

04/09/14

Informal Energy
Round Table
Workshop:
Addressing the
Immediate
Concerns of
TRANSCOs and
ISOs in Alaska

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Round Table Workshop Addressing the Immediate Concerns of
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Alaskas</SUBJECT><COMM>HENE28</COMM></TARGET>



Representative Doug Isaacson

**Addressing the Immediate Concerns of
TRANSCOs and ISOs in Alaska**
An Informal Energy Roundtable Workshop

AGENDA

State Capitol - Barnes Room 124

Juneau, Alaska

April 9, 2014

8:00 a.m. - Call the meeting to order

+Presentations:

Commissioner TW Patch, *Chairman, Regulatory Commission of Alaska (Telephonic)*

Eric Myers, *Manager of Business Development, American Transmission Co.*

Brad Evans, *CEO, Chugach Electric Association*

Comments/Discussion:

Evan "Joe" Griffith, *President, ARCTEC & Matanuska Electric Association*

Bradley Janorschke, *General Manager, Homer Electric Association*

Cory Borgeson, *President & CEO, Golden Valley Electric Association (Invited)*

Ethan Schutt, *President, CIRI Energy*

Duff Mitchell, *Business Manager, Juneau Hydropower*

10:00 a.m. - Adjourn

+ Teleconferenced

If you or your staff have any questions please contact Katherine Eldemar at (907) 465-4527 (katherine.eldemar@akleg.gov).

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Helping to keep the lights on,
businesses running
and communities strong®

Integrating the Grid for Reliability, Efficiency and Growth

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American Transmission Company

First Multi-State Stand-Alone Transmission Utility in the U.S.

- Formed in 2001
- Privately-Held
- 28 Owners
- Investor-Owned, Municipal and Cooperative Utilities
- 500M in Assets in 2001

