

HB 78: ALASKA COMPETITIVE ENERGY ACT OF 2015

BILL SUMMARY

AS 42.05, the authorizing statute for the Regulatory Commission of Alaska (RCA), is out of compliance with federal law, inconsistent with State energy policy, and hostile to private-sector wholesale competitive participation in Alaska's electric generation and utility industry.

Accordingly, AS 42.05 is decades out-of-date compared to prevailing trends in the Lower 48 that have resulted in lower electric rates, increased system reliability, and increased private sector investment in the electric utility and renewable energy industry. The result is complacency in the electric utility industry that leads to a dependence on state handouts for capital renewal.

RCA commissioners have asked for legislative direction to reform RCA regulations for guidance on implementing State energy policy. HB 78 reforms key portions of AS 42.05 with regard to the electric utility industry to correct these matters.

HIGHLIGHTS OF HB 78 SECTIONAL ANALYSIS

1. Brings AS 42.05 into compliance with federal law.

AS 42.05 is not consistent with key provisions of PURPA. HB 78 corrects these inconsistencies and reduces the likelihood of a federal lawsuit to force compliance. Although R-13-002 evolves Alaska regulations within a narrow scope in the proper direction, it fails to resolve the following matters:

2. Aligns AS 42.05 to be consistent with State energy policy (AS 44.99.115).

HB 78 empowers the RCA to adopt regulations to advance the State energy policy.

- α Encourages development of renewable and local energy resources (.115(2)(A), (B)).**
- α Requires fair and non-discriminatory practices, encouraging private-sector investment to develop Alaskan energy resources (.115(2)(D)).**
- α Provides for open wholesale electric competition and provides for open access to in-state transmission assets (.115(2)(D)).**
- α Streamlines regulatory processes by improving the balance between the cost of regulation and protection of the public interest (.115(4)(A)).**

3. Reforms AS 42.05 to support private-sector investment in the electric industry.

- α Shortens the statutory timeframe for RCA rulemaking proceedings from two years to one.** Government delays and stall by study cripples private enterprise.
- α Exempts eligible independent power producers (IPPs) from RCA regulation.** Currently, the RCA must consider and exempt IPPs on a case-by-case basis, which takes six months and wastes both RCA and IPP resources. The RCA must still review IPP contracts with utilities to safeguard the public interest.
- α Provides statutory framework for open access to transmission lines on a non-discriminatory, cost-neutral basis.** Further provides the RCA authority to investigate and correct discriminatory and anti-competitive behavior.