



BOARD MEETING MINUTES
Thursday, March 3, 2016
Anchorage, Alaska

1. CALL TO ORDER

Chair Dick called the meeting of the Alaska Energy Authority to order on March 3, 2016 at 2:18 pm. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

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

3. ROLL CALL: STAFF, PUBLIC

Staff present: Sara Fisher-Goad (AEA Executive Director), Sean Skaling, Kirk Warren, Katie Conway, Tom Erickson, Emily Ford, Jennifer Haldane, Michael Lamb, Cady Lister, Teri Webster (AEA); Gene Therriault (AIDEA); and Brian Bjorkquist (Department of Law).

Others present: Sunny Morrison (Accu-Type Depositions).

4. AGENDA APPROVAL

The agenda was approved.

5. PRIOR MINUTES - January 13, 2016

MOTION: A motion was made by Mr. Kennedy to adopt the minutes of January 13, 2016. Vice-Chair Pruhs seconded the motion. Motion passed.

6. PUBLIC COMMENTS

None.

7. NEW BUSINESS

7A. Energy Efficiency program update

Ms. Fisher-Goad introduced Katie Conway and Cady Lister, who provided the Energy Efficiency program overview. The Energy Efficiency (EE) program is an investment opportunity and allows for approximately 30 percent savings through the implementation measures in homes,

businesses, government and tribal buildings. Energy efficiency can be an economic development engine by utilizing the work of many, including energy auditors, contractors and bankers. The saved money generated by energy efficiency will increase disposable income and could be reinjected into the local economy. Additional benefits to energy efficiency include reduced emissions, improved energy security, and increased productivity inside more comfortable and healthier buildings.

The EE program focuses on bridging the widening gap between the well-identified need for energy efficiency and the financing to pay for it. The EE program facilitates critical collaborations among different stakeholders, delivers technical assistance and financial services to maximize public dollars, and implements meaningful energy cost savings through proven successful programs such as the Village Energy Efficiency Program (VEEP). Ms. Conway stated the era of exclusively grant-funded projects is over and it is necessary to ensure public money is used to leverage recipient contributions and private financing moving forward.

The first Alaska Energy Efficiency Finance Seminar was held in January and brought together lenders and energy project representatives to discuss the process of developing and financing energy efficiency projects especially in Alaska's nontraditional markets. Feedback from participants was overwhelmingly positive.

Stakeholder coordination is important. AEA and Alaska Housing Finance Corporation (AHFC) lead the Alaska Energy Efficiency Program, an ad hoc working group of over 70 public, private and nonprofit entities working together toward the shared vision of Alaska becoming the most energy efficient state in the nation. Ms. Conway described the Department of Energy's (DOE) Remote Alaska Communities Energy Efficiency (RACEE) Competition and the value added by AEA's technical assistance involvement.

AEA is also providing technical support, outreach and stakeholder coordination for the Governor's Property Assessed Clean Energy (PACE) legislation introduced last year. PACE is an innovative program making it possible for owners of commercial properties to obtain low-cost, long-term financing for energy efficiency projects. Ms. Conway indicated PACE legislation has been adopted all over the country and the hope is Alaska will also adopt PACE legislation.

AEA received confirmation recently from the U.S. Department of Agriculture Rural Utility Service Program that AEA is a recipient of federal Energy Efficiency & Conservation Loan Program (EECLP) funds to use for low interest loans for utility customers to finance energy efficiency in homes and businesses. AEA is exploring ways to directly serve utility customers of utilities that lack the back office capacity to implement this inexpensive loan mechanism.

7B. Resolution No. 2016-02: Railbelt Electric Transmission System

Ms. Fisher-Goad informed Resolution No. 2016-02 was tabled at the end of 2015, with a request to modify the language empowering AEA to take the necessary steps to engage in the future efforts to reform the transmission system. The resolution includes a communications plan to inform Railbelt stakeholders of the importance of the reform and of the consumer benefits. Board members were provided both a redlined version of the resolution showing the substantive

differences and the revised version of the resolution. Staff recommends approval of Resolution No. 2016-02.

Deputy Commissioner Parady asked if it would be appropriate to get an update from the utilities regarding their ongoing work. Ms. Fisher-Goad believes it is important to hear from utilities regularly and suggests the utilities' CEOs present directly to the Board.

Vice-Chair Pruhs expressed his appreciation for the efforts to modify the resolution and believes further modification is necessary. He recommended adding the words "or otherwise" to Section 3. to read, "The Executive Director of the Authority is requested and empowered to take actions she deems desirable and appropriate for the Alaska Energy Authority to work with Railbelt Utilities to voluntarily or otherwise adopt enforceable and consistent Railbelt operating and reliability standards."

Deputy Commissioner Burnett suggested removing the word "voluntarily" from Section 3. to read, "The Executive Director of the Authority is requested and empowered to take actions she deems desirable and appropriate for the Alaska Energy Authority to work with Railbelt Utilities to adopt enforceable and consistent Railbelt operating and reliability standards."

Mr. Kennedy concurred with Deputy Commissioner Burnett's recommendation and noted he will not vote in favor of the resolution unless two bullet points are removed. The bullet points are 1) on page two, third bullet point beginning, "Not all Railbelt utilities have adopted the same reliability standards," and 2) also on page two, sixth bullet point beginning, "In a May, 2013 report, the Authority identified \$903 million in transmission system upgrades." Mr. Kennedy expressed respect for the presentation describing the system upgrades, but believes the costs will be significantly less. Mr. Kennedy believes the industry group has been meeting recently to develop an independent transmission company.

MOTION: A motion was made by Mr. Kennedy to table Resolution No. 2016-02 to the call of the Chair. Vice-Chair Pruhs seconded the motion. Motion passed.

Mr. Wilken agreed the use of the word voluntary in the resolution is not effective. He believes the \$903 million figure may be high and could be discussed, but he would not change the number.

8. DIRECTOR COMMENTS

8A. Next regularly scheduled meeting Wednesday, March 31, 2016.

Ms. Fisher-Goad informed the Governor's amendment incorporated in the operating budget removed a significant amount of funding in the AEA budget. Conversations to educate the Office of Management and Budget (OMB) and the impact of that change has resulted in a second Governor's amendment and request for two million of Renewable Energy Fund (REF) dollars to be returned to the AEA operating budget. Ms. Fisher-Goad expressed appreciation to Commissioner Hladick and Deputy Commissioner Parady for their help and support in educating the OMB regarding the need for the funds to manage ongoing projects. There is a tremendous amount of support for restoring the REF funds, including legislators, Alaska Power Association,

and Alaska Center for the Environment. It is anticipated the Power Cost Equalization (PCE) endowment fund may potentially be used as a funding source for other entities, including the REF. Ms. Fisher-Goad will keep the Board apprised of decisions and developments regarding both issues.

Chair Dick requested an explanation of how the Governor's amendment affects the DOE programs. Ms. Fisher-Goad informed the amendment does not directly impact the existing capital funds that operate as match funds to the DOE programs.

9. BOARD COMMENTS

None.

10. ADJOURNMENT

There being no further business of the Board, the AEA meeting adjourned at 3:08 pm.



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