

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSHB 250 (ENE)
Fiscal Note Number _____
() Publish Date _____

Identifier (file name)	HB250-DCCED-AEA-03-09-12	Dept. Affected	DCCED
Title	Extend Renewable Energy Grant Fund	Appropriation	Alaska Energy Authority
		Allocation	AEA Statewide Project Dev and AEE
Sponsor	Representatives Thomas, P. Wilson, Millett		
Requester	House Finance Committee	OMB Component Number	2888

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services							
Travel							
Services		2,155.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF	155.0	155.0	155.0	155.0	155.0	155.0
1173	GF MisEarn (UGF)	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		0.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 (separate supplemental appropriation required,
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (separate capital appropriation required,
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This fiscal note has been updated to include, for informational purposes, \$155.0 UGF fiscal note increment related to SCS CSHB 152 FIN SLA2008. Additionally, an analysis of available investment earnings on the renewable energy fund was performed and is noted in the analysis.
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Commerce, Community and Economic Development

Phone 907-771-3000
Date/Time 3/9/12 4:00 PM
Date 3/10/2012

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Analysis

This legislation adds legislative intent language related to the continuation of the renewable energy grant fund and recommendation program (AS.42.45.045) at funding levels of \$50 million each fiscal year to be appropriated to the renewable energy grant fund for projects recommended by the Alaska Energy Authority (AEA); and extends the program an additional 5 years to June 30, 2018.

Costs of Administering the Fund:

The renewable energy grant fund and recommendation program was established by legislation for the fiscal year ending June 30, 2009 (HB152 SLA 2008 CH 31). The associated fiscal note provided an increment of \$226.0 for the first year and \$155.0 for subsequent years through FY2013 to AEA's Statewide Project Development and AEE component. The \$155.0 increment represented the costs associated with a new grant manager and advisory committee costs. This increment is reflected in the fiscal note for informational purposes.

Starting in FY2011, investment earnings on the renewable energy grant fund, not to exceed \$2 million, were appropriated to AEA for the costs of administering the renewable energy grant fund and recommendation program (FY2011: SB230 SLA 2010 CH 43 Sec 28 Pg 160 Lines 26-29; FY2012: HB108 FSSLA 2011 CH 3 Sec 13 Pg 72 Lines 2-4). Based on an average net return on investments of 3.2%, we project that the net investment earnings will support the costs of administering the funds through FY2018. Additionally, an accumulation of investment earnings on the fund in FY2009 and FY2010 prior to appropriation to AEA for administrative costs are available.

In FY2011, the actual costs of administering the renewable energy grant fund and recommendation program were \$1.2 million. Estimated costs for FY2012 are \$1.6 million. Costs include AEA project management, grant management, as well as finance and administrative support. Costs also include contractual services related to the technical analysis and evaluation of applications and project proposals. At June 30, 2011, four renewable energy fund application periods were complete; \$150 million had been appropriated for 133 renewable energy projects and approximately 126 grants were being managed. In FY2012, \$36.6 million was appropriated for an additional 74 projects (\$36.6 million included \$10 million of re-allocated funds).

This fiscal note assumes a continuation of current funding levels estimated at up to \$2 million annually for the costs of administering the renewable energy grant fund and recommendation program.