

**#1**

AMENDMENT

OFFERED IN THE HOUSE  
TO: HB 307

BY REPRESENTATIVE EDGMON

1 Page 1, line 1:

2 Delete "and"

3 Insert "**relating to electric utility rate determinations;**"

4

5 Page 1, line 3, following "ratepayers":

6 Insert "**; and providing for an effective date**"

7

8 Page 2, following line 7:

9 Insert a new bill section to read:

10 "**\* Sec. 3.** AS 42.05.381 is amended by adding a new subsection to read:

11 (p) A determination of whether an electric utility's rate is just and reasonable  
12 may consider whether the purpose of the rate is to increase diversity of supply,  
13 promote load growth, or enhance energy reliability or energy security."

14

15 Renumber the following bill section accordingly.

16

17 Page 3, following line 21:

18 Insert a new bill section to read:

19 "**\* Sec. 5.** Section 3 of this Act takes effect immediately under AS 01.10.070(c)."

**AMENDMENT #2**

OFFERED IN THE HOUSE  
TO: HB 307

BY REPRESENTATIVE EDGMON

1 Page 1, line 1, following "producers";

2 Insert "relating to the Alaska Energy Authority;"

3

4 Page 2, following line 7:

5 Insert a new bill section to read:

6 "\*\* Sec. 3. AS 39.25.110(11) is amended to read:

7 (11) the officers and employees of the following boards, commissions,  
8 and authorities:

9 (A) [REPEALED]

10 (B) Alaska Permanent Fund Corporation;

11 (C) Alaska Industrial Development and Export Authority;

12 (D) Alaska Commercial Fisheries Entry Commission;

13 (E) Alaska Commission on Postsecondary Education;

14 (F) Alaska Aerospace Corporation;

15 (G) [REPEALED]

16 (H) Alaska Gasline Development Corporation and subsidiaries

17 of the Alaska Gasline Development Corporation;

18 **(I) Alaska Energy Authority;**"

19

20 Renumber the following bill section accordingly.

21

22 Page 3, following line 21:

23 Insert a new bill section to read:

1     **\*\* Sec. 5.** AS 44.83.040 is amended by adding a new subsection to read:

2             (e) The authority may, as the authority considers advisable, appoint persons as  
3             officers, including an executive director, and employ professional advisors, counsel,  
4             technical experts, agents, and other employees. The executive director and employees  
5             of the authority are in the exempt service under AS 39.25."

**AMENDMENT** **#3**

OFFERED IN THE HOUSE  
TO: HB 307

**by Rep. Stapp**

1 Page 1, lines 1 - 3:

2 Delete "relating to the taxation of independent power producers; and increasing  
3 the efficiency of integrated transmission system charges and use for the benefit of  
4 ratepayers"

5 Insert "relating to the Regulatory Commission of Alaska; relating to regulation of  
6 public utilities and pipeline carriers; relating to approval of wholesale power  
7 agreements; relating to preapproval for construction of energy facilities; relating to  
8 electric reliability organizations; relating to the taxation of independent power  
9 producers; relating to the Alaska Energy Authority; relating to the Railbelt  
10 Transmission Organization; and providing for an effective date"

11

12 Page 1, line 5, through page 3, line 21:

13 Delete all material and insert:

14 **\*\* Section 1.** AS 42.04.020(f) is amended to read:

15 (f) Members of the commission are in the exempt service and are entitled to a  
16 monthly salary equal to a step in Range 29 [RANGE 27] of the salary schedule in  
17 AS 39.27.011(a) for Juneau, Alaska. The chair of the commission is entitled to a  
18 monthly salary equal to a step in Range 29 [RANGE 27] of the salary schedule in  
19 AS 39.27.011(a) for Juneau, Alaska.

20 **\* Sec. 2.** AS 42.05.254(a) is amended to read:

21 (a) A regulated public utility or a certificated utility that provides  
22 telecommunications services operating in the state shall pay to the commission an  
23 annual regulatory cost charge in an amount not to exceed the maximum percentage of

1 adjusted gross revenue that applies to the utility sector of which the utility is a part.  
 2 The regulatory cost charges that the commission expects to collect from all regulated  
 3 utilities and certificated utilities providing telecommunications services may not  
 4 exceed the sum of the following percentages of the total adjusted gross revenue of all  
 5 regulated public utilities and certificated utilities providing telecommunications  
 6 services derived from operations in the state: (1) not more than .98 [.7] percent to fund  
 7 the operations of the commission, and (2) not more than .22 [.17] percent to fund  
 8 operations of the public advocacy function under AS 42.04.070(c) and  
 9 AS 44.23.020(e) within the Department of Law. An exempt utility that does not  
 10 provide telecommunications services shall pay the actual cost of services provided to  
 11 it by the commission.

12 \* Sec. 3. AS 42.05.381(e) is amended to read:

13 (e) The commission shall adopt regulations for electric cooperatives, [AND  
 14 FOR] local exchange telephone utilities, and refuse utilities, setting a range for  
 15 adjustment of rates by a simplified rate filing procedure. A cooperative, [OR]  
 16 telephone utility, or refuse utility may apply for permission to adjust its rates over a  
 17 period of time under the simplified rate filing procedure regulations. The commission  
 18 shall grant the application if the cooperative, [OR] telephone utility, or refuse utility  
 19 satisfies the requirements of the regulations. The commission shall adopt  
 20 regulations specific to refuse utilities that provide for sufficient public notice and  
 21 an opportunity for ratepayers to meaningfully comment on rate filings. The  
 22 commission may review implementation of the simplified rate filing procedure at  
 23 reasonable intervals and may revoke permission to use the procedure or require  
 24 modification of the rates to correct an error. In this subsection, "refuse utility"  
 25 means a utility furnishing collection and disposal service of garbage, refuse,  
 26 trash, or other waste material to the public for compensation.

27 \* Sec. 4. AS 42.05.381 is amended by adding a new subsection to read:

28 (p) A determination of whether an electric utility's rate is just and reasonable  
 29 may consider whether the purpose of the rate is to increase diversity of supply,  
 30 promote load growth, or enhance energy reliability or energy security.

31 \* Sec. 5. AS 42.05.431(b) is amended to read:

1 (b) A wholesale power agreement between public utilities, or between a  
 2 public utility and an independent power producer, is subject to advance approval  
 3 of the commission. A rate set in accordance with a wholesale power agreement  
 4 must reflect a tax exemption or government subsidy provided to a utility or  
 5 independent power producer. After a wholesale power agreement is in effect, the  
 6 commission may not invalidate any purchase or sale obligation under the agreement.  
 7 However, if the commission finds that rates set in accordance with the agreement  
 8 violate this subsection or are not just and reasonable, the commission may order the  
 9 parties to negotiate an amendment to the agreement and if the parties fail to agree, to  
 10 use the dispute resolution procedures contained in the contract. In this subsection,  
 11 "independent power producer" means a person, other than a public utility, that  
 12 owns or operates a facility for the generation of electricity.

13 \* Sec. 6. AS 42.05.431 is amended by adding a new subsection to read:

14 (i) Costs incurred by an electric cooperative utility organized under AS 10.25  
 15 that participates in an electric reliability organization certificated by the commission  
 16 under AS 42.05.760 must be allowed in the rates charged by the utility if the costs are  
 17 approved by the utility's board of directors in connection with a new or purchased  
 18 renewable energy facility with a nameplate capacity of less than 15,000 kilowatts or  
 19 power purchased from a renewable energy facility with a nameplate capacity of less  
 20 than 15,000 kilowatts. In this subsection, "renewable energy facility" means a facility  
 21 that generates electricity from renewable and alternative energy resources, including  
 22 geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, and biomass energy.

23 \* Sec. 7. AS 42.05.762 is amended to read:

24 **Sec. 42.05.762. Duties of an electric reliability organization.** An electric  
 25 reliability organization shall

26 (1) develop reliability standards that provide for an adequate level of  
 27 reliability of an interconnected electric energy transmission network;

28 (2) develop integrated resource plans under AS 42.05.780(a);

29 (3) establish rules to

30 (A) ensure that the directors of the electric reliability  
 31 organization and the electric reliability organization act independently from

1 users, owners, and operators of the interconnected electric energy transmission  
2 network;

3 (B) equitably allocate reasonable dues, fees, and other charges  
4 among all load-serving entities connected to the interconnected electric energy  
5 transmission network for all activities under AS 42.05.760 - 42.05.790;

6 (C) provide fair and impartial procedures for the enforcement  
7 of reliability standards;

8 (D) provide for reasonable notice and opportunity for public  
9 comment, due process, openness, and balancing of interests in exercising its  
10 duties; [AND]

11 (4) be governed by a board that

12 (A) includes as nonvoting members the chair of the  
13 commission or the chair's designee and the attorney general or the attorney  
14 general's designee; and

15 (B) is formed as

16 (i) an independent board;

17 (ii) a balanced stakeholder board; or

18 (iii) a combination independent and balanced  
19 stakeholder board; and

20 (5) prioritize the reliability and stability of the interconnected  
21 bulk-electric system served by the electric reliability organization while  
22 considering cost to the consumer.

23 \* **Sec. 8.** AS 42.05.770 is amended to read:

24 **Sec. 42.05.770. Regulations.** The commission shall adopt regulations  
25 governing electric reliability organizations, reliability standards, and modifications to  
26 reliability standards consistent with this section. Regulations under AS 42.05.760 -  
27 42.05.790 must

28 (1) require that an electric reliability organization's tariff include

29 [(A) STANDARDS FOR] nondiscriminatory standards for  
30 [OPEN ACCESS TRANSMISSION AND] interconnection;

31 [(B) STANDARDS FOR TRANSMISSION SYSTEM COST

1 RECOVERY;]

2 (2) provide a process to identify and resolve conflicts between a  
3 reliability standard and a function, rule, tariff, rate schedule, or agreement that has  
4 been accepted, approved, adopted, or ordered by the commission;

5 (3) allow an electric reliability organization to recover its costs through  
6 surcharges added to the rate for each participating load-serving entity.

