



April 28, 2022

Re: HB 170, Alaska Energy Independence Fund / Alaska Clean Energy Fund

Dear Chair and Honorable Members of the House Finance Committee:

On Friday, April 8, 2022, the House Finance Committee held a hearing for HB 170 *Energy Independence Program & Fund: AIDEA*. During the hearing, committee members asked three questions for which staff of the Alaska Industrial Development and Export Authority (AIDEA) requested to follow up in writing.

*Questions below are paraphrased:*

1. From Rep. Wool: What is the average annual cost of energy for Alaska minus the industrial component (i.e., cost of energy in Alaska for residential)?

The U.S. Energy Information Administration (EIA) captures and aggregates residential, commercial, industrial, and transportation energy expenditures in their State Energy Data report. The most current data available for annual total expenditures per capita in Alaska is dated 2019:

Component	2019 Annual Expenditures
Residential	\$812.1 million
Commercial	\$873.8 million
Industrial	\$696.2 million
Transportation	\$3.338 billion

The U.S. Census Bureau, Population Division Estimates dated July 2019 suggests there are approximately 319,000 housing units throughout Alaska. The \$812.1 million in residential energy expenditures per year equates to \$2,538.97 per household unit and \$1,108.41 per resident based on a population estimate of 732,000, both of which represent the sixth highest in the nation. It is important to note that four of the states that rank higher than Alaska either have an established Green Bank (Connecticut and Rhode Island) or have legislation that has been introduced to establish a green bank (Massachusetts and Vermont) designed to address their own unique energy landscape.

Due to Alaska's unique energy and geographic landscape, the trickledown effect from commercial, industrial, and transportation dramatically impacts Alaskans outside of their annual residential expense. While these costs may not show up as a

monthly bill from their utility provider, they are reflected in the cost of necessary goods and services.

Component	2019 Annual Expense Per Resident	Alaska's Rank in the US
Commercial	\$1,193	2 <sup>nd</sup>
Industrial	\$850	9 <sup>th</sup>
Transportation	\$4,556	1 <sup>st</sup>

- From Rep. LeBon: Slide 7 (Initial Capitalization & Funding) reflects initial capitalization of \$10 million. How does \$30 million come in? Is there a fiscal note at \$30 million and at \$10 million?

Five fiscal notes have been generated and published to BASIS since the bill was first introduced in 2021. Fiscal notes 1 and 2 were part of the original draft and introduction of the Alaska Energy Independence Fund bill. The \$30 million capitalization fiscal note was neither proposed nor prepared by AIDEA and represents an amended fiscal note that originated out of the House Labor and Commerce Committee and was prepared by Rep. Fields and Rep. Spohnholz. AIDEA resubmitted fiscal note 3 to include increased operating expenses associated with the new AEA analyst position and the expansion of the advisory board members but it is based on the original \$10 million capitalization fiscal note that was introduced and submitted on April 9, 2021. A new operating fiscal note would need be submitted by AIDEA if the capitalization is ultimately approved through the UGF at \$30 million to reflect additional staff necessary to operate the increased size of the fund.

Fiscal Note #	Date Published in BASIS	Description	Requested by	Prepared By
1	4/9/2021	Operating fiscal note	Governor Dunleavy	AIDEA, Alan Weitzner
2	4/9/2021	Requested initial capitalization of \$10M	Governor Dunleavy	AIDEA, Alan Weitzner
3	5/4/2021	Updated operating fiscal note to include new AEA analyst position	House Labor and Commerce	AIDEA, Alan Weitzner
4	5/4/2021	AEA fiscal note reflecting the new analyst position into the AIDEA operating fiscal note	House Labor and Commerce	AEA, Curtis Thayer
5	5/4/2021	Requested initial capitalization of \$30M	House Labor and Commerce	HL&C, Rep. Fields, Rep. Spohnholz

3. From Rep. Edgmon: What is the definition of “underserved communities”?

The bill itself does not provide a definition for the term “underserved communities” and was not included in the original proposed legislation. The language was added as part of an amendment in 2021 during the House Energy Special Committee regarding the addition of one analyst position to be employed by the Alaska Energy Authority. In the amendment, the role is described as assisting underserved communities with the technical development of projects and applications for funding from the fund and program. We recommend that the Special Committee on Energy provide a definition for the term.

The biggest barrier to establishing a green bank-type fund is lack of access to capital. If passed, this bill would use modest amounts of public funding combined with private capital to accelerate investment and provide affordable financing for clean energy projects in Alaska’s commercial, residential, and industrial market sectors.

The purpose and function of the Alaska Energy Independence Fund, also known as the Alaska Clean Energy Fund and the Alaska Green Bank Act, aligns with AIDEA’s mission and existing scope managing investment funds, such as the Arctic Infrastructure Development Fund, Sustainable Energy Transmission and Supply Development Fund, Loan Participation Program (Enterprise Development Account), and Development Project Financing (Economic Development Account). AIDEA would oversee investments and financial management in partnership with AEA’s energy and technical subject matter expertise, leveraging existing shared infrastructure and services.

Respectfully,

Morgan Neff  
AIDEA Chief Investment Officer