

Greater Railbelt Energy and Transmission Corporation - GRETC

A New Not-for-profit Energy and Transmission Company

House Energy Committee

House Bill 182

March 18th, 2010

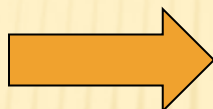
How we got here

- ✗ REGA Study
- ✗ Business Case for a new Railbelt G&T Company



- ✗ GRETC Legislation: 2009
- ✗ Senate Bill 143
- ✗ House Bill 182

- ✗ Joint Electric Utility Board Meeting
- ✗ First of it's kind
- ✗ Letter to Governor
- ✗ Formation of Task Force



- ✗ GRETC Legislation: 2010
- ✗ Committee Substitute requested

Railbelt Integrated Resource Plan

- Economically schedules what, when, and where to build G&T, based on available fuel and energy supplies
- 50-year time horizon

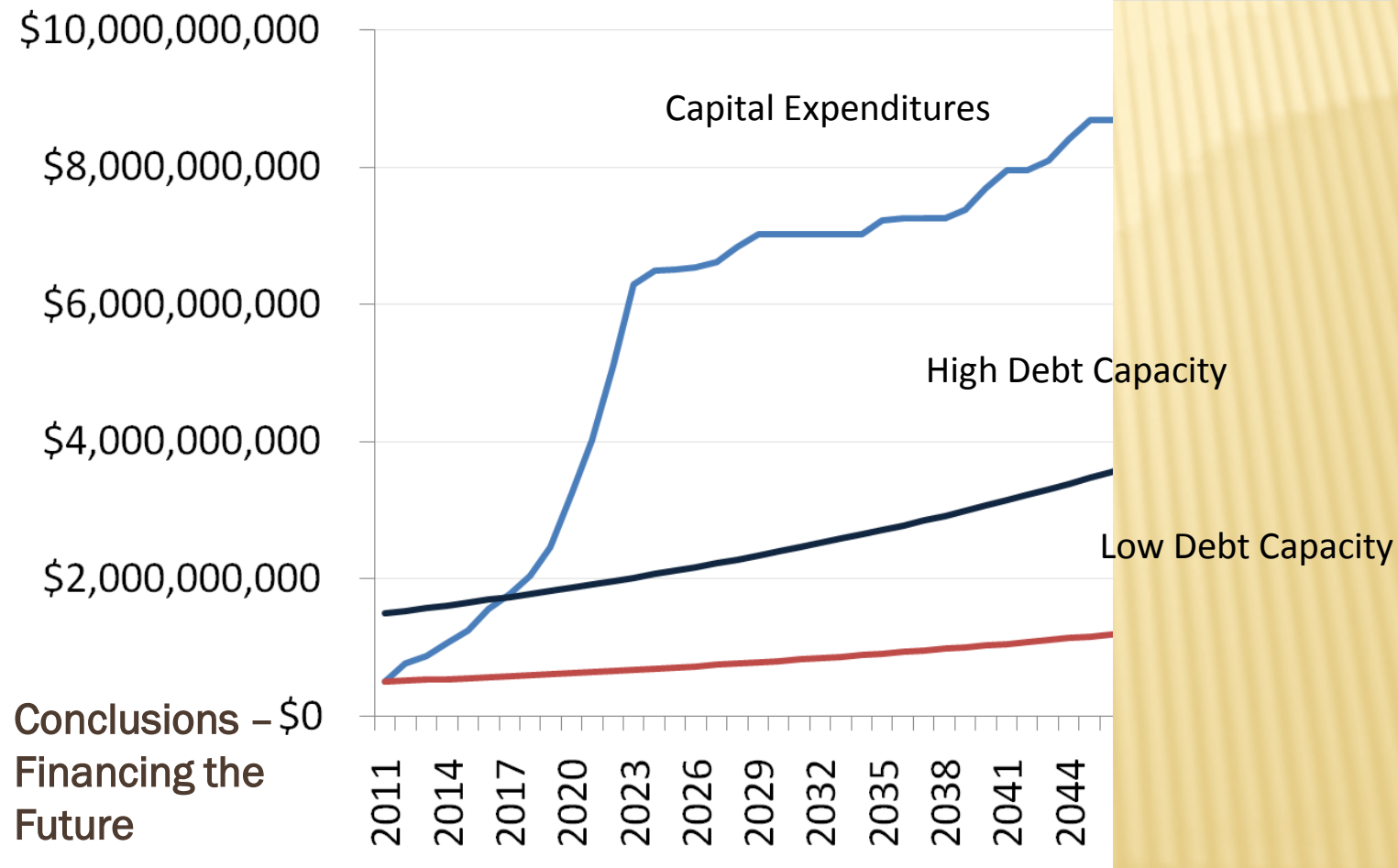
Goal for GRETC

- | | |
|------------------------|------------------------------|
| Robust transmission | Diversified fuel supply |
| Least cost power rates | Spread risk |
| Financial assistance | Regional planning |
| Wise resource use | Respond to large load growth |

GRETC = Greater Railbelt Energy and Transmission Company

A Comprehensive Plan for the Alaska Railbelt

RIRP Plan 1A Capital Expenditures and Debt Capacity of the Railbelt Utilities



Source: B&V RIRP report, Seattle Northwest Securities

A BRIEFING TO DESCRIBE THE CORPORATION

- ✕ *How is this new GRETC different from what was proposed in the 2009 legislature?*
- ✕ Topics for discussion to gain this understanding
 - + 1. *Governance*
 - + 2. *Powers of Corporation*
 - + 3. *External Controls for Corporation Activities*
 - + 4. *Initial Tasks for GRETC*

1. GOVERNANCE

- ✖ Private, not for profit statutory corporation, with board of directors
 - + 2 board members from each Railbelt public Utility member
 - + 1 public board member
- ✖ Each board member has equal vote
- ✖ Board required to designate a chief executive officer
- ✖ Employees of GRETC not State Employees
- ✖ All board processes public
- ✖ GRETC required to develop bylaws

1. GOVERNANCE – MEMBERSHIP IN GRETC

- ✘ **Public Utility Members – Those Railbelt Utilities with Service Areas and retail customers, who are interconnected with the Railbelt Electrical Grid.**
