



# ALASKA STATE LEGISLATURE

## SENATE LABOR & COMMERCE COMMITTEE

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### Summary of Changes Ver D to Ver H

#### Senate Bill 257

**Sections 1 and 2:** No changes.

**Section 3: Amends AS 42.05.762** by removing the requirement that the Electric Reliability Organization (ERO) participate in integrated grid planning by the Railbelt Transmission Organization (RTO) and returning to the current language found in statute.

**Amends AS 42.05.762** by inserting new subsection 4 adding the duty that the ERO shall consider the cost to the consumer when prioritizing reliability and stability of the interconnected bulk-electric system.

**Amends AS 42.05.762** Deletes the description of the governing board. (Inserted in new section 4)

**Section 4: AS 42.05.763 Governance of an Electric Reliability Organization.**

Inserts new section which includes the language deleted above and further expands the qualifications which must be met to serve on the ERO board of directors.

Renumber the following sections accordingly.

**Section 5:** (renumbered former section 4) No Change.

**Section 6:** (renumbered former section 5) **Amends AS 42.05.770 Regulations.** To require nondiscriminatory standards for interconnection and caps the cost recovery of the ERO to \$1.2 million.

**Section 7:** (former section 6) No Change.

**Old Section 7** is deleted.

**Section 8:** (former section 8) No Change.

**Section 9:** No Change.

## **Section 10: Amends AS 44.83 Railbelt Transmission Organization**

AS 44.83.700 is amended by replacing paragraph (c) with language expressly stating that provisions of AS 44.83.700-44.83.750 do not alter the rights and obligations of a utility regulated by the RCA.

And, renumbers the following paragraph.

AS 44.83.710(a)(6) is amended by deleting “grid” and replacing with “transmission”.

(a)(8) is deleted (moved below), the following paragraph is renumbered.

**Renumbered (a)(9)** is amended by adding reference to AS 44.83.72

Deletes and replaced former (b) granting optional authorities to the organization:

Old paragraph 8 is moved to new subparagraph (b)(1)

Renumbers old 44.83.710 (b) to subparagraph (b)(2)

**Inserts new paragraph (c)** prohibiting the conveyance by the RTO of any backbone transmission asset, without legislative approval, prior the effective date of the conveyance.

**Inserts new paragraph (d)** requiring the RTO ensure that work performed on new construction and maintenance of backbone assets is prioritized to give first preference to the Railbelt utility in the area where the work is performed. Further, the RTO must compensate the utility for reasonable and necessary expenses incurred and that work shall be subject to existing collective bargaining agreements.

Former paragraph (c) is renumbered to subparagraph (e) with a change to reference regulations necessary to implement AS 44.83.700-44.83.750.

### **Sec. 44.83.720 Revenue Mechanism:**

Old paragraph (a) is deleted and replaced with language combining old (a) & (a)(1).

Renumbers the following paragraphs.

Old paragraph (a)(2) is renumbered to subparagraph (b) and is amended to more clearly define the RTO cost recovery methodology and be approved by the commission.

Old paragraph (b) is renumbered (c) and amended to more fully describe the cost recovery methodology to be used by the RTO, to define recoverable backbone transmission system costs and how these costs will be shared among member utilities. These include accounting for ancillary backbone services, backbone system congestion and disruption of backbone connectivity for more than 24 hours.

Inserts new paragraph (d) requiring a Railbelt utility pass the commission approved transmission costs directly and transparently to the utility’s customers.

### **Sec. 44.83.730 Integrated transmission planning:**

Old paragraph (a) is amended by deleting the term “integrated grid plan” and replacing it with “the Railbelt to integrated transmission plan for the backbone transmission system.”

Paragraph (b) is amended to require the integrated transmission plan to fully articulate the details of the plan.

Paragraph (c) is amended by replacing the term “grid plan” with “integrated transmission plan”

**Sec. 44.83.740 Transfer management of assets:** Is unchanged.

**Sec. 44.83.750 Definitions:**

Old paragraph (1) “backbone transmission system” is revised to more clearly define the system and adds a reference to assets that are considered distribution or radial facilities under the standards of the Federal Energy Regulatory Commission which shall not be considered part of the backbone system.

No further changes are made to this section.

**Former Section 11:** Is deleted.

The following sections of the act are renumbered.

**Section 11: Applicability and Transition: EROs**

Adds new section to the uncodified laws of the State regarding (a) board member terms and qualification language allowing current board members who do not meet the qualifications, to retain their seat until a successor is appointed, referenced in Section 4 of the Act.

And, (b), AS 44.05.770(3) apply to costs incurred by an ERO on or after the effective date of section 6 of the Act.

Former section 12 is deleted and replaced with:

**Section 12: Transition Language: Agreements between AEA and Railbelt Utilities**

Adds a new section to the uncodified laws of the State defining the agreement which will be established between the Alaska Energy Authority (AEA) and the Railbelt utilities referenced in Section 10 of the Act. The contents of this agreement is further described in this section.

**Section 13: Transition Language: Integrated Transmission Plan and Capital Improvement Program**

Amends old section 13 which adds a new section to the uncodified laws of the State which instructs the AEA to immediately assume the integrated transmission planning duties under AS 44.83.700 in Section 10 of the Act following establishment of the governance structure under sect. 12 of the Act. Amends the section by replacing the term “integrated grid planning” with “integrated transmission” and adding the term “transmission” where appropriate.

**Section 14: Transition language: Regulatory Commission of Alaska Members**

Adds a new section to the uncodified laws of the State regarding the terms and qualifications of members of the Regulatory Commission of Alaska as detailed in Section 1 of the Act.

**Section 15:** Immediate Effective date clause for sections 12 and 13 of the Act.

**Section 16:** Effective date clause providing that except for sec. 15, this act takes effect July 1, 2024.