



Alaska Power Association Electric Utility Industry Update

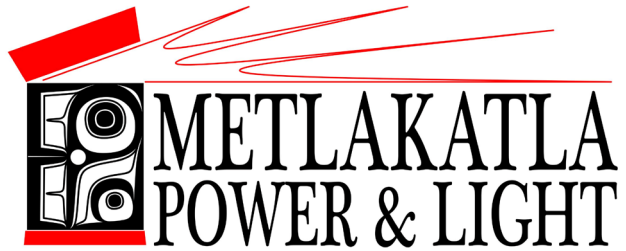
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Alaska Power Association is dedicated to assisting our members in accomplishing their goals of delivering electric energy and other services at the best value to their customers.





Industry Outlook

- Two bills will inject significant funds into electric infrastructure:
 - Infrastructure Investment and Jobs Act (IIJA) - \$75 billion for clean energy and power.
 - Some examples:
 - National Electric Vehicle Infrastructure (NEVI) Formula Program: \$55 million over 5 years
 - Various hydroelectric incentive programs.
 - Grid resiliency formula grant program: \$60 million over 5 years
- Inflation Reduction Act (IRA) – Numerous tax incentives and other provisions.
 - Direct pay – the IRA allows for direct pay tax credits so not-for-profit electric utilities can have parity with industry counterparts when deploying new energy technologies.
 - \$9.7 billion USDA financial assistance for clean energy - grant and loan program designed specifically for electric cooperatives that purchase or build new clean energy systems.

Industry Outlook

- The future of electric energy in Alaska:
 - APA's member electric utilities are working to diversify their generation sources:
 - Solar
 - Wind
 - Hydropower
 - Hydrogen
 - Battery Energy Storage
 - Recently passed federal legislation could help.
 - Some Alaska communities will always require diesel for generation.
- Reliability is King:
 - Electric utilities must weigh integration of renewables with reliability.
 - Beneficial electrification increases the need for reliable electricity.
 - Alaska faces many challenges due to location, climate, and lack of interconnections.



PCE Update

- Gov. Mike Dunleavy signed SB 243 in July.
 - The bill raises the maximum kWh available to residential customers from 500 kWh to 750 kWh.
 - All use above 750 kWh is at full rate.
 - 750 kWh was the level available from 1985-1993.
- Why is this important?
 - The bill was passed with higher fuel prices and inflation in mind.
 - A higher kWh limit might help with electrification of certain home products:
 - Electric heat pumps
 - Electric appliances
 - Etc.
- SB 243 also changed the investment requirements of the Endowment –
 - Before SB 243 – a required 4 percent nominal return was set in law for the Endowment investments
 - After SB 243 – the Endowment is now required to be managed under the prudent investor rule.





Thank you!

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