- ✘ **Members – Other entities that purchase services from the corporation**
- ✘ **Membership requires 2/3 vote of board**

2. POWERS OF CORPORATION

- ✖ Provide wholesale electric power to public utility members at lowest reasonable long-term cost
- ✖ Business purpose – acquisition, construction or development of generation and transmission assets, and ancillary services. Examples are
 - ✖ Procure fuel supplies
 - ✖ Develop operating standards for service territory of the corporation
 - ✖ Develop generation and transmission projects

2. POWERS OF CORPORATION – DIFFERENCES FROM 2009 LEGISLATION

- ✗ The new GRETC – in contrast to last year's bill
 - + *Now a voluntary organization*
 - + *Subgroups of utilities can develop G&T projects outside of GRETC, and still serve on the board and purchase services from GRETC.*
 - + *Be the primary recipient of state financial aid*
 - + *GRETC is not directed to become an all-requirements provider of wholesale power for the Railbelt – flexibility in approach to develop future Railbelt G&T infrastructure.*
 - + *AEA Integrated Resource Plan provided as a resource to GRETC – requirement to follow removed.*
 - + *Requires at least 4 Railbelt Utilities to join for formation.*

3. EXTERNAL CONTROLS

× Areas of Oversight

- + Consumer Protection
- + Financial Oversight
- + Effectiveness of Corporation

× Protections

- + RCA economic regulation for a 5 year sunset
- + Management audits at 3 year intervals for 10 years

4. INITIAL TASKS FOR GRETC – FORM THE COMPANY

- + Form the Board of Directors**
- + Develop, consider and approve Corporate Bylaws**
- + Establish staffing plan**
- + Establish relationship with Alaska Energy Authority**
 - support agreements**
- + Develop time line for critical actions – for GRETC to begin its business functions**

4. INITIAL TASKS FOR GRETC – START THE WORK

✖ Identify task list for GRETC

+ Develop Integrated Resource Plan

✖ State Sponsored Railbelt Integrated Resource Plan will be available for use by GRETC

+ Priority list of projects, business functions, and contractual agreements

+ Develop Capital Improvements Plan

✖ *Begin Critical Infrastructure capital projects*

× Questions?