A New Regional Organization for the Railbelt Electrical Grid
Will Protect Consumers and Facilitate More Renewable Energy

Background

For almost 40 years, people have been talking about ways to get the six electric utilities in Alaska’s “Railbelt” region to work more closely together to improve coordination and efficiency. Those six utilities, from north to south, are Golden Valley Electric Association (GVEA) in Fairbanks, Matanuska Electric Association (MEA) in Palmer, Chugach Electric Association (CEA) in Anchorage, Municipal Light and Power (ML&P) in Anchorage, the City of Seward’s electrical department and Homer Electric Association (HEA), which serves the Kenai Peninsula. Many efforts over the years have failed, and in 2014 the state legislature asked the Regulatory Commission of Alaska (RCA) to study the Railbelt electrical system and make recommendations for reform.

Railbelt electric grid reform is important for several reasons, including:

1. **It’s better for consumers.** The RCA has stated that if we were starting from scratch, the interests of Railbelt consumers would be best served by having just one utility for the entire region. In 2018, Railbelt consumers collectively paid about $880 million for electricity. Even a modest 2% increase in efficiency along the Railbelt grid would save consumers over $17 million every year.

2. **It’s better for renewable energy.** A new structure that includes regional energy planning, regional interconnection standards and a cheaper way to transmit electricity would all facilitate more renewable energy generation in Alaska’s most populous region. With today’s six separate systems, renewable energy developers continue to run up against a number of barriers that prevent more renewable electricity from being produced.

3. **It’s better for Alaska’s future.** A new regional entity would make it easier to plan for and execute the energy transition that is already underway across the world – a transition that includes electric vehicles and lower carbon emissions. A regional electric organization will make Alaska a more attractive place to live, and to do business.

Recent History

In 2015, the RCA wrote a letter to the legislature outlining the results of the study it had conducted at the legislature’s request. Among other things, the letter recommended that the Railbelt utilities develop a new entity to independently operate the electrical grid as whole. A different study commissioned by the utilities themselves also recommended that a new entity be established, with a governing board dominated by “non-utility” directors.

In 2018, the six utilities began in earnest to negotiate the terms for a new electric reliability organization for the Railbelt region, called the Railbelt Reliability Council or “RRC”.

In the spring of 2019, the Senate Special Committee on the Railbelt Electric System and the House Special Committee on Energy both introduced near identical legislation (SB 123 and HB 151) that provides a framework for developing and regulating the RRC.

In December 2019, the six Railbelt utilities successfully completed their negotiations to outline what a Railbelt Reliability Council (RRC) would look like, and all six signed a Memorandum of Understanding (MOU) to start the process of creating the RRC voluntarily. Under the MOU, the governance structure of the new RRC would include a representative from all six Railbelt utilities and the Alaska Energy Authority, as well as two independent power producers that currently have renewable energy projects on the grid, a consumer organization and two other
entities that are not affiliated with the utilities. The board would also include a non-voting representative from the RCA and the state attorney general’s office.

Current Legislation

Senate Bill 123 passed the Senate by a vote of 19-0 on March 10, 2020. House Bill 151 is being heard in the House of Representatives. Both bills would:

1) Allow the RCA to oversee the new RRC if it is successfully established voluntarily.
2) Allow the RCA to establish something like the RRC on its own, if current voluntary effort to do so fail.
3) Call on the RRC to execute regional integrated resource planning that would allow a broad public process to decide what new generation and transmission the Railbelt needs to build in the future.
4) Give the RCA the authority to pre-approve all large new generation and transmission projects to protect Railbelt consumers.

What You Can Do Now

With a good chunk of the legislative session already in the rearview mirror, now is the time to contact your legislators. Please write or call your Representative today to express your opinion on this important legislation. You can find all legislative contact information here: http://akleg.gov/index.php

If passed, the legislation will culminate over 30 years of reform efforts in the Railbelt region, and make our electrical system more efficient, clean and reliable. Please contact your lawmakers today!

If you have any questions, please write Chris Rose at chris@realaska.org

Thank you!