



April 5, 2024

**To:** Senate Labor & Commerce Committee

**From:** Alex Petkanas, Climate & Clean Energy Program Manager, The Alaska Center

**Re:** Senate Bill 257 - Electric Utility Regulation

Chair Bjorkman, Vice Chair Bishop, and Members of the Committee:

Thank you for your efforts to address complex transmission issues along the railbelt. SB 257 would have some very positive impacts, including increased requirements for RCA commissioners, and allowing additional considerations like diversity of supply in the determination of utility rates.

However, we are concerned that removing some or all planning authority from the existing Electric Reliability Organization (ERO) would create a slower, less efficient process with less public input and transparency. The ERO represents a wide range of stakeholders, has established clear methods for public engagement and input, and has already taken significant steps toward developing a holistic plan for efficient power generation and distribution along the railbelt. Requiring Alaska Energy Authority to begin an initial plan and establish a Regional Transmission Organization (RTO), and tasking that RTO with taking over long term planning at this point would undermine the work that has already been done and complicate and slow down the process.

Establishing a new organization takes time, and planning work would not start immediately. Additionally, debates and potential litigation over exactly who gets to make certain planning and transmission decisions will slow down the process. As written, SB 257 requires the ERO to work with the RTO on planning, but it is not clear exactly who gets final approval over each individual aspect of transmission.

There is no evidence that creating a new organization at this point would be more efficient than allowing the existing ERO to continue its work to create a holistic plan for our railbelt energy system. **We strongly oppose removing planning authority from the ERO.**

## Konrad Jackson

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**From:** Addie Norgaard <addienorgaard1@gmail.com>  
**Sent:** Wednesday, April 10, 2024 11:43 AM  
**To:** Senate Labor and Commerce  
**Subject:** Support amendment to SB 257

Hello,

I support amendment to SB 257 to include provisions to require that at least one RCA commissioner have experience in rural or Tribal communities, and that public administration experience can also qualify someone to serve on the RCA, in place of formal education. This is important to ensure that rural communities are represented on the RCA, as they face extremely high energy costs. All Alaskans deserve a lessened burden of energy costs, because it is important for thriving communities and economies.

Thank you,  
Addie Norgaard



# ALASKA PUBLIC INTEREST RESEARCH GROUP

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907-350-2286 | [akpirg.org](http://akpirg.org) | P.O. Box 201416, Anchorage, AK 99520

April 10, 2024

To: Senate Labor & Commerce Committee

From: Alyssa Sappenfield and Natalie Kiley-Bergen, AKPIRG

RE: Comment on Senate Bill 257 - Electric Utility Regulation

Chair Bjorkman, Vice Chair Bishop, and Members of the Committee:

AKPIRG is a 501(c)3 nonprofit and the only non-governmental consumer advocacy and research organization in Alaska. We are a nonpartisan organization focused on consumer and good government issues. AKPIRG advocates on behalf of consumers for a low-cost, reliable, and clean power grid. AKPIRG has a unique perspective on regulatory management of energy infrastructure in Alaska, serving as the small consumer seat on the Railbelt Reliability Council (RRC). Although we are seated on the RRC, these comments are AKPIRG's alone and do not necessarily represent the views of the RRC or its Board of Directors whatsoever.

AKPIRG strongly supports the inclusion of diverse voices in the Legislature's efforts to improve energy transmission legislation through SB 257 and SB 217. Various aspects of these bills serve the public interest, such as stronger RCA commissioner qualifications, adjusting the ownership and management of Railbelt transmission assets, clearly eliminating wheeling rates, and adjusting the tax status for Independent Power Producers.

AKPIRG supports the creation of a regional transmission entity ("RTO"),<sup>1</sup> however, we have concerns with the sections of SB257 that repeal the statutory authority under AS.42.05.762 and AS 42.05.780 for electric reliability organizations (ERO) to conduct Integrated Resource Planning (IRP) and that give the RTO the authority to complete Integrated Grid Planning. Under current law, an ERO must file an IRP that includes "an **evaluation of the full range** of cost-effective means for load-serving entities to meet the service requirements of all customers, **including additional generation, transmission, battery storage, and conservation or similar improvements** in efficiency...[and] options **to meet customers' collective needs** in a manner that provides the greatest value consistent with the public interest, **regardless of the location or ownership of new facilities**..."<sup>2</sup> The Railbelt ERO, the Railbelt Reliability Council (RRC), has already undertaken substantial efforts to create a framework for IRP planning pursuant to this

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<sup>1</sup> "Regional transmission organization (RTO)" is a term used in SB 257

<sup>2</sup> AS 42.05.780(a) (emphasis added).



