

# Fiscal Note

State of Alaska  
2022 Legislative Session

Bill Version:	HB 301
Fiscal Note Number:	1
(H) Publish Date:	2/4/2022

Identifier: LL0546-DCCED-RCA-02-01-22  
 Title: UTILITIES: RENEWABLE PORTFOLIO  
 STANDARD  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Rules by Request of the Governor

Department: Department of Commerce, Community and  
 Economic Development  
 Appropriation: Regulatory Commission of Alaska  
 Allocation: Regulatory Commission of Alaska  
 OMB Component Number: 2417

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>OPERATING EXPENDITURES</b>	<b>FY 2023</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Personal Services	860.0		860.0	860.0	860.0	860.0	860.0
Travel	30.0		30.0	30.0	30.0	30.0	30.0
Services	2,560.0		2,560.0	2,560.0	2,560.0	2,560.0	2,560.0
Commodities	50.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>3,500.0</b>	<b>0.0</b>	<b>3,450.0</b>	<b>3,450.0</b>	<b>3,450.0</b>	<b>3,450.0</b>	<b>3,450.0</b>

**Fund Source (Operating Only)**

1004 Gen Fund (UGF)	3,500.0		3,450.0	3,450.0	3,450.0	3,450.0	3,450.0
<b>Total</b>	<b>3,500.0</b>	<b>0.0</b>	<b>3,450.0</b>	<b>3,450.0</b>	<b>3,450.0</b>	<b>3,450.0</b>	<b>3,450.0</b>

**Positions**

Full-time	5.0		5.0	5.0	5.0	5.0	5.0
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2022) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2023) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/24

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

Prepared By:	Robert M. Pickett, Chairman	Phone:	(907)276-6222
Division:	Regulatory Commission of Alaska	Date:	02/01/2022 12:00 PM
Approved By:	Robert M. Pickett, Chairman	Date:	02/01/22
Agency:	Regulatory Commission of Alaska		

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2022 LEGISLATIVE SESSION

Analysis

This legislation is not intended to constitute implementation by the Regulatory Commission of Alaska (RCA). Federal law still applies and could create conflicting obligations.

This bill only applies to load-serving entities (LSEs) and states that limiting transmission rates to "costs" is surplus. If this limits rates to the direct expense of the transmission system, it could result in confiscatory rates or the utility not meeting covenants in debt instruments. Existing statutory law balances this consideration with the "just and reasonable" standard, requiring a new standard be created exclusively for LSE-owned transmission. Regulations will be adopted that address implementation and how the LSEs or other entities would pay for any required transmission system upgrade expense.

This bill states that a public utility constructing a facility may not do so unless the RCA determines that it is not detrimental to the LSEs ability to meet the renewable portfolio standard. It provides a broad definition of distributive energy systems that would include a customer rooftop solar installation. Distributive energy systems are subject to net metering tariffs.

The RCA's powers are expanded to include an auditing function. These responsibilities will require additional resources and positions. It also establishes a noncompliance fine for LSEs that do not meet the renewable portfolio standard and provides for exemptions.

Finally, this legislation also establishes Renewable Energy Credits that can be traded, sold, and transferred for value.

Operations of the RCA are funded by the Regulatory Cost Charge (RCC), which is statutorily required to be set each year to fully support the RCA's operations. This legislation expands the responsibilities and scope of the RCA beyond current capacity, and the necessary increase in staff and costs will exceed the RCC cap. Therefore, this fiscal note reflects funding via an appropriation from the general fund.

The RCA would not be able to accomplish this with existing funding. The RCA would require five (5) additional positions; outside support from contractors; and support for legal expenses.

Personal Services:	\$ 860.0	Five new positions for auditing, complaint resolution, filings, enforcement, etc. Estimated at \$172.0/position/year.
Travel:	\$ 30.0	Travel for training and job duties
Services:	\$ 2,485.0	Contractor support and legal costs
	\$ 75.0	Core services costs (\$15.0/position/year)
Commodities:	\$ 50.0	New employee startup costs in FY2023 only (\$10.0/position)

Operations of the RCA are funded by the regulatory cost charge, which is statutorily required to be set each year to fully support the RCA's operations. However, this increase in expenses will put the RCA over the statutory cap and would require a separate appropriation from the general fund.