



BOARD MEETING MINUTES
Thursday, September 24, 2015
Anchorage, Alaska

1. CALL TO ORDER

Vice-Chair Pruhs called the meeting of the Alaska Energy Authority to order on September 24, 2015 at 10:01 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Russell Dick (Public Member) (phone); Vice-Chair Dana Pruhs (Public Member); Jerry Burnett (Deputy Commissioner, Department of Revenue); Fred Parady (Deputy Commissioner, Department of Commerce, Community and Economic Development (DCCED) (phone)); Crystal Nygard (Public Member); and Gary Wilken (Public Member).

3. ROLL CALL: STAFF, PUBLIC

Staff present: Sara Fisher-Goad (AEA Executive Director), Sandra Moller, Sean Skaling, Gene Therriault, Michael Lamb, Tom Erickson, Emily Ford, Neil McMahon, Jessica Stolp, Kirk Warren, Teri Webster (AEA); and Brian Bjorkquist (Department of Law).

Others present: Asaf Shalev (Alaska Dispatch News); Elwood Brehmer (Alaska Journal of Commerce); Tim Gallagher (HDR); Alan Bailey (Petroleum News); Tyson Gallagher (Representative Gattis Office); Ethan Tyler (DCCED); and Harold Henze; Sydney Hamilton and Sunny Morrison (Accu-Type Depositions).

4. AGENDA APPROVAL

The agenda was approved.

5. PRIOR MINUTES - August 6, 2015

MOTION: A motion was made by Mr. Wilken to adopt the minutes of August 6, 2015. Ms. Nygard seconded the motion. Motion passed.

6. PUBLIC COMMENTS

None.

7. NEW BUSINESS

7A. Alaska Affordable Energy Strategy Update

Ms. Fisher-Goad invited project manager Neil McMahon to provide a update on the Alaska Affordable Energy Strategy (AkaAES). Senate Bill 138 passed two years ago. It contains the AkaAES section charging AEA to look at opportunities to deliver affordable energy to the areas of the state that do not have direct access to the gas pipeline. A special account in the general fund was created to help pay for the necessary projects and programs. The account will receive 20 percent of the revenue from the state's royalty gas after the payment to the Permanent Fund is completed. The deadline for the strategic report is January 1, 2017.

AEA is working on both short-term and long-term planning horizons to ensure the strategies in the document will be useable. AEA's planning effort intentionally involves multiple groups, including local expertise, stakeholders, and the Technical Advisory Group. This will capitalize on previous efforts, engage with existing energy champions, and align with Administrative Order 272, which provides further direction for the Interior Energy Project (IEP).

Mr. McMahon defined "affordable" as need-based or need-blind. Need-based is the ability to pay based on a combination of the energy unit cost and the amount of consumption, while considering the median household income of the community for an 8% energy cost burden. The heating assistance program Low Income Home Energy Assistance Program (LIHEAP) is an example of need-based. Need-blind is an energy price target or cost target. The PCE program is an example of need-blind price target.

Vice-Chair Pruhs asked if commercial consideration is given in defining "affordable." He believes this is an important part of the overall plan. Mr. McMahon explained annual cost reduction for commercial non-residential facilities, water and wastewater systems are included in each region. Exactly how the commercial sector will be addressed is under discussion. Vice-Chair Pruhs requested to see the interrelationship between affordable cost of energy for the commercial sector and how it affects the household income opportunity.

Deputy Commissioner Burnett requested the median household income for communities be presented alongside the 8% energy cost burden target. Mr. McMahon noted can provide that information as a follow up.

Mr. McMahon described the list of recommendations the AkaAES is expected to develop and the phases of that development. He reviewed the current active request for service applications (RSA), request for proposals (RFP), and the expected near-term deliverables.

Deputy Commissioner Parady expressed his appreciation to Mr. McMahon for the work and structure of the process. Deputy Commissioner Parady noted his concern the phases may be overcomplicated and could benefit from streamlining the information. He noted run-of-river hydro was not included in the presentation and requested this known opportunity be part of the final recommendation. Ms. Fisher-Goad indicated run-of-river hydro is part of the current renewable portfolio and this presentation provides a way to organize the work product for the executive summary of the final report.

Deputy Commissioner Parady asked how the structural competitive problem of supplanting existing fuel infrastructure will be assessed in the liquefied natural gas (LNG) study. Mr. McMahon informed the focus is on whether or not LNG would reduce the cost to consumers in a community. Vice-Chair Pruhs requested the economic consequence of changing the fuel type in a community be a component in the study.

Ms. Nygard inquired as to the cost of the studies. Mr. McMahon reported the total budget allocated through the legislative fiscal note was \$2.025 million. Mr. Wilken asked if that budget will be exhausted by January 1, 2017. Ms. Fisher-Goad believes the budget will provide through fiscal year 2017, and any further expenditures will be submitted through AEA.

Mr. Wilken requested additional information on which conclusions of the report are projected to be incomplete by January 1, 2017. Mr. McMahon believes the main complication and challenge is not knowing the available budget amount. Each recommended scenario will be different based upon the available funds.

Mr. Wilken asked what role AEA will play after the report is provided. Ms. Fisher-Goad informed AEA will ensure the relevant information and data is up-to-date, and will continue to move forward with the priority strategies. Mr. Wilken inquired if there is a restriction on the Arctic Infrastructure Fund requesting funds from the Alaska Affordable Energy Fund to develop Arctic infrastructure. Deputy Commissioner Burnett commented the general fund sub-account is spent according the Legislature's decisions.

8. DIRECTOR COMMENTS

Ms. Fisher-Goad announced the Renewable Energy Fund (REF) solicitation closed last week. There are 51 applications, for a total of \$48.5 million in grant recommendations. The total match associated with these projects is \$36 million. There are 15 heat-related projects, and 36 electricity or combination of heat and electricity projects. Hydro elements are included in 22 of the project applications.

8A. Next regularly scheduled meeting Thursday, October 22, 2015.

9. BOARD COMMENTS

Deputy Commissioner Parady expressed appreciation to Mr. McMahon and Ms. Fisher-Goad for their work on the Alaska Affordable Energy Strategy.

Chair Dick echoed appreciation to Mr. McMahon and Ms. Fisher-Goad. He requested Mr. McMahon provide Board members with the United Kingdom report referenced in determining the 8% household energy cost burden.

Chair Dick requested Ms. Fisher-Goad give an update on the performance of the Gartina hydroproject in Hoonah. Ms. Fisher-Goad advised she did not bring any statistical data with her

to the meeting. Mr. Skaling informed integration has gone well and the project will offset approximately a third of the diesel fuel in the community. Deputy Commissioner Parady noted he attended the wonderful groundbreaking ceremony on behalf of the Board. He commented this impressive project illustrates the process of combining resources and assets to get a workable long-term economic model. Deputy Commissioner Parady reported there is exciting small hydro potential in the Kake area.

10. ADJOURNMENT

There being no further business of the Board, the AEA meeting adjourned at 11:18 am.

A handwritten signature in blue ink that reads "Sara Fisher-Goad". The signature is written in a cursive style and is positioned above a horizontal line.

Sara Fisher-Goad, Executive Director/Secretary
Alaska Energy Authority