

Madame Chair and members of the committee, for the record, my name is Sydney Lienemann, I was Senator Begich's Chief of staff and am now before you as a private citizen. I very much appreciate the opportunity to provide written testimony today. I have worked for most of my career looking at ways to improve the affordability and accessibility of clean energy, including energy efficiency. I started my career writing grants to study wind energy potential in Southwest Alaska. I then earned my Ph.D. in chemical physics where I studied how to make materials for next-generation solar energy. Since then, I worked in the U.S. Senate and led the Department of State's Arctic energy diplomacy program where we focused on sharing Alaska's rural energy expertise with the rest of the circumpolar north. Most recently, I worked in this building as the Chief of Staff to Senator Tom Begich. I am currently the climate advisor to the City of Albuquerque, New Mexico

When I first worked on this legislation with Senator Begich, we started with outlining the problem we wanted to solve: Energy efficiency is harder to finance off the railbelt because buildings are smaller and communities are more spread out. After the American Recovery and Reinvestment Act in the wake of the 2009 financial crisis, Alaska's Department of Transportation and Public Facilities did an incredible job performing retrofits on buildings 10,000 square feet or greater using performance contract financing and has saved the state over \$4 million in the last ten years. The problem is, there aren't that many buildings over 10,000 square feet in rural Alaska. So, how do you make sure financing models like performance contracting are available in rural Alaska where you don't have the economies of scale you would see in downtown Anchorage or Juneau. As Senator Begich and I discussed at the time, this is a tough problem that will only be cracked through significant stakeholder engagement to understand these unique challenges and find a solution that fits them.

Despite being a private citizen, I would like to share with you a bit of what I have experienced in New Mexico. New Mexico does however have some similarities in its rural-urban divide. Like in Alaska, most of its large buildings are in 2 or 3 major population centers. Ensuring rural communities have access to programs designed to lower energy costs is a problem here too.

To address these challenges, the New Mexico legislature created two programs over the last 30 years that have resulted in a thriving energy efficiency economy statewide. We now have the largest job growth in the energy-efficiency sector in the country.

The first is the creation of the New Mexico Finance Authority and their public project revolving loan fund which has been used to finance a large number of rural efficiency projects around the state. To incentivize particularly low-income communities, they offer low and no-interest loans for areas with a median income below the state average.

NMFA coordinates the financing of state and local infrastructure and building projects (including public schools). They look for opportunities to build economies of scale by coordinating between government entities. For example, if a rural school requires major maintenance, they will identify other scheduled upgrades in that community and can combine the financing and help with logistics for those projects. They can bundle multiple projects take advantage of the tax-exempt bond market to finance them. Since 1992, NMFA has made over 1,800 loans totaling \$40 billion.

The second is New Mexico's *Public Facility Energy Efficiency and Water Conservation program* which created a framework for state and local governments and school districts to use Energy Service Performance Contracting to finance sustainability-related upgrades. The state created template contracts and has price agreements with contractors to allow local governments to avoid long RFP processes and get projects scoped, financed, and completed faster.

Since the program started, it has resulted in close to \$100 million in energy efficiency projects at public facilities including schools, municipal buildings, museums.

In my current position, I work closely with this program and found that having the framework and paperwork in place makes it significantly easier to get these projects going. We didn't perform audits at all but provided our contractor with a year of energy bills and mechanical upgrade histories.

I believe New Mexico's success stems from the combination of a financing entity able to combine public and private funding and bundle small projects to take greater advantage of economies of scale. This combined with an office able to identify potential projects, offer best practices and legal document templates have made it easier to do energy efficiency projects especially for local government and school district employees who probably don't have time to reinvent this process. The bill before you, I believe accomplishes these two goals and will provide a framework for encouraging energy efficiency upgrades in rural Alaska.

Thank you for providing me with the opportunity and I am happy to answer any questions over email, should that be helpful.