SENATE RAILBELT ELECTRIC SYSTEM COMMITTEE

Senator John Coghill, Chairman

Room 103, State Capitol

Juneau, AK 99801

Sectional Analysis
CS for SB 123 (RBE) version \O

Senate Bill 123 authorizes the Regulatory Commission of Alaska (RCA) to require and manage electric reliability organizations (EROs) for interconnected power networks. The legislation defines participation in an ERO, as well as the requirements, responsibilities, and oversight of an organization. The ERO will be responsible for establishing reliability standards and conducting integrated resource planning for the interconnected network. Large new projects in an ERO network will require pre-approval by the RCA.

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

New Section 42.05.760: Electric reliability organizations

Defines participation in an ERO, including application to become an ERO; exemptions from the requirement to have an ERO; and RCA certification of EROs.

New Section 42.05.762: Duties of an electric reliability organization

Describes the duties of an ERO, which the RCA will consider when deciding whether to certificate an ERO.

New Section 42.05.765: Reliability standards

Describes the process for establishing reliability standards, including the content of standards and conflict resolution.

New Section 42.05.767: Rules

Requires the ERO to file its internal rules of operation and governance with the RCA, and gives the RCA oversight of an ERO's rules.

New Section 42.05.770: Regulations

Directs the RCA to write regulations addressing EROs and reliability standards. Mandates regulations to require an ERO tariff include standards for nondiscriminatory open access transmission and interconnection, and for a method

of recovering transmission system costs. Regulations must also articulate a process for resolving conflicts between standards and other obligations, and allow an ERO to recover its operational costs through the rates of each load-serving entity.

New Section 42.05.772: Duties of load-serving entities

Subjects all load-serving entities in a network, including those that are not subject to RCA regulation, to an ERO's tariff.

New Section 42.05.775: Penalties

Enables the ERO and the RCA to enforce compliance with reliability standards among everyone connected to a network with an ERO. Proscribes a process for imposing and appealing penalties. Requires that penalties be commensurate with the seriousness of a violation.

New Section 42.05.780: Integrated resource planning

Tasks an ERO with integrated resource planning, articulates required contents of a plan, provides a process for RCA approval of a plan, addresses recovery of costs associated with a plan, and requires the RCA to write regulations related to a plan.

New Section 42.05.785: Project preapproval for large energy facilities

Requires and sets standards for RCA pre-approval for large new projects proposed by a utility in a network with an ERO. Offers a presumption of necessity for projects that were included in an integrated resource plan, and supplies a backstop for the RCA to overcome that presumption if necessary. Exempts certain projects from the need for pre-approval, directs the RCA to write regulations related to pre-approval, and defines the type of projects that are subject to pre-approval.

New Section 42.05.790: Definitions

Defines seven terms within the new article for electric reliability organizations: cybersecurity incident, electric reliability organization, electric utility, interconnected bulk-electric system, interconnected electric energy transmission network, load-serving entity, and reliable operation.

Section 2: Adds a new section to uncodified law requiring the RCA to adopt regulations implementing the bill. The regulations will take effect on the effective date of the bill (July 1, 2021, per Section 4)

Section 3: Sets an immediate effective date for Section 2, enabling the RCA to proceed with writing regulations implementing the bill.

Section 4: Sets an effective date of July 1, 2021, for all other sections.