

• UTILITIES

More support for electric system bills

Stakeholders in the Railbelt electrical system provide testimony to joint Senate and House committees over SB 123 and HB 151

By ALAN BAILEY

For Petroleum News

On Jan. 29 several stakeholders in the Alaska Railbelt electrical system testified to a joint meeting of the Senate Railbelt Electric System Committee and the House Special Committee on Energy regarding two bills being considered during the current Alaska legislative session. The bills, Senate Bill 123 and House Bill 151, would give the Regulatory Commission of Alaska regulatory authority over an electric reliability organization for the Railbelt, and would also give the commission authority to review and pre-approve changes and additions to major generation and transmission facilities.

In a previous joint meeting of the committees the Railbelt electric utilities presented their testimony on the two bills. The Jan. 29 meeting gathered testimony from other system stakeholders: the Renewable Energy Alaska Project, the Alaska Energy Authority, the Alaska Independent Power Producers Association and the Alaska Public Interest Research Group. Overall, the organizations expressed support for the legislation.

Purpose of legislation

The Railbelt electricity system, extending from the southern Kenai Peninsula north through Southcentral Alaska to the Fairbanks region, is owned and operated by six independent electric utilities and the State of Alaska. The purpose of implementing an electric reliability organization, or ERO, regulated by the RCA and with RCA oversight of major changes to the electrical system, is to achieve a more coordinated and efficient approach to the operation of the system.

In December all the utilities signed a memorandum of understanding for the formation of the Railbelt Reliability Council, or RRC, an organization that would constitute an ERO for the Railbelt. Formation of the RRC is moving ahead. However, the intent is to establish RCA regulation of the organization before the organization goes into operation: hence a primary purpose of enacting legislation as expressed in SB 123 and HB 151. The RCA is concerned that current statutes do not give it clear regulatory authority over an organization such as the RRC.

The RRC would maintain and mandate reliability standards; administer rules for open access to the grid; conduct Railbelt-wide system planning; and investigate the economic value of security constrained

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economic dispatch for all or part of the system. Economic dispatch involves the continuous use of the most cost-effective power generation that is securely available.

REAP's perspective

Chris Rose, executive director of Renewable Energy Alaska Project, expressed his organization's support for the legislation as proposed, including RCA oversight of the RRC or, should the RRC not be implemented, the authority of the RCA to mandate the formation of a similar organization.

Rose commented on the evolving nature of the electricity industry, including the growth in the use of renewable energy sources and the dramatic fall in the cost of energy sources such as wind and solar power. Concerns about climate change and the carbon impact of electricity supplies are also impacting business decisions about where electricity consuming businesses will locate their operations, he said. REAP thinks that reform of the Railbelt electrical system would create a more level playing field for renewable energy producers, stabilize electricity prices, decrease greenhouse gas emissions, attract new investment and help diversify the economy, Rose said.

However, Rose did express some concern about the governance structure of the RRC — questions over governance revolve around the need to balance the interests of the utilities with the interests of a broader spectrum of stakeholders in the electrical system. The governance board of the organization would have 12 members, plus the organization's CEO, who would have a tie-breaking vote on board decisions. Six board members would represent the six Railbelt utilities and six members would represent other stakeholders. But one of those other stake-

holders would be the Alaska Energy Authority, a state entity that owns generation and transmission assets and, thus, acts in effect as a seventh utility, Rose suggested. That would give utility interests a majority on the board, he said.

REAP would also like to see a requirement that any minority views expressed during RRC integrated resource planning for the electrical system must be reported to the RCA, Rose said. However, he also commented that meetings with the utilities over the last year and a half have been very productive, and he criticized a recent effort to completely rewrite SB 123.

AEA support

Curtis Thayer, executive director of Alaska Energy Authority, commented on AEA's perspective, especially given the agency's ownership of the Bradley Lake hydropower facility in the southern Kenai Peninsula and of the transmission intertie between Southcentral Alaska and the more northerly sector of the transmission grid. He said the proposed legislation would not impact the state's rights and responsibilities for budgeting improvements to the state-owned facilities, and that the utilities manage the facilities through the Bradley Project Management Committee and the Intertie Management Committee.

Thayer said that the manner in which SB 123 expresses legislative intent, ensuring appropriate RCA oversight, rather than being over prescriptive, is appropriate. SB 123 is the right vehicle at the right time to address long-sought institutional reform, he said.

Independent power producers

Duff Mitchell, executive director of Alaska Independent Power Producers Association, said that his organization has been working with the utilities and the RCA to promote the use of more competitive power generation in the state. Whereas in the United States as a whole 42% of power comes from independent producers, in Alaska only 4% of power is independently generated, he commented.

Mitchell said that, while SB 123 and HB 151 are not perfect, his organization does support them. Key issues for his organization are the need for an open access tariff for use of the transmission grid, the need for an independent board of directors for the ERO and the need for RCA authority over the ERO. He emphasized the growing importance of dealing with cybersecurity, as part of security oversight of the electrical system, and the importance of regional integrated resource planning, with RCA pre-approval needed for major projects.

He also said his organization would like to see stronger language in the legislation for ensuring open access to the electrical grid.

However, Mitchell said that his organization sees the proposed legislation and the formation of an ERO for the Railbelt as foundational to achieving lower electricity costs in the region.

Public interest group

Veri Di Suvero, executive director of Alaska Public Interest Research Group, commented that electricity costs in the Railbelt are among the highest in the nation and that the two bills form a critical step towards improved efficiency in the electrical system. She said that her organization is nonpartisan and nonprofit, representing the interests of the public and consumers, including advocating for ratepayers. She emphasized the importance of regional planning in achieving efficiencies.

AKPIRG would like to see a mandate for public participation as well as public comment in planning processes and ensure that the RCA has full regulatory oversight of the RRC. However, the priority at this point needs to be passage of the legislation, without that passage being slowed by major changes, Di Suvero suggested. The bills, as written, substantially serve the interests of consumers and the public, she said. ●

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QANNIK POOL

of the overlying K-3 Basal Siltstone away from existing well control."

AOGCC has tentatively scheduled a hearing on the request for March 17 at 10 a.m. at its Anchorage offices but said in its Feb. 10 notice that if a timely request for a hearing is not filed, it may consider issuance of an order without a hearing.

The commission will accept written comments through March 14 at 4:30 p.m., unless a hearing is held, in which case written comments will be accepted through the end of the hearing. ●

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