



HB 170: ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

Sectional Analysis (Version B)

- Section 1 Amends AS 39.25.110 – *Exempt service* – to add a new paragraph (46) which creates an analyst position employed in a professional capacity by the Alaska Energy Authority (AEA).
- Section 2 Amends AS 44.83.055 – *Analyst Position* – to add a new section which allows AEA to hire one analyst to assist underserved communities with the technical development of projects and applications for funding from the Alaska Energy Independence Fund and Program.
- Section 3 Amends AS 44.88.030(a) – under *Membership of authority* – to change the makeup of the Alaska Industrial Development and Export Authority (AIDEA) and AEA board to allow the Senate President and Speaker of the House to each appoint two of the five public members, reducing the number of public members appointed by the Governor to one.
- Section 4 Amends AS 44.88.030(a) – under *Membership of authority* – to state the public members of the AIDEA and AEA board will serve four-year terms, rather than two, and that the members can only be removed for cause, rather than serving at the pleasure of the governor.
- Section 5 Amends AS 44.88.030(a) – under *Membership of authority* – to state that if a vacancy occurs in the membership of the AIDEA and AEA board, the respective appointing official shall immediately appoint a member for the unexpired portion of the term, rather than the Governor appointing the new member.
- Section 6 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 7 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 8 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 9 Amends AS 44.88.159(g) – under *Interest rates* – to add reference to “sustainable energy development”.
- Section 10 Amends AS 44.88.178 – *Creation of subsidiaries* – to allow the authority to create one or more subsidiary corporations, limited liability companies, or limited partnerships “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 11 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 to make recommendations to AIDEA on the fund programs and best practices. The advisory board would consist of the governor or designee and eight members appointed by the governor. The eligibility criteria for those eight members are outlined in this section.

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* – states AIDEA shall consider the energy policies of the state described in AS 44.99.115 in managing the operations of the Alaska Energy Independence Program and Fund. Subject to AS 44.88.450-.456, subsection (b) outlines AIDEA’s abilities:

- 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;
- Charge reasonable fees established by AIDEA in regulation for the products and services;
- 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 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. At least 35% of active loans and other forms of financing for sustainable energy development must be made in communities that receive (or have residents that receive), power cost equalization under AS 42.45.100-42.45.150.

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| Section 12 | Amends AS 44.88.900 – <i>Definitions</i> – to add definitions for “eligible sustainable energy development” and “sustainable energy development”. |
| Section 13 | Amends the uncodified law of the State of Alaska by adding a new section regarding the AIDEA and AEA transition relating to the board make up amended in Sections 3-5 of this Act. |
| Section 14 | Provides a January 1, 2022 effective date for this Act. |