



## **SB 123: ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA**

### **Sectional Analysis (Version A)**

- Section 1 Amends AS 44.88.070 – *Purpose of the authority* – to add “sustainable energy development” under the various means of financing and means of facilitating financing provided.
- Section 2 Amends AS 44.88.159(a) – under *Interest rates* – to add “the Alaska energy independence fund (AS 44.88.452) under AS 44.88.450-44.88.456.”
- Section 3 Amends AS 44.88.159(b) – under *Interest rates* – to add “the Alaska energy independence fund (AS 44.88.452) under AS 44.88.450-44.88.456.”
- Section 4 Amends AS 44.88.159(g) – under *Interest rates* – to add reference to “sustainable energy development”.
- Section 5 Amends AS 44.88.178 – *Creation of subsidiaries* – to allow the authority to create one or more subsidiaries “for the purpose of administering, operating, or expanding the Alaska energy independence program.” It also states, “Subject to limitations for the use of the economic development account under AS 44.88.172 and the Alaska energy independence fund under AS 44.88.450-44.88.456,” in reference to the authority’s ability to transfer assets to a subsidiary created under this section.
- Section 6 Amends AS 44.88 by adding four (4) new sections:
- AS 44.88.450 – *Alaska energy independence program* – creates the program within AIDEA to make loans and provide other forms of financing for sustainable energy development in the state and establishes an Advisory Board, consisting of five members appointed by the Governor, to make recommendations to AIDEA on the fund programs and best practices.
- AS 44.88.452 – *Alaska energy independence fund* – establishes the fund within AIDEA for the uses and purposes of AS 44.88.450-.456. It states the fund consist of appropriations made by the legislature, loans or other assets transferred to the fund by AIDEA, unrestricted loan repayments, interest, or other income earned on loans, investments, or assets of the fund, and available federal funding. The fund is not an account in the revolving loan fund (AS 44.88.060) and requires AIDEA to account for the fund separately from the revolving fund. Finally, this section allows AIDEA to create additional accounts in the fund; and to transfer amounts between accounts in the funds (subject to agreements made with the holders of AIDEA’s bonds or with other persons).

AS 44.88.454 – *Sustainable energy development; powers and duties of the authority* – outlines AIDEA’s abilities, subject to AS 44.88.450-.456:

- Establish a subsidiary corporation subject to the requirements of AS 44.88.178;
- Establish financing programs and products that AIDEA deems necessary to encourage and promote sustainable energy development in the state;
- Invest in eligible sustainable energy development alone or with other investors (including private capital providers);
- Provide capital and fund management to eligible sustainable energy development and specifies in what forms this is allowable;
- Make and execute contracts and other instruments to implement AS 44.88.450-.456;
- Acquire real or personal property by purchase, transfer, or foreclosure when the acquisition is necessary to protect AIDEA’s interest in a loan or other financial product;
- Enter into lease-purchase agreements (subject to AS 36.30.085);
- Defer principal payments or capitalize interest on loans;
- Provide financing and services to municipal energy improvement assessment programs established in accordance with AS 29.55.100; and
- Exercise any other power necessary to implement AS 44.88.450-.456.

This section (AS 44.88.454) also allows AIDEA to adopt regulations to implement AS 44.88.450-.456, including:

- An application process for acquiring financing under the Alaska energy independence program;
- Qualifications for applicants applying for financing under the program;
- Record keeping requirements to accumulate and track measurable data related to the fund; and
- Fiscal controls for the fund.

AS 44.88.456 – *Limitations on financing; use as security* – prohibits AIDEA from using the fund established in AS 44.88.452 to make a loan guarantee if the amount exceeds \$20 million unless AIDEA has obtained legislative approval. It states financing under AS 44.88.454 is limited to the life of eligible sustainable energy development, with financing limited by the estimated useful life of the project. Finally, it states AIDEA may use the fund established in AS 44.88.452 as security for a bond guarantee as long as it doesn’t conflict with subsection (1) of this section.

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| Section 7 | Amends AS 44.88.900 – <i>Definitions</i> – to add definitions for “sustainable energy development” and “eligible sustainable energy development”. |
| Section 8 | Provides a January 1, 2022 effective date for this Act.   |