

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version: HB 121
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB121-DCCED-RCA-04-25-23
Title: UTILITIES: RENEWABLE PORTFOLIO
STANDARD
Sponsor: SUMNER
Requester: (H) Energy

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)

	FY2024 Appropriation Requested	Included in Governor's FY2024 Request	Out-Year Cost Estimates				
			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OPERATING EXPENDITURES	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
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	2,610.0		2,610.0	2,610.0	2,610.0	2,610.0	2,610.0
Commodities	50.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	3,550.0	0.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	3,550.0		3,500.0	3,500.0	3,500.0	3,500.0	3,500.0
Total	3,550.0	0.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0

Positions

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

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2023) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2024) 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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/26

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By:	Keith Kurber II, Chairman	Phone:	(907)276-6222
Division:	Regulatory Commission of Alaska	Date:	04/24/2023 12:00 PM
Approved By:	Hannah Lager, Administrative Services Director	Date:	04/25/23
Agency:	Commerce, Community, and Economic Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2023 LEGISLATIVE SESSION

BILL NO. HB 121

Analysis

HB 121 mandates a Renewable Portfolio Standard (RPS) for load-serving entities served by electric reliability organizations, requiring those entities to derive a certain percentage of electric sales from renewable energy sources (increasing over time; 80% renewables by 2040). SB 101 creates a renewable energy credit trade market with renewable energy credits counting towards RPS requirements, allows energy generated by distributed energy systems to count towards RPS requirements, eliminates capacity limits on net metering for load-serving entities served by an electric reliability organization, and revises power cost equalization rate calculations to prohibit the consideration of revenues from the sale of recovered heat or renewable energy credits (revenues from sales of recovered heat currently offset expenses for power cost equalization rate determination purposes). HB 121 mandates annual reporting on progress towards satisfying applicable RPS requirements.

Passage of HB 121 would expand the RCA's authority to include an auditing function and address noncompliance with RPS standards. The RCA would also be required to amend or adopt regulations (1) specifying net metering requirements, (2) measuring energy produced from distributed energy systems compared to overall energy acquired (updated every 5 years), and (3) specify reporting requirements to measure progress towards satisfying RPS requirements. The RCA will also need to consider if additional regulations are needed to develop procedures to (1) guide investigations into compliance with RPS requirements, (2) govern the process for imposing or waiving noncompliance fines, and (3) govern the use and trading of renewable energy credits and to resolve potential disputes involving the trade or sale of renewable energy credits.

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. The 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 resolutions, filings, enforcement, etc. Estimated at range 25, \$172.0/position/year.
Travel:	\$ 30.0	Travel for training and job duties.
Services:	\$ 2,485.0	Contractor Support and Legal
	\$ 125.0	Core services costs (\$25.0/position/year)
Commodities:	\$ 50.0	New employee startup costs in FY2024 only (\$10.0/position)

Given the new and comprehensive nature of this legislation, the RCA will need the full two years to do the regulations needed to implement the legislation (7/1/2026).