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mandate and has gone through public processes to create rules and bylaws necessary to ensure robust technical excellence and substantial public participation in the planning process.<sup>3</sup>

The RRC's governance also already includes a board with representation of providers of electric energy, transmission, and distribution (independent power producers, all Railbelt utility cooperatives, the City of Seward, Doyon Utilities, and the Alaska Energy Authority); consumers (environmental, commercial or industrial—currently, represented by Kinross Gold with Hilcorp as alternate, and residential or small consumers); and an independent seat.<sup>4</sup> The voting directors can be as few as 3 or up to 13, as it is today. There are also non-voting members like the Regulatory Commission of Alaska and the State agency for Regulatory Affairs and Public Advocacy (RAPA) and a handful of the members, like AKPIRG, have served since 2020 from the Implementation Committee days. This make-up was largely dictated initially by the [2019 MOU signed by the utilities](#).<sup>5</sup> RRC Board members serve with robust guidance from our Governance Committee and rules. All board members also have a [fiduciary duty to act independently and exercise first loyalty to the mission of the RRC](#)<sup>6</sup> for a more unified approach to what is best for the Railbelt. Railbelt ratepayers are best served by a holistic planning process through the RRC.

We support that the proposed RTO would oversee and manage the Railbelt's key transmission assets and that the Regulatory Commission of Alaska would oversee its management. We would like to see an RTO that not only manages, but also operates the transmission system with a framework that prevents self-dealing. In particular, we believe the economic dispatch of energy across the Railbelt would best serve the collective interests of ratepayers.

We appreciate the efforts legislators and many other bill proponents have made to hear our strong concerns with the changes to planning authority proposed in SB257. We are concerned that separating even transmission planning from the IRP process could create inefficiencies and opportunities for conflict, inhibit a holistic evaluation of system-wide costs and benefits, and

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<sup>3</sup> RRC ERO Application, pg.21-25. <https://www.akrrc.org/public-resources/>

<sup>4</sup> RRC Bylaws, pg. 7-10. <https://www.akrrc.org/public-resources/>

<sup>5</sup> See also "RCA Certificates Railbelt Reliability Council as Alaska's First Electric Reliability Organization," Alaska Energy Transparency Project, Brian Kassof, November 30, 2022. <https://www.akenergytransparency.org/news/rca-certificates-railbelt-reliability-council-as-alaskas-first-electric-reliability-organization>

<sup>6</sup> RRC ER-11, Ethical Conduct Rule. <https://www.akrrc.org/public-resources/>; RRC Mission: "Serve the public interest and provide the greatest long-term value to the Railbelt by working collaboratively and transparently to establish and uphold protocols that sustainably balance safety, reliability, cost, and environmental responsibility." [akrrc.org](https://www.akrrc.org).



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make it more difficult to implement certain successful models of renewable deployment, such as the competitive renewable zone concept used in Texas<sup>7</sup>.

In the event that planning authorities are split between the RRC and the RTO, there should be defined mechanisms for coordination or synchronization between the RRC and RTO beyond shared board membership. AKPIRG will continue to push for robust transparency and stakeholder engagement within any structure and can provide specific suggestions in this direction as this legislation evolves.

Lastly, we recommend the following language to replace Section 1 of SB 257:

"(a) The commission consists of five commissioners appointed by the governor and confirmed by the legislature in joint session. To qualify for appointment as a commissioner, a person must:

1. be a member in good standing of the Alaska Bar Association with at least five years of actual experience in the practice of law;
2. have an advanced degree from an accredited college or university with a major in finance, economics, accounting, business administration, or public administration and at least five years of actual experience in the associated field;
3. be a professional engineer registered under AS 08.48 with at least ten years of actual experience in the field of engineering; or
4. have at least 15 years of actual experience in public administration serving on a state board, state commission, or authority, including tribal government or tribal decision making authority.

(b) At least one commissioner must be qualified under (a)(4) with experience in rural and tribal communities."