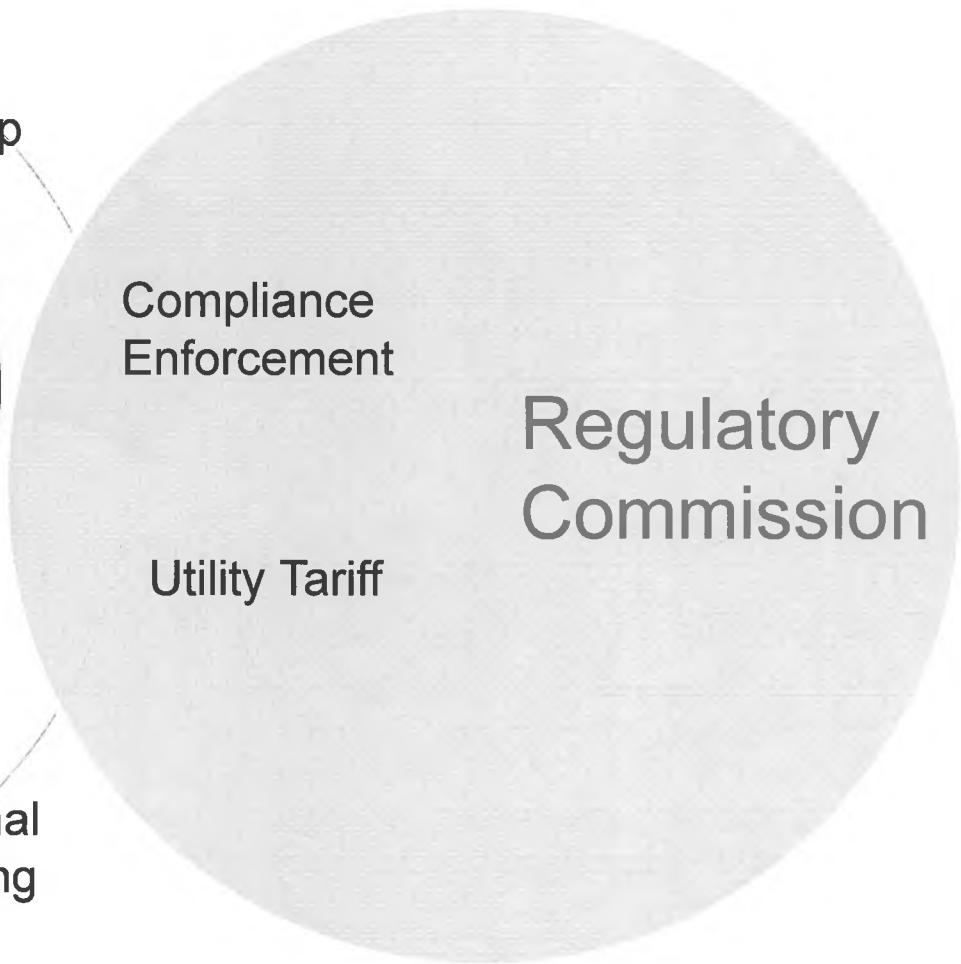