7 \* **Sec. 9.** AS 42.06.286(a) is amended to read:

8 (a) A pipeline carrier operating in the state shall pay to the commission an  
9 annual regulatory cost charge in an amount not to exceed the sum of the following  
10 percentages of gross revenue derived from operations in the state: (1) not more than  
11 .98 [.7] percent to fund the operations of the commission, and (2) not more than .22  
12 [.17] percent to fund operations of the public advocacy function under  
13 AS 42.04.070(c) and AS 44.23.020(e) within the Department of Law. A regulatory  
14 cost charge may not be assessed on pipeline carrier operations unless the operations  
15 are within the jurisdiction of the commission.

16 \* **Sec. 10.** AS 43.98 is amended by adding a new section to read:

17 **Article 2A. Taxation of Independent Power Producers.**

18 **Sec. 43.98.100. Taxation of independent power producers.** (a) An electricity  
19 generating facility owned by an independent power producer and constructed and  
20 placed into service on or after July 1, 2024, is not subject to state and local ad  
21 valorem, income, and excise taxes if the independent power producer only sells

22 (1) wholesale power; and

23 (2) to cooperative or municipal utilities.

24 (b) In this section,

25 (1) "independent power producer" means a legal entity, other than a  
26 public utility, that owns or operates a facility for the generation of electricity;

27 (2) "public utility" and "utility" have the meaning given in  
28 AS 42.05.990.

29 \* **Sec. 11.** AS 44.83.030 is amended to read:

30 **Sec. 44.83.030. Membership of the authority.** The members of the board of  
31 directors of the authority [ALASKA ENERGY AUTHORITY] are

- 1                   (1) the commissioner of revenue;  
 2                   (2) the commissioner of commerce, community, and economic  
 3 development; and  
 4                   (3) six public members appointed by the governor as follows:  
 5                           (A) one member with expertise or experience in managing  
 6 or operating an electric utility that is not connected to an interconnected  
 7 electric energy transmission network as defined in AS 42.05.790;  
 8                           (B) one member with expertise or experience in developing  
 9 energy projects in rural communities;  
 10                          (C) one member with expertise or experience in managing  
 11 or operating an electric utility connected to an interconnected electric  
 12 energy transmission network as defined in AS 42.05.790;  
 13                          (D) one member with financial expertise in large power  
 14 generation project development; and  
 15                          (E) two members with expertise or experience in finance,  
 16 energy policy, energy technology, engineering, law, or economics [THE  
 17 MEMBERS OF THE ALASKA INDUSTRIAL DEVELOPMENT AND  
 18 EXPORT AUTHORITY].

19 \* **Sec. 12.** AS 44.83.030 is amended by adding new subsections to read:

20                   (b) If the commissioner described in (a)(1) or (a)(2) of this section is unable to  
 21 attend a meeting of the authority, the commissioner may, by an instrument in writing  
 22 filed with the authority, designate a deputy or director to act in the commissioner's  
 23 place as a member of the board at the meeting. For all purposes of this chapter, the  
 24 designee is a member of the board at the meeting.

25                   (c) Public board members described in (a)(3) of this section serve for three-  
 26 year terms.

27                   (d) If a vacancy occurs in the membership of the board, the governor shall  
 28 immediately appoint a member for the unexpired portion of the term.

29 \* **Sec. 13.** AS 44.83.040(a) is amended to read:

30                   (a) The board of directors of the authority shall elect a chair and vice-chair  
 31 every two years from among its members [OF THE ALASKA INDUSTRIAL

1 DEVELOPMENT AND EXPORT AUTHORITY SHALL SERVE AS OFFICERS  
 2 OF THE ALASKA ENERGY AUTHORITY]. The powers of the authority  
 3 [ALASKA ENERGY AUTHORITY] are vested in the board of directors, and five  
 4 board members [FOUR DIRECTORS OF THE AUTHORITY] constitute a quorum.  
 5 Action may be taken and motions and resolutions adopted by the authority  
 6 [ALASKA ENERGY AUTHORITY] at a meeting by the affirmative vote of at least  
 7 five board members [A MAJORITY OF THE DIRECTORS]. The members of the  
 8 board of directors of the authority [ALASKA ENERGY AUTHORITY] serve  
 9 without compensation, but they shall receive the same travel pay and per diem as  
 10 provided by law for board members under AS 39.20.180.

11 \* **Sec. 14.** AS 44.83.080 is amended to read:

12 **Sec. 44.83.080. Powers of the authority.** In furtherance of its corporate  
 13 purposes, the authority has the following powers in addition to its other powers:

- 14 (1) to sue and be sued;
- 15 (2) to have a seal and alter it at pleasure;
- 16 (3) to make and alter bylaws for its organization and internal  
 17 management;
- 18 (4) to adopt regulations governing the exercise of its corporate powers;
- 19 (5) to improve, equip, operate, and maintain power projects and bulk  
 20 fuel, waste energy, energy conservation, energy efficiency, and alternative energy  
 21 facilities and equipment;
- 22 (6) to issue bonds to carry out any of its corporate purposes and  
 23 powers, including the establishment or increase of reserves to secure or to pay the  
 24 bonds or interest on them, and the payment of all other costs or expenses of the  
 25 authority incident to and necessary or convenient to carry out its corporate purposes  
 26 and powers;
- 27 (7) to sell, lease as lessor or lessee, exchange, donate, convey, or  
 28 encumber in any manner by mortgage or by creation of any other security interest, real  
 29 or personal property owned by it, or in which it has an interest, when, in the judgment  
 30 of the authority, the action is in furtherance of its corporate purposes;
- 31 (8) to accept gifts, grants, or loans from, and enter into contracts or

1 other transactions regarding them, with any person;

2 (9) to deposit or invest its funds, subject to agreements with  
3 bondholders;

4 (10) to enter into contracts with the United States or any person and,  
5 subject to the laws of the United States and subject to concurrence of the legislature,  
6 with a foreign country or its agencies, for the construction, financing, operation, and  
7 maintenance of all or any part of a power project or bulk fuel, waste energy, energy  
8 conservation, energy efficiency, or alternative energy facilities or equipment, either  
9 inside or outside the state, and for the sale or transmission of power from a project or  
10 any right to the capacity of it or for the security of any bonds of the authority issued or  
11 to be issued for the project;

12 (11) to enter into contracts with any person and with the United States  
13 and, subject to the laws of the United States and subject to the concurrence of the  
14 legislature, with a foreign country or its agencies for the purchase, sale, exchange,  
15 transmission, or use of power from a project, or any right to the capacity of it;

16 (12) to apply to the appropriate agencies of the state, the United States,  
17 and a foreign country and any other proper agency for the permits, licenses, or  
18 approvals as may be necessary, to acquire, construct, maintain, and operate power  
19 projects in accordance with the licenses or permits, and to obtain, hold, and use the  
20 licenses and permits in the same manner as any other person or operating unit;

21 (13) to enter into contracts or agreements with respect to the exercise  
22 of any of its powers, and do all things necessary or convenient to carry out its  
23 corporate purposes and exercise the powers granted in this chapter;

24 (14) to recommend to the legislature

25 (A) the pledge of the credit of the state to guarantee repayment  
26 of all or any portion of revenue bonds issued to assist in construction of power  
27 projects;

28 (B) an appropriation from the general fund

29 (i) for debt service on bonds or other project purposes;

30 or

31 (ii) to reduce the amount of debt financing for the

1 project;

2 (15) to carry out the powers and duties assigned to it under AS 42.45  
3 and AS 44.83.700 - 44.83.720;

4 (16) to make grants or loans to any person and enter into contracts or  
5 other transactions regarding the grants or loans;

6 (17) to promote energy conservation, energy efficiency, and alternative  
7 energy through training and public education;

8 (18) to acquire a Susitna River power project, whether by construction,  
9 purchase, gift, or lease, including the acquisition of property rights and interests by  
10 eminent domain under AS 09;

11 (19) to perform feasibility studies and engineering and design with  
12 respect to power projects;

13 (20) to acquire battery and other energy storage systems, whether  
14 by direct ownership, purchase, grant, gift, or lease.

15 \* Sec. 15. AS 44.83.090(b) is amended to read:

16 (b) The authority is not subject to the jurisdiction of the Regulatory  
17 Commission of Alaska, except as provided in AS 44.83.700(d). Nothing in this  
18 chapter, except as provided in AS 44.83.700 - 44.83.720, grants the authority  
19 jurisdiction over the services or rates of a public utility or diminishes or otherwise  
20 alters the jurisdiction of the Regulatory Commission of Alaska with respect to a public  
21 utility, including any right the commission may have to review and approve or  
22 disapprove contracts for the purchase of electricity by a public utility other than  
23 wholesale agreements and contracts described in AS 42.05.431(c)(1).

24 \* Sec. 16. AS 44.83 is amended by adding new sections to read:

25 **Article 5A. Railbelt Transmission Organization.**

26 **Sec. 44.83.700. Railbelt Transmission Organization.** (a) The Railbelt  
27 Transmission Organization is created for the purpose of establishing a transmission  
28 cost recovery mechanism that ensures the actual, reasonable costs of owning and  
29 operating the backbone transmission system are recovered in a manner that

30 (1) eliminates per-unit wholesale transmission charges to increase the  
31 efficiency by which electricity service is provided;

1 (2) eliminates multiple pancaked rates; and  
2 (3) equitably allocates costs among the load-serving entities connected  
3 to the backbone transmission system.

4 (b) For administrative purposes, the transmission organization is in the Alaska  
5 Energy Authority.

6 (c) The governance structure for the transmission organization must be made  
7 up of representatives from each of the Railbelt utilities to assist in administering the  
8 system of transmission cost recovery.

9 (d) Notwithstanding AS 44.83.090(b), the transmission organization is subject  
10 to the jurisdiction of the commission for the purposes of AS 44.83.700 - 44.83.720.  
11 The commission shall require the transmission organization to file tariffs to achieve  
12 the purposes of AS 44.83.700 - 44.83.720.