In addition to strengthening the general qualifications of RCA commissioners, this change would bring a now-missing rural and tribal perspective to the Commission, in line with the need expressed by the Alaska Federation of Natives in their 2023 [Resolution 23-18](#) for a designated commissioner experienced in the unique energy needs of tribal communities.

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<sup>7</sup> "Renewable Energy Zone Transmission Planning Process: A Guide for Practitioners." Nat. Renewable Energy Laboratory, Sept. 2017. <https://www.nrel.gov/docs/fy17osti/69043.pdf>



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Please find attached a timeline we've compiled of the ERO process, from identifying our grid problems to the ongoing work undertaken by the RRC. We hope this makes clear that although the statutory role of an ERO has existed since the 2020 passage of Senate Bill 123, the RRC has held that role for only a year and a half and has made appreciable progress in that time toward its goals.

Thank you for your consideration of our input. AKPIRG is available for further discussion as you consider this and other bills related to Alaska's public interest.

Thank you,

Alyssa Sappenfield  
Energy Analyst, AKPIRG

Natalie Kiley-Bergen  
Energy Lead, AKPIRG

Attached: Railbelt Reliability Council Timeline



## Attachment: Railbelt Reliability Council Timeline

*The Railbelt Reliability Council (RRC) is the certified electric reliability organization (ERO) for Alaska's Railbelt. AKPIRG serves as the small consumer seat on the Railbelt Reliability Council, known as the RRC. Although we are seated on the RRC, this resource is AKPIRG's alone and does not necessarily represent the views of the RRC or its Board of Directors whatsoever. This document is intended to provide a brief summary of the events that led to the creation of the statute enabling EROs in Alaska and the progress of the RRC over the past four years:*

- 2010-2015: Railbelt utilities collectively spend an unprecedented \$1.5 billion over building natural gas generation
  - These events demonstrated there is a need for more effective system-wide operation to get proper value from these investments.
  - The Railbelt has a total generating capacity of 1.965 gigawatts<sup>8</sup> to meet a peak demand of roughly 750 megawatts<sup>9</sup> – more than twice the generation its members need, indicating that much of the \$1.5 billion could have been saved with better system-wide planning.
- June 2015: In [a letter to the legislature](#), the Regulatory Commission of Alaska (RCA) urges the legislature to take action on “the fragmented, balkanized and often contentious” operation of the Railbelt grid.
  - The letter emphasizes that wide stakeholder involvement is essential for successful grid reform: “Many different parties must cooperate or this effort will fail. The Legislature, the Administration, Railbelt utilities, independent power producers, the RCA, Department of Law, Regulatory Affairs & Public Advocacy, and most of all the ratepayers have much at stake.”
- Dec. 2019: Railbelt Utilities sign [Memorandum of Understanding to create RRC Implementation Committee](#) (IC).
  - MOU item 5-C commits to “develop, adopt, and utilize a Railbelt electric system-wide generation and transmission planning process” that will identify new generation and transmission projects and allow for economic dispatch.
- April 2020: Special senate committee is formed to draft legislation for creating EROs in Alaska (SB 123). SB 123 was signed into law. **5 years from RCA letter to ERO legislation.**
- July 2020: RRC IC begins preparation to create ERO application according to in-progress RCA regs.

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<sup>8</sup> [“Achieving an 80% Renewable Portfolio in Alaska's Railbelt: Cost Analysis”](#) by Paul Denholm, Marty Schwarz, and Lauren Streitmatter, National Renewable Energy Laboratory. March 2024. (Over 1.6 gigawatts are from fossil fuel resources).

<sup>9</sup> [“Alaska Railbelt Grid Modernization and Resiliency Plan”](#) by Brian Hickey. July 2023.