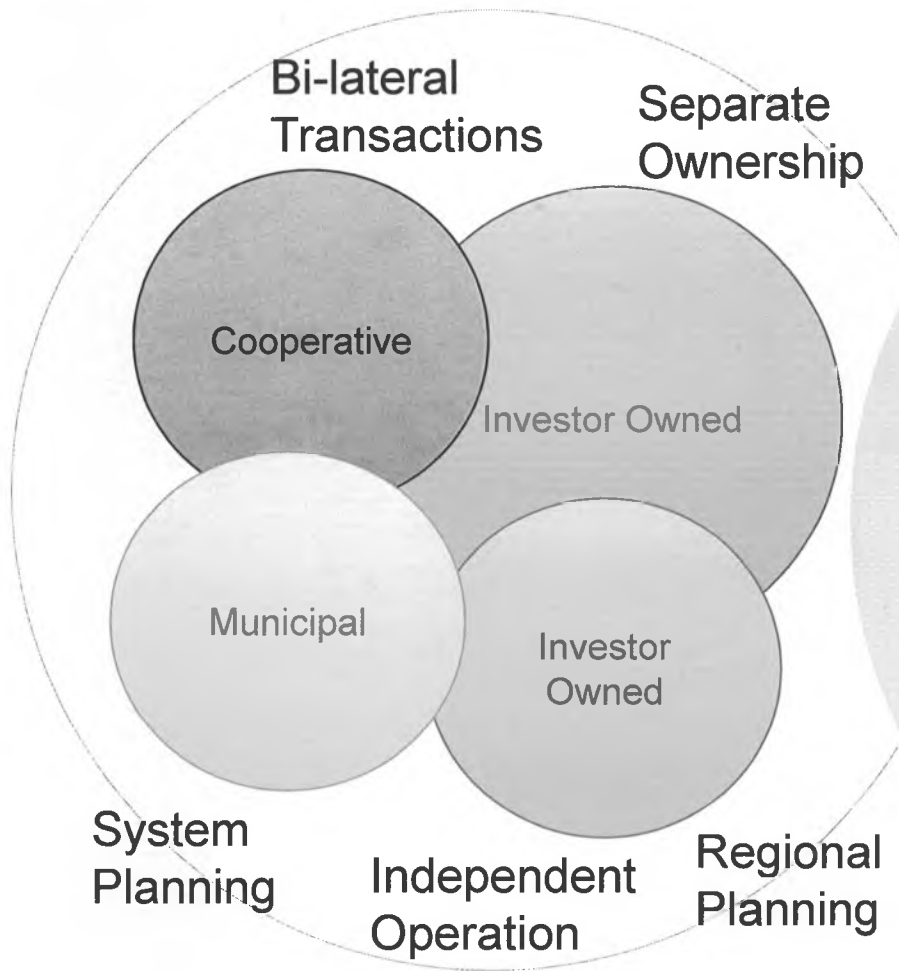
Growth Since Formation