13 **Sec. 44.83.710. Revenue mechanism.** (a) The transmission organization shall  
14 hold and administer a commission-approved open access transmission tariff that  
15 ensures nondiscriminatory access to the backbone transmission system.

16 (b) The transmission organization shall file with the commission a  
17 transmission cost recovery methodology that ensures the reliability and sufficient  
18 capacity of the backbone transmission system to support and promote state and  
19 regional energy policies and a rigorous, dynamic economy. If the transmission  
20 organization does not file a transmission cost recovery methodology with the  
21 commission on or before July 1, 2025, the commission shall, after notice and  
22 opportunity for public comment, establish a transmission cost recovery methodology  
23 consistent with this section.

24 (c) The cost recovery methodology for the transmission organization must, as  
25 approved by the commission,

26 (1) pool backbone transmission system costs and allocate those costs  
27 through certificated load-serving entities on a coincident peak or load ratio share basis,  
28 or a combination of both; and

29 (2) account for

30 (A) required backbone transmission system ancillary services;

31 (B) backbone transmission system congestion;

1 (C) disruptions to the backbone transmission system that result  
 2 in the isolation of one geographical area of the backbone transmission system  
 3 from another for more than 24 hours; and

4 (D) costs to own and operate the backbone transmission  
 5 system, as established by the commission or by contract, including  
 6 transmission costs associated with the Bradley Lake hydroelectric project.

7 (d) A Railbelt utility shall pass the commission-approved transmission costs  
 8 directly and transparently to the utility's customers.

9 **Sec. 44.83.720. Definitions.** In AS 44.83.700 - 44.83.720,

10 (1) "backbone transmission system" means the transmission assets in  
 11 the Railbelt that facilitate the transfer of large-scale electrical power between or across  
 12 separate geographical areas; "backbone transmission system" does not include assets  
 13 that would be considered distribution facilities or radial facilities under the standards  
 14 established by the Federal Energy Regulatory Commission;

15 (2) "commission" means the Regulatory Commission of Alaska;

16 (3) "Railbelt" means the geographic region from the Kenai Peninsula  
 17 to Interior Alaska that is connected to a common electric transmission backbone;

18 (4) "Railbelt utility" means a public electric utility certificated to  
 19 operate in the Railbelt;

20 (5) "transmission organization" means the Railbelt Transmission  
 21 Organization established by AS 44.83.700.

22 \* **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to  
 23 read:

24 TRANSITION: ALASKA ENERGY AUTHORITY BOARD MEMBERS.  
 25 Notwithstanding AS 44.83.030(c), added by sec. 12 of this Act, the governor shall appoint  
 26 two public members of the initial Alaska Energy Authority board of directors to one-year  
 27 terms, two public members to two-year terms, and two public members to three-year terms.

28 \* **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to  
 29 read:

30 TRANSITION: RAILBELT TRANSMISSION ORGANIZATION. The Railbelt  
 31 utilities, as defined in AS 44.83.720, added by sec. 16 of this Act, shall form the Railbelt

1 Transmission Organization under AS 44.83.700, added by sec. 16 of this Act, on or before  
2 January 1, 2025.

3 \* **Sec. 19.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

4 \* **Sec. 20.** Except as provided in sec. 19 of this Act, this Act takes effect July 1, 2024."

AMENDMENT #4

OFFERED IN THE HOUSE  
TO: HB 307

BY REPRESENTATIVE JOSEPHSON

1 Page 1, lines 1 - 3:

2 Delete "taxation of independent power producers; and increasing the efficiency of  
3 integrated transmission system charges and use for the benefit of ratepayers"

4 Insert "Regulatory Commission of Alaska; relating to regulation of public utilities  
5 and pipeline carriers; relating to net metering; relating to approval of wholesale power  
6 agreements; relating to preapproval for construction of energy facilities; relating to  
7 electric reliability organizations; relating to the taxation of independent power  
8 producers; relating to the Alaska Energy Authority; relating to the Railbelt  
9 Transmission Organization; and providing for an effective date"

10

11 Page 1, line 5, through page 3, line 21:

12 Delete all material and insert:

13 **\*\* Section 1.** AS 42.04.020(a) is amended to read:

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

17 (1) be a member in good standing of the Alaska Bar Association with  
18 at least five years of actual experience in the practice of law;

19 (2) be a professional engineer registered under AS 08.48; or

20 (3) have a degree from an accredited college or university with a major  
21 in [ENGINEERING,] finance, economics, accounting, business administration, or  
22 public administration and at least five years of actual experience in the field  
23 associated with the degree. [ACTUAL EXPERIENCE FOR A PERIOD OF FIVE

1 YEARS IN THE PRACTICE OF LAW OR IN THE FIELD OF ENGINEERING,  
2 FINANCE, ECONOMICS, ACCOUNTING, BUSINESS ADMINISTRATION, OR  
3 PUBLIC ADMINISTRATION IS EQUIVALENT TO A DEGREE.]

4 \* **Sec. 2.** AS 42.04.020(f) is amended to read:

5 (f) Members of the commission are in the exempt service and are entitled to a  
6 monthly salary equal to a step in **Range 29** [RANGE 27] of the salary schedule in  
7 AS 39.27.011(a) for Juneau, Alaska. The chair of the commission is entitled to a  
8 monthly salary equal to a step in **Range 29** [RANGE 27] of the salary schedule in  
9 AS 39.27.011(a) for Juneau, Alaska.

10 \* **Sec. 3.** AS 42.05.254(a) is amended to read:

11 (a) A regulated public utility or a certificated utility that provides  
12 telecommunications services operating in the state shall pay to the commission an  
13 annual regulatory cost charge in an amount not to exceed the maximum percentage of  
14 adjusted gross revenue that applies to the utility sector of which the utility is a part.  
15 The regulatory cost charges that the commission expects to collect from all regulated  
16 utilities and certificated utilities providing telecommunications services may not  
17 exceed the sum of the following percentages of the total adjusted gross revenue of all  
18 regulated public utilities and certificated utilities providing telecommunications  
19 services derived from operations in the state: (1) not more than **.98** [.7] percent to fund  
20 the operations of the commission, and (2) not more than **.22** [.17] percent to fund  
21 operations of the public advocacy function under AS 42.04.070(c) and  
22 AS 44.23.020(e) within the Department of Law. An exempt utility that does not  
23 provide telecommunications services shall pay the actual cost of services provided to  
24 it by the commission.

25 \* **Sec. 4.** AS 42.05.381 is amended by adding a new subsection to read:

26 (p) A determination of whether an electric utility's rate is just and reasonable  
27 may consider whether the purpose of the rate is to increase diversity of supply,  
28 promote load growth, or enhance energy reliability or energy security.

29 \* **Sec. 5.** AS 42.05 is amended by adding a new section to read:

30 **Sec. 42.05.395. Net metering.** (a) A load-serving entity shall monthly credit in  
31 a tariff the account of a retail customer for the number of kilowatt-hours, at the full

1 retail rate per kilowatt-hour, of electric energy supplied by the customer's distributed  
 2 energy system to the load-serving entity. The tariff may not limit the aggregate  
 3 capacity that customers may install unless the commission, after a hearing, finds that  
 4 capacity limitation is necessary to protect system reliability.

5 (b) For up to seven years after a customer's distributed energy system is  
 6 connected to the load-serving entity and generates power, a credit under (a) of this  
 7 section that exceeds the customer's monthly bill for service will roll over to the  
 8 following month and continue to roll over until used. Unused credits expire on  
 9 March 31 of each year.

10 (c) The credits under (b) of this section are not available for a distributed  
 11 energy system installed before July 1, 2024.

12 (d) In this section,

13 (1) "distributed energy system" means a renewable energy resource  
 14 that is located on any property owned or leased by a customer within the service  
 15 territory of the load-serving entity that is interconnected on the customer's side of the  
 16 utility meter;

17 (2) "load-serving entity" has the meaning given in AS 42.05.790.

18 \* **Sec. 6.** AS 42.05.431(b) is amended to read:

19 (b) A wholesale power agreement between public utilities, or between a  
 20 public utility and an independent power producer, is subject to advance approval  
 21 of the commission. A rate set in accordance with a wholesale power agreement  
 22 must reflect a tax exemption or government subsidy provided to a utility or  
 23 independent power producer. After a wholesale power agreement is in effect, the  
 24 commission may not invalidate any purchase or sale obligation under the agreement.  
 25 However, if the commission finds that rates set in accordance with the agreement  
 26 violate this subsection or are not just and reasonable, the commission may order the  
 27 parties to negotiate an amendment to the agreement and if the parties fail to agree, to  
 28 use the dispute resolution procedures contained in the contract. In this subsection,  
 29 "independent power producer" means a person, other than a public utility, that  
 30 owns or operates a facility for the generation of electricity.

31 \* **Sec. 7.** AS 42.05 is amended by adding a new section to read:

1           **Sec. 42.05.705. Preapproval for construction of energy facility.** The  
2 commission may not require preapproval under this chapter for construction of an  
3 energy facility that is

4                   (1) an electric power generating plant or combination of plants at a  
5 single site with a combined capacity of less than 15,000 kilowatts; or

6                   (2) an energy storage device or combination of devices at a single site  
7 with a combined capacity of less than 15,000 kilowatts.