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- June 2021: RCA publishes regulations for ERO. RCA finishes interpreting statute into regulation to govern an applicant becoming the ERO. **14 months from legislation to RCA regulation.**
- Feb. 2022: RRC incorporates as 501(c)(4) nonprofit.
- March 2022: RRC applies to become ERO for the Railbelt. **9 months from RCA regulations promulgated to RRC completing application for ERO governance structure.**
- Sept. 2022: RCA certifies RRC as ERO, allowing it to begin acting with official authority. **6 months from application to certification to begin acting as ERO.**
  - Following the RRC's certification, load serving entities (LSEs) intervene on the RCA docket with issues that could have been settled within RRC.
- April 2023: RRC's first RCA-approved interim tariff goes into effect. ([TE1-9001](#))
- Sept. 2023: "IRP Readiness and Network Reliability Statistics Preliminary Data Assessment Request" letters sent to LSEs
- March 4, 2024: Chief Technical Officer position approved and has authority to hire technical staff. **One and a half years from certification to first technical staff.**
- March 5-6, 2024: CEO candidate interviews conducted.
- March 25, 2024: RRC advertises positions for three senior engineers to oversee planning, compliance, and standards.
  - In addition to participating in planning for reliability standards development, the Senior Planning Engineer will facilitate the Integrated Resource Plan (IRP) process assigned to the RRC in statute. This engineer's [job description](#) includes "a leadership role in developing and obtaining acceptance of the IRP" and ensuring "that the completion of the IRP will be the result of a plan that has buy-in and support **during the entire development process and not just the steps toward final approval.**"

## Conclusion:

When discussing the ERO's work and responsibilities, several legislators have asked rhetorically what the group has accomplished in the four years since Senate Bill 123 enabled it. It is highly misleading to imply that the ERO has been at work all this time with little to show for it. Though it's been four years since SB123 created its statutory underpinnings, the Railbelt Reliability Council has had authority to act as the Railbelt's ERO for just over a year and a half, since the RCA certified it in September 2022. During the RCA's two-and-a-half year process of translating SB123 into regulation and practice, the RRC was creating its rules and bylaws in parallel so as to move quickly once ERO certification was open, but was unable to begin its real work before its Sept. 2022 certification. The "four year" history of the ERO, and its progress toward the ultimate goals of resource planning and reliability standards, can't be accurately evaluated without realizing that the RRC has held that position for only 18 months.

Antony Scott  
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April 10, 2024

Mr. Chairman, Members of the Committee, for the record my name is Antony Scott. I am a former Commissioner of the Regulatory Commission of Alaska. I wish to offer my comments today from that perspective and former role.

I believe that provisions of SB 257 that would create a so-called Railbelt Transmission Organization are well meaning, but they are importantly technically flawed. The source of the defects have to do with over-lapping jurisdictional authority, and also potential infringement of property rights with respect to local utility obligations to serve.

As drafted there are three broad areas of concern:

- Regulated and non-jurisdictional portions of the transmission system
- Backbone versus non-backbone transmission assets
- RCA vs RTO jurisdictional authority

As a former regulator and practitioner I must stress the practical and real-world problems that come from unartfully-drafted legislation. Ratepayers ultimately pay the cost. My comments, below, are intended to be constructive. The following discussion points to areas of the bill that can readily be fixed and, for the most part, do not infringe on the apparent policy goals of the bill.

### **Regulated versus non-regulated transmission assets**

Although the bill would make the RTO subject to RCA jurisdiction, there are important portions of the transmission system that, under this bill, will nevertheless remain exempt from RCA authority. This exemption springs not from AEA's current exemption under AS 44.83.090(b), which the legislation would in fact address. It springs, rather, from the exemption that would currently remain associated with the provisions of AS 42.05.431(c) that would continue to apply to at least one of the Bradley Lake "agreements" referred to in that section of statute.

The Bradley Lake exemptions have created real-world reliability problems when certain transmission assets on the Kenai Peninsula were damaged by fire. They also have created multi-million dollar litigation costs associated with the testing certain aspects of the boundaries of those exemptions all the way to the state Supreme Court. Without going into the dirty laundry, the overriding point is that jurisdictional boundaries can create unintended costs, and the risk of this is greater the less clear the boundaries are drawn. If the RTO is to be created as a seamless entity then the AS 42.05.431(c) exemptions associated with the transmission assets that it would manage need to be ended. If seamless transmission management is indeed a goal then I encourage you to consider language that would clearly end the application of AS 42.05.431(c) to, at minimum, all Railbelt transmission assets.

### **Ambiguity of the meaning of “backbone transmission” assets**

The bill creates a new concept in Alaska law – that of “backbone transmission” assets. (See, for example, AS 44.93.710(1).) Currently, for planning purposes, “transmission” assets are clearly defined as anything at or above 69kV in capacity. “Backbone” would mean something else, but it is unclear what is contemplated. Because it is expected to be complicated this is left to a future regulatory proceeding.<sup>1</sup> The problem to be addressed in that proceeding is not a trivial one.