- \$Over \$3.3B in Assets today
- Own and Operate 9,480 Miles of Transmission
- 529 Substations

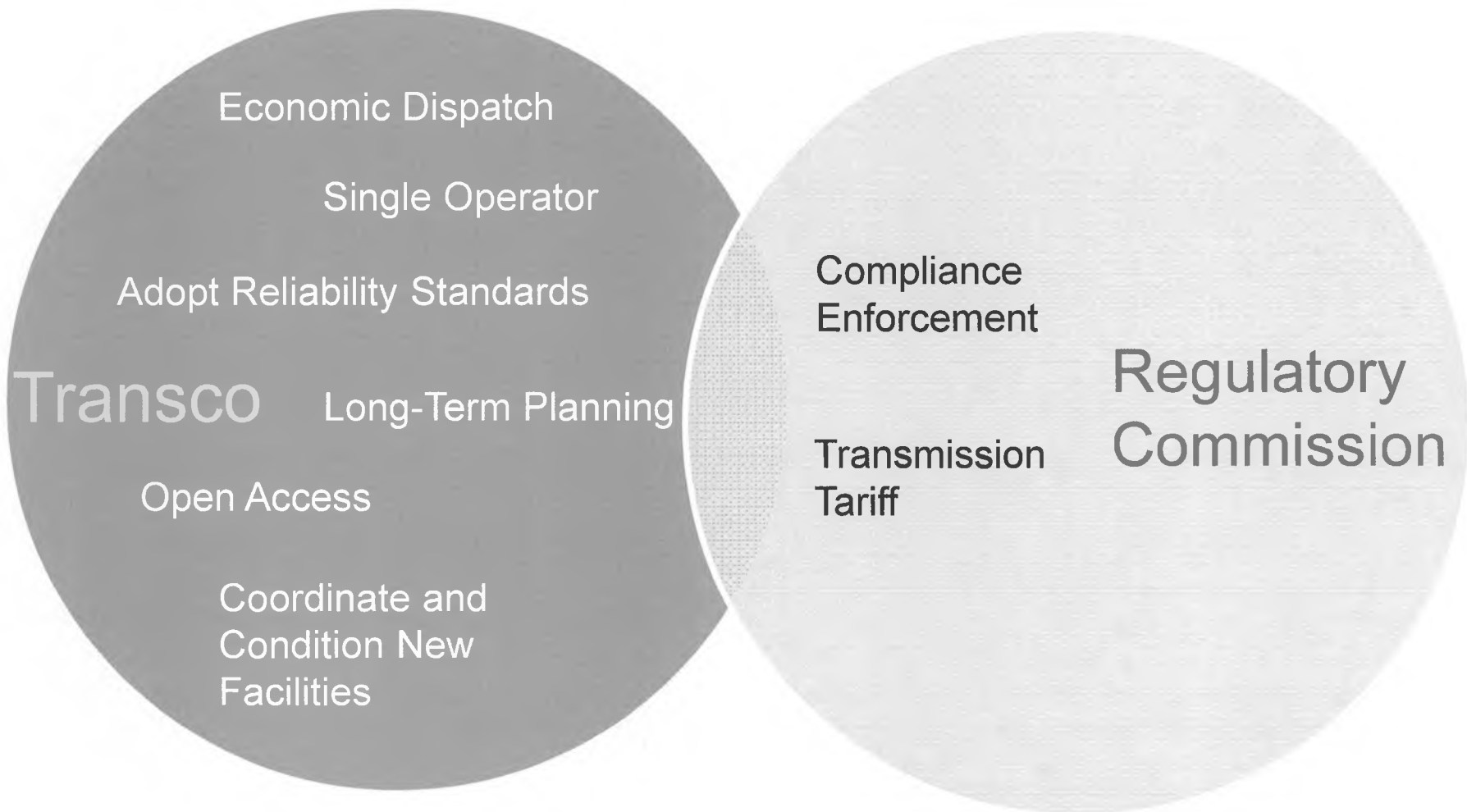


What does ATC do?

