

# Railbelt Electrical Grid: Regulatory Factors

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# Robin's Future Regulatory World Summary

- What is Not Permitted
- What is Possible
- What are the Roles

# What is Not Permitted

- Continuation of Dueling Fiefdoms
- Inefficient, At-Risk Generation
- Unreliable, At-Risk Transmission Grid
- Closed Wholesale and Retail Markets
- A-Study-A-Year Approach to Problem Avoidance
- Excessive Gas and Electric Prices

# What is Possible

- **Efficient Management--End of Dueling Fiefdoms**
  - Merger and Consolidation of Management Structures
  - Separate Generation From Transmission and Distribution
  - Cooperative and Open Approach to Transmission
- **Efficient, Reliable Generation**
  - Robust Renewable Energy Contributions
  - Robust Independent Power Providers and Qualifying Facilities
  - Competitive, Separate Generation
  - Commission Involvement in Future Generation
- **Robust, Open, and Reliable Transmission System**
- **Reasonable Gas and Electric Prices**
  - Rational Gas Supply Contracts
  - Regulation and Development of Gas Storage
  - Savings from Efficient Management and Generation

# What is Possible

- **Rational Gas Supply Contracts**

- Form Contract
- Unbundled Flat Gas, Peaking Gas, Storage, and Transportation Terms
- Term Permitting Rational Market Access for New Producers
- Price Rationally Indexed to Valid Market Indicators
  - Nearest Liquid Point—Japan, Alberta, SoCal
  - Goal--No More Than A Penny More Than the Alternative Market—Japan

- **Gas Price**

- Major Producers Control the Market
- Utilities in Alaska Are Expected to Pay More than Japanese Utilities
- Alaska is Losing Value-Added Jobs and Paying Higher Prices Because of a Gas Shortage Arising From Exported Gas
- Failure to Develop Storage and Long-Term “All Requirements” Contracts Cede Market Power
- Export and Industrial Price Sets Exploration Incentives Not Utility Pricing

- **Export Permit**

- Export Market May be an Outlet for Excessive Gas
- Need Export Market to Recognize Alaska Use is Met First

# What Are the Roles

- Administration: Provide Leadership
- Legislature: Establish Clear Public Policy Through Legislation
- Regulatory Commission of Alaska: Implement Clear Public Policy
- Industry Groups: Assist in Development and Implementation of Clear Public Policy