About 10 years ago there was a very extensive and expensive, hard fought litigation over whether the transmission lines connecting Chugach’s Beluga generation assets to the rest of the grid are “backbone” or “radial”. The RCA came up with one answer, but it is unclear whether what the drafters of this legislation have in mind is consistent with that answer. Meanwhile, the question of “backbone transmission” is indirectly being addressed in Chugach Electric’s current rate case. (As an aside, my best guess right now is that, based on its precedent in the Beluga transmission dispute, the RCA is most likely to find that “backbone” does indeed consist of everything at 69kV or above.)

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<sup>1</sup> As a less critical aside, if the definition of “backbone transmission” were indeed left for a future regulatory proceeding then that proceeding should not be one of establishing “regulations”, as proposed in AS 44.83.700(c). Regulations have the force of law on a statewide basis. The regulatory process is long and especially time consuming. A more streamlined approach would simply be to require that the “commission open a docket of investigation to determine the definition of “backbone transmission””.

It appears that “the commission” referenced in this provision AS 44.83.700(c) is meant to refer to the RCA; the AEA is, after all, an “authority”. However, that phrase is not something that occurs within the AS 44.83. If “the commission” is intended by the drafters to refer to AEA then the cross jurisdictional conflicts will be multiplied considerably. This deserves very careful scrutiny and consideration lest the RCA’s authority over the RTO be grossly eroded.

Why does this matter?

Transmission owning local utilities have an obligation, under their Certificate of Public Convenience and Necessity (CPCN), to serve their customers. However, this bill would give the AEA sole authority for the management and construction of new “backbone” transmission assets. What happens if a local utility sees a need, under its certificate, to upgrade, maintain, or repair transmission assets that it owns but does not control? AEA may not have the funding, managerial bandwidth, or agree with the local utility’s sense of priorities to muster the resources that the utility believes are necessary to meet its obligations under its Certificate of Public Convenience and Necessity.

This issue should not be ignored. We have real world experience in the Railbelt about how creating jurisdictional boundaries creates unanticipated consequences. These include the real world loss of reliability, rate increases, and very expensive litigation associated with transmission assets formerly owned by Homer Electric. On its face, separating “management” from “ownership”, as the provisions of AS 44.83.740 contemplate, creates conflicts associated with the CPCN obligations that regulated load serving entities have.

One approach to this complication would be for the Committee to do the hard work of figuring out what is intended by “backbone transmission”, seeing whether those concepts can be better drafted, and then gaming through failsafe methods for ensuring that the separation of management from ownership does not create problems. Another simpler approach would be to remove the requirement that the RTO manage transmission assets owned by other utilities and instead, for now, limit its function to becoming a vehicle simply for state-owned transmission assets.

### **Redundant, overlapping transmission utility duties and conflicting regulatory jurisdictions**

I would also like to speak to specific authorities of the RTO that are, as drafted, problematic because of overlapping or even potentially conflicting jurisdictional authority that the bill creates. Having two sets of language that go to similar subjects creates circumstances that are especially ripe for future litigation. This only creates costs that ratepayers must bear.

#### **A) AS 44.83.710(a)(2)**

If the RTO is indeed subject to RCA authority, then this “duty” would seem to be already covered under existing law, but using somewhat different words, in AS 42.05.765. If the bill’s drafters have something specific in mind that is distinct from the requirements of AS 42.05.765 then they should articulate it clearly. It is a principle of statutory construction

that every word in statute has meaning. Saying what is intended to be the same thing in two different ways begs the question for those who must interpret the law: how are the meanings different?

I would strongly recommend that this provision of the bill be struck, absent very good reason.

B) AS 44.83.710(a)(3)

The RCA already has authority to require and enforce adequate, safe and efficient service provided by all utilities under existing statute (see AS 42.05.291(a) and AS 42.05.221). If the RTO is indeed a public utility that is regulated by the Commission then all of the duties enumerated within this provision are superfluous and, as a matter of sound statutory construction, should be stricken absent very good reason.

