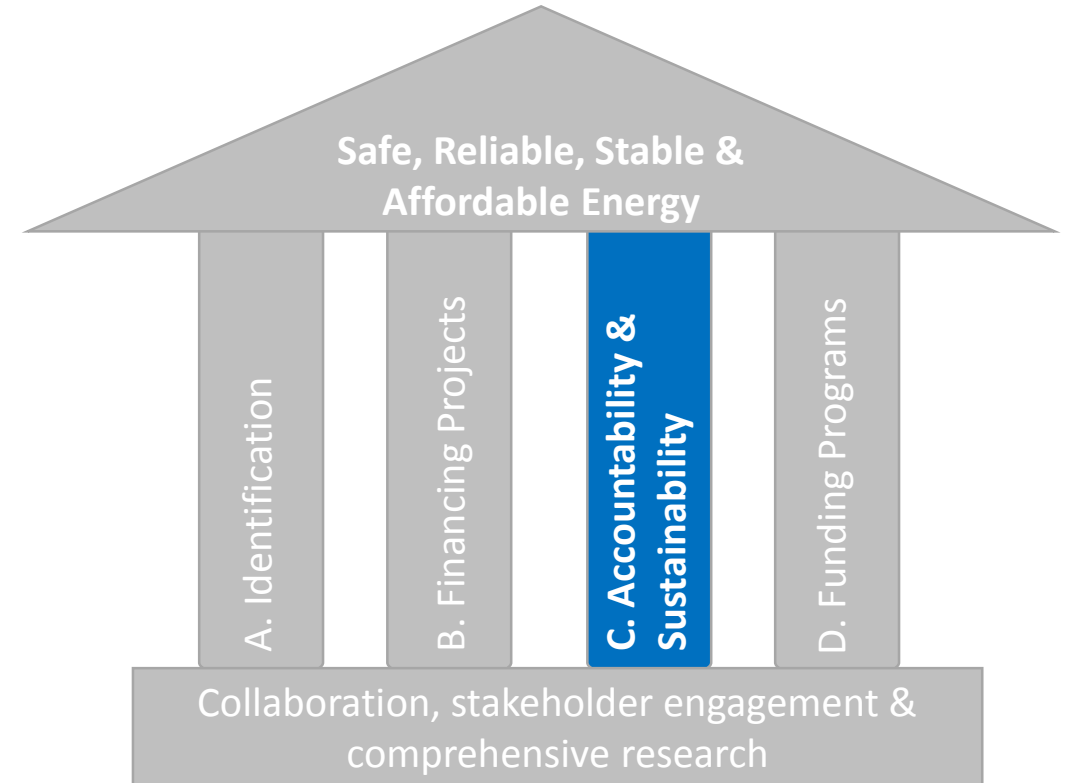
Recommendation C-3:

Develop a cost-effective regulatory system to ensure PCE-eligible electric utilities continue to meet standards to be fit, willing, and able



