

# **Greater Railbelt Energy and Transmission Corporation - GRETC**

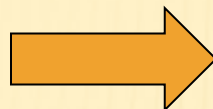
A New Not-for-profit Energy and Transmission Company

## **Senate Resources Committee**

March 17th, 2010

# How we got here

- ✗ REGA Study
- ✗ Business Case for a new Railbelt G&T Company



- ✗ GRETC Legislation: 2009
- ✗ Senate Bill 143
- ✗ House Bill 182

- ✗ Joint Electric Utility Board Meeting
- ✗ First of it's kind
- ✗ Letter to Governor
- ✗ Formation of Task Force



- ✗ GRETC Legislation: 2010
- ✗ Committee Substitute requested

## Railbelt Integrated Resource Plan

- Economically schedules what, when, and where to build G&T, based on available fuel and energy supplies
- 50-year time horizon

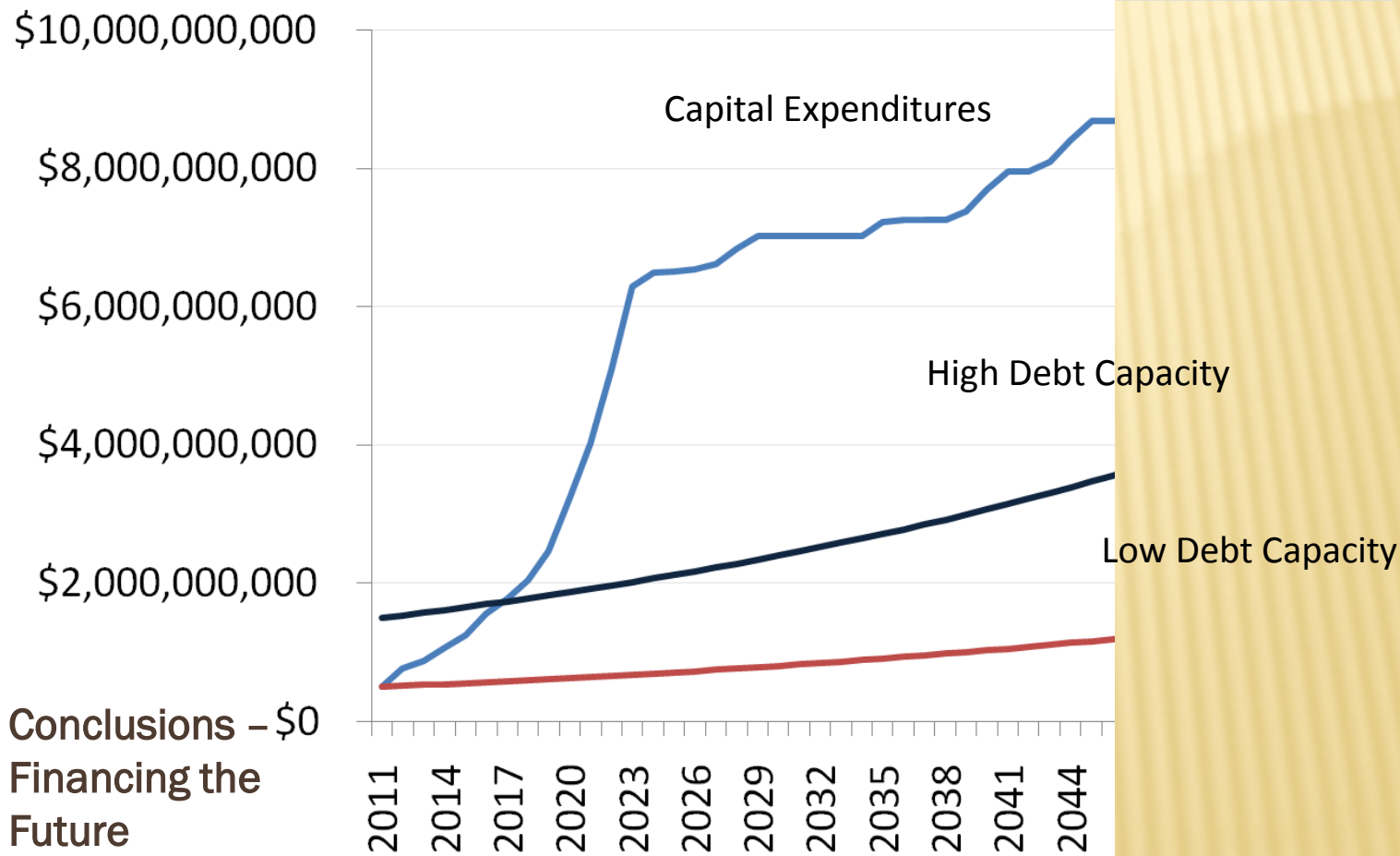
## Goal for GRETC

- |                        |                              |
|------------------------|------------------------------|
| Robust transmission    | Diversified fuel supply      |
| Least cost power rates | Spread risk                  |
| Financial assistance   | Regional planning            |
| Wise resource use      | Respond to large load growth |

GRETC = Greater Railbelt Energy and Transmission Company

## A Comprehensive Plan for the Alaska Railbelt

RIRP Plan 1A Capital Expenditures and Debt Capacity of the Railbelt Utilities



Conclusions – \$0  
Financing the Future

Source: B&V RIRP report, Seattle Northwest Securities

## A BRIEFING TO DESCRIBE THE CORPORATION

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- ✘ *How is this new GRETC different from what was proposed in the 2009 legislature?*
- ✘ Topics for discussion to gain this understanding
  - + 1. *Governance*
  - + 2. *Powers of Corporation*
  - + 3. *External Controls for Corporation Activities*
  - + 4. *Initial Tasks for GRETC*



# 1. GOVERNANCE

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- ✘ Private, not for profit statutory corporation, with board of directors
  - + 2 board members from each Railbelt public Utility member
  - + 1 public board member
- ✘ Each board member has equal vote
- ✘ Board required to designate a chief executive officer
- ✘ Employees of GRETC not State Employees
- ✘ All board processes public
- ✘ GRETC required to develop bylaws

## 1. GOVERNANCE – MEMBERSHIP IN GRETC

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- ✘ Public Utility Members – Those Railbelt Utilities with Service Areas and retail customers, who are interconnected with the Railbelt Electrical Grid.