C) AS 44.83.710(a)(4)

This overly prescriptive descriptive obligation to for non-discrimination is already covered by the broader and more general existing RCA powers in AS 42.05.301. Again, the language in AS 44.83.710(a)(4) concerning “legitimate technical constraints and congestion” adds nothing to the more general concept of “unreasonable preference or advantage”. Put differently, it is hard to imagine how permissible “preference or advantage” would not be “reasonable” if there were “legitimate technical constraints and congestion”. However, if the proposed language were to become law future Commissioners would be forced to consider how to imagine this hard thing. Again, absent very good reason, as a matter of sound statutory construction this language should be stricken.

D) AS 44.83.710(a)(5)

I am not sure what this broad and ambiguous language is supposed to mean in practice. However, it could arguably be read as providing special priority for existing local distribution companies to obtain new transmission capacity. If so this would be an important infringement on the RCA’s authority under AS 42.05.301 to ensure economically efficient, non-discriminatory access to new transmission assets. If the only intent is to ensure that “existing transmission capacity rights shall not be affected by the provisions of AS 44.83.710(1)” then this is what the language should say. As it is the language is overly broad and ambiguous and invites future litigation.

E) AS 44.83.710(a)(7) and AS 44.83.710(a)(8)

These provisions give this new state-owned entity a monopoly on the management of all new and existing “backbone transmission” assets, and a monopoly on the ownership of all new “backbone transmission” assets. As discussed previously, this creates issues given

ambiguity around what “backbone” means and a local distribution service utility’s CPCN obligations. (It also raises policy concerns about what happens if, for whatever reason, AEA lacks the financial, technical, or managerial resources to build new transmission that other private parties would otherwise be happy to build.) Public testimony has yet to explain what problems have previously arisen of not having a monopoly transmission manager.<sup>2</sup>

I now come to my final, particularly deep concern regarding jurisdictional conflict and ambiguity. The proposed section AS 44.83.710(c) gives **the RTO** authority to adopt regulations “necessary to carry out its powers and duties under this section”. Meanwhile, the RTO is supposed to be subject to the RCA’s authority and, as just enumerated, most of the RTO’s enumerated duties would already spring from being regulated as a public utility by the RCA. Accordingly, AS 44.83.710(c) sets the stage for conflicting interpretations between the RTO and the RCA of AS 44.83.710(a)(2), (3), (4), and (5) and the corresponding RCA authorities under AS 42.05.765, AS 42.05.291(a) and AS 42.05.221, and AS 42.05.301. There is no clear way that such conflicting interpretations across agencies might be resolved, other than through litigation that reaches the State Supreme Court.

Thank you very much for your consideration of these important matters. I would be happy to answer any questions that you may have.

Sincerely,

A handwritten signature in black ink, appearing to be 'AS' followed by a long horizontal stroke.

Antony Scott

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<sup>2</sup> The provisions of SB 123, which the Legislature passed in 2020, solved the problem of how to determine cost allocation for new transmission assets. The revenue mechanisms contemplated in bills before this body, SB 257 and SB 217, would both also resolve this question as well as eliminate inefficient wheeling rates. Monopoly management, however, appears to be a solution in search of an as-yet unidentified problem.

April 11, 2024

Senator Jesse Bjorkman, Chair  
Senate Labor & Commerce Committee  
State Capital Room 9  
Juneau, AK 99801



RE: Renewable IPP Support for SB 257 Electric Utility Regulation

Dear Chair Bjorkman,

I wanted to follow up in writing to say thank you for the opportunity to testify on SB 257 on April 5<sup>th</sup> and to summarize my supportive testimony for the record.

Renewable IPP, LLC is an Alaska-grown Independent Power Producer (IPP) who develops, constructs and operates utility scale solar farms in Alaska. Our mission is to diversify Alaska's generation mix and suppress energy prices through cost competitive renewable energy projects. Since our founding in 2017, we've successfully completed three solar farm projects; 140kW Willow Pilot (2018), 1.2MW Willow Expansion (2019) and 8.5 MW Houston Solar Farm (2023). As an IPP we wholesale electricity to co-op utilities. Our Willow projects sell electricity at the current cost of generation and our Houston Solar Farm is delivering on our commitment to suppress energy prices and sells electricity for 10-20% below the current cost of generation, proving that utility scale solar can provide cost competitive energy for Alaskans and help conserve Cook Inlet natural gas. Our company has grown incrementally since 2017, working collaboratively with co-op utilities to test and confirm utility scale solar farm grid integration and operations. We are now poised for large, at-scale deployment and can be a significant contributor to help meet future electricity demand.