8 \* **Sec. 8.** AS 42.05.762 is amended to read:

9           **Sec. 42.05.762. Duties of an electric reliability organization.** An electric  
10 reliability organization shall

11                   (1) develop reliability standards that provide for an adequate level of  
12 reliability of an interconnected electric energy transmission network;

13                   (2) develop integrated resource plans under AS 42.05.780(a);

14                   (3) establish rules to

15                           (A) ensure that the directors of the electric reliability  
16 organization and the electric reliability organization act independently from  
17 users, owners, and operators of the interconnected electric energy transmission  
18 network;

19                           (B) equitably allocate reasonable dues, fees, and other charges  
20 among all load-serving entities connected to the interconnected electric energy  
21 transmission network for all activities under AS 42.05.760 - 42.05.790;

22                           (C) provide fair and impartial procedures for the enforcement  
23 of reliability standards;

24                           (D) provide for reasonable notice and opportunity for public  
25 comment, due process, openness, and balancing of interests in exercising its  
26 duties; [AND]

27                   (4) be governed by a board that

28                           (A) includes as nonvoting members the chair of the  
29 commission or the chair's designee and the attorney general or the attorney  
30 general's designee; and

31                           (B) is formed as

- 1 (i) an independent board;  
 2 (ii) a balanced stakeholder board; or  
 3 (iii) a combination independent and balanced  
 4 stakeholder board; **and**

5 **(5) prioritize the reliability and stability of the interconnected**  
 6 **bulk-electric system served by the electric reliability organization while**  
 7 **considering cost to the consumer.**

8 \* **Sec. 9.** AS 42.05.770 is amended to read:

9 **Sec. 42.05.770. Regulations.** The commission shall adopt regulations  
 10 governing electric reliability organizations, reliability standards, and modifications to  
 11 reliability standards consistent with this section. Regulations under AS 42.05.760 -  
 12 42.05.790 must

- 13 (1) require that an electric reliability organization's tariff include  
 14 [(A) STANDARDS FOR] nondiscriminatory **standards for**  
 15 [OPEN ACCESS TRANSMISSION AND] interconnection;  
 16 [(B) STANDARDS FOR TRANSMISSION SYSTEM COST  
 17 RECOVERY;]

18 (2) provide a process to identify and resolve conflicts between a  
 19 reliability standard and a function, rule, tariff, rate schedule, or agreement that has  
 20 been accepted, approved, adopted, or ordered by the commission;

21 (3) allow an electric reliability organization to recover its costs through  
 22 surcharges added to the rate for each participating load-serving entity.

23 \* **Sec. 10.** AS 42.05.772 is amended by adding a new subsection to read:

24 (b) A load-serving entity, including a load-serving entity otherwise exempt  
 25 from regulation under this chapter, in an interconnected bulk-electric system served by  
 26 an electric reliability organization shall adhere to the electric reliability organization's  
 27 reliability standards and coordinate with the electric reliability organization and, if  
 28 applicable, the Railbelt Transmission Organization to integrate the electric reliability  
 29 organization's reliability standards into operational procedures.

30 \* **Sec. 11.** AS 42.05.790 is amended by adding new paragraphs to read:

31 (8) "Railbelt" has the meaning given in AS 44.83.740;

1 (9) "Railbelt Transmission Organization" means the transmission  
 2 organization established by AS 44.83.700.

3 \* **Sec. 12.** AS 42.06.286(a) is amended to read:

4 (a) A pipeline carrier operating in the state shall pay to the commission an  
 5 annual regulatory cost charge in an amount not to exceed the sum of the following  
 6 percentages of gross revenue derived from operations in the state: (1) not more than  
 7 .98 [.7] percent to fund the operations of the commission, and (2) not more than .22  
 8 [.17] percent to fund operations of the public advocacy function under  
 9 AS 42.04.070(c) and AS 44.23.020(e) within the Department of Law. A regulatory  
 10 cost charge may not be assessed on pipeline carrier operations unless the operations  
 11 are within the jurisdiction of the commission.

12 \* **Sec. 13.** AS 43.98 is amended by adding a new section to read:

13 **Article 2A. Taxation of Independent Power Producers.**

14 **Sec. 43.98.100. Taxation of independent power producers.** (a) An  
 15 independent power producer is not subject to state and local ad valorem, income, and  
 16 excise taxes if the independent power producer only sells

- 17 (1) wholesale power; and  
 18 (2) to cooperative or municipal utilities.

19 (b) In this section,

- 20 (1) "independent power producer" means a person, other than a public  
 21 utility, that owns or operates a facility for the generation of electricity;  
 22 (2) "public utility" and "utility" have the meaning given in  
 23 AS 42.05.990.

24 \* **Sec. 14.** AS 44.83.030 is amended to read:

25 **Sec. 44.83.030. Membership of the authority.** The members of the board of  
 26 directors of the authority [ALASKA ENERGY AUTHORITY] are

- 27 (1) the commissioner of revenue;  
 28 (2) the commissioner of commerce, community, and economic  
 29 development; and  
 30 (3) six public members appointed by the governor as follows:  
 31 (A) one member with expertise or experience in managing

1 or operating an electric utility that is not connected to an interconnected  
 2 electric energy transmission network as defined in AS 42.05.790;

3 (B) one member with expertise or experience in developing  
 4 energy projects in rural communities;

5 (C) one member with expertise or experience in managing  
 6 or operating an electric utility connected to an interconnected electric  
 7 energy transmission network as defined in AS 42.05.790;

8 (D) one member with financial expertise in large power  
 9 generation project development; and

10 (E) two members with expertise or experience in finance,  
 11 energy policy, energy technology, engineering, law, or economics [THE  
 12 MEMBERS OF THE ALASKA INDUSTRIAL DEVELOPMENT AND  
 13 EXPORT AUTHORITY].

14 \* **Sec. 15.** AS 44.83.030 is amended by adding new subsections to read:

15 (b) If the commissioner described in (a)(1) or (a)(2) of this section is unable to  
 16 attend a meeting of the authority, the commissioner may, by an instrument in writing  
 17 filed with the authority, designate a deputy or director to act in the commissioner's  
 18 place as a member of the board at the meeting. For all purposes of this chapter, the  
 19 designee is a member of the board at the meeting.

20 (c) Public board members described in (a)(3) of this section serve for three-  
 21 year terms.

22 (d) If a vacancy occurs in the membership of the board, the governor shall  
 23 immediately appoint a member for the unexpired portion of the term.

24 \* **Sec. 16.** AS 44.83.040(a) is amended to read:

25 (a) The **board of directors of the authority shall elect a** chair and vice-chair  
 26 **every two years from among its members** [OF THE ALASKA INDUSTRIAL  
 27 DEVELOPMENT AND EXPORT AUTHORITY SHALL SERVE AS OFFICERS  
 28 OF THE ALASKA ENERGY AUTHORITY]. The powers of the **authority**  
 29 [ALASKA ENERGY AUTHORITY] are vested in the **board of** directors, and **five**  
 30 **board members** [FOUR DIRECTORS OF THE AUTHORITY] constitute a quorum.  
 31 Action may be taken and motions and resolutions adopted by the **authority**

1 [ALASKA ENERGY AUTHORITY] at a meeting by the affirmative vote of **at least**  
2 **five board members** [A MAJORITY OF THE DIRECTORS]. The **members of the**  
3 **board of** directors of the **authority** [ALASKA ENERGY AUTHORITY] serve  
4 without compensation, but they shall receive the same travel pay and per diem as  
5 provided by law for board members under AS 39.20.180.

6 \* **Sec. 17.** AS 44.83.080 is amended to read:

7 **Sec. 44.83.080. Powers of the authority.** In furtherance of its corporate  
8 purposes, the authority has the following powers in addition to its other powers:

9 (1) to sue and be sued;

10 (2) to have a seal and alter it at pleasure;

11 (3) to make and alter bylaws for its organization and internal  
12 management;

13 (4) to adopt regulations governing the exercise of its corporate powers;

14 (5) to improve, equip, operate, and maintain power projects and bulk  
15 fuel, waste energy, energy conservation, energy efficiency, and alternative energy  
16 facilities and equipment;

17 (6) to issue bonds to carry out any of its corporate purposes and  
18 powers, including the establishment or increase of reserves to secure or to pay the  
19 bonds or interest on them, and the payment of all other costs or expenses of the  
20 authority incident to and necessary or convenient to carry out its corporate purposes  
21 and powers;

22 (7) to sell, lease as lessor or lessee, exchange, donate, convey, or  
23 encumber in any manner by mortgage or by creation of any other security interest, real  
24 or personal property owned by it, or in which it has an interest, when, in the judgment  
25 of the authority, the action is in furtherance of its corporate purposes;

26 (8) to accept gifts, grants, or loans from, and enter into contracts or  
27 other transactions regarding them, with any person;

28 (9) to deposit or invest its funds, subject to agreements with  
29 bondholders;

30 (10) to enter into contracts with the United States or any person and,  
31 subject to the laws of the United States and subject to concurrence of the legislature,

1 with a foreign country or its agencies, for the construction, financing, operation, and  
2 maintenance of all or any part of a power project or bulk fuel, waste energy, energy  
3 conservation, energy efficiency, or alternative energy facilities or equipment, either  
4 inside or outside the state, and for the sale or transmission of power from a project or  
5 any right to the capacity of it or for the security of any bonds of the authority issued or  
6 to be issued for the project;

7 (11) to enter into contracts with any person and with the United States  
8 and, subject to the laws of the United States and subject to the concurrence of the  
9 legislature, with a foreign country or its agencies for the purchase, sale, exchange,  
10 transmission, or use of power from a project, or any right to the capacity of it;

11 (12) to apply to the appropriate agencies of the state, the United States,  
12 and a foreign country and any other proper agency for the permits, licenses, or  
13 approvals as may be necessary, to acquire, construct, maintain, and operate power  
14 projects in accordance with the licenses or permits, and to obtain, hold, and use the  
15 licenses and permits in the same manner as any other person or operating unit;

16 (13) to enter into contracts or agreements with respect to the exercise  
17 of any of its powers, and do all things necessary or convenient to carry out its  
18 corporate purposes and exercise the powers granted in this chapter;

19 (14) to recommend to the legislature

20 (A) the pledge of the credit of the state to guarantee repayment  
21 of all or any portion of revenue bonds issued to assist in construction of power  
22 projects;

23 (B) an appropriation from the general fund

24 (i) for debt service on bonds or other project purposes;

25 or

26 (ii) to reduce the amount of debt financing for the  
27 project;

28 (15) to carry out the powers and duties assigned to it under AS 42.45  
29 **and AS 44.83.700 - 44.83.740;**

30 (16) to make grants or loans to any person and enter into contracts or  
31 other transactions regarding the grants or loans;

1 (17) to promote energy conservation, energy efficiency, and alternative  
2 energy through training and public education;

3 (18) to acquire a Susitna River power project, whether by construction,  
4 purchase, gift, or lease, including the acquisition of property rights and interests by  
5 eminent domain under AS 09;

6 (19) to perform feasibility studies and engineering and design with  
7 respect to power projects;

8 **(20) to acquire energy storage systems, whether by direct**  
9 **ownership, purchase, grant, gift, or lease.**

10 \* **Sec. 18.** AS 44.83 is amended by adding new sections to read:

11 **Article 5A. Railbelt Transmission Organization.**

12 **Sec. 44.83.700. Railbelt Transmission Organization.** (a) The Railbelt  
13 Transmission Organization is established for the purpose of overseeing, managing,  
14 and developing the backbone transmission system serving the Railbelt to enhance the  
15 future transfer capabilities, resilience, reliability, and efficiency of the backbone  
16 transmission system. For administrative purposes, the transmission organization is in  
17 the Alaska Energy Authority.