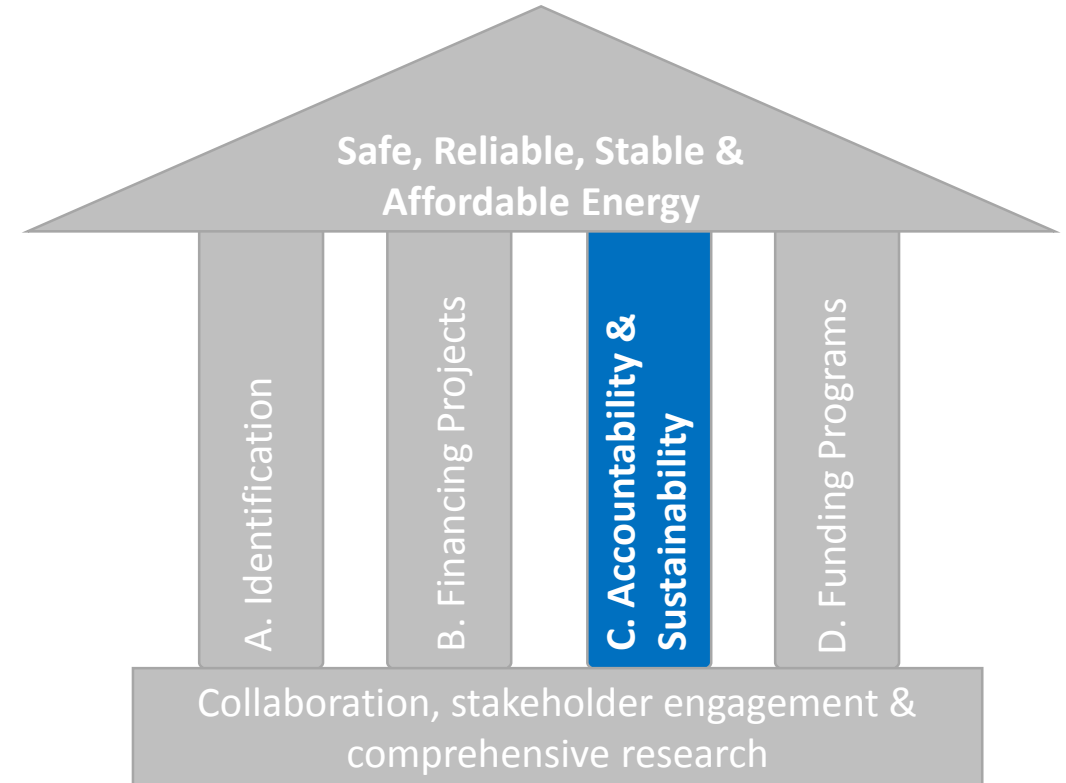
Recommendation C-4:

Require large non-residential buildings that receive PCE to have an energy audit and perform cost-effective retrofits



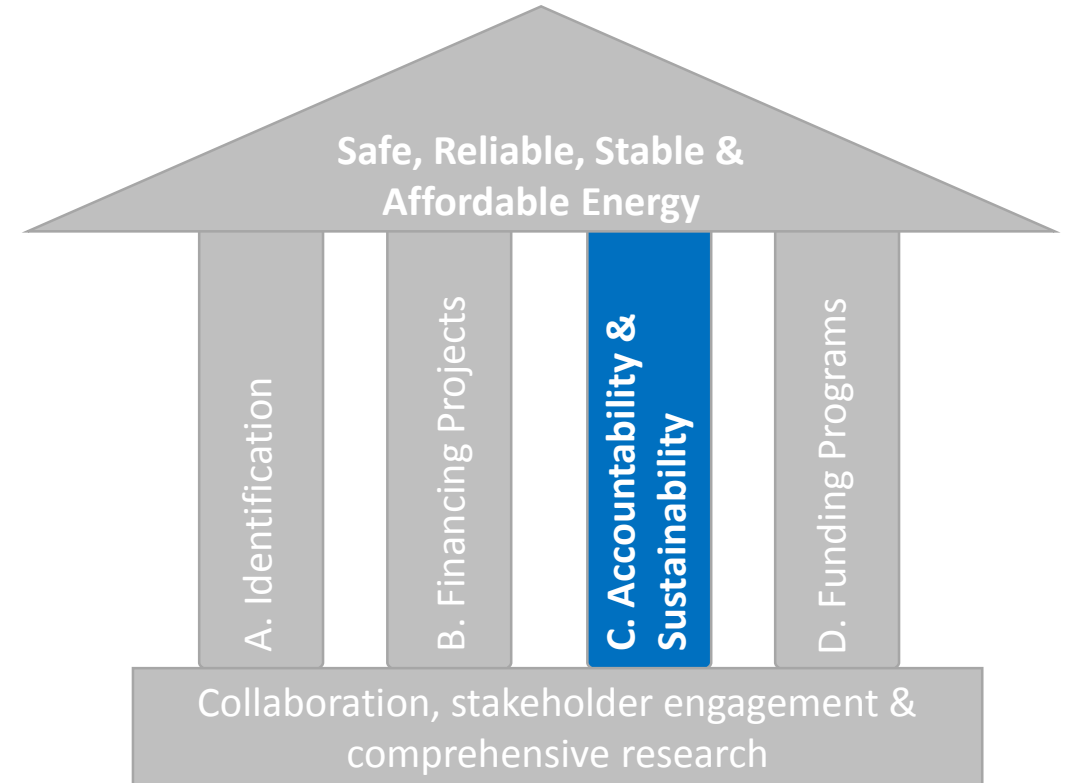
Recommendation C-5:

