

ALASKA STATE LEGISLATURE

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SENATE BILL 257

Railbelt Transmission Organization

SPONSOR STATEMENT

Critical to Alaska's future is the need for low-cost, reliable energy throughout the entire state. A reliable and efficient transmission system supports economic growth by ensuring a stable, affordable power supply for businesses and communities, and it encourages investment in new industries and infrastructure development.

Senate bill 257 seeks to establish a strong, resilient, and open-access transmission network. It will provide sound long-term governance and planning to make it stronger and better over time. The network will enable and accelerate the energy transition in Alaska – a revolution in how we generate, store, distribute, and consume electricity.

The electric transmission system that provides electricity from Homer to Fairbanks serves more than 70% of our population along a 700 mile-long corridor. This system, however, is challenged with insufficient transfer capacity, outdated technology, and inefficient pricing, all of which threaten reliability and prevents new, diverse generation sources from serving ratepayers at the lowest possible cost.

As we enter into a new era of energy management and sustainability, it is imperative we take bold steps toward modernizing our Railbelt's electricity transmission system. Our current energy infrastructure is outdated and fragmented, resulting in inefficiencies, vulnerabilities, and obstacles to a more efficient adoption of alternatives and lower-cost electric generation sources. Larger transmission lines and more efficient modern equipment will enable the seamless integration into our new energy mix with clean and renewable energy sources such as advanced nuclear, hydro, solar, and wind power. Planning and building that new energy mix will drive innovation and create high-wage jobs. By truly integrating and upgrading our electric grid and pricing it fairly for all users, we can unlock a host of benefits, including increased reliability, enhanced flexibility, and greater resilience against disruptions and natural disasters.

An upgraded Railbelt electric grid is an improvement for all Alaskans. The Power Cost Equalization program helps pay the cost of electricity in rural and remote parts of the state with an aim to equalize electricity rates by reducing the economic burden of high energy costs. The offset is based on the difference between the actual cost of electricity and the target rate which is the weighted average retail residential rate of electricity in Anchorage, Fairbanks, and Juneau. Lowering the cost of electricity in Anchorage through an upgraded grid provides a commensurate lower cost of electricity for residents in rural and remote Alaska.

Senate Bill 257 lays the groundwork for an electric system that is more affordable, more sustainable, more equitable, a grid that can power a prosperous future for generations of Alaskans to come.