18 (b) The governance structure for the transmission organization must

19 (1) provide for oversight of the transmission organization by a  
20 management committee that is made up of

21 (A) representatives from each of the Railbelt utilities;

22 (B) the executive director of the authority;

23 (C) the chief executive officer of the applicable electric  
24 reliability organization, or the chief executive officer's designee;

25 (D) an individual, appointed by the governor, who represents a  
26 person, other than a public utility, that owns or operates a facility for the  
27 generation of electricity; and

28 (E) an individual, appointed by the governor, who represents a  
29 labor organization engaged in collective bargaining with a Railbelt utility;

30 (2) include a conflict resolution process; and

31 (3) facilitate substantial public participation in the operations of the

1 transmission organization.

2 (c) The provisions of AS 44.83.700 - 44.83.740 do not limit, extend, or  
3 otherwise alter the rights and obligations as provided in AS 42.05.221 - 42.05.281 of a  
4 public utility that is certificated under AS 42.05.221.

5 (d) Notwithstanding AS 44.83.090(b), the transmission organization is subject  
6 to the jurisdiction of the commission. The commission shall adopt regulations under  
7 AS 44.62 (Administrative Procedure Act) necessary to carry out its powers and duties  
8 under AS 44.83.700 - 44.83.740. The transmission organization and its backbone  
9 transmission assets are not subject to AS 42.05.431(c).

10 **Sec. 44.83.710. Powers and duties.** (a) The transmission organization shall

11 (1) manage backbone transmission assets;

12 (2) follow reliability standards developed by the applicable electric  
13 reliability organization;

14 (3) ensure the safe, resilient, reliable, efficient, and economical  
15 operation and development of the backbone transmission system;

16 (4) preserve nondiscriminatory open access to the backbone  
17 transmission system subject to legitimate technical constraints and congestion;

18 (5) purchase, lease, or otherwise acquire effective operational control  
19 of backbone transmission assets;

20 (6) subject to the approval of the commission, establish tariffs related  
21 to the backbone transmission system under AS 44.83.720.

22 (b) The transmission organization may

23 (1) construct, own, and operate new backbone transmission assets; and

24 (2) enter into contracts, agreements, and partnerships that enhance  
25 safety, resiliency, reliability, and efficiency of the backbone transmission system.

26 (c) The transmission organization may not exchange, donate, sell, or otherwise  
27 convey a backbone transmission asset owned by the transmission organization without  
28 approval of the legislature in advance of the effective date of the conveyance.

29 (d) The transmission organization shall ensure that work performed on new  
30 construction and maintenance of backbone transmission assets controlled by the  
31 transmission organization is prioritized to give first preference to the Railbelt utility

1 that serves the area in which the work is performed. The transmission organization  
2 shall compensate the utility for reasonable and necessary expenses the utility incurs in  
3 performing the work. The work must be performed subject to the terms and conditions  
4 of any existing collective bargaining agreements.

5 **Sec. 44.83.720. Revenue mechanism.** (a) The transmission organization shall  
6 hold and administer a commission-approved open access transmission tariff that  
7 ensures nondiscriminatory access to the backbone transmission system.

8 (b) The transmission organization shall adopt a commission-approved  
9 transmission cost recovery methodology that ensures the reliability and sufficient  
10 capacity of the backbone transmission system to support and promote state and  
11 regional energy policies and a rigorous, dynamic economy.

12 (c) The cost recovery methodology for the transmission organization must, as  
13 approved by the commission,

14 (1) pool backbone transmission system costs and allocate those costs  
15 through certificated load-serving entities on a coincident peak or load ratio share basis,  
16 or a combination of both; and

17 (2) account for

18 (A) required backbone transmission system ancillary services;

19 (B) backbone transmission system congestion; and

20 (C) disruptions to the backbone transmission system that result  
21 in the isolation of one geographical area of the backbone transmission system  
22 from another for more than 24 hours.

23 (d) A Railbelt utility shall pass the commission-approved transmission costs  
24 directly and transparently to the utility's customers.

25 **Sec. 44.83.730. Transfer management of assets.** (a) To achieve the integrated  
26 and streamlined governance of the backbone transmission system, the commission  
27 shall, on or before July 1, 2025, determine which assets are backbone transmission  
28 assets, and the Railbelt utilities shall transfer management of those assets to the  
29 transmission organization on or before July 1, 2026.

30 (b) The transmission organization shall manage the backbone transmission  
31 assets identified under (a) of this section that are owned or managed by the authority.

1 (c) A Railbelt utility shall pay penalties as determined by the commission for  
 2 failure to transfer management of backbone transmission assets to the transmission  
 3 organization as required under this section. The commission shall adopt regulations  
 4 under AS 44.62 (Administrative Procedure Act) necessary to implement this  
 5 subsection, including defining by regulation the term "backbone transmission asset."

6 **Sec. 44.83.740. Definitions.** In AS 44.83.700 - 44.83.740,

7 (1) "backbone transmission system" means the backbone transmission  
 8 assets in the Railbelt that facilitate the transfer of large-scale electrical power between  
 9 or across separate geographical areas; "backbone transmission system" does not  
 10 include assets that would be considered distribution facilities or radial facilities under  
 11 the standards established by the Federal Energy Regulatory Commission;

12 (2) "commission" means the Regulatory Commission of Alaska;

13 (3) "Railbelt" means the geographic region from the Kenai Peninsula  
 14 to Interior Alaska that is connected to a common electric transmission backbone;

15 (4) "Railbelt utility" means a public electric utility certificated to  
 16 operate in the Railbelt;

17 (5) "transmission organization" means the Railbelt Transmission  
 18 Organization established by AS 44.83.700.

19 \* **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to  
 20 read:

21 **TRANSITION: AGREEMENT BETWEEN ALASKA ENERGY AUTHORITY**  
 22 **AND RAILBELT UTILITIES.** To ensure the successful implementation of AS 44.83.700 -  
 23 44.83.740, added by sec. 18 of this Act, on or before July 1, 2025, the Alaska Energy  
 24 Authority and the Railbelt utilities, as defined in AS 44.83.740, added by sec. 18 of this Act,  
 25 shall develop an agreement to implement AS 44.83.700 - 44.83.740, added by sec. 18 of this  
 26 Act. The agreement must establish

27 (1) a governance structure for the Railbelt Transmission Organization  
 28 established under AS 44.83.700, added by sec. 18 of this Act, that is modeled after the  
 29 governance structure of the Bradley Lake Hydroelectric Project, as outlined in the Bradley  
 30 Lake Power Sales Agreement, including the creation, duties, and methods of the Bradley Lake  
 31 Project Management Committee, dispute resolution, budgeting, financing, and delegation of

1 operations, with any adjustments the parties to the agreement determine are necessary to  
2 accommodate the requirements of AS 44.83.700 - 44.83.740, added by sec. 18 of this Act; and

3 (2) a backbone transmission system revenue mechanism under AS 44.83.720,  
4 added by sec. 18 of this Act, that is modeled after the provisions governing transmission cost  
5 allocation and recovery in 16 Texas Administrative Code 25.192, as it reads on the effective  
6 date of this section, with modifications as necessary.

7 \* **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to  
8 read:

9 TRANSITION: REGULATORY COMMISSION OF ALASKA MEMBERS. An  
10 individual who is a member of the Regulatory Commission of Alaska on the day before the  
11 effective date of sec. 1 of this Act continues to serve on the Regulatory Commission of Alaska  
12 until the member's term expires and a successor is appointed and qualified. The governor shall  
13 make appointments for vacancies that occur on or after the effective date of sec. 1 of this Act  
14 in accordance with AS 42.04.020(a), as amended by sec. 1 of this Act.

15 \* **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 TRANSITION: ALASKA ENERGY AUTHORITY BOARD MEMBERS.  
18 Notwithstanding AS 44.83.030(c), added by sec. 15 of this Act, the governor shall appoint  
19 two public members of the initial Alaska Energy Authority board of directors to one-year  
20 terms, two public members to two-year terms, and two public members to three-year terms.

21 \* **Sec. 22.** Section 19 of this Act takes effect immediately under AS 01.10.070(c).

22 \* **Sec. 23.** Except as provided in sec. 22 of this Act, this Act takes effect July 1, 2024."