Empower the RCA to have siting authority over generation and transmission facilities for regulated utilities in study area



Recommendation C-6:

Enact a 1% per year fuel reduction target for electric utilities until cost effective gains have been realized



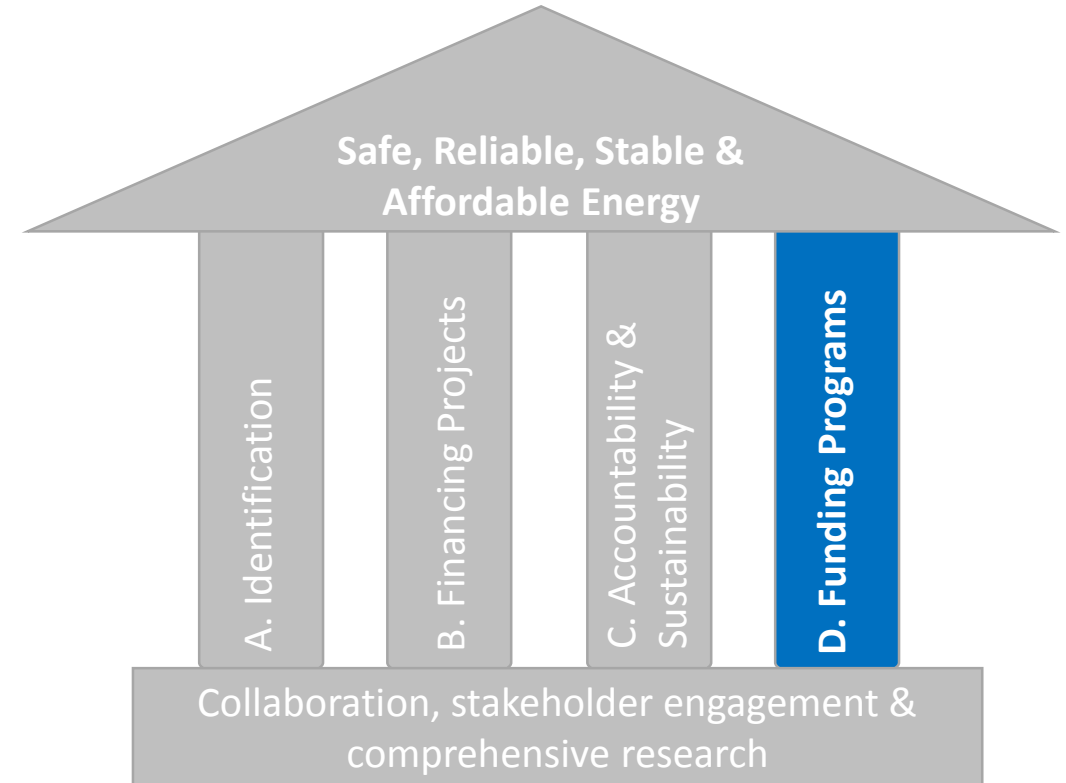
Funding programs:

AEA's statutory mandate requires a plan:

- “for **funding** the...required infrastructure”
- to “recommend the means for **directly underwriting** the energy costs of citizens to make their energy costs more affordable”

Recommendation D-1:

