

FISCAL NOTE

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

Bill Version	<u>CSHB 250 (ENE)</u>
Fiscal Note Number	<u></u>
(-) Publish Date	<u></u>

Identifier (file name)	<u>HB250-DCCED-AEA-03-14-12</u>	Dept. Affected	<u>DCCED</u>
Title	<u>Extend Renewable Energy Grant Fund</u>	Appropriation	<u>Alaska Energy Authority</u>
		Allocation	<u>AEA Statewide Project Dev and AEE</u>
Sponsor	<u>Representatives Thomas, P.Wilson, Millett</u>		
Requester	<u>House Finance Committee</u>	OMB Component Number	<u>2888</u>

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					
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				
1173	GF MisEarn (UGF)	(2,000.0)	2,000.0				
1210	Ren Energy (DGF)	2,155.0		2,155.0	2,155.0	2,155.0	2,155.0
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 (discuss reasons and fund source(s) in analysis section)		0.0				

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 realigns the fund sources available to cover the costs of administering the renewable energy grant fund program. This fiscal note reflects a reduction of general fund and miscellaneous earning included in the FY2013 Governor's budget request and identifies earnings available from the Renewable Energy Fund as the alternate funding source.

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Division	<u>Alaska Energy Authority</u>	Date/Time <u>3/14/12 12:00 PM</u>
Approved by	<u>Susan K. Bell, Commissioner</u>	Date <u>3/14/2012</u>
	<u>Commerce, Community, and Economic Development</u>	

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BILL NO. CSHB 250 (ENE)

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 GF for the first year and \$155.0 GF 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 GF increment is included in the FY2013 Governor's budget request (Fund Code 1004).

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). The FY2013 Governor's budget request includes a request for a continuation of this funding through miscellaneous earnings (Fund Code 1173).

In FY2011, the actual costs of administering the renewable energy grant fund and recommendation program were \$1.2 million. Estimated costs for FY2012 are \$1.8 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).

AEA has projected the net investment earnings on the Renewable Energy Fund through FY2018 to determine whether earnings on the Fund would be available to support the costs of administering the program. Based on certain assumptions made on funding levels, cash outflows and 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.

This fiscal note assumes a continuation of current funding levels estimated at up to \$2.2 million annually for the costs of administering the renewable energy grant fund and recommendation program and reflects a reduction of general fund and miscellaneous earnings included in the FY2013 Governor's budget request being replaced by earnings available from the Renewable Energy Fund.