**AMENDMENT #5**

OFFERED IN THE HOUSE  
TO: HB 307

BY REPRESENTATIVE JOSEPHSON

1 Page 1, lines 1 - 3:

2 Delete "taxation of independent power producers; and increasing the efficiency of  
3 integrated transmission system charges and use for the benefit of ratepayers"

4 Insert "Regulatory Commission of Alaska; relating to regulation of public utilities  
5 and pipeline carriers; relating to net metering; relating to approval of wholesale power  
6 agreements; relating to preapproval for construction of energy facilities; relating to  
7 electric reliability organizations; relating to the taxation of independent power  
8 producers; relating to the Alaska Energy Authority; relating to the Railbelt  
9 Transmission Organization; and providing for an effective date"

10

11 Page 1, line 5, through page 3, line 21:

12 Delete all material and insert:

13 **\*\* Section 1.** AS 42.04.020(a) is amended to read:

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

17 (1) be a member in good standing of the Alaska Bar Association **with**  
18 **at least five years of actual experience in the practice of law;**

19 **(2) be a professional engineer registered under AS 08.48;** or

20 **(3) have a degree from an accredited college or university with a major**  
21 **in [ENGINEERING,] finance, economics, accounting, business administration, or**  
22 **public administration **and at least five years of actual experience in the field****  
23 **associated with the degree. [ACTUAL EXPERIENCE FOR A PERIOD OF FIVE**

1 YEARS IN THE PRACTICE OF LAW OR IN THE FIELD OF ENGINEERING,  
 2 FINANCE, ECONOMICS, ACCOUNTING, BUSINESS ADMINISTRATION, OR  
 3 PUBLIC ADMINISTRATION IS EQUIVALENT TO A DEGREE.]

4 \* **Sec. 2.** AS 42.04.020(f) is amended to read:

5 (f) Members of the commission are in the exempt service and are entitled to a  
 6 monthly salary equal to a step in Range 29 [RANGE 27] of the salary schedule in  
 7 AS 39.27.011(a) for Juneau, Alaska. The chair of the commission is entitled to a  
 8 monthly salary equal to a step in Range 29 [RANGE 27] of the salary schedule in  
 9 AS 39.27.011(a) for Juneau, Alaska.

10 \* **Sec. 3.** AS 42.05.254(a) is amended to read:

11 (a) A regulated public utility or a certificated utility that provides  
 12 telecommunications services operating in the state shall pay to the commission an  
 13 annual regulatory cost charge in an amount not to exceed the maximum percentage of  
 14 adjusted gross revenue that applies to the utility sector of which the utility is a part.  
 15 The regulatory cost charges that the commission expects to collect from all regulated  
 16 utilities and certificated utilities providing telecommunications services may not  
 17 exceed the sum of the following percentages of the total adjusted gross revenue of all  
 18 regulated public utilities and certificated utilities providing telecommunications  
 19 services derived from operations in the state: (1) not more than .98 [.7] percent to fund  
 20 the operations of the commission, and (2) not more than .22 [.17] percent to fund  
 21 operations of the public advocacy function under AS 42.04.070(c) and  
 22 AS 44.23.020(e) within the Department of Law. An exempt utility that does not  
 23 provide telecommunications services shall pay the actual cost of services provided to  
 24 it by the commission.

25 \* **Sec. 4.** AS 42.05.381 is amended by adding a new subsection to read:

26 (p) A determination of whether an electric utility's rate is just and reasonable  
 27 may consider whether the purpose of the rate is to increase diversity of supply,  
 28 promote load growth, or enhance energy reliability or energy security.

29 \* **Sec. 5.** AS 42.05 is amended by adding a new section to read:

30 **Sec. 42.05.395. Net metering.** (a) A load-serving entity shall monthly credit in  
 31 a tariff the account of a retail customer for the number of kilowatt-hours, at the full

1 retail rate per kilowatt-hour, of electric energy supplied by the customer's distributed  
2 energy system to the load-serving entity. The tariff may not limit the aggregate  
3 capacity that customers may install unless the commission, after a hearing, finds that  
4 capacity limitation is necessary to protect system reliability.

5 (b) For up to seven years after a customer's distributed energy system is  
6 connected to the load-serving entity and generates power, a credit under (a) of this  
7 section that exceeds the customer's monthly bill for service will roll over to the  
8 following month and continue to roll over until used. Unused credits expire on  
9 March 31 of each year.

10 (c) The credits under (b) of this section are not available for a distributed  
11 energy system installed before July 1, 2024.

12 (d) In this section,  
13 (1) "distributed energy system" means a renewable energy resource  
14 that is located on any property owned or leased by a customer within the service  
15 territory of the load-serving entity that is interconnected on the customer's side of the  
16 utility meter;

17 (2) "load-serving entity" has the meaning given in AS 42.05.790.

18 \* Sec. 6. AS 42.05.431(b) is amended to read:

19 (b) A wholesale power agreement between public utilities, or between a  
20 public utility and an independent power producer, is subject to advance approval  
21 of the commission. A rate set in accordance with a wholesale power agreement  
22 must reflect a tax exemption or government subsidy provided to a utility or  
23 independent power producer. After a wholesale power agreement is in effect, the  
24 commission may not invalidate any purchase or sale obligation under the agreement.  
25 However, if the commission finds that rates set in accordance with the agreement  
26 violate this subsection or are not just and reasonable, the commission may order the  
27 parties to negotiate an amendment to the agreement and if the parties fail to agree, to  
28 use the dispute resolution procedures contained in the contract. In this subsection,  
29 "independent power producer" means a person, other than a public utility, that  
30 owns or operates a facility for the generation of electricity.

31 \* Sec. 7. AS 42.05 is amended by adding a new section to read:

1           **Sec. 42.05.705. Preapproval for construction of energy facility.** The  
2 commission may not require preapproval under this chapter for construction of an  
3 energy facility that is

4                   (1) an electric power generating plant or combination of plants at a  
5 single site with a combined capacity of less than 15,000 kilowatts; or

6                   (2) an energy storage device or combination of devices at a single site  
7 with a combined capacity of less than 15,000 kilowatts.

8 \* **Sec. 8.** AS 42.05.762 is amended to read:

9           **Sec. 42.05.762. Duties of an electric reliability organization.** An electric  
10 reliability organization shall

11                   (1) develop reliability standards that provide for an adequate level of  
12 reliability of an interconnected electric energy transmission network;

13                   (2) develop integrated resource plans under AS 42.05.780(a);

14                   (3) establish rules to

15                           (A) ensure that the directors of the electric reliability  
16 organization and the electric reliability organization act independently from  
17 users, owners, and operators of the interconnected electric energy transmission  
18 network;

19                           (B) equitably allocate reasonable dues, fees, and other charges  
20 among all load-serving entities connected to the interconnected electric energy  
21 transmission network for all activities under AS 42.05.760 - 42.05.790;

22                           (C) provide fair and impartial procedures for the enforcement  
23 of reliability standards;

24                           (D) provide for reasonable notice and opportunity for public  
25 comment, due process, openness, and balancing of interests in exercising its  
26 duties; [AND]

27                   (4) be governed by a board that

28                           (A) includes as nonvoting members the chair of the  
29 commission or the chair's designee and the attorney general or the attorney  
30 general's designee; and

31                           (B) is formed as

- 1 (i) an independent board;
- 2 (ii) a balanced stakeholder board; or
- 3 (iii) a combination independent and balanced
- 4 stakeholder board; and
- 5 (5) prioritize the reliability and stability of the interconnected
- 6 bulk-electric system served by the electric reliability organization while
- 7 considering cost to the consumer.

8 \* **Sec. 9.** AS 42.05.770 is amended to read:

9 **Sec. 42.05.770. Regulations.** The commission shall adopt regulations  
10 governing electric reliability organizations, reliability standards, and modifications to  
11 reliability standards consistent with this section. Regulations under AS 42.05.760 -  
12 42.05.790 must

13 (1) require that an electric reliability organization's tariff include

14 [(A) STANDARDS FOR] nondiscriminatory standards for  
15 [OPEN ACCESS TRANSMISSION AND] interconnection;

16 [(B) STANDARDS FOR TRANSMISSION SYSTEM COST  
17 RECOVERY;]

18 (2) provide a process to identify and resolve conflicts between a  
19 reliability standard and a function, rule, tariff, rate schedule, or agreement that has  
20 been accepted, approved, adopted, or ordered by the commission;

21 (3) allow an electric reliability organization to recover its costs through  
22 surcharges added to the rate for each participating load-serving entity.

23 \* **Sec. 10.** AS 42.05.772 is amended by adding a new subsection to read:

24 (b) A load-serving entity, including a load-serving entity otherwise exempt  
25 from regulation under this chapter, in an interconnected bulk-electric system served by  
26 an electric reliability organization shall adhere to the electric reliability organization's  
27 reliability standards and coordinate with the electric reliability organization and, if  
28 applicable, the Railbelt Transmission Organization to integrate the electric reliability  
29 organization's reliability standards into operational procedures.

30 \* **Sec. 11.** AS 42.05.790 is amended by adding new paragraphs to read:

31 (8) "Railbelt" has the meaning given in AS 44.83.750;

1 (9) "Railbelt Transmission Organization" means the transmission  
2 organization established by AS 44.83.700.

3 \* Sec. 12. AS 42.06.286(a) is amended to read:

4 (a) A pipeline carrier operating in the state shall pay to the commission an  
5 annual regulatory cost charge in an amount not to exceed the sum of the following  
6 percentages of gross revenue derived from operations in the state: (1) not more than  
7 .98 [.7] percent to fund the operations of the commission, and (2) not more than .22  
8 [.17] percent to fund operations of the public advocacy function under  
9 AS 42.04.070(c) and AS 44.23.020(e) within the Department of Law. A regulatory  
10 cost charge may not be assessed on pipeline carrier operations unless the operations  
11 are within the jurisdiction of the commission.

12 \* Sec. 13. AS 43.98 is amended by adding a new section to read:

13 **Article 2A. Taxation of Independent Power Producers.**

14 **Sec. 43.98.100. Taxation of independent power producers.** (a) An  
15 independent power producer is not subject to state and local ad valorem, income, and  
16 excise taxes if the independent power producer only sells

- 17 (1) wholesale power; and  
18 (2) to cooperative or municipal utilities.

19 (b) In this section,

20 (1) "independent power producer" means a person, other than a public  
21 utility, that owns or operates a facility for the generation of electricity;

22 (2) "public utility" and "utility" have the meaning given in  
23 AS 42.05.990.