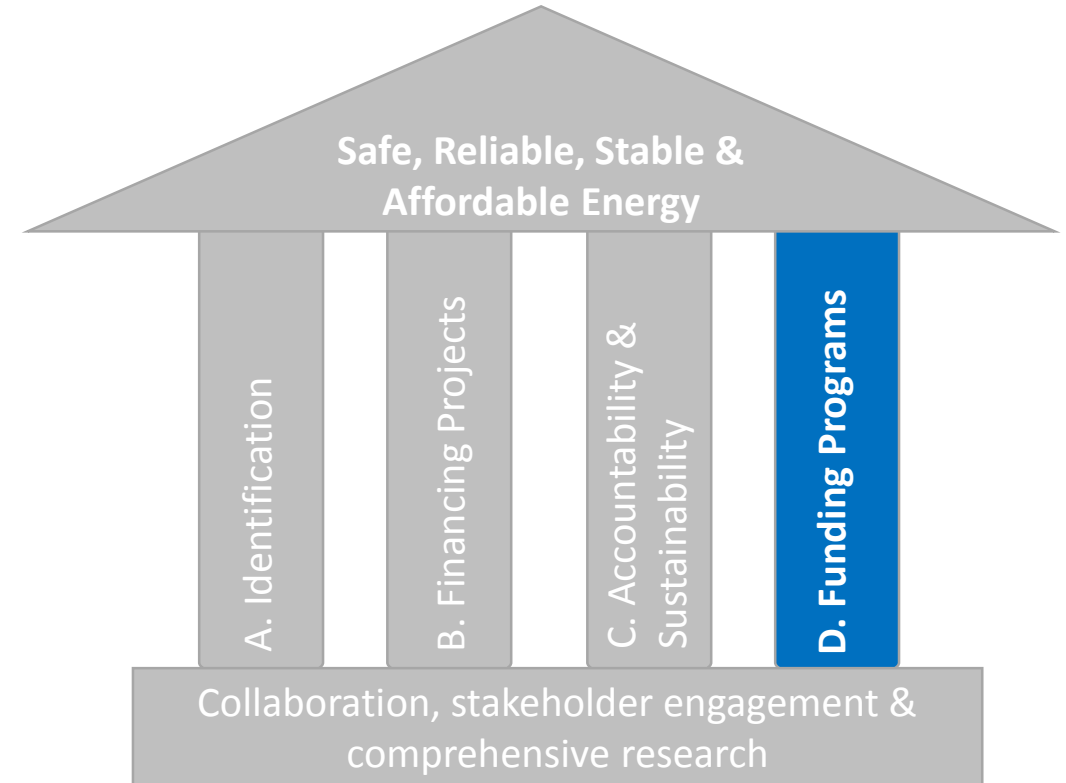
Use the Alaska Affordable Energy Fund (AS 37.05.610) when it becomes available



Until then, what are possible funding sources?

