

Special Committee on Energy

REP. GRIER HOPKINS

Chairman

State Capitol Room 409

Juneau, AK 99801

907-465-4457



Rep. Ivy Spohnholz – Vice Chair

Rep. Zack Fields

Rep. John Lincoln

Rep. Tiffany Zulkosky

Rep. Lance Pruitt

Rep. George Rauscher

ALASKA STATE HOUSE OF REPRESENTATIVES

Sectional Summary

House Bill No. 151

Version 31-LS0870\M

Section 1 amends AS 42.05 to allow the Regulatory Commission of Alaska (RCA) to regulate Interconnected Electric Energy Transmission Networks (IETN) and Electric Reliability Organizations (ERO) and mandates that utilities participate in an ERO if they operate in an IETN.

Section 1, Subsection b lays out a process for the RCA to certify an ERO, including rules for:

1. creating and approving/denying reliability standards
2. membership of an ERO's board of directors and its decision-making process
3. equitable distribution of fees and charges
4. enforcement of reliability standards
5. an open process for crafting standards and exercising its duties

Subsection b further mandates that an ERO's rules provide for independence from users, owners and operators of bulk-power systems and that the board's membership include the Chair of the RCA and the Attorney General (or their designees) as non-voting members.

Section 1, Subsection c lays out a process by which the RCA can create, certify and regulate an ERO if no entity or person steps forward to create one.

Section 1, Subsection d mandates that ERO reliability standards and modifications shall be tariff provisions, and that users, owners and operators of bulk-power system shall comply with reliability standards proposed by the ERO and approved by the RCA. This subsection further mandates that any reliability standards provide for operation of the bulk-power system or facility, cybersecurity protection and the ability to modify the standards to ensure reliability. Further, reliability standards may not mandate enlargement of existing or construction of new transmission or generation capacity.

Section 1, Subsections e&f allow the RCA to approve, deny, modify and enforce reliability standards - during drafting and when they are in effect – by the RCA's own motion or upon complaint.

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Section 1, Subsections g, h, i & j state that an ERO may penalize a user, owner or operator of a bulk-power system for violating reliability standards and notifies the RCA of its action. The RCA can uphold, modify or discard the ERO's penalties upon appeal. Further, the RCA can order a user, owner or operator of a bulk-power system to comply with a reliability standard and penalize offending parties. Penalties must be commensurate to the seriousness of the violation and consider efforts taken to address the violations.

Section 1, Subsections k & l allow the RCA to mandate an ERO conduct assessments of the bulk power system. Further, the RCA may adopt regulations governing EROs, including cost recovery surcharges and potentially requiring an ERO obtain a certificate of public convenience and necessity.

Section 1, Sec 42.05.293 details the process an ERO must follow to accomplish Integrated Lowest Cost Planning within the proposed reliability standards. Standards must evaluate the cost-effectiveness of meeting customer service requirements, including new generation, transmission and conservation projects – at the lowest cost, regardless of the location or ownership of new facilities.

Section 1, Sec 42.05.294 grants RCA the authority to prohibit or allow new construction of large energy facilities in line with the requirements of a bulk-power system and adopted reliability standards. This section also defines "large energy facility."

Section 2 defines bulk power systems, cybersecurity incidents, electric reliability organization, interconnected electric energy transmission network, load-serving entity and reliable operation.

Section 3 authorizes RCA to adopt regulations that will take effect after the effective date of this bill.

Sections 4 & 5 deal with effective dates.