24 \* Sec. 14. AS 44.83.030 is amended to read:

25 **Sec. 44.83.030. Membership of the authority.** The members of the board of  
26 directors of the authority [ALASKA ENERGY AUTHORITY] are

27 (1) the commissioner of revenue;

28 (2) the commissioner of commerce, community, and economic  
29 development; and

30 (3) six public members appointed by the governor as follows:

31 (A) one member with expertise or experience in managing

1 or operating an electric utility that is not connected to an interconnected  
 2 electric energy transmission network as defined in AS 42.05.790;

3 (B) one member with expertise or experience in developing  
 4 energy projects in rural communities;

5 (C) one member with expertise or experience in managing  
 6 or operating an electric utility connected to an interconnected electric  
 7 energy transmission network as defined in AS 42.05.790;

8 (D) one member with financial expertise in large power  
 9 generation project development; and

10 (E) two members with expertise or experience in finance,  
 11 energy policy, energy technology, engineering, law, or economics [THE  
 12 MEMBERS OF THE ALASKA INDUSTRIAL DEVELOPMENT AND  
 13 EXPORT AUTHORITY].

14 \* Sec. 15. AS 44.83.030 is amended by adding new subsections to read:

15 (b) If the commissioner described in (a)(1) or (a)(2) of this section is unable to  
 16 attend a meeting of the authority, the commissioner may, by an instrument in writing  
 17 filed with the authority, designate a deputy or director to act in the commissioner's  
 18 place as a member of the board at the meeting. For all purposes of this chapter, the  
 19 designee is a member of the board at the meeting.

20 (c) Public board members described in (a)(3) of this section serve for three-  
 21 year terms.

22 (d) If a vacancy occurs in the membership of the board, the governor shall  
 23 immediately appoint a member for the unexpired portion of the term.

24 \* Sec. 16. AS 44.83.040(a) is amended to read:

25 (a) The board of directors of the authority shall elect a chair and vice-chair  
 26 every two years from among its members [OF THE ALASKA INDUSTRIAL  
 27 DEVELOPMENT AND EXPORT AUTHORITY SHALL SERVE AS OFFICERS  
 28 OF THE ALASKA ENERGY AUTHORITY]. The powers of the authority  
 29 [ALASKA ENERGY AUTHORITY] are vested in the board of directors, and five  
 30 board members [FOUR DIRECTORS OF THE AUTHORITY] constitute a quorum.  
 31 Action may be taken and motions and resolutions adopted by the authority

1 [ALASKA ENERGY AUTHORITY] at a meeting by the affirmative vote of at least  
2 five board members [A MAJORITY OF THE DIRECTORS]. The members of the  
3 board of directors of the authority [ALASKA ENERGY AUTHORITY] serve  
4 without compensation, but they shall receive the same travel pay and per diem as  
5 provided by law for board members under AS 39.20.180.

6 \* **Sec. 17.** AS 44.83.080 is amended to read:

7 **Sec. 44.83.080. Powers of the authority.** In furtherance of its corporate  
8 purposes, the authority has the following powers in addition to its other powers:

- 9 (1) to sue and be sued;
- 10 (2) to have a seal and alter it at pleasure;
- 11 (3) to make and alter bylaws for its organization and internal  
12 management;
- 13 (4) to adopt regulations governing the exercise of its corporate powers;
- 14 (5) to improve, equip, operate, and maintain power projects and bulk  
15 fuel, waste energy, energy conservation, energy efficiency, and alternative energy  
16 facilities and equipment;
- 17 (6) to issue bonds to carry out any of its corporate purposes and  
18 powers, including the establishment or increase of reserves to secure or to pay the  
19 bonds or interest on them, and the payment of all other costs or expenses of the  
20 authority incident to and necessary or convenient to carry out its corporate purposes  
21 and powers;
- 22 (7) to sell, lease as lessor or lessee, exchange, donate, convey, or  
23 encumber in any manner by mortgage or by creation of any other security interest, real  
24 or personal property owned by it, or in which it has an interest, when, in the judgment  
25 of the authority, the action is in furtherance of its corporate purposes;
- 26 (8) to accept gifts, grants, or loans from, and enter into contracts or  
27 other transactions regarding them, with any person;
- 28 (9) to deposit or invest its funds, subject to agreements with  
29 bondholders;
- 30 (10) to enter into contracts with the United States or any person and,  
31 subject to the laws of the United States and subject to concurrence of the legislature,

1 with a foreign country or its agencies, for the construction, financing, operation, and  
 2 maintenance of all or any part of a power project or bulk fuel, waste energy, energy  
 3 conservation, energy efficiency, or alternative energy facilities or equipment, either  
 4 inside or outside the state, and for the sale or transmission of power from a project or  
 5 any right to the capacity of it or for the security of any bonds of the authority issued or  
 6 to be issued for the project;

7 (11) to enter into contracts with any person and with the United States  
 8 and, subject to the laws of the United States and subject to the concurrence of the  
 9 legislature, with a foreign country or its agencies for the purchase, sale, exchange,  
 10 transmission, or use of power from a project, or any right to the capacity of it;

11 (12) to apply to the appropriate agencies of the state, the United States,  
 12 and a foreign country and any other proper agency for the permits, licenses, or  
 13 approvals as may be necessary, to acquire, construct, maintain, and operate power  
 14 projects in accordance with the licenses or permits, and to obtain, hold, and use the  
 15 licenses and permits in the same manner as any other person or operating unit;

16 (13) to enter into contracts or agreements with respect to the exercise  
 17 of any of its powers, and do all things necessary or convenient to carry out its  
 18 corporate purposes and exercise the powers granted in this chapter;

19 (14) to recommend to the legislature

20 (A) the pledge of the credit of the state to guarantee repayment  
 21 of all or any portion of revenue bonds issued to assist in construction of power  
 22 projects;

23 (B) an appropriation from the general fund

24 (i) for debt service on bonds or other project purposes;

25 or

26 (ii) to reduce the amount of debt financing for the  
 27 project;

28 (15) to carry out the powers and duties assigned to it under AS 42.45  
 29 and AS 44.83.700 - 44.83.750;

30 (16) to make grants or loans to any person and enter into contracts or  
 31 other transactions regarding the grants or loans;

1 (17) to promote energy conservation, energy efficiency, and alternative  
2 energy through training and public education;

3 (18) to acquire a Susitna River power project, whether by construction,  
4 purchase, gift, or lease, including the acquisition of property rights and interests by  
5 eminent domain under AS 09;

6 (19) to perform feasibility studies and engineering and design with  
7 respect to power projects;

8 (20) to acquire energy storage systems, whether by direct  
9 ownership, purchase, grant, gift, or lease.

10 \* **Sec. 18.** AS 44.83.090(b) is amended to read:

11 (b) The authority is not subject to the jurisdiction of the Regulatory  
12 Commission of Alaska, except as provided in AS 44.83.700(d). Nothing in this  
13 chapter, except as provided in AS 44.83.700 - 44.83.750, grants the authority  
14 jurisdiction over the services or rates of a public utility or diminishes or otherwise  
15 alters the jurisdiction of the Regulatory Commission of Alaska with respect to a public  
16 utility, including any right the commission may have to review and approve or  
17 disapprove contracts for the purchase of electricity by a public utility other than  
18 wholesale agreements and contracts described in AS 42.05.431(c)(1).

19 \* **Sec. 19.** AS 44.83 is amended by adding new sections to read:

20 **Article 5A. Railbelt Transmission Organization.**

21 **Sec. 44.83.700. Railbelt Transmission Organization.** (a) The Railbelt  
22 Transmission Organization is established for the purpose of overseeing, managing,  
23 and developing the backbone transmission system serving the Railbelt and conducting  
24 strategic planning to enhance the future transfer capabilities, resilience, reliability, and  
25 efficiency of the backbone transmission system. For administrative purposes, the  
26 transmission organization is in the Alaska Energy Authority.

27 (b) The governance structure for the transmission organization must

28 (1) provide for oversight of the transmission organization by a  
29 management committee that is made up of

30 (A) representatives from each of the Railbelt utilities;

31 (B) the executive director of the authority;

1 (C) the chief executive officer of the applicable electric  
2 reliability organization, or the chief executive officer's designee;

3 (D) an individual, appointed by the governor, who represents a  
4 person, other than a public utility, that owns or operates a facility for the  
5 generation of electricity; and

6 (E) an individual, appointed by the governor, who represents a  
7 labor organization engaged in collective bargaining with a Railbelt utility;

8 (2) include a conflict resolution process; and

9 (3) facilitate substantial public participation in the operations of the  
10 transmission organization.

11 (c) The provisions of AS 44.83.700 - 44.83.750 do not limit, extend, or  
12 otherwise alter the rights and obligations as provided in AS 42.05.221 - 42.05.281 of a  
13 public utility that is certificated under AS 42.05.221.

14 (d) Notwithstanding AS 44.83.090(b), the transmission organization is subject  
15 to the jurisdiction of the commission. The commission shall adopt regulations under  
16 AS 44.62 (Administrative Procedure Act) necessary to carry out its powers and duties  
17 under AS 44.83.700 - 44.83.740. The transmission organization and its backbone  
18 transmission assets are not subject to AS 42.05.431(c).

19 **Sec. 44.83.710. Powers and duties.** (a) The transmission organization shall

20 (1) manage backbone transmission assets;

21 (2) follow reliability standards developed by the applicable electric  
22 reliability organization;

23 (3) ensure the safe, resilient, reliable, efficient, and economical  
24 operation and development of the backbone transmission system;

25 (4) preserve nondiscriminatory open access to the backbone  
26 transmission system subject to legitimate technical constraints and congestion;

27 (5) perform integrated transmission planning under AS 44.83.730;

28 (6) purchase, lease, or otherwise acquire effective operational control  
29 of backbone transmission assets;

30 (7) subject to the approval of the commission, establish tariffs related  
31 to the backbone transmission system under AS 44.83.720.

1 (b) The transmission organization may

2 (1) construct, own, and operate new backbone transmission assets; and

3 (2) enter into contracts, agreements, and partnerships that enhance  
4 safety, resiliency, reliability, and efficiency of the backbone transmission system.

5 (c) The transmission organization may not exchange, donate, sell, or otherwise  
6 convey a backbone transmission asset owned by the transmission organization without  
7 approval of the legislature in advance of the effective date of the conveyance.

