



Chugach Electric Association, Inc. **OUTLET**

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RCA releases transmission report

A yearlong analysis of the Railbelt transmission system concluded the transmission system in the Railbelt could be managed and operated in new ways to better serve Alaskans.

On June 30, the Regulatory Commission of Alaska released a letter to leaders of the Alaska Legislature containing its report on the Railbelt transmission system. In 2014, the Legislature provided \$250,000 for the RCA and charged it with determining "whether creating an independent system operator or similar structure in the Railbelt area is the best option for effective and effi-

cient electrical transmission."

In the Lower 48, independent system operators have been created over the past decade and a half to enable the most efficient use of transmission and generation assets. The Railbelt is considerably smaller than the typical area encompassed by a Lower 48 ISO, and while the RCA felt the ISO model may consequently be overly complex for the region it concluded the area could still attain many of the benefits.

In the view of the report, many benefits could be

achieved by creating a new organization to manage the transmission assets of the Railbelt. Those benefits include the ability to plan, finance, construct and operate upgrades and additions to the regional transmission system. A grid less-restricted and more-capable of moving power across the area

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Hane Substation under construction



Chugach is building a new distribution substation on the Hillside. The facility, named the Hane Substation, is under construction at the intersection of Hane Street and O'Malley Road, east of Lake Otis Parkway. The \$10.9 million project is necessary to meet the growing demand for electricity in the area. Site preparation began in July and construction will continue into 2016.

Transmission line rebuild underway

Chugach is rebuilding another section of the 115-kilovolt transmission line that links Anchorage and the Kenai Pen-

insula. Reconstruction is underway on a 6-mile section between Powerline Pass and the Seward Highway. Consis-

tent with the recommendation of a State study, the line is being built to 230-kv standards, though for now will continue to be operated at 115-kv.

line has carried the output of the State-owned 120-megawatt Bradley Lake Hydroelectric Project near Homer. All six electric utilities in the Railbelt pay for and receive power from the Bradley Lake project.

New service requirements book available

A newly published edition of the book detailing electric service requirements is available online. For the first time, it is a joint publication between Chugach and Municipal Light & Power. Among other things, the 240-page book provides specifics about what is required to connect to a utility system for electricians, builders, developers, remodelers, property owners and others. One printed copy will be provided upon request, with a PDF version available online at Chugach's website to allow

users to download or print only the pages they need. In addition to the complete book, smaller documents highlight four topics of frequent interest: general information, generators, overhead service and temporary service. Among other places, you can find the publications at www.chugachelectric.com in the Customer Service section/For your Home.



In 1962, Chugach completed the 90 miles of transmission line to link its Cooper Lake Hydroelectric Project near Cooper Landing to Anchorage. Over the past 53 years, the line has been subjected to the extremes of weather. It has also become a vital section of the regional transmission grid. It provides the only electrical path for hydropower produced on the Kenai Peninsula to move to utilities and their customers to the north. {1039030}

For Chugach, hydropower from the two projects on the Kenai Peninsula comprises a significant portion of the renewable energy portion in Chugach's generation portfolio. Hydropower is especially valuable when it can be used to meet customer requirements at peak times, rather than running more costly natural gas-fired generation.

The transmission line also feeds substations that provide

Since 1991 the transmission

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would help shift the Railbelt toward the goal of “econom-ic dispatch.” In that model of operation, the most-efficient generating units are brought online in sequence to meet customer demand – without regard to ownership. Studies have shown that practicing economic dispatch would save Railbelt Alaskans tens of mil-lions of dollars annually.

The RCA report contained five findings and associated recom-mendations, summarized be-low.

Finding 1

The present Railbelt electrical transmission system requires institutional reform.



The Regulatory Commission of Alaska recently released a report examining the Railbelt transmission system

Recommendation No. 1

An independent transmission company should be created to operate the transmission system. In addition, the RCA should be granted siting au-thority for new generation and transmission and granted ex-plicit authority to regulate inte-grated resource planning in the Railbelt.

Finding 2

Although energy sales between utilities take place, true eco-nomic dispatch of generation units across the system does not occur.

Recommendation 2

The RCA should use all the regulatory and statutory author-ity it currently has to strong-ly promote economic dispatch. Initially, voluntary loose power pools should be encouraged, with utilities reporting to the RCA on the costs and bene-fits as tighter pooling evolves. Lacking voluntary efforts, the RCA should take steps to achieve system-wide economic dispatch.

Finding 3

Many past efforts to reform and rationalize the Railbelt electric system have failed.

Recommendation 3

The RCA believes the utilities must be given the opportunity

Transmission (cont'd from page 1)

power for Chugach customers at Summit Lake, Hope, Sunrise, Portage, Whittier, Girdwood, Bird and Indian.

The \$5.8 million project is be-ing paid for with \$4.9 mil-lion from Chugach funds and \$900,000 from a State grant. The project area was cleared in the fall of 2014. Recon-struction will take place be-tween June and October of 2015.

A heavy lift helicopter was used to carry and set 32 structures between the Indian Substation and Powerline Pass over a 3-day period in July. The remain-ing 10 structures will be installed by ground-based equipment.



to succeed before compulsory steps are taken.

Finding 4

Reliability standards for the Railbelt electric grid are volun-tary and not all electric utilities have adopted the same stan-dards.

Recommendation 4

Enforceable and consistent Rail-belt operating and reliabili-ty standards are necessary for consistent, safe, reliable and ef-ficient operation of the Railbelt electric system.

Finding 5

The first four RCA recommen-dations above will be chal-

lenging and time consuming. Obstacles exist, and full im-plementation is likely to take years. RCA resources will be stretched to achieve progress.

Recommendation 5

If the RCA receives the nec-essary support from the Ad-ministration and Legislature to pursue the goals identified in the report, an adjustment will be necessary in the Regulatory Cost Charge paid by custom-ers to fund the Commission.

Many of the conclusions in the report are in line with what Chugach has been saying pub-licly for the past two years.

The Chugach Outlet

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5601 Electron Drive • P.O. Box 196300 • Anchorage, Alaska 99519-6300

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Corporate vision: Powering Alaska's future

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Monthly residential service costs

(based on 650 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.11470 x kwh =	\$74.56
Fuel \$0.03630 x kwh =	\$23.60
Purchased power \$0.00471 x kwh =	\$3.06
FIW renewable energy adj. \$0.00198 x kwh =	\$1.29
<small>(Fuel, Purchased power and FIW renewable energy adjustment factors effective July 1, 2015.)</small>	
Subtotal	110.51
2% MOA Undergrounding Charge =	\$ 2.21
Regulatory Cost Charge \$0.000732 x kwh =	\$ 0.48
Total bill	\$113.20