



**Alaska Energy Authority
BOARD MEETING MINUTES
October 5, 2011
Anchorage, Alaska**

1. CALL TO ORDER

Chairman Short called the meeting of the Alaska Energy Authority to order on October 5, 2011 at 10:34 a.m.

2. ROLL CALL: BOARD MEMBERS

A quorum was established.

Members present: Hugh Short (Chairman); Ron Arvin (Public Member); Robert Sheldon (Public Member); Wilson Hughes (Public Member) and Curtis Thayer (Deputy Commissioner, Department of Commerce, Community, and Economic Development).

Members present via telephone: Gary Wilken (Public Member).

3. AGENDA APPROVAL

Mr. Sheldon moved for approval and Mr. Hughes seconded the motion. The agenda was approved as presented.

4. ROLL CALL: STAFF, PUBLIC

Staff present in Anchorage: Sara Fisher-Goad (AEA Executive Director); Sandra Moller (Deputy Director-Rural Energy Group); Peter Crimp (Deputy Director-AEEEE); Linda MacMillan (Deputy Director-Operations); Valorie Walker (Deputy Director-Finance); Brian Bjorkquist (Department of Law); Karsten Rodvik (Project Manager External Affairs); Butch White (Grants Administrator); Shauna Howell (Executive Assistant); May Clark (Administrative Assistant); Karin St. Clair (Administrative Assistant);

Staff present via telephone: Aaron Rhoades (HR Administrator).

Others present in Anchorage: Jodi Fondy (Denali Commission); Brent Petrie (Manager Community Development Alaska Village Electric Cooperative); Brian Hirsch (NREL); and Robert Schwartz (Thermo-Kool).

Listen to the full audio recording of the 10/5/2011 meeting at <http://www.akenergyauthority.org/boardmin.html>

5. PUBLIC COMMENTS

There were no public comments.

6. NEW BUSINESS

A. Discuss Process for Executive Director Review

Chairman Short said he would like to establish a three-person committee consisting of himself, Commissioner Bell and another Board member to act as an evaluation panel for Executive Director Sara Fisher-Goad's employee evaluation, with results hopefully by the December 14, 2011 meeting. Aaron Rhoades of AEA will also be involved in the process. Mr. Sheldon volunteered to be on the panel. The Board received a memo outlining the evaluation process and plan.

6B. Emerging Energy Technology Fund Regulations

Ms. Fisher-Goad said no action will be taken on the resolution today because AEA received very good public comments after the comment period was closed. The public comment period will be open for another fifteen days to consider those comments.

Mr. Crimp added that AEA received two appropriations for funding for a total of about \$9.6 million and Denali Commission is also 50% in the program and they have previously run their own Emerging Technology Program, which AEA served in a review capacity. Projects to be funded are those that have a reasonable likelihood of commercialization. The EETF Advisory Committee consists of seven members appointed by the Governor.

7. BOARD COMMENTS

Mr. Wilken asked if the Denali Commission contribution is a future funding source. He also asked how a non-profit would qualify for an EETF grant and how one non-profit would be chosen over another for priority of funding. He asked for an example of a non-profit today that would qualify to receive a grant. He also asked when the technology would go back under RCA regulations and if the laboratories listed in item five and six are based in Alaska?

Mr. Crimp gave an example of a non-profit that today would be one that would qualify for grants – the Cold Climate Housing Research Center.

Mr. Bjorkquist added that this is a type of entity that could submit an application, then the review process for the application, as Mr. Crimp noted, would be vetting all of that on the capabilities, etc.

Mr. Wilken asked when does the RCA get to weigh in on consumer benefit and go to the rate case? How do we see that happening?

Mr. Crimp responded that when a technology is developed, say it's electrical generation technology, that would be under the purview of, under regulation by RCA, then that would be the period after when it's actually commercially deployed that we would want to make sure

that the public received the benefit that it should be getting out of that project. In the REF we used cost-based rates for tariffs; if there's a grant that buys down the capital cost of an installation, those savings are passed on to the consumer and they are not considered equity by the developer.

Mr. Bjorkquist added that the provision deals with a utility that is not regulated. If it's an economically regulated utility, then RCA would be involved and would look at all the grant monies and would ensure that free money, grant money that a regulated utility receives, is not added into the rate base. This provision is focused on unregulated utilities – those that are not subject to RCA economic regulation. It is focused on technology that is potential for commercialization as opposed to implementing commercial projects for generation and the distraction and the administrative burden that AEA would take on for these relatively small, less directly involved with generating and producing electricity, that was the consideration or background as to why, for this program, there would not be AEA substituting itself as a regulator for rates flowing out of this.

Mr. Wilken asked what is the National Renewable Energy Laboratory and where are they based.

Mr. Crimp responded that the National Renewable Energy Laboratory (NREL) is based out of Golden, Colorado. Mr. Brian Hirsh is the Alaska Director of NREL. They are the nation's premier renewable energy laboratory. Also of note, the arctic energy office of the National Energy Technology Lab (NETL) has an office at UAF in Fairbanks. Both have Alaskan representatives available.

Mr. Sheldon asked if Alaska based applicants would have priority over out of state applicants. Mr. White answered in the affirmative, stating Alaska applicants would have priority over out of state applicants and must meet all of the criteria per the Statute.

Mr. Arvin asked how this program would with the IPP's relative to barriers for compensation given the regulated utility rate structures. Mr. Bjorkquist stated that the change in the regulation eliminates the barrier when developing the technology. If you do not have technology that is capable of being commercialized you are not going to be in the context where you are going to the next step and selling to utilities.

Ms. Fisher-Goad commented that we are going to have an IPP work session November 10, 2011, and requested a few Board members be on the committee to provide recommendations to the Governor's office regarding IPPs. Mr. Sheldon and Mr. Arvin agreed to participate in developing the agenda for the work session.

DIRECTOR'S COMMENTS


A. Next scheduled AEA Board meeting – Thursday, October 6, 2011.

Board and management pictures will be taken at 12:00 p.m.

Mr. Wilken will be traveling and unable to attend the October 6, 2011 meeting. Mr. Short excused Mr. Wilken from the meeting.

8. ADJOURNMENT

There being no further business of the Board, the meeting was adjourned at 11:20 a.m.

A handwritten signature in cursive script, reading "Sara Fisher-Goad", written in black ink.

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