

CITY OF SOLDOTNA
RESOLUTION 2022-017

A RESOLUTION SUPPORTING PROPOSED KENAI PENINSULA BOROUGH ORDINANCE
2022-08: AN ORDINANCE AMENDING KPB 5.12.116 TO BROADEN ECONOMIC
DEVELOPMENT PROPERTY TAX EXEMPTION FOR INDEPENDENT POWER PRODUCERS

WHEREAS, an Independent Power Producer (IPP) is defined as an entity that owns facilities to generate electric power for sale to public utilities regulated by the Regulatory Commission of Alaska; and

WHEREAS, local electric cooperatives will enter into a Power Purchase Agreement with an IPP only when their elected Board and the Regulatory Commission of Alaska determines it will benefit ratepayers going forward; and

WHEREAS, the electric grid on the Kenai Peninsula is largely dependent on a single resource, with Cook Inlet natural gas currently generating 84% of Homer Electric Association generation; and

WHEREAS, Independent Power Producers could play a significant role in diversifying the electric grid and stabilizing the price of energy on the Kenai Peninsula; and

WHEREAS, encouraging IPPs to develop new power generation facilities on the Kenai Peninsula by reducing a portion of property taxes for a set period of time, will help to diversify our electric grid, incentivize economic development, create new construction and maintenance jobs, and reduce the price at which IPPs can sell electricity to cooperative utilities; and

WHEREAS, encouraging new economic development aligns with the Envision Soldotna 2030 goal to "Evaluate, support, and enhance the mission of regional economic development organizations...to support and promote locally and regionally important industries"; and

WHEREAS, the Kenai Peninsula Borough introduced Ordinance 2022-08 (An Ordinance Amending KPB 5.12.116 to Broaden Economic Development Property Tax Exemption for Independent Power Producers) at its April 5th, 2022 assembly meeting; and

WHEREAS, this ordinance will provide the Borough with greater flexibility in supporting IPPs, through its existing economic development tax abatement process;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. That the Council of the City of Soldotna supports proposed Kenai Peninsula Borough Ordinance 2022-08 as currently written: An Ordinance Amending KPB 5.12.116 to Broaden Economic Development Property Tax Exemption for Independent Power Producers.

Section 2. That copies of this resolution shall be forwarded to the Kenai Peninsula Borough Mayor Charlie Pierce and members of the Kenai Peninsula Borough Assembly.

Section 3. This resolution shall become effective immediately upon its adoption.

ADOPTED BY THE CITY COUNCIL THIS 27TH DAY OF APRIL, 2022.



Lisa Parker, Vice Mayor

ATTEST: 

Brekke Hewitt, CMC, Interim City Clerk



Yes: Nelson, Carey, Chilson, Hutchings, Ruffridge, Parker
No: None

TO: Mayor Whitney and Members of the City Council
FROM: Lisa Parker, Vice Mayor
DATE: April 27, 2022
SUBJECT: Resolution 2022-017 – Supporting Proposed Kenai Peninsula Borough Ordinance 2022-08: An Ordinance Amending KPB 5.12.116 to Broaden Economic Development Property Tax Exemption for Independent Power Producers

Kenai Peninsula Borough Ordinance 2022-08 promotes continued economic development and helps to diversify power generation on the Kenai Peninsula.

Cook Inlet natural gas currently generates eighty four percent (84%) of Homer Electric Association's (HEA) power generation and sixteen percent (16%) is generated through hydroelectric. An Independent Power Producer (IPP) has identified a location, in the Sterling area, for installation of a solar farm to generate power for resale to HEA. For this development to be economically viable an amendment to Kenai Peninsula Borough Code is necessary. The proposed change to the code would provide for a tax exemption, to the extent allowable under State Statutes, for 15 years.

The Kenai Peninsula Borough (KPB) Resilience and Security Advisory Commission has reviewed the proposed ordinance and recommends that this property tax exemption be currently available to electric utilities be extended to IPP's selling to the utilities.

As noted in the KPB Resilience and Security Advisory Commission report, the electric grid on the Peninsula is small, semi-isolated and dependent on one primary source – natural gas. Diversifying our source of energy can increase local resilience and benefit the entire community.

The installation of this IPP would be the second in Alaska. IPPs generate less than 5% of electricity generated in Alaska, compared to IPPs generating about 40% of the electricity needs in the Lower 48. The project will provide economic benefits bringing construction jobs and year-round maintenance jobs.

I urge the Soldotna City Council to support this resolution.