

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	CSHB 368(ENE)
Fiscal Note Number:	3
(H) Publish Date:	3/22/2024

Identifier: HB368-DCCED-RCA-02-23-24
 Title: ELECTRICAL ENERGY & ENERGY PORTFOLIO
 STDS
 Sponsor: ENERGY
 Requester: (H) ENERGY

Department: Department of Commerce, Community and
 Economic Development
 Appropriation: Regulatory Commission of Alaska
 Allocation: Regulatory Commission of Alaska
 OMB Component Number: 2417

Expenditures/Revenues

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

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates				
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OPERATING EXPENDITURES	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Personal Services	151.6		151.6	151.6	151.6	151.6	151.6
Travel							
Services	325.0		325.0	25.0	25.0	25.0	25.0
Commodities	10.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	486.6	0.0	476.6	176.6	176.6	176.6	176.6

Fund Source (Operating Only)

1004 Gen Fund (UGF)	486.6		476.6	176.6	176.6	176.6	176.6
Total	486.6	0.0	476.6	176.6	176.6	176.6	176.6

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Estimated CAPITAL (FY2025) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 10/01/26

Why this fiscal note differs from previous version/comments:

Not applicable, initial version

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 Agency: Commerce, Community, and Economic Development

Phone: (907)276-6222
 Date: 02/23/2024
 Date: 02/23/24

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

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Analysis

This bill establishes a clean energy standard for load-serving entities served by an electric reliability organization, requiring those entities to derive a certain percentage of electric sales from clean energy. This bill also creates a clean energy transferable tax credit program to be administered by the Department of Revenue. This bill would require integrated resource plans to satisfy clean energy standards and any preapproval of large energy facilities to include a Regulatory Commission of Alaska (RCA) determination that construction of the large energy facility is not detrimental to a load-serving entity’s ability to meet clean energy standard requirements. This bill would require the electric reliability organization to develop a rate for clean energy transmission constructed after July 1, 2024, and have that rate approved by the RCA. Under this bill, revenues from the sale of recovered heat or renewable energy credits would be precluded from consideration by the RCA when calculating power cost equalization levels. The Alaska Energy Authority will be required to annually report to the legislature on agency progress in developing clean energy in the State’s rural regions, the infrastructure necessary for rural clean energy projects, and the feasibility and cost of rural clean energy projects.

This bill will require RCA to adopt or amend regulations to (1) develop a proxy for the ratio of a load serving entity’s net energy acquired to total energy produced from distributed energy systems and update this proxy every five years, (2) establish a mechanism for load serving entities to opt out of clean energy standard requirements, (3) specify reporting requirements to measure and document load serving entity progress towards satisfying clean energy standards, and (4) specify procedures and additional information required for load serving entity requests to waive compliance with clean energy standards. In addition, the RCA will need to amend regulations (1) governing the integrated resource planning function of an electric reliability organization, and (2) governing large project preapproval for load service entities served by an electric reliability organization.

Since this bill alters how the RCA calculates power cost, the RCA will need to revise regulations addressing Power Cost Equalization (PCE) calculations and process subsequent PCE filings under the new guidelines. RCA net metering regulations will also need to be amended or comprehensive distributed energy system regulations adopted to (1) remove limits on aggregate capacity of interconnected distributed energy systems for load serving entities served by an electric reliability organization (current RCA net metering regulations include such a capacity limitation), and (2) establish a method to annually determine a export credit rate for energy supplied by a customer’s distributed energy system. This bill will require RCA action on transmission, including (1) review and approval of a uniform transmission services rate to be developed by an electric reliability organization, and (2) adoption of a minimum standard for transmission lines sufficient to ensure seamless end-to-end transmission.

To complete this work, RCA will require one full-time Utility Engineering Analyst 3 and will be required to utilize contractual support for the analysis, creation, and implementation of associated regulation updates.

If this bill adopted, the following expenses will be incurred:

Personal Services:	\$151.6	One full-time Utility Engineering Analyst 3, R22, Anchorage
Services:	\$ 25.0	Core services and allocated costs per position
	\$300.0	Contractual support for regulation change (FY2025 and FY2026 only)
Commodities:	\$ 10.0	Initial set-up for new position (FY2025 only)