

## **Support Balance on the Railbelt Reliability Council (RRC)**

### **Background**

The Railbelt Reliability Council (RRC) has applied to the Regulatory Commission of Alaska (RCA) to become the state's first electric reliability organization (ERO). Establishment of the ERO was mandated by the Alaska Legislature in 2020. The ERO's primary functions will be developing and enforcing new standards for the Railbelt electric grid and *regional* planning for new transmission and generation. REAP has advocated for the creation of an ERO for the Railbelt to help level the playing field now dominated by the region's utilities to enable the development of more renewable energy.

REAP holds one of the non-utility seats on the RRC's board of directors. The architecture of the RRC, as described in the RRC's application to the Commission to become the ERO for the Railbelt, was negotiated in weekly meetings over the course of almost two years. In order for the RRC to be "balanced", one of the key points in the negotiations was the ability of any non-utility board member to hire a subject matter expert if that board member did not feel that other experts retained by the RRC adequately represented all points of view. The possibility of hiring a large number of subject matter experts is reflected in the RRC's draft budget, which the RRC submitted with its ERO application to the Commission in March.

Unfortunately, two of the utilities that signed off on the RRC's negotiated application are now urging the Commission to reconsider and/or reduce the budget of the RRC. Chugach Electric Association and Matanuska Electric Association both know that a lower RRC budget would mean less resources for the non-utility members of the RRC board to hire experts. Those utilities are unconcerned about acquiring the expertise that they want, since they have historically been able to charge ratepayers whenever they want to hire outside consultants. Non-utility RRC board members such as REAP don't have direct access to ratepayer funds in the same way the utilities have, so the RRC application specified that any board member could hire an expert if a particular interest was not being represented as the RRC went about its work developing standards and doing regional planning for the grid. Those experts, and the other activities of the RRC, would be funded through a surcharge on customers' utility bills. Now, at least two of the utilities on the RRC are working to undermine that portion of the ERO application that all stakeholders painstakingly negotiated.

### **What We Want**

An RRC that is not subject to the interests of the utilities alone. We want the utility board members on the RRC to work together with the non-utility board members to make the best decisions for the future of our electrical grid.

### **Talking Points**

- The ERO statute explicitly requires an electric reliability organization (ERO) to act independently from the owners, users, and operators of the grid. This will not happen if the utilities on the RRC have more access to resources to hire experts than the non-utilities.

- In order for the RRC to maintain a balanced stakeholder board that ensures that stakeholder interests are not unduly amplified or attenuated, all RRC board members need to be able to hire subject matter experts to bridge technical gaps on an as-needed basis.
- The draft budget that the RRC submitted with its application includes a high estimate of the number of subject matter experts that may be required, just in case they are indeed necessary.
- The overall draft RRC budget is still tiny compared to the huge, long-term expenditures that the Railbelt utilities have made, and will make in the future. It is imperative that all information is available to the RRC board members who will be making decisions on future expenditures. The cost of hiring subject matter experts that represent all stakeholder interests can be paid for many times over through a thorough decision-making process.
- The Railbelt utilities' heavy reliance on Cook Inlet natural gas is dangerous, and expensive. The region's primary gas supplier has recently warned that it may soon run short of gas. Meanwhile, the cost of natural gas in Cook Inlet is twice the national average, and rising.
- The Railbelt Reliability Council must have access to all experts that can help the region quickly transition to the use of abundant, stably-priced renewable resources and energy storage.