We strongly support SB 257 which unifies the management of the Railbelt Transmission system and eliminates wheeling charges. I recently had the honor of serving on the Governor's Alaska Energy Security Task Force and co-chaired the Railbelt Subcommittee. The Task Force aligned on a long-term goal that Alaska's future energy would be more diverse, reliable and affordable. The top, near term, recommendation from the Railbelt Subcommittee was to unify and upgrade the Railbelt transmission system to enable this long term future for Alaskans. SB 257 is a critical and time sensitive step towards this brighter future. Below are further points which describe the benefits of SB 257, for your consideration.

- **Railbelt Wide Management vs. Regional Management:** The current transmission system has numerous owners and asset managers: Homer Electric Association (HEA), Alaska Energy Authority (AEA), Chugach Electric Association (Chugach), Matanuska Electric Association (MEA) and Golden Valley Electric Association (GVEA). Having Railbelt wide management of the transmission system enables a more holistic approach in managing grid upgrades and facilitates efficiently dispatching our best generation assets across the grid, ultimately lowering rates to consumers. We support the grid-wide management organization of the RTO. Chair Bjorkman asked during my testimony about the best place for Integrated Resource Planning (IRP). We support keeping the IRP process and generation project approval with the

ERO and support amending SB 257 to this end. The ERO has had a slow start but given the expended effort we think it's prudent to allow this organization a little more time to deliver the first IRP and reliability standards. To provide ratepayers with more confidence and create more accountability, legislation could be amended to provide a deadline for the first IRP. We support keeping transmission planning with the RTO as currently drafted in SB 257. We think there's benefit in keeping transmission and planning under the same roof as those executing the work would have better line of sight to capturing funding opportunities which are critical for planning. The IRP (generation plan) can be an input to the RTO's transmission plan to keep these efforts connected. The RTO should not required generation project approval as that will already be handled under the ERO and we don't want duplicative approval processes which would inhibit project deployment.

- **Ability to Leverage a Single Entity for Upgrade Financing:** To enable energy generation diversification, we must upgrade our transmission system, which serves as our electron highway. The Railbelt transmission system needs upgrades and there are both current and future funding opportunities that can more easily be accessed through a common management structure. Federal programs are providing once in a lifetime opportunities to upgrade grids across the US and we should set up Alaska's Railbelt Transmission system to take advantage of these programs as they will ultimately lower the cost to ratepayers.
- **Elimination of Wheeling Rates:** SB 257 eliminates wheeling rates for the transmission system. This creates an open access, electron highway, allowing energy to be generated where it's most productive and transports the energy to where it's needed. These two factors allow for more efficient energy production and transportation which ultimately reduces the cost to consumers. Currently, as the transmission system has multiple owners, who may charge wheeling rates for each section. This ultimately drives up energy prices and as wheeling rates are difficult to determine; this creates project uncertainty and disincentivizes project development and investment. Elimination of wheeling rates and creating an transparent open access tariff provides financial certainty for project development and enables the free market to provide competitive generation projects to diversify our generation mix and suppress future energy prices. As a learning from the ERO legislation, SB 123, we think a healthy amendment to SB 257 would put a near term delivery timeline for eliminating wheeling rates. This could be an early success for the legislation and be accomplished through the Transition- Section (17) of the bill.

We are aware that both SB 257 and SB 217 are proposed in the legislature at this time. We ultimately support both bills. SB 257 executes the top, near term recommendation from the Energy Security Task Force, Railbelt Subcommittee, by creating a strong backbone transmission system and SB 217 enables a more fair and competitive energy market to help us diversify our energy and suppress energy prices. Both bills address the issue of wheeling charges; however, only SB 217 addresses the property tax issue for IPPs. We are in the process of finalizing our long-term Power Purchase Agreement (PPA) for our upcoming Kenai Peninsula solar project and eliminating property taxes for IPP's this session allows us to immediately lower our energy price for the project which locks in lower energy rates for consumers over the multi-decade contract. If SB 257 is progressed as the primary bill, we respectfully request to have the IPP property tax legislation added to SB 257.

