

House Bill 151 – Bill Overview

An Act relating to the regulation of electric utilities and electric reliability organizations

By Joe Hardenbrook – Aide to the House Special Committee on Energy

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Mister Chairman – thank you for the opportunity to do a quick overview on the CS for House Bill 151 and to update the committee on some of the developments that occurred over the interim. We have Commissioner Bob Pickett of the RCA online today to discuss the commission's continuing efforts and their support for the legislation being crafted by the Senate Special Committee on the Railbelt Electrical System – the companion legislation to the bill before us.

The CS which the committee has adopted moves SB 123 and HB 151 into total alignment, reflecting the most recent draft language vetted by the utilities, stakeholders and advocates and endorsed by the Regulatory Commission. It is our hope that by combining our efforts with the other body we can work constructively together on this complex issue, engage with the utilities, the RCA and consumers to craft the best legislation possible and to work towards increasing efficiencies in the Railbelt and ultimately increasing reliability and reducing cost to Alaska families and businesses.

As Representative Hopkins mentioned earlier, this legislation has come before us due to the efforts of the RCA in addressing a question posed by the legislature in 2014, namely, would electric utility customers from Fairbanks to Homer benefit from increased cooperation between the interconnected utilities of the Railbelt?

Among the RCA's recommendations was formation of a reliability organization, which would write and enforce common standards for safe and reliable operation of the interconnected utilities. The Railbelt electric utilities have made significant progress toward collaboration and cooperation over the interim. Most recently, all six entered into an agreement to work together to establish a reliability organization.

The Memorandum of Understanding establishing this organization is in your packet.

The RCA, in their letter of this month updating the Legislature on the utilities' progress, has recommended statutory changes that would affirm the RCA's authority to regulate a reliability organization; define the basic structure, responsibilities and authorities of a reliability organization; and empower the RCA to require pre-approval of large generation and transmission projects undertaken by utilities that are part of this interconnected network. HB 151 and SB 123 reflects these recommendations and, if enacted, would support the utilities' voluntary work to develop a reliability organization.

For the information of the committee, we have provided in the bill packet the following items:

- The letter from the RCA to the legislature dated January 15, 2020 detailing progress to date on this issue and updating the legislature on progress towards the five goals listed in the RCA's 2015 letter to the legislature.
- A copy of the 2015 RCA letter to the legislature
- A copy of the MOU establishing the Railbelt Reliability Council signed December 6, 2019
- An article from the Alaska Journal of Commerce dated 12/31/19 which provides a good synopsis of efforts to date and details the significance of the MOU which was signed.

It is the hope of the chairman that these documents will provide the committee with a full picture of how the legislation before the committee has come to be. Commissioner Pickett will go into greater detail on the efforts undertaken by the RCA, and the voluntary efforts, timelines and data collection the commission has requested, directed and overseen from Railbelt utilities.

Mister Chairman, I would like to note and appreciate the efforts of the RCA, Legislative Legal and the leadership of the Senate Special Committee on the Railbelt Electrical System in crafting this legislation. I would note that work on this legislation is ongoing – meetings continue between the utilities, stakeholders and regulators to seek consensus on various aspects of this complicated issue. As I will note in my overview of the sectional analysis, there are dates and deadlines in the legislation which will need updating in a later CS.

I anticipate that the committee's review of this legislation in conjunction with the other body will be thorough, and that these entities will continue to play a key role in our understanding of this issue and our actions to bring about a more cost-effective and resource-efficient electrical system in Alaska's Railbelt.

Thank you, Mister Chairman. This concludes my presentation.