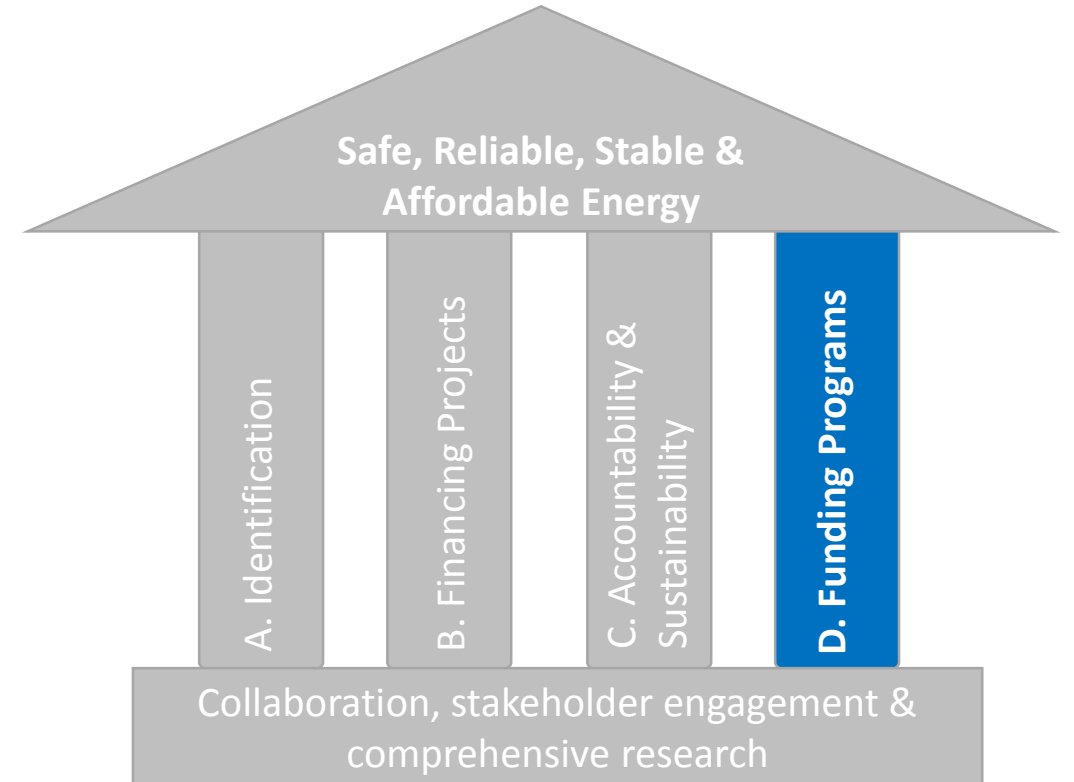
Recommendation D-2:

Provide for payment of PCE administrative expenses and fund specific energy programs with PCE funds



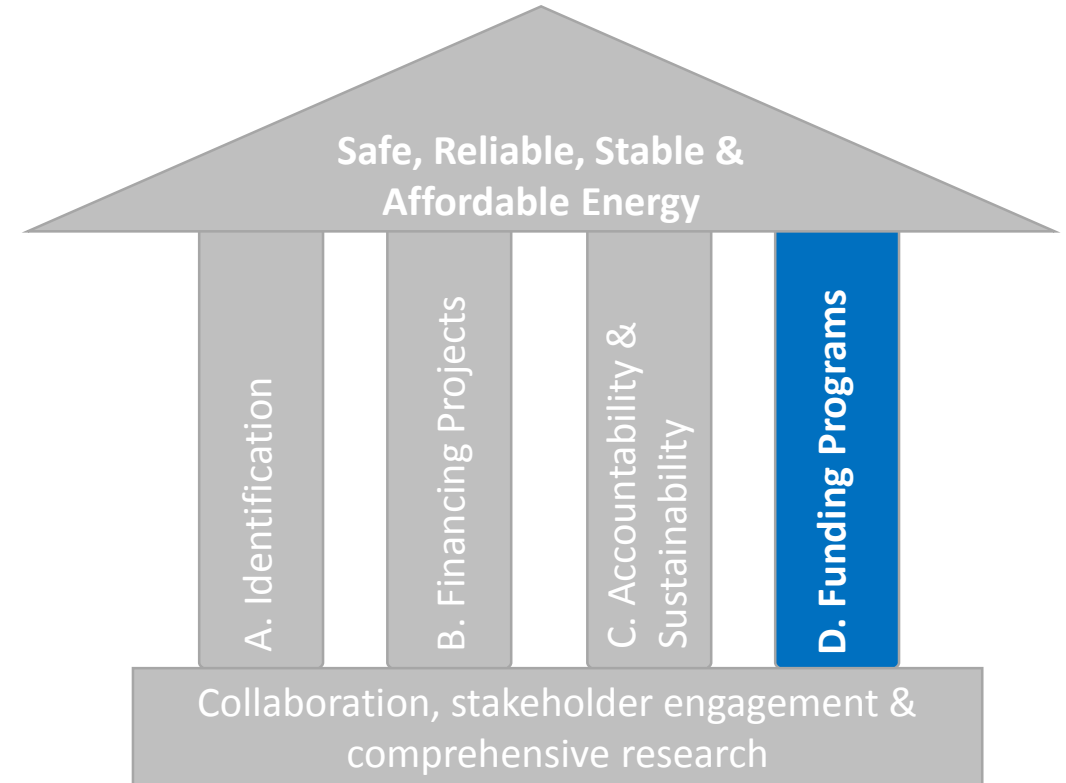
Recommendation D-3:

