

April 11, 2021

Dear Chair Schrage & Honorable Members of the House Special Committee on Energy:

I am writing on behalf of Renewable Energy Alaska Project (REAP) to support the passage of HB 170 to establish the *Alaska Energy Independence Fund* at the Alaska Industrial Development and Export Authority (AIDEA). REAP deeply appreciates Governor Dunleavy's introduction of HB 170, and its companion, SB 123.

Established in 2004, REAP is a statewide, non-profit coalition of over 60 dues-paying energy stakeholders including large and small Alaska electric utilities, clean energy developers, local governments, educational institutions and NGOs that share REAP's mission of increasing the development of renewable energy and promoting energy efficiency across the state. REAP works to increase energy literacy in Alaska through hundreds of annual classroom visits, public presentations, conferences and workshops.

In 2008, REAP advocated for the passage of legislation that established the state's Renewable Energy Grant Fund. Over the years, the legislature has appropriated \$270 million to that Fund, resulting in an additional \$200 million in private and federal investment and the construction of over 80 community renewable energy projects across Alaska. The Alaska Energy Authority estimates that together, those projects are displacing more than 30 million gallons of diesel fuel *every year*. Over a dozen years ago, REAP also advocated for legislative funding of the weatherization and home rebate programs that are administered by the Alaska Housing Finance Corporation (AHFC). The legislature responded with a total of \$640 million in appropriations over several years which allowed more than 50,000 Alaskan households to receive grants to make their homes more energy efficient. AHFC estimates that the average energy savings for those homeowners who participated is 30 percent, and that collectively those Alaskans are saving the equivalent of more than 25 million gallons of heating oil *every year*.

Today, the state's current fiscal situation cannot support significant grant funding for renewable energy and energy efficiency (together, "clean energy") projects. Over the last several years, REAP has been exploring the potential for financing those types of projects through entities that are often called "green banks". These financing entities in other states are successfully designing and marketing loan programs and products that are de-risking those clean energy loans in the eyes of private banks, resulting in the active participation of those private sector banks in those loans. Over the last 10 years, green banks in the US have collectively mobilized a total of \$5.3 billion for investments in energy efficiency and renewable energy projects, with \$3.8 billion of those dollars coming from the private sector, resulting in a 3.6 to 1 leverage ratio.<sup>1</sup>

The *Alaska Energy Independence Fund* would also leverage public dollars to bring in private investment in energy efficiency and renewable energy projects in Alaska.

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<sup>1</sup> [2020 US Green Bank Annual Industry Report](#), page 7.

Assuming the same 3.6:1 leverage ratio that similar entities are averaging across the nation, a \$10 million investment by the State of Alaska would result in another \$36 million coming from private sector banks in the state. Those investments would support affordable loans with lower interest rates and longer payback periods that will make Alaska homes and businesses more energy efficient and independent. In turn, the high energy burden for average Alaskans will go down, people will be able to spend their money elsewhere in the economy, and those dollars will sustain economic activity across the state. Forty-six million dollars' worth of investments in better lighting and building envelopes, new heating systems and rooftop solar will also create businesses and jobs across Alaska.

Finally, if Alaska establishes the *Alaska Energy Independence Fund*, the state will be positioning itself to receive federal support for the Fund. The *Clean Energy Sustainability and Accelerator Act* has already passed the US House of Representatives twice, is co-sponsored by Representative Don Young, is included in the President's infrastructure plan and, if passed by the full Congress, would provide both investment and operational capital to the *Alaska Energy Independence Fund*. In fact, 40% of the capital from the Accelerator would go to disadvantaged communities. The federal legislation is bipartisan, and widely supported.

REAP respectfully requests the Committee to pass HB 170 in its current form, and greatly appreciates Committee's consideration of this matter. Please do not hesitate to contact me at 907-232-0908 if you have any questions.

Sincerely,



Chris Rose  
Executive Director