- Authority over transmission operation and construction
- Non-discriminatory open access
- Adopt, maintain & enforce reliability standards
- Plan, coordinate and condition new facilities
- Single operator – economic dispatch
- Administer universal transmission tariff



Pre-Transco



In our experience, it works.

Our singular focus on transmission allows ATC to:

- Plan Effectively
- Obtain and Deploy Capital,
- Build the Network,
- Operate Efficiently,
- Respond to Changing Conditions and
- **Serve our Customers.**

Railbelt

Independent System Operator (ISO) and its relationship to a Transco

Legislative Roundtable
April 9th, 2014

Reliability, Efficiency, and Open Access Transmission

CHUGACH
POWERING ALASKA'S FUTURE

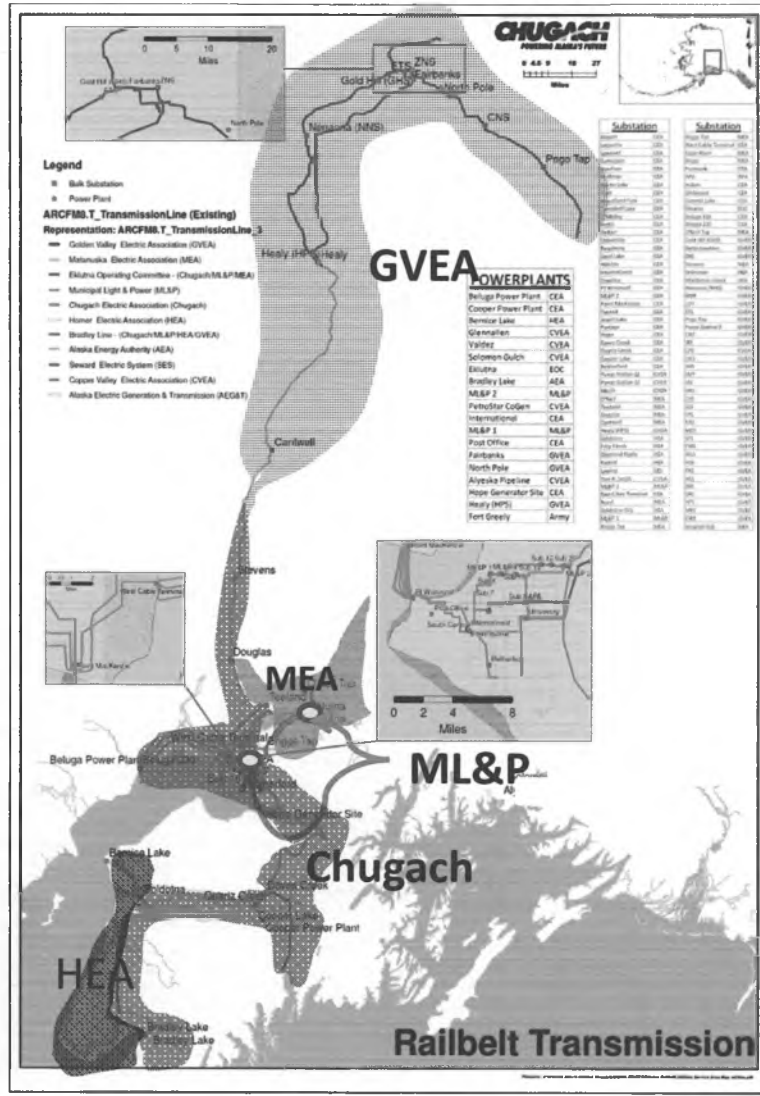
The Railbelt is changing

- **Historically three generation and transmission (G&T) utilities with regional responsibility, and voluntary compliance**
- **We now have five G&T utilities and regional challenges that cannot easily be resolved within the current structure**
- **For a successful future we will require:**
 - **An independent authority and accountability**
 - **Consistent and mandatory rules**
 - **A regional approach to reliable power delivery**
 - **And efficient least-cost economic generation dispatch**

Railbelt 2014-2015

2014 - 2015

- Addition of 2 new vertically integrated utilities
- Reliability rules not unanimous –interconnection standards not uniformly implemented
- Alaska Intertie Agreement “possible new users” through open access terms
- Bradley Lake transmission congestion and access issues
- Significant new generation-erosion of stability margins
- Addition of Independent Power Producers (IPP’S)
- Unbundle transmission costs-reserve sharing without transmission rights?



