

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version: SB 257
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB257-DCCED-AEA-03-03-24
Title: ELECTRIC UTILITY REGULATION
Sponsor: RESOURCES
Requester: (S) LABOR AND COMMERCE

Department: Department of Commerce, Community and
Economic Development
Appropriation: Alaska Energy Authority
Allocation: Statewide Project Development, Alternative
Energy and Efficiency
OMB Component Number: 2888

Expenditures/Revenues

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

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates					
			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	3,968.7		3,968.7	3,968.7	3,968.7	3,968.7	3,968.7	3,968.7
Commodities	30.0							
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	3,998.7	0.0	3,968.7	3,968.7	3,968.7	3,968.7	3,968.7	3,968.7

Fund Source (Operating Only)

1004 Gen Fund (UGF)	3,998.7		3,968.7					
1107 AEA Rcpts (Other)				3,968.7	3,968.7	3,968.7	3,968.7	3,968.7
Total	3,998.7	0.0	3,968.7	3,968.7	3,968.7	3,968.7	3,968.7	3,968.7

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2025) 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If yes, by what date are the regulations to be adopted, amended or repealed?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: <u>Curtis Thayer, Executive Director</u>	Phone: <u>(907)771-3000</u>
Division: <u>Alaska Energy Authority</u>	Date: <u>03/03/2024</u>
Approved By: <u>Hannah Lager, Administrative Services Director</u>	Date: <u>03/04/24</u>
Agency: <u>Commerce, Community, and Economic Development</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

BILL NO. SB257

Analysis

This legislation creates the Railbelt Transmission Organization (RTO) in the Alaska Energy Authority (AEA). The bill requires AEA to immediately assume the integrated grid planning and capital program duties, which will later be transferred to the RTO. The bill also requires AEA to transfer backbone transmission assets to the RTO. The AEA and the Regulatory Commission of Alaska (RCA) will adopt regulations to implement the changes made by the bill related to the RTO. These additional duties will increase AEA’s operational costs in the short term until a revenue mechanism for the RTO is developed, approved by the RCA, and implemented.

The startup cost for management, operation, access rules, ownership, resource planning, and regulatory structures of RTO is estimated to be \$3,998.7 for the initial year and \$3,968.7 for the second year as calculated from the 2008 "Alaska Railbelt Electrical Grid Authority (REGA) Study," by Black and Veatch. This cost includes three full-time permanent positions and their associated costs, housed in AEA, and a contract that will be competitively procured. The following years have more uncertainty as the complex interaction of the involved entities could result in widely different RTO organizational outcomes, without additional information, the estimated out years are represented as the same cost as the second year.

The Alaska Industrial Development and Export Authority (AIDEA) provides all staff support for AEA programs and is reimbursed via a reimbursable services agreement from AEA. This fiscal note reflects the Personal services costs associated with this fiscal note for these three new positions and initial legal, regulatory consultants, and engineering firm for Integrated Resource Planning of Transmission.

Contractual costs for AEA include authorization to pay for the positions that will be housed in AIDEA:

Services:	\$197.9	Program Manager, range 26, Anchorage
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	\$145.6	Senior Accountant, range 20, Anchorage
	\$75.0	Statewide and department core services - \$25.0 per position per year
	\$3,352.3	Operation of Grid, Regional economic dispatch, Regional resource planning, Transmission planning and Joint Project Development
Commodities:	\$30.0	One-time start up costs - \$10.0 per position in FY2025 only