

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	CSSB 257(L&C)
Fiscal Note Number:	1
(S) Publish Date:	4/30/2024

Identifier: SB257-DCCED-AEA-03-26-24
 Title: ELECTRIC UTILITY REGULATION
 Sponsor: RESOURCES
 Requester: (S) LABOR AND COMMERCE

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

Expenditures/Revenues

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

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates					
			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	3,968.7		3,968.7	1,116.4	1,116.4	1,116.4	1,116.4	1,116.4
Commodities	30.0							
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	3,998.7	0.0	3,968.7	1,116.4	1,116.4	1,116.4	1,116.4	1,116.4

Fund Source (Operating Only)

1004 Gen Fund (UGF)	3,998.7		3,968.7				
1107 AEA Rcpts (Other)				1,116.4	1,116.4	1,116.4	1,116.4
Total	3,998.7	0.0	3,968.7	1,116.4	1,116.4	1,116.4	1,116.4

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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

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

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
 If yes, by what date are the regulations to be adopted, amended or repealed? **07/01/26**

Why this fiscal note differs from previous version/comments:

Updated to correct projected services costs for FY2027 and beyond.

Prepared By:	Curtis Thayer, Executive Director	Phone: (907)771-3000
Division:	Alaska Energy Authority	Date: 03/26/2024
Approved By:	Hannah Lager, Administrative Services Director	Date: 03/27/24
Agency:	Commerce, Community, and Economic Development	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

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Analysis

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

The startup cost for management, operation, access rules, ownership, resource planning, and regulatory structures of the RTO is estimated to be \$3,998.7 for the initial year and \$3,968.7 for the second year as calculated from the 2008 "Alaska Railbelt Electrical Grid Authority (REGA) Study," by Black and Veatch. This cost includes three full-time permanent positions and their associated costs, housed in AEA, and a contract that will be competitively procured. The following years have more uncertainty until the integrated grid planning is completed. At this time, the agency is projecting additional contractual costs for implementation and identification of renewable opportunities and technology and resulting integration with existing infrastructure; as well as contractual expenses to maintain and revise baseline grid planning and studies.

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

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

Services:	\$197.9	Program Manager, range 26, Anchorage
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	\$145.6	Senior Accountant, range 20, Anchorage
	\$75.0	Statewide and department core services - \$25.0 per position per year
	\$3,352.3	Operation of Grid, Regional economic dispatch, Regional resource planning, Transmission planning and Joint Project Development in FY2025 & FY2026 only
	\$500.0	Contractual services for continued implementation and integration of backbone transmission lines and renewable opportunities along the Railbelt FY2027 and beyond
Commodities:	\$30.0	One-time start up costs - \$10.0 per position in FY2025 only