



**SENATE RAILBELT ELECTRIC SYSTEM
COMMITTEE
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Sectional Analysis

SB 123 Electric Reliability Organizations
Version \M

Senate Bill 123 establishes clear statutory authority for the Regulatory Commission of Alaska (RCA) over an electric reliability organization (ERO). The bill defines participation in a reliability organization as well as the requirements, responsibilities, powers and oversight of a reliability organization.

Section 1. Adds **new sections** to *AS 42.05, Alaska Public Utilities Regulatory Act*.

Sec. 42.05.292: Electric reliability organizations

Requires interconnected utilities in a network served by a certificated reliability organization to participate in the reliability organization. Provides standard for RCA approval of a reliability organization. Directs reliability organization governance. If no entity applies as a reliability organization by October 2020, the RCA must form one.

Charges a reliability organization for developing standards for reliable operation of the power system. Standards must be filed with the RCA as a tariff; the RCA may approve standards if they are just, reasonable, not unduly discriminatory, and in the public interest. The RCA retains enforcement powers. Allows the RCA to require certain standards or changes.

Enables the reliability organization to impose penalties as necessary and describes the process for penalties. Establishes a process for the RCA to require compliance with standards and to hear appeals of penalties.

Requires the RCA to write regulations, including for conflict resolution and organization cost recovery. Regulations may be written to require the organization obtain a certificate of public convenience and necessity, and for issuing an open access transmission tariff to a reliability organization.

Sec. 42.05.293: Integrated resource planning

Charges a reliability organization with creating a plan for reliable, cost-effective operations. The plan must cover generation, transmission, and conservation. After a hearing, the RCA can approve, reject, or modify a plan, and can allow utilities to recover planning costs in their rates. The cost of resources and other expenditures reflected in the approved plan may also be recovered in utility rates.

Sec. 42.05.294: Project preapproval

Requires RCA approval for public utilities interconnected with a bulk power system to construct large generation and transmission facilities.

RCA approval would require findings that the facility is a necessary component of the system it would connect with; complies with reliability standards; and is the most cost-effective way to serve connected utilities that would be substantially served by the facility.

A facility included in the most recent RCA-approved integrated resource plan is presumed approved, unless the RCA finds otherwise with clear and convincing evidence.

Sec. 2. Adds new paragraphs to *AS 42.05.990, Alaska Public Utilities Regulatory Act, Definitions.*

Defines bulk power system; cybersecurity incident; electric reliability organization; electric utility; interconnected electric energy transmission network; load-serving entity; and reliable operation.

Sec. 3. Adds a section to uncodified law requiring the RCA to adopt regulations to implement the bill by July 1, 2020.

Sec. 4. Sets an immediate effective date for Section 3, enabling the RCA to proceed with regulations to implement the bill.

Sec. 5. Sets an effective date of July 1, 2020, for all other sections.