8 (d) The transmission organization shall ensure that work performed on new  
9 construction and maintenance of backbone transmission assets controlled by the  
10 transmission organization is prioritized to give first preference to the Railbelt utility  
11 that serves the area in which the work is performed. The transmission organization  
12 shall compensate the utility for reasonable and necessary expenses the utility incurs in  
13 performing the work. The work must be performed subject to the terms and conditions  
14 of any existing collective bargaining agreements.

15 **Sec. 44.83.720. Revenue mechanism.** (a) The transmission organization shall  
16 hold and administer a commission-approved open access transmission tariff that  
17 ensures nondiscriminatory access to the backbone transmission system.

18 (b) The transmission organization shall adopt a commission-approved  
19 transmission cost recovery methodology that ensures the reliability and sufficient  
20 capacity of the backbone transmission system to support and promote state and  
21 regional energy policies and a rigorous, dynamic economy.

22 (c) The cost recovery methodology for the transmission organization must, as  
23 approved by the commission,

24 (1) pool backbone transmission system costs and allocate those costs  
25 through certificated load-serving entities on a coincident peak or load ratio share basis,  
26 or a combination of both; and

27 (2) account for

28 (A) required backbone transmission system ancillary services;

29 (B) backbone transmission system congestion; and

30 (C) disruptions to the backbone transmission system that result  
31 in the isolation of one geographical area of the backbone transmission system

1 from another for more than 24 hours.

2 (d) A Railbelt utility shall pass the commission-approved transmission costs  
3 directly and transparently to the utility's customers.

4 **Sec. 44.83.730. Integrated transmission planning.** (a) At least once every 10  
5 years, the transmission organization shall, in consultation with stakeholders, create and  
6 review an integrated transmission plan for the backbone transmission system.

7 (b) The integrated transmission plan must set clear goals and articulate the  
8 strategic trajectory, operational blueprint, capital improvement funding requirements,  
9 and developmental outlook for the backbone transmission system, considering  
10 regulatory and legal frameworks, projected load growth, technological advancement,  
11 fuel supply projections, generation plans, safety, resiliency, reliability, efficiency, and  
12 economic impacts. The integrated transmission plan must analyze performance on and  
13 alignment with prior integrated transmission plans.

14 (c) The transmission organization shall seek feedback and input from the  
15 public throughout the integrated transmission plan development process to ensure that  
16 the plan reflects a broad range of perspectives and addresses community and industry  
17 concerns. When the integrated transmission plan is complete, the transmission  
18 organization shall publish the plan on the Alaska Energy Authority's Internet website.

19 **Sec. 44.83.740. Transfer management of assets.** (a) To achieve the integrated  
20 and streamlined governance of the backbone transmission system, the commission  
21 shall, on or before July 1, 2025, determine which assets are backbone transmission  
22 assets, and the Railbelt utilities shall transfer management of those assets to the  
23 transmission organization on or before July 1, 2026.

24 (b) The transmission organization shall manage the backbone transmission  
25 assets identified under (a) of this section that are owned or managed by the authority.

26 (c) A Railbelt utility shall pay penalties as determined by the commission for  
27 failure to transfer management of backbone transmission assets to the transmission  
28 organization as required under this section. The commission shall adopt regulations  
29 under AS 44.62 (Administrative Procedure Act) necessary to implement this  
30 subsection, including defining by regulation the term "backbone transmission asset."

31 **Sec. 44.83.750. Definitions.** In AS 44.83.700 - 44.83.750,

1 (1) "backbone transmission system" means the backbone transmission  
 2 assets in the Railbelt that facilitate the transfer of large-scale electrical power between  
 3 or across separate geographical areas; "backbone transmission system" does not  
 4 include assets that would be considered distribution facilities or radial facilities under  
 5 the standards established by the Federal Energy Regulatory Commission;

6 (2) "commission" means the Regulatory Commission of Alaska;

7 (3) "Railbelt" means the geographic region from the Kenai Peninsula  
 8 to Interior Alaska that is connected to a common electric transmission backbone;

9 (4) "Railbelt utility" means a public electric utility certificated to  
 10 operate in the Railbelt;

11 (5) "transmission organization" means the Railbelt Transmission  
 12 Organization established by AS 44.83.700.

13 \* **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to  
 14 read:

15 **TRANSITION: AGREEMENT BETWEEN ALASKA ENERGY AUTHORITY**  
 16 **AND RAILBELT UTILITIES.** To ensure the successful implementation of AS 44.83.700 -  
 17 44.83.750, added by sec. 19 of this Act, on or before July 1, 2025, the Alaska Energy  
 18 Authority and the Railbelt utilities, as defined in AS 44.83.750, added by sec. 19 of this Act,  
 19 shall develop an agreement to implement AS 44.83.700 - 44.83.750, added by sec. 19 of this  
 20 Act. The agreement must establish

21 (1) a governance structure for the Railbelt Transmission Organization  
 22 established under AS 44.83.700, added by sec. 19 of this Act, that is modeled after the  
 23 governance structure of the Bradley Lake Hydroelectric Project, as outlined in the  
 24 Bradley Lake Power Sales Agreement, including the creation, duties, and methods of  
 25 the Bradley Lake Project Management Committee, dispute resolution, budgeting,  
 26 financing, and delegation of operations, with any adjustments the parties to the  
 27 agreement determine are necessary to accommodate the requirements of AS 44.83.700  
 28 - 44.83.750, added by sec. 19 of this Act; and

29 (2) a backbone transmission system revenue mechanism under  
 30 AS 44.83.720, added by sec. 19 of this Act, that is modeled after the provisions  
 31 governing transmission cost allocation and recovery in 16 Texas Administrative Code

1           25.192, as it reads on the effective date of this section, with modifications as  
2           necessary.

3           \* **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to  
4           read:

5           TRANSITION: INITIAL INTEGRATED TRANSMISSION PLAN AND CAPITAL  
6           IMPROVEMENT PROGRAM. The Alaska Energy Authority shall immediately assume the  
7           integrated transmission planning duties under AS 44.83.730, added by sec. 19 of this Act,  
8           develop an initial integrated transmission plan as soon as practicable, and begin execution of a  
9           five-year transmission capital improvement program based on the plan as soon as practicable.  
10          The authority shall transfer the responsibility for the plan and program to the Railbelt  
11          Transmission Organization established under AS 44.83.700, added by sec. 19 of this Act,  
12          after the agreement establishing the governance structure of the organization under sec. 20 of  
13          this Act has been executed.

14          \* **Sec. 22.** The uncodified law of the State of Alaska is amended by adding a new section to  
15          read:

16          TRANSITION: REGULATORY COMMISSION OF ALASKA MEMBERS. An  
17          individual who is a member of the Regulatory Commission of Alaska on the day before the  
18          effective date of sec. 1 of this Act continues to serve on the Regulatory Commission of Alaska  
19          until the member's term expires and a successor is appointed and qualified. The governor shall  
20          make appointments for vacancies that occur on or after the effective date of sec. 1 of this Act  
21          in accordance with AS 42.04.020(a), as amended by sec. 1 of this Act.

22          \* **Sec. 23.** The uncodified law of the State of Alaska is amended by adding a new section to  
23          read:

24          TRANSITION: ALASKA ENERGY AUTHORITY BOARD MEMBERS.  
25          Notwithstanding AS 44.83.030(c), added by sec. 15 of this Act, the governor shall appoint  
26          two public members of the initial Alaska Energy Authority board of directors to one-year  
27          terms, two public members to two-year terms, and two public members to three-year terms.

28          \* **Sec. 24.** Sections 20 and 21 of this Act take effect immediately under AS 01.10.070(c).

29          \* **Sec. 25.** Except as provided in sec. 24 of this Act, this Act takes effect July 1, 2024."

**#6**

**AMENDMENT**

OFFERED IN THE HOUSE  
TO: HB 307

BY REPRESENTATIVE HANNAN

1 Page 1, line 1:

2 Delete "independent power producers"

3 Insert "new electricity generation facilities"

4

5 Page 1, line 10, through page 2, line 7:

6 Delete all material.

7

8 Renumber the following bill section accordingly.

9

10 Page 3, following line 21:

11 Insert a new bill section to read:

12 "\* Sec. 3. AS 43.98 is amended by adding a new section to read:

13 **Article 2A. Taxation of New Electricity Generation Facilities.**

14 **Sec. 43.98.100. Taxation of new electricity generation facilities.** An  
15 electricity generation facility that is constructed and placed into service on or after  
16 July 1, 2024, is not subject to state and local ad valorem, income, and excise taxes if  
17 the electricity generation facility provides power only to a public utility. In this  
18 section, "public utility" has the meaning given in AS 42.05.990."

**AMENDMENT #7**

OFFERED IN THE HOUSE  
TO: HB 307

BY REPRESENTATIVE HANNAN

1 Page 1, line 1, following "producers;":

2 Insert "**relating to electric reliability organizations;**"

3

4 Page 2, following line 7:

5 Insert a new bill section to read:

6 "**\* Sec. 3.** AS 42.05.760(a) is amended to read:

7 (a) An electric utility must participate in an electric reliability organization if  
8 the utility operates in an interconnected electric energy transmission network served  
9 by an electric reliability organization certificated by the commission. The commission  
10 may not require an electric reliability organization for an interconnected bulk-electric  
11 system if

12 (1) all of the load-serving entities operating in the interconnected bulk-  
13 electric system are exempt under AS 42.05.711(b); or

14 (2) the sum of annual electric energy sales made by load-serving  
15 entities operating in the interconnected bulk-electric system is less than 3,000,000  
16 megawatt-hours."

17

18 Renumber the following bill section accordingly.

AMENDMENT **#8**

OFFERED IN THE HOUSE  
TO: HB 307

BY REPRESENTATIVE ORTIZ

- 1 Page 2, line 7, following "utilities":
- 2       Insert "; "independent power producer" does not include a joint action agency
- 3 established under AS 42.45.310"