



January 31, 2020

Chairman John Coghill  
Senate Railbelt Electric System Special Committee  
Alaska State Capital, Room 103  
Juneau, AK 99801

Re: Letter of Support for SB 123

Dear Chairman Coghill:

CIRI is pleased to provide this letter of strong support for SB 123. CIRI is an active Independent Power Producer (IPP) participant in the Railbelt energy market and has been actively working to implement reform in the Railbelt for several years. Accordingly, CIRI has a bona-fide stakeholder interest in the outcome of this legislation. CIRI supports SB 123, including the development of an electric reliability organization (ERO), non-discriminatory interconnection and transmission access, integrated resource planning and pre-approval by the RCA for significant generation and transmission projects.

CIRI is one of 12 Alaska Native regional corporations and is owned by over 9,000 Alaska Native shareholders. CIRI has a diverse business portfolio that includes significant energy investments including the Fire Island Wind project, over 500 megawatts of other wind energy and approximately 500 megawatts of natural gas-fired generating assets in the United States. CIRI's energy-related investments are geographically dispersed, and as a result CIRI has experience of operations with multiple Independent System Operators and Regional Transmission Organizations.

Given its broad industry perspective, CIRI is concerned that Alaska is behind the rest of the US in positioning itself to adopt Renewable Portfolio Standards (RPS), to reduce carbon and Green House Gas (GHG) emissions, to incentivize electrification of the transportation sector and to adopt low carbon fuel standards. Reducing GHG emissions and curbing global warming is critical to the future health and well-being of all Alaskans.

In its June 30, 2015 letter to the legislature, the RCA reported that voluntary efforts to reform the grid had not progressed in a meaningful way and presented five recommendations to reform the Railbelt electrical system. The letter outlined the issues facing Alaska including establishing an independent transmission company, adoption of consistent reliability standards and system-wide merit order economic dispatch, among others. CIRI strongly supports the RCA's recommendations. In January 2020, the RCA sent another letter to the legislature,

summarizing progress on the recommendations provided in 2015, and seeking to clarify statutory authority for the RCA to regulate a grid reliability organization. In the 2020 letter, the RCA again reports that voluntary stakeholder efforts “failed to produce sustainable institutional change” relating to at least two of the RCA’s most critical recommendations.

SB 123 is therefore a necessary first step towards a greater goal of reaping the sizeable economic and environmental benefits of unifying electric grid planning and operations. Unified operations will reduce cost, increase efficiency, and allow the Railbelt to move forward with initiatives that support clean energy and reduced GHG emissions while enhancing economic development opportunities.

SB 123 will get Alaska moving forward. In order to ensure the greatest economic and environmental benefit to ratepayers, SB 123 should carefully set out provisions that accomplish the following:

- Establishes a governance structure that transitions to a majority independent board with fiduciary responsibility to the region it serves.
- Requires open access transmission tariffs with non-discriminatory interconnection for new generation and non-discriminatory movement of power that also eliminates transmission rate pancaking.
- Sets a specific implementation timeline for system wide merit order generation resource dispatch.
- Lays the groundwork for a future Renewable Portfolio Standard (RPS) and carbon reduction plan.

Thanks to SB 123 and HB 151, Alaska is on the brink of meaningful reform that will provide real economic value and environmental benefit to Alaska’s electricity consumers. CIRI urges the legislature to move this bill forward so that this necessary reform will become a reality.

Sincerely,

Cook Inlet Region, Inc.

A handwritten signature in blue ink, appearing to read "S. Settle".

Suzanne Settle  
Vice President, Energy, Land & Resources