

SB 123: Electric Reliability Organizations

Presentation to the Senate Finance Committee

March 3, 2020

Context for SB 123

- 2014: Legislature asked RCA to evaluate the Railbelt network
- 2015: RCA delivered findings/recommendations to Legislature
- 2020: RCA delivered progress report to Legislature
- SB 123 / HB 151 – electric reliability organizations (EROs)

Overall goal: Cooperation to improve reliability, security and efficiencies - resulting in long-term savings to ratepayers

SB 123 - Bill components

- Participation (42.05.760 (a); 42.05.772)
- How an ERO forms (42.05.760 (b-f))
- Framework of an ERO (42.05.762)
- ERO responsibilities (42.05.765; 42.05.767; 42.05.770; 42.05.775; 42.05.780)
 - How the RCA will process ERO activities
 - Compliance and enforcement
- Project pre-approval (42.05.785)

Participation in ERO

- Interconnected networks must have an ERO (some exceptions)
- Public utilities in the network must participate in the ERO
- All users, owners, operators in the network must comply with reliability standards set by the ERO
- Railbelt primary need; legislation has general applicability
- 'Release valves' to accommodate future

Forming an ERO

- Interested players form an organization
- Organization applies to the RCA
- RCA evaluates, certifies the organization as the ERO
- One ERO per network
- If no one applies, RCA shall form an ERO

ERO framework

- Required structure in SB 123:
 - Governed by independent or balanced board, or a combination
 - Open, inclusive processes
 - Balancing interests
 - Abilities to develop standards, integrated resource plans
- Applicant will build on that structure
 - Per RCA regulations for SB 123

ERO responsibilities

- RCA delegates certain work to the ERO
- RCA maintains oversight, authority, assigns tasks to ERO
- Bottom-up approach from the network players who know best
- ERO sets and enforces reliability standards
- ERO develops integrated resource plan

Responsibilities, cont.

- Reliability standards for the network
 - Subject to RCA approval
 - ERO to enforce standards, RCA back-up
 - ERO or RCA can penalize violations
 - Conflict resolution
- Integrated resource planning for the network
 - How to meet needs at greatest value, consistent with public interest
 - Subject to RCA approval
 - Items in an approved plan are 'necessary'

Project pre-approval

- For large new generation and transmission
- Protects utilities and ratepayers
- Certifies necessity and cost-effectiveness
- Presumption for projects in an integrated resource plan
- Some exemptions

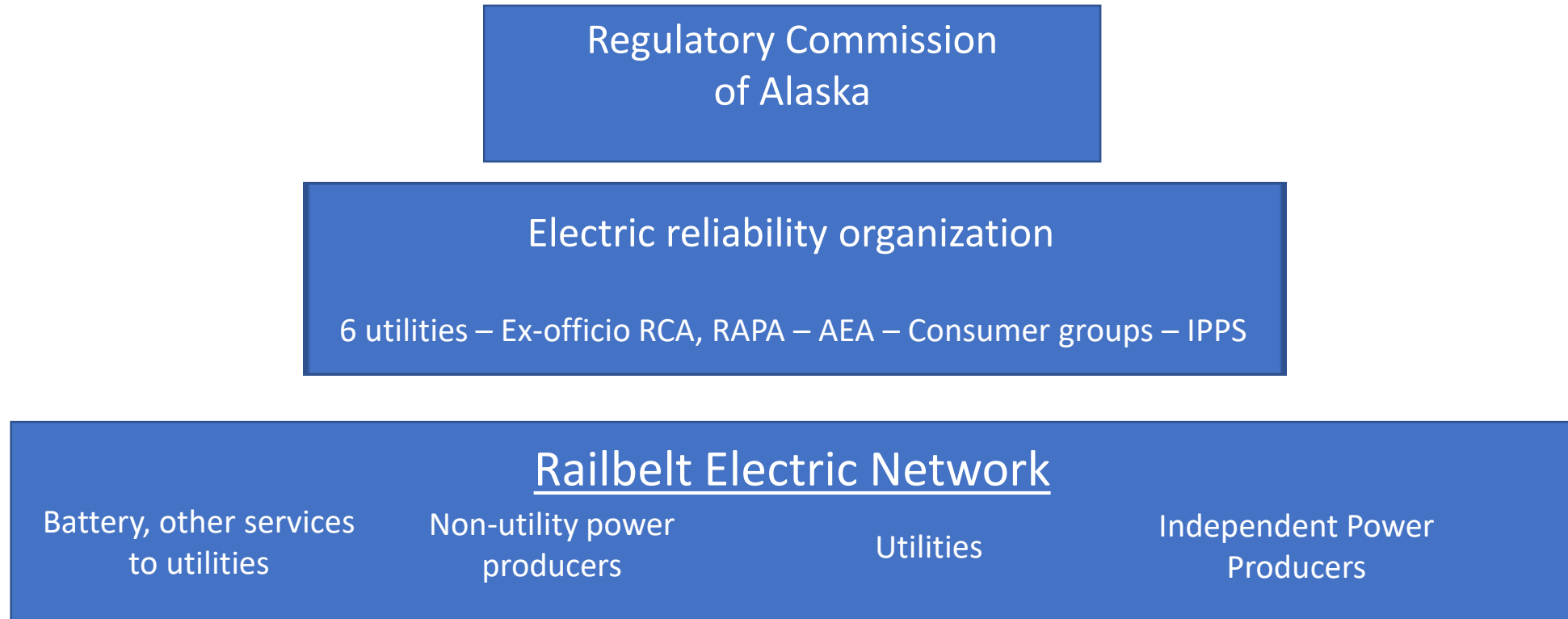
Questions?

Thank you!

Sen. John Coghill, Chair

Senate Special Committee on the Railbelt Electric System

Relationships



*** As contemplated by the Railbelt Utilities by MOU, and as enabled by SB 123; other structures not precluded*