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Nauman

3/18/15

CS FOR HOUSE BILL NO. 78()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY**Offered:****Referred:****Sponsor(s): REPRESENTATIVES WILSON, Muñoz**

A BILL

FOR AN ACT ENTITLED

1 **"An Act bearing the short title of the 'Alaska Competitive Energy Act of 2015'; and**
2 **relating to the Regulatory Commission of Alaska."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **SHORT TITLE.** This Act may be known as the Alaska Competitive Energy Act of
7 2015.

8 *** Sec. 2.** AS 42.05 is amended by adding a new section to read:

9 **Sec. 42.05.315. Qualifying facilities.** (a) An electric utility shall meet all
10 applicable requirements, criteria, and obligations set out in 18 C.F.R. 292.101 -
11 292.602, as those regulations read on January 1, 2015. The commission may also
12 require an electric utility to

13 (1) purchase power from a qualifying facility at the avoided cost of the
14 electric utility or at an alternate negotiated rate;

(2) make available to the commission and maintain for public inspection the data the utility used to derive an avoided cost;

(3) provide, at the request of the commission, justification for an avoided cost calculation;

(4) purchase power on an as-available basis from a qualifying facility; and

(5) provide for energy and capacity sales, joint use or interconnection, and transmission services to facilitate power purchases described in (4) of this subsection.

(b) A qualifying facility is exempt from state laws and regulations to the extent provided in 18 C.F.R. 292.602(c), as that regulation read on January 1, 2015.

(c) The commission may, by order, direct an electric utility to purchase power from a qualifying facility or otherwise take action in accordance with this section. The commission may prescribe the terms and conditions of the arrangement to be made between the persons affected by the order, including the apportionment of cost between an electric utility and a qualifying facility, the compensation or reimbursement reasonably due to the persons, and the time for implementation of the order. The commission may remand rates, charges, terms, and conditions to the electric utility for review and revision if necessary to meet the requirements of this section.

(d) This section applies to each electric utility for which the commission has ratemaking authority, regardless of whether the electric utility is exempt from other regulations under AS 42.05.711.

(e) In this section,

(1) "avoided cost" means the incremental cost to an electric utility of electric energy or capacity, or both, which, but for the purchase from the qualifying facility or qualifying facilities, the utility would generate itself or purchase from another source;

(2) "qualifying facility" means a cogeneration facility or a small power production facility that meets the criteria prescribed by the Federal Energy Regulatory Commission in 18 C.F.R. 292.101 - 292.602, as those regulations read on January 1,

2015.

* Sec. 3. AS 42.05.311 is amended by adding new subsections to read:

(d) Upon receiving a request for joint use, interconnection, or transmission services from one or more other entities engaged in the generation, transmission, or sale of electric energy, an electric utility shall, for reasonable compensation and within a reasonable time, establish joint use or interconnection of its transmission facilities with the requesting entity or provide transmission services to the requesting entity if

(1) an undue burden will not be placed on the electric utility;
(2) the action is consistent with the public interest; and
(3) the action will not impair adequate service to the customers of the electric utility.

(e) The rates, charges, terms, and conditions imposed by an electric utility with respect to joint use, interconnection, and transmission services shall be comparable to those that the electric utility imposes on itself, shall promote the economically efficient transmission and generation of electricity, shall be just and reasonable, and may not be unduly discriminatory or preferential. To the extent practicable, the costs incurred by an electric utility in providing joint use, interconnection, or transmission services to a connecting entity, properly allocated to the connecting utility, shall be recovered from the connecting entity and not from the customers of the electric utility.

(f) For purposes of (d) and (e) of this section,

(1) "reasonable compensation" means an appropriate share, if any, of legitimate, verifiable, and economic costs incurred by an electric utility in establishing joint use, interconnection, or transmission services with a connecting entity, taking into account any benefits to the transmission system of providing the joint use, interconnection, or transmission services to the connecting entity and the costs of any enlargement of transmission facilities;

(2) "transmission" means facilities, lines, and equipment used to move bulk electricity at a voltage of 69 kilovolts or greater from where the electricity is produced or generated to distribution lines; and

(3) "distribution" means facilities, lines, and equipment used to move

electricity at a voltage of less than 69 kilovolts from transmission facilities to retail customers.

* Sec. 4. AS 42.05.321(a) is amended to read:

(a) In case of failure to agree on [UPON] the joint use, [OR] interconnection of facilities, or provision of transmission services, or the conditions or compensation for the joint use, interconnection, or transmission service [OR INTERCONNECTIONS], a [THE] public utility, including any municipality, or an interested person may apply to the commission for an order requiring the interconnection. If, after investigation and opportunity for hearing, the commission finds that public convenience and necessity require the joint use, interconnection, or transmission service [CONNECTION], and that the joint use, interconnection, or transmission service [CONNECTION] will not result in substantial injury to the owner utility or its customers, or in substantial detriment to the services furnished by the owner utility, or in the creation of safety hazards, it shall, consistent with 18 C.F.R. 292.101 - 292.602, as those regulations read on January 1, 2015,

(1) order that the joint use, interconnection, or transmission service be permitted;

(2) prescribe reasonable conditions and compensation for the joint use, interconnection, or transmission service;

(3) order the joint use, interconnection, or transmission service to be made or provided;

(4) determine the time and manner of the joint use, interconnection, or transmission service;

(5) determine the apportionment of costs and responsibility for operation and maintenance of the joint use, interconnection, or transmission service.