Thank you both for all the hard work you do to make Alaska a better place to live, work and play. We especially appreciate your focus on energy this session which is such a key attribute to a successful economy and community. Thank you again and please let me know if there's anything I can do to support this effort!

Sincerely,

A handwritten signature in black ink, appearing to read 'Jenn', followed by a stylized flourish.

Jenn Miller

Chief Executive Office & Co-Founder

Renewable IPP, LLC

(907) 830-0054

[Jenn.miller@renewableipp.com](mailto:Jenn.miller@renewableipp.com)

## Konrad Jackson

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**From:** Peter Crimp <petercrimp@gmail.com>  
**Sent:** Friday, April 05, 2024 4:04 PM  
**To:** Senate Labor and Commerce  
**Subject:** Testimony on SB 257

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Dear Chairman Bjorkman,

Here is testimony on SB257 that I had hoped to provide today:

For the record I'm Peter Crimp of Homer. I'm retired deputy director of the Alaska Energy Authority, where I worked for 20 years.

I'd like to thank the committee for their efforts to improve the management of the Railbelt transmission system through SB 257.

While much of my career at the Energy Authority focused on rural areas, it was difficult to ignore the infighting and lack of coordination among the Railbelt utilities that wasted their customers' valuable time, energy, and money. But I have been heartened by the process established by SB123, where the independent Railbelt Reliability Council focuses on the benefit of the Railbelt customers as a whole. My understanding is that the RRC will soon hire its first CEO and will be in a position where it can begin important integrated planning and coordination.

I'd like to state my support for SB257's

- Section 1, setting qualification standards of RCA commissioners
- Section 2, broadening rate-setting criteria

But I am very concerned about removing the generation and transmission planning function from the RRC and giving it to a new Railbelt Transmission Organization or RTO.

While the RRC has broad representation from the utilities, government and public interest groups, the new RTO represents only AEA and the Railbelt utilities. Thus we would be handing planning authority back to the utilities whose lack of coordination has stymied progress for decades. Such a change goes against best practices in other areas of the country and is contrary to the intent of SB123.

I ask that you revise the bill to retain Railbelt planning in the Railbelt Reliability Council.

Thanks for your time and for your work.

Peter Crimp

## Konrad Jackson

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**From:** Rachel Rombardo <rachelmarie99@gmail.com>  
**Sent:** Wednesday, April 10, 2024 12:35 PM  
**To:** Senate Labor and Commerce  
**Subject:** Testimony RE: SB 257 Amendment

To the Alaska Senate Labor and Commerce Committee:

I am a resident of Fairbanks, AK, and I'd like to submit my written testimony in favor of the SB 257 Electric Utility Regulation Support Amendment.

Currently, rural and Indigenous communities are not represented in major energy transmission decisions in Alaska even though rural communities bear much higher energy burdens—spending roughly 27 percent of their income on energy compared to 7 percent for urban areas. As currently written, SB 257 would perpetuate the absence of rural and Indigenous voices in energy decisions by failing to take into account relevant public administration experience such as Tribal government or administration.

I support amending SB 257 to include provisions that:

- 1) allow public administration experience in place of formal education to qualify for the RCA
- 2) require that at least one RCA commissioner have experience in rural or Tribal communities

Sincerely,  
Rachel Rombardo

## Konrad Jackson

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**From:** Zachary Brown <zacharywestbrown@gmail.com>  
**Sent:** Friday, April 12, 2024 10:42 AM  
**To:** Senate Labor and Commerce  
**Subject:** Testimony on SB 257

Dear Chair Bjorkman and Members of the Senate Labor & Commerce Committee,

Thank you for your work on the critical Railbelt Transmission System challenge. I am a lifelong Alaskan and I want to see the most populous part of Alaska benefit from the renewable energy surge taking place across the globe.

I support many aspects of SB 257, but **I do not support taking planning authority away from the Railbelt Reliability Council (RRC)**. This planning function should not be in the hands of utilities, whose decisions are guided solely by their own profits – and may not be in the best interests of Alaskans.

Please leave planning for the railbelt grid in the **independent, transparent** hands of the RRC. This is the only way to ensure that the right resources for the region and its people are identified and developed, regardless of the profit motive of any particular utility player.

Thank you for your consideration,  
Zach Brown  
Gustavus, AK