

ALASKA STATE LEGISLATURE

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1292 Sadler Way Rm. 323
Fairbanks, AK 99701
907-452-1088



Session – January-April:
State Capitol Rm 513
Juneau, AK 99801
907-465-3004

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Amendment A.16 to HB 307 Sectional Analysis

Section 1

Amends AS 42.05.020(f) to increase the salary for Regulatory Commission of Alaska (RCA) commissioners from Range 27 to Range 29 for purpose of improved recruitment to positions.

Section 2

Amends AS 42.05.254(a) to increase the regulatory cost charge for telecommunications providers to fund operations at the RCA and the Regulatory Affairs and Public Advocacy (RAPA) section of the Department of Law. The increase for RCA operations is from 0.7 percent to 0.98 percent, and the increase for RAPA is from 0.17 percent to 0.22 percent.

Section 3

Amends AS 42.05.381(e) to require the RCA to adopt regulations specific to refuse utilities for setting a range for adjustment of rates by a simplified rate filing procedure. This expands the current public utilities covered by the section that currently includes electric cooperatives and telephone utilities.

Section 4

Amends AS 42.05.381 to expand the criteria for a 'just and reasonable' rate to consider whether the purpose of the rate is to increase the diversity of supply, promote load growth, or enhance energy reliability or energy security.

Section 5

Amends AS 42.05.431(b) to ensure that wholesale power contracts between a utility and an independent power producer (IPP) must reflect a tax exemption or government subsidy provided to a utility or IPP. The purpose is require that tax exemption provided for in the bill is passed through to the ratepayers.

Section 6

Amends AS 42.05.431 to add a section allowing for cost recovery in rates for renewable energy projects less than 15 megawatts that have been approved by the utility's board of directors. This cost recovery would not require approval by the RCA, and would apply only to utilities subject to the jurisdiction of an Electric Reliability Organization (ERO). The only ERO in the state covers the Railbelt, so this provision would be limited to those utilities. The 15 MW threshold is based on the project size that requires pre-approval by the RCA for utilities subject to an ERO in 42.05.785.

Section 7

Amends AS 42.05.762 to require that an ERO prioritizes reliability and stability of an interconnected electric system while considering cost to the customer. The purpose is to provide additional clarity to the mission of an ERO.

Section 8

Amends AS 42.05.770 to require an ERO to develop nondiscriminatory standards for interconnection, and it removes the requirement that an ERO develop open access and cost recovery standards. The purpose of this section is to clarify responsibilities as a transmission cost recovery and open access tariff will be transferred to the Railbelt Transmission Organization.

Section 9

Similar to Sec. 2 in that it amends AS 42.06.286(a) increases the regulatory cost charge on pipeline carriers to fund operations of RCA and RAPA. The increases are the same level, with an increase for RCA operations is from 0.7 percent to 0.98 percent, and the increase for RAPA is from 0.17 percent to 0.22 percent.

Section 10

Amends AS 43.98 to add a new section that would exempt electricity generation facilities built by an independent power producer from state and local taxation. This exemption has several conditions: It only applies to projects constructed and placed into service on or after July 1, 2024; and it only applies to projects that are only selling wholesale power to a tax-exempt cooperative or municipal-owned utility.

Section 11

Amends AS 44.83.990 to create a new board for the Alaska Energy Authority to include the commissioners of Revenue and Commerce, Community and Economic Development; and six public members to be appointed by the Governor.

Section 12

Amends AS 44.83.030 to allow for the commissioners of the board to delegate their responsibilities to a designee; that public members serve for three-year terms; and the process for filling vacancies.

Section 13

Amends 44.83.040(a) to account for the larger size of the AEA board to update the number of members required for a quorum and a majority vote.

Section 14

Amends AS 44.83.080 to add an additional authority allowing for AEA to acquire battery or energy storage systems.

Section 15

Amends AS 44.83.090(b) to make AEA subject to the jurisdiction of the RCA solely for the purposes outlined in the creation of the Railbelt Transmission Organization requiring the establishment of an open access and transmission cost recovery standard.

Section 16

Amends AS 44.83 to add a new section that creates the Railbelt Transmission Organization (RTO) for the purpose of establishment of an open access and transmission cost recovery standard. This will be accomplished by eliminating current per-unit wholesale charges to be replaced by a new mechanism to fairly recover the costs of operating the system.

This section establishes the RTO within the Alaska Energy Authority, and includes representatives of the Railbelt utilities. The RTO is subject to RCA jurisdiction, and will be required to file tariffs to achieve this purpose.

The section also establish the structure for the open access and cost recovery mechanism covering the 'backbone' transmission system, and provides a deadline for the submission of this tariff of no later than July 1, 2025. If the tariff is not submitted by this date, the section requires the RCA to establish the open access and cost recovery standard consistent with this section.

The section requires that this commission-approved cost will be passed directly and transparently to the end customer. (Note that customers already pay these costs now, but it is not a transparent on-bill charge.)

Section 17

Provides for the transition of the new members of the AEA board of directors with initial staggered terms of one-, two-, and three-year terms.

Section 18

Provides for a deadline for the RTO to be formed by Jan. 1, 2025.

Section 19

Provides for an immediate effective date for Sec. 3.

Section 20

Provides for an effective date of July 1, 2024, for the remainder of the act.