Establish a universal service charge to support community energy projects and programs



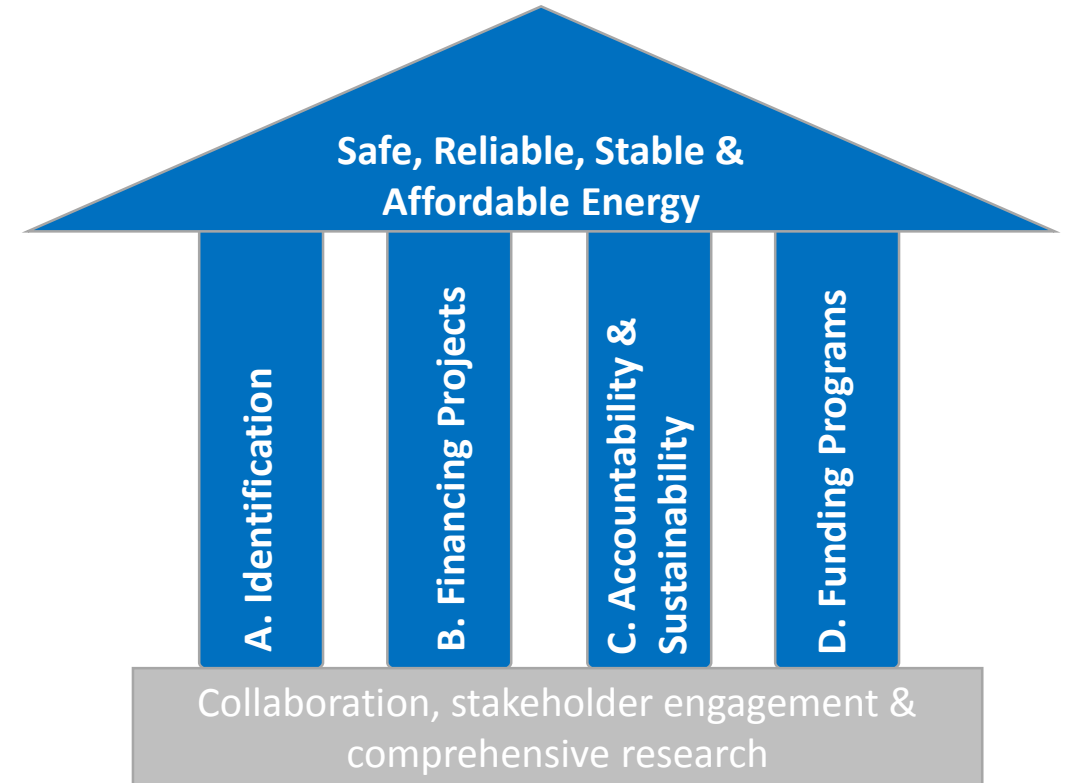
Recommendation D-4:

Continue the Power Cost Equalization program & revive the Alaska Heating Assistance Program



For Consideration:

To the extent that is reasonable, consider giving a State entity the authority to consolidate and manage consumer energy programs



Conclusions

1. The lights and heat must remain on
2. Fiscal reality demands change
3. The AkAES presents opportunities for delivering cost effective energy



ALASKA ENERGY AUTHORITY

813 West Northern Lights Blvd.

Anchorage, Alaska 99503

Phone: (907) 771-3000

Fax: (907) 771-3044

Toll Free (Alaska Only) 888-300-8534

AEA's mission: Reduce the cost of energy in Alaska.



www.akenergyauthority.org