Costs of system Balkanization business case

Increased Cost of Regulatory Oversight

No business case for regional expansion of transmission

Lost regional economic opportunities
i.e. mines, pump stations, etc.

Increased barriers to IPP project integration

Inequitable distribution of system reserve and other costs

Decreased reliability - "more outages to customers"

Generation dispatch is run inefficiently

Uneconomic dispatch wastes fuel

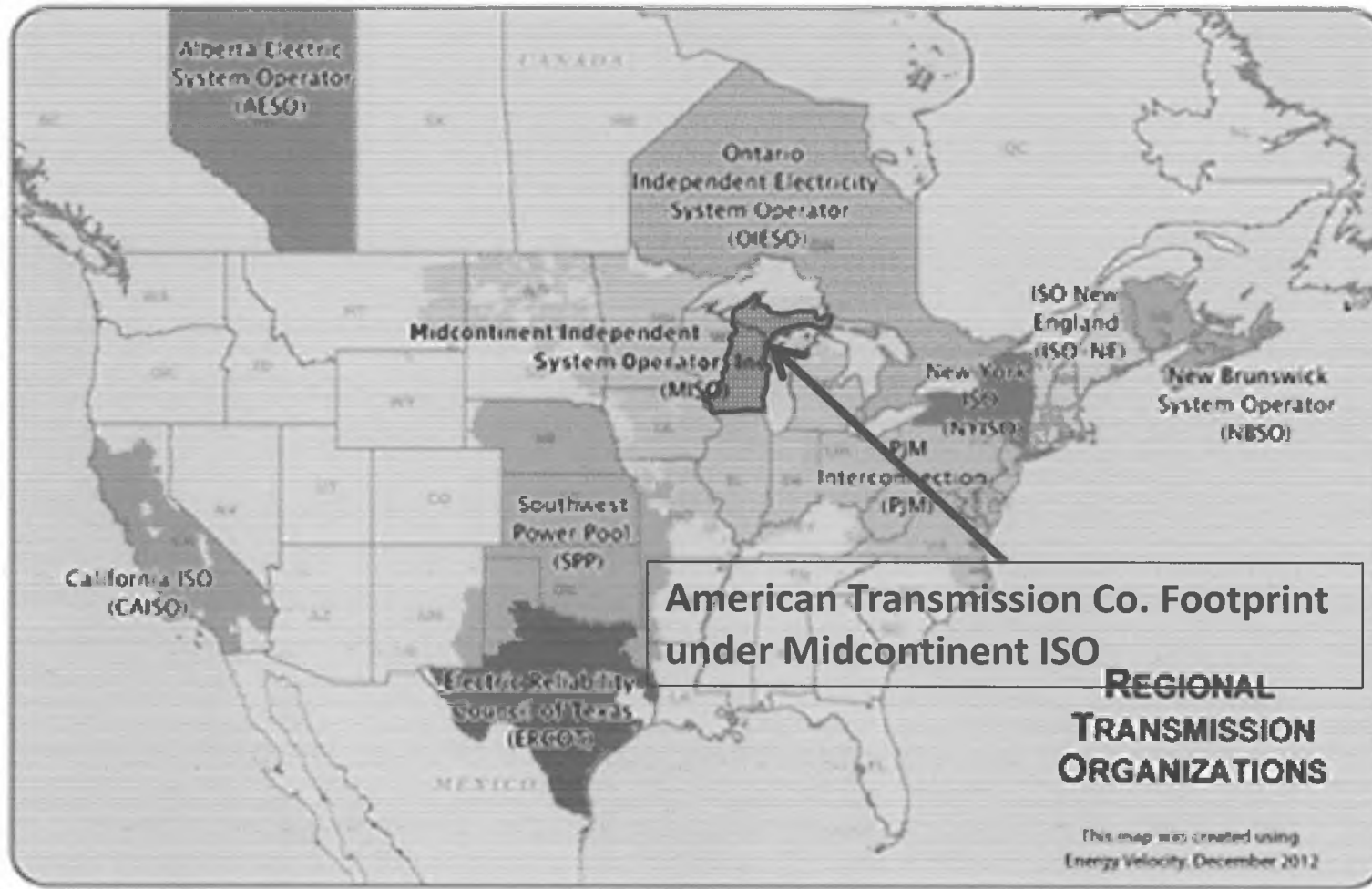
Transmission congestion wastes fuel

Increased losses waste fuel

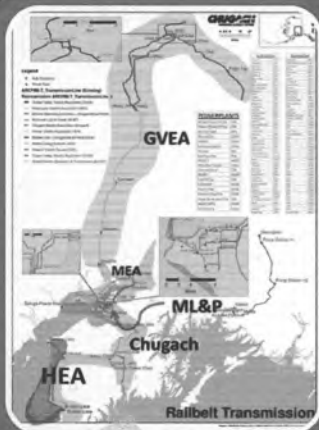
Inefficient use of hydroelectric resources

Increased difficulty in regulating non-dispatchable resources

Independent System Operators and Transcos are common in the Lower-48 and Canada



Railbelt ISO



- Stakeholder governance
- Under RCA jurisdiction
- Adopts reliability & interconnection standards
- Plans and condition projects
- Enforces standards
- Ensures non-discriminatory transmission access
- Develops tariff for single system-wide transmission rate
- Responsible for reliability
- Responsible for system economic dispatch
- Possesses regulatory compact

Regulatory compact

RCA assigns authority to the ISO to:

- **Ensure reliability compliance**
- **Implement non-discriminatory open access**
- **Develop a universal tariff**
- **Develop reliability standards**
- **Oversee system-wide economic dispatch**

