Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	HB 170
Fiscal Note Number:	2
(H) Publish Date:	4/9/2021

Identifier: LL0074-2-CAP-AEIF-04-08-21

Title: ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

Sponsor: RLS BY REQUEST OF THE GOVERNOR

Requester: Governor

Department: Fund Capitalization

Appropriation: No Further Appropriation Required

Allocation: Alaska Energy Independence Fund

OMB Component Number:

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

OPERATING EXPENDITURES	FY2022 Appropriation Requested FY 2022	Included in Governor's FY2022 Request FY 2022	Out-Year Cost Estimates FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous	10,000.0						
Total Operating	**10,000.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Fund Source (Operating Only)

1004 Gen Fund (UGF)	10,000.0						
Total	**10,000.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2022) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? Yes

(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes

If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/22

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Alaska Industrial Development and Export Authority	Date:	04/07/2021 05:00 PM
Approved By:	Micaela Fowler, Administrative Services Director, DCCED	Date:	04/08/21
Agency:	Office of Management and Budget		

FISCAL NOTE ANALYSIS

STATE OF ALASKA .
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Analysis

This legislation would create and establish parameters for the Alaska Energy Independence Fund (Fund) and the Alaska Energy Independence Program (Program) within the Alaska Industrial Development and Export Authority (AIDEA). It provides AIDEA with the ability to arrange financing to suit Alaska's unique energy finance needs, particularly with regard to addressing urban and rural energy requirements. It is estimated that establishing the Fund would create new jobs and businesses, lower commercial and household energy costs for redeployment in Alaska's economy, and improve Alaska's energy independence.

Estimated Fund Capitalization: **$10 million**
The appropriation represents the minimum level of capitalization required to optimally fulfill the mission and growth of the Fund. The amount required for the fund capitalization is based on the initial capitalization received by the State of New York and the State of Connecticut, as well as Montgomery County, Maryland in the establishment of similar programs. The fund capitalization analysis factored in the percentage of the initial capitalization against each respective state's annual Gross Domestic Product and the state/county population per initial capitalization.

Additional factors that determined the capitalization estimate were sourced from the Coalition of Green Capital (CGC) May 2020 Green Bank Opportunity Report, Municipality of Anchorage, which highlighted addressable market segments for the program. In that report, CGC estimated that an initial capitalization of $5 million could finance 25 C-PACE projects in Anchorage alone, ultimately resulting in over $700 thousand in energy savings and the creation of 70 jobs. All municipalities within the State of Alaska will have access to the benefits of the Fund and its programs.
Once combined, the analysis suggested an initial capitalization for the fund to be between $7 million and $10 million. The higher capitalization figure is requested due to Alaska's energy consumption per capita representing a 100% to 150% premium to the comparable states and municipalities used in this analysis.