

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

STATE OF ALASKA
THE REGULATORY COMMISSION OF ALASKA

Before Commissioners: Stephen McAlpine, Chairman
Robert M. Pickett
Antony G. Scott
Daniel A. Sullivan
Janis W. Wilson

In the Matter of the Evaluation of the Operation and Regulation of the Alaska Railbelt Electric Transmission System)	I-15-001
)	ORDER NO. 13
<hr/>		
In the Matter of the Evaluation of the Reliability and Security Standards and Practices of Alaska Electric Utilities)	I-16-002
)	ORDER NO. 13
<hr/>		

**ORDER INVITING COMMENT ON
PROPOSED LEGISLATIVE LANGUAGE**

BY THE COMMISSION:

Summary

We invite comment on legislative language that would provide express statutory authority for this agency to certificate and regulate an electric reliability organization, and to oversee integrated resource planning and project pre-approval of large electric generation and transmission facilities.

Procedural Background

In 2014, the Alaska Legislature required that we determine “whether creating an independent system operator or similar structure for electric utilities in the Railbelt area is the best option for effective and efficient electrical transmission”¹ We opened Docket I-15-001 to evaluate the operation and regulation of the Alaska

¹Ch. 18, Sec. 31(b) SLA 2014.

1 Railbelt electric transmission system,² requesting and receiving numerous filings and
2 presentations to assist us in determining the best option for effective and efficient
3 electrical transmission. We responded to the legislature on June 30, 2015, with
4 recommendations that included (1) promoting enforceable and consistent Railbelt
5 operating and reliability standards, and (2) receiving an express legislative grant authority
6 over electric facility siting and integrated resource planning in the Railbelt.³ We opened
7 Docket I-16-002 to gather information about the reliability and security standards and
8 practices of Alaska electric utilities.⁴

9 Acting on behalf of several Railbelt electric utilities, ARCTEC⁵ hired a
10 consultant to provide recommendations on establishing an organization that would act as
11 the entity responsible for establishing and enforcing Railbelt reliability standards and
12 (among other things) performing regional integrated resource planning for the Railbelt.⁶
13 ARCTEC selected GDS Associates, Inc. (GDS) to facilitate the development of the

14 ²Order I-15-001(1), *Order Opening Docket and Requesting Responses*, dated
15 February 27, 2015.

16 ³See Letter from R. Pickett (Regulatory Commission of Alaska Chairman) to K.
17 Meyer (Alaska Senate President) and M. Chenault (Alaska House Speaker), dated
18 June 30, 2015 (RCA Legislative Letter). "Siting authority" is a term of art that includes a
19 requirement for project pre-approval.

20 ⁴Order I-16-002(1), *Order Opening Docket and Requesting Responses*, dated
21 June 8, 2016.

22 ⁵Alaska Railbelt Cooperative Transmission and Electric Company (ARCTEC). At
23 the time the Request for Proposal was issued, ARCTEC was comprised of Chugach
24 Electric Association, Inc. (Chugach); Matanuska Association, Inc. (MEA); City of Seward
25 d/b/a Seward Electrical System (Seward); and Golden Valley Electric Association, Inc.
26 (GVEA). See Order I-16-002(3), *Order Providing Additional Guidance and Requiring*
Filings, dated February 16, 2018, at n. 1.

⁶The Request for Proposals indicated that the entity would also assume
responsibility for ensuring nondiscriminatory open-access to the regional grid through
regional grid interconnection protocols and eventually fulfill the role of an Independent
(Unified) System Operator for the Railbelt. See ARCTEC Request for Proposal,
Facilitation of the Railbelt Reliability Council Development: Governance Structure,
Functions, and Scope of Authority, dated September 26, 2017.

1 reliability organization, with GDS ultimately recommending a Railbelt Reliability Council
2 (RRC) be created to perform functions that include (1) adopting and enforcing standards
3 regarding system reliability, cybersecurity, and physical security; and (2) conducting
4 integrated resource planning for the Railbelt.⁷ GDS recommended that the RRC be
5 certificated and regulated by this agency.

6 GDS' recommendations became the basis for a Memorandum of
7 Understanding (MOU), negotiated between the six interconnected Railbelt electric
8 utilities,⁸ for the formation of an RRC. Although some of the details of the RRC
9 contemplated in the MOU differ somewhat from the GDS recommendations, the primary
10 recommendations enumerated above remain. Four of the six Railbelt electric utilities'
11 have signed the MOU,⁹ with the boards of two others having approved signing on
12 condition that an acceptable Transco be formed.¹⁰

13 Discussion

14 One question raised at the Commission level is whether this agency has the
15 requisite statutory authority over an electric reliability organization (ERO) such as the
16

17 ⁷See October 24, 2018, Public Meeting T. at 26. The RRC would also (1) adopt
18 and enforce system-wide interconnection protocols and (2) evaluate security-constrained
19 economic dispatch. GDS recommended that the question of whether the RRC or any
20 organization should perform system-wide security constrained economic dispatch should
21 be tolled pending further study.