- ✘ Members – Other entities that purchase services from the corporation
- ✘ Membership requires 2/3 vote of board

## 2. POWERS OF CORPORATION

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- ✘ Provide wholesale electric power to public utility members at lowest reasonable long-term cost
- ✘ Business purpose – acquisition, construction or development of generation and transmission assets, and ancillary services. Examples are
  - ✘ Procure fuel supplies
  - ✘ Develop operating standards for service territory of the corporation
  - ✘ Develop generation and transmission projects



## 2. POWERS OF CORPORATION – DIFFERENCES FROM 2009 LEGISLATION

- ✘ The new GRETC – in contrast to last year's bill
  - + *Now a voluntary organization*
  - + *Subgroups of utilities can develop G&T projects outside of GRETC, and still serve on the board and purchase services from GRETC.*
  - + *Be the primary recipient of state financial aid*
  - + *GRETC is not directed to become an all-requirements provider of wholesale power for the Railbelt – flexibility in approach to develop future Railbelt G&T infrastructure.*
  - + *AEA Integrated Resource Plan provided as a resource to GRETC – requirement to follow removed.*
  - + *Requires at least 4 Railbelt Utilities to join for formation.*



## 3. EXTERNAL CONTROLS

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### ✘ Areas of Oversight

- + Consumer Protection
- + Financial Oversight
- + Effectiveness of Corporation

### ✘ Protections

- + RCA economic regulation for a 5 year sunset
- + Management audits at 3 year intervals for 10 years

## 4. INITIAL TASKS FOR GRETC – FORM THE COMPANY

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- + Form the Board of Directors
- + Develop, consider and approve Corporate Bylaws
- + Establish staffing plan
- + Establish relationship with Alaska Energy Authority
  - support agreements
- + Develop time line for critical actions – for GRETC to begin its business functions

## 4. INITIAL TASKS FOR GRETC – START THE WORK

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- ✘ Identify task list for GRETC
  - + Develop Integrated Resource Plan
    - ✘ State Sponsored Railbelt Integrated Resource Plan will be available for use by GRETC
  - + Priority list of projects, business functions, and contractual agreements
  - + Develop Capital Improvements Plan
- ✘ Begin Critical Infrastructure capital projects



× Questions?