



HB 301: Renewable Portfolio Standard FAQ

The Office of Governor Mike Dunleavy

What is a Renewable Portfolio Standard (RPS)?

An RPS sets targets for the production of renewable technology. HB 301 contains the following targets:

- 20% renewable power by 2025
- 30% renewable power by 2030
- 55% renewable power by 2035
- 80% renewable power by 2040

What is the purpose of an RPS in Alaska?

HB 301 is designed to address the Railbelt's dangerous reliance on a single source of energy that has increased in price by just short of 270% over the past 30 years and is expected to continue to rise over the next 20 years. In most of the world, including the Railbelt, renewable energy is now the cheapest form of power generation, and it continues to decline in price. By planning for the future, we can secure Alaska's energy independence, reduce long-term energy costs, and promote a competitive energy market in Alaska.

Is 80% renewable power by 2040 possible in the Railbelt?

Yes. The National Renewable Energy Lab has found that the Railbelt can meet the 2040 target under a variety of scenarios ranging from the completion of a large hydroelectric project such as Susitna-Watana to scenarios that rely nearly entirely on wind and solar for additional capacity. Their report can be found [here](#).

Will an RPS decrease electricity costs?

Yes. By 2040, NREL estimates a fuel savings in the Railbelt of up to \$506 million each year. Given the decades-long trend of rising natural gas prices and the fact that renewable power is already cheaper than traditional generation in most of the world, the choice to increase our renewable usage in Alaska while continuing to boost oil and gas exports is obvious. While more research is underway to determine how long it will take for the initial capital costs of renewables to pay off, the end result of lower incremental costs is not in question.



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Will an RPS force existing power plants to close, costing ratepayers more money?

No. As NREL's feasibility study has indicated, all existing thermal resources can be retired at the historical average of 60 years. The cost of these existing power plants is already factored into the rates Alaskans pay. As time goes on, costs may even decrease as renewable power is generated for less than the cost of fueling existing power plants. Additionally, the lifespan of existing plants may be extended due to less usage. It's important to note that is not a 100% RPS, and natural gas will remain a part of the Railbelt's energy equation for years to come.

How does an RPS increase competition?

The presence of an RPS de-risks investment from independent power producers by guaranteeing that there will be a marketplace for renewable power over the next 20 years. Transmission upgrades will also be needed to maximize competition.

What's the difference between an RPS and the previous voluntary target?

The existing goal of 50% renewable power by 2025 is non-binding. An RPS requires concrete actions such as factoring the targets into the integrated resource planning process, annual reporting, and a compliance payment in the event of a second failure to meet a target goal unless there are mitigating factors.

Does the RPS apply to each utility or to Railbelt as a whole?

The target goals are Railbelt-wide. However, should the Railbelt fail to achieve a target goal, each utility's compliance would be examined separately to ensure that utilities who met the target are not unfairly penalized.



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What exemptions are available to ensure utilities are not unfairly penalized?

HB 301 provides many waiver conditions and exemptions. These include an exemption for a utility's first target miss, a two-year extension for the delivery of renewable power if a signed power purchase agreement is in place, and waivers for transmission capacity constraints, natural disasters and weather events, and other "good cause" reasons as determined by the RCA.

Don't we need to upgrade our transmission lines first?

The Alaska Intertie, which runs from Willow to Healy, must be upgraded to meet the 80% renewable goal. Additional upgrades of the transmission system from the Kenai to Anchorage will also greatly benefit the system. The governor has committed to working with the utilities, the Legislature, and the Alaska Energy Authority to fund these upgrades throughout the life of the RPS.

Does this signal a policy shift away from oil and gas?

Absolutely not. The governor continues to strongly support the oil and gas industry and believes no one produces these resources in a cleaner manner than Alaska. The administration will continue to do everything in its power to increase our oil and gas exports and push back on the intrusion of the Biden administration. This RPS is specially intended to address long-term electricity costs and the Railbelt's dangerous reliance on a single energy source.