RCA recognizes ISO's stakeholder developed planning protocols

Responsible for long-term transmission planning

Assures project cost recovery for ISO-approved transmission projects

Ensures stakeholder representation on ISO board

Railbelt Transco



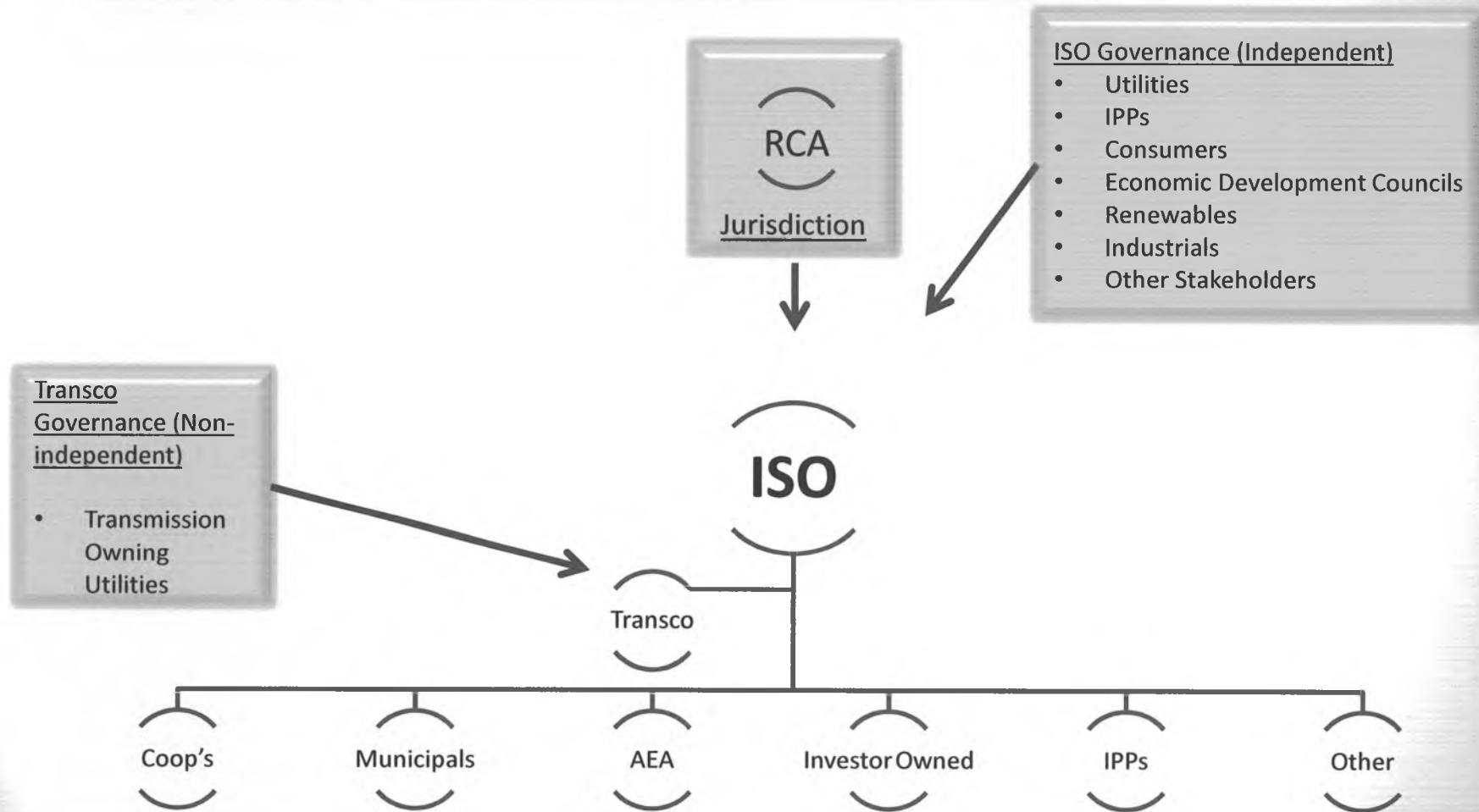
Under ISO-RCA jurisdiction

- Participation voluntary
- Its owners are its customers, a “cooperative-like” model
- Could encompass all or part of the Railbelt transmission system
- Finances, permits, engineers and constructs ISO proposed transmission assets
- Maintains transmission system assets in its region
- Provides non-discriminatory open access to its transmission system
- Pools costs and submits to ISO for rate recovery
- Possesses regulatory rate recovery assurance through ISO regulatory compact

ISO-Transco Relationship

	ISO	Transco
Performs economic dispatch	Yes	No
Plans projects	Yes	No
Conditions projects	Yes	No
Drafts reliability standards, assures compliance	Yes	No
Independent board represents stakeholders	Yes	No
Responsible for ensuring non-discriminatory open access	Yes	No
Responsible for short term reliability	Yes	No
Regulatory Compact	Yes	Through ISO
Owns assets	No	Yes
Builds transmission	No	Yes
Finances transmission	No	Yes
Maintains transmission	No	Yes

ISO Structure with Transco



Benefits of system integration business case

Simplified regulatory environment

Business structure for regional transmission project development

Reduced barriers to IPP project integration

Enhanced regional economic development

Increased reliability- "the value of unserved Energy"

Increased equity in the distribution of "system costs"

Efficient least-cost economic dispatch

Regional planning relieves transmission congestion

Additional transmission construction reduces losses

Hydro reservoir optimization

Enhanced non-dispatchable resource integration

Questions?

