

Alaska Legislature

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Sponsor Statement - House Bill 340 **Representative Charisse Millett by Request**

"An Act directing the Regulatory Commission of Alaska to recommend to the Legislature an actionable plan relating to electrical transmission in certain areas of the state; and providing for an effective date."

Senate Bill 196 directs the Regulatory Commission of Alaska to recommend a process to adopt an actionable plan that creates a Railbelt Independent System Operator (ISO). The Railbelt comprises the interconnected electric transmission system that runs between Fairbanks in the north to the state-owned Bradley Lake hydroelectric plant near Homer, Alaska to the South.

An ISO will allow the Railbelt Transmission system to deliver Alaska's abundant energy resources to market providing both improved reliability and economic efficiency.

- The Alaska Energy Authority quantified annual cost savings from transmission upgrades of between \$146 million and \$241 million upon completion of AEA's recommended upgrades and adoption of economic dispatch for all Railbelt generation. Eliminating long-standing transmission constraints for Bradley Lake Energy and providing for greater and more reliable energy transfer between Anchorage and Fairbanks provide much of these savings. Adding a redundant transmission path to Fairbanks will not only improve transfer capability but will allow electric consumers in the north with firm transmission access to avoid operating costly liquid fuel generation.
- Those savings are anticipated to reduce energy rates to Railbelt electric consumers. The ISO is a non-profit independent corporation subject to jurisdiction of the Regulatory Commission of Alaska (RCA). The ISO would be responsible for electric power grid operations, Railbelt electric reliability, non-discriminatory open access transmission and long-term planning. The ISO would be able to maximize the use of new and existing resources to achieve economic dispatch of Railbelt generation resources for the benefit of Railbelt electric consumers through a unified tariff.

- The objective of the ISO is to promote efficiency in wholesale electricity markets and to ensure electricity consumers pay the lowest possible price for reliable electric service.
- Non-discriminatory access is necessary to encourage competitive generation resources
- Recent construction of new efficient generation with multiple owners, including Independent Power Producers (IPP's), necessitates the adoption of universal reliability standards to maximize electric system safety, reliability and efficiency.
- Disparate electric prices between regions drive the need to reduce transmission congestion and adopt economic dispatch.
- The Alaska Energy Authority (AEA) has identified significant Railbelt transmission improvements necessary for regional economic efficiency but the current individual utility structure lacks a comprehensive regional approach to finance the needed investments.

The time is now! The state's economic prosperity is dependent on available, reliable, and affordable residential, commercial, and industrial energy.

The ISO provides the opportunity for utilities and power producers to collaborate and provide to consumers the savings identified by the Alaska Energy Authority.