22 ⁸Chugach;GVEA;Homer Electric Association, Inc. (HEA); MEA; Municipality of
23 Anchorage d/b/a Municipal Light & Power Department; and Seward.

24 ⁹Chugach, MEA, GVEA, and Seward.

25 ¹⁰ In Docket I-15-001, (GVEA) *Resolution No. 110-18, Approving the Execution of*
26 *a Memorandum of Understanding to Create a Railbelt Reliability Council and the Filing of*
a Transco Certificate of Public Convenience and Necessity, filed October 26, 2018; In
Docket I-16-002, (Homer Electric Association, Inc.) *Resolution 45.2018.24, Resolution*
Approving the Execution of a Memorandum of Understanding to Create a Railbelt
Reliability Council, filed August 20, 2018.

1 RRC.¹¹ Enabling statutes addressing RCA jurisdiction over electric utilities focus on the
2 provision of service to the public, whether directly or through a resale arrangement.¹² An
3 ERO would adopt and enforce system reliability standards - the core function of the RRC,
4 which would also establish interconnection protocols, conduct regional integrated
5 resource planning, and evaluate security-constrained economic dispatch. None of these
6 activities have the direct nexus of electric service to the public and thus create a certain
7 level of doubt regarding the RCA's regulatory authority over the RRC or any other ERO.

8 While some Railbelt electric utility representatives believe the RCA
9 possesses statutory authority to certificate and regulate a reliability organization,¹³ we
10 believe that legislative clarification may be appropriate given the lack of explicit statutory
11 language authorizing us to regulate an ERO. Attached as an appendix to this order is
12 draft legislative language that provides us with express authority to certificate and
13 regulate an ERO and would ensure enabling the proposed RRC construct to provide a
14 party's right to appeal RRC decisions to the RCA.¹⁴

15 The attached draft legislative language also addresses two additional points
16 raised in the RCA Legislative Letter recommendations - a legislative grant of siting
17 authority for new generation and transmission in the Railbelt, and explicit authority to
18 regulate integrated resource planning for the Railbelt electric system. We believe this

19
20 ¹¹See June 27, 2018 Public Meeting Tr. 30-31 (Commissioner Scott questioning
21 how the RRC would be regulated by the RCA as it does not provide service to the public
22 for compensation).

23 ¹²Enabling statutes define a "public utility" to include an entity that "furnishes, by
24 generation, transmission, or distribution, electrical service to the public for compensation",
25 with the term "public" defined as "a group of ten or more customers that purchase the
26 service or commodity furnished by a public utility." AS 42.05.990(5), (6).

¹³ARCTEC's attorney presented arguments in favor of this position at the RCA's
Public Meeting held October 24, 2018.

¹⁴See RRC Memorandum of Understanding Section 4.C (stating the RRC would
be subject to the jurisdiction of the RCA and the articles and bylaws would provide for
appeal of RRC decisions to the RCA).

1 legislative clarification is necessary given that the RRC proposal includes an integrated
2 resource planning as a core function for the RRC; it would also be helpful to clarify that
3 the RCA has authority to require the integration of integrated resource plans *among* the
4 separate utilities. An express grant of siting authority would help ensure that the
5 integrated resource planning function had teeth, so that large capital additions to the
6 Railbelt's infrastructure could be coordinated to provide reliable electricity service at lower
7 overall system cost.

8 We issue the attached draft legislative language for comment.¹⁵ Comments
9 on the draft legislative language must be filed by April 4, 2019. Comments should
10 reference Dockets I-15-001 and I-16-002. Persons submitting comments do not need to
11 serve their comments on the other entities or persons set out on the service list of this
12 order, and instead may submit comments through our website instead of submitting
13 hardcopies with us. To file using our website, and to view other filed comments, please
14 go to:

15 <https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>

16 We will post a copy of comments on our website at <http://rca.alaska.gov/>.
17 Those seeking to obtain materials in this docket at our website must select *All Opened*
18 *Rulemaking Dockets* under *Top Searches* and choose Matter Number I-15-001 or
19 I-16-002.

20 **ORDER**

21 THE COMMISSION FURTHER ORDERS:

22 1. The proposed legislative language set out in the appendix to this order
23 is issued for public comment.

24
25
26 ¹⁵ Public Meeting held March 13, 2019, Tr. 45-46.

2. By April 4, 2019, any interested person may file comments and suggest revisions to the proposed regulations. Comments should reference Dockets I-15-001 and I-16-002.¹⁶

DATED AND EFFECTIVE at Anchorage, Alaska, this 15th day of March, 2019.

BY DIRECTION OF THE COMMISSION



¹⁶If you are a person with a disability who needs special accommodation to participate in this process, please contact Valerie Fletcher-Mitchell at 1-907-276-6222, TTY 7-1-1, or toll free at 1-800-770-8973.