
House Bill 154: Alaska's Energy Independence Fund

Presented by Alaska Housing Finance Corporation &
Alaska Energy Authority
to the House Special Committee on Energy
April 13, 2023

INTRODUCTION



Bryan Butcher
CEO/Executive Director
Alaska Housing Finance Corporation



Curtis W. Thayer
Executive Director
Alaska Energy Authority



Akis Gialopsos
Deputy Executive Director
Alaska Housing Finance Corporation

PRESENTATION OUTLINE



- Policy objectives
- Role of Alaska Housing Finance Corporation (AHFC) in energy
- Role of Alaska Energy Authority (AEA) in energy
- House Bill 154 overview

POLICY OBJECTIVES

Establishing the Alaska Energy Independence Fund (AEIF) and a subsidiary corporation managing assets:

- Helps Alaskans be more resilient, less energy constrained, with a stronger economy
- Furthers the Alaska State Energy Goal

POLICY OBJECTIVES (CONTINUED)

AEIF would help spur energy innovation, consistent with Governor Dunleavy's administration objectives

- The Office of Energy Innovation (AO 340)
- The Alaska Energy Security Task Force (AO 344)

AEIF would draw federal and private capital to assist Alaskan homes and businesses be more independent in their energy choices



POLICY OBJECTIVES (CONTINUED)

AEIF can help Alaska be competitive for historic federal funding opportunities to improve the energy profile for homes and businesses:

- The U.S. Environmental Protection Agency's Greenhouse Gas Reduction Fund (GHGRF) grant opportunity from a pool of \$27 billion in available funding (no Notice of Funding yet, application period as early as summer 2023)
- Waivers from the Department of Energy for loan guarantees if funded through a State Energy Finance Institute (e.g. AEIF)
- Stacked with time limited energy tax credits

POLICY OBJECTIVES SUMMARY

The Policy Objectives of Establishing the Alaska Energy Independence Fund are:

- Helping Alaskans be less dependent on expensive energy sources for their homes and businesses
- Be competitive for once-in-a-generation federal funding opportunities to leverage public and private capital for energy projects

ROLE OF AHFC IN ENERGY



The Alaska Housing Finance Corporation (AHFC) has a long track record of managing innovative programs to tackle energy challenges for homeowners and communities.



ROLE OF AHFC IN ENERGY (CONTINUED)

Energy Efficiency Interest Rate Reduction:

- AHFC offers interest rate reductions when financing new or existing energy efficient homes, or when borrowers make energy improvements to an existing home

Renovation Loan Option:

- Allows for improvements that increases a home's value; increases the energy efficiency of a home; and incorporates universal design principals to age-in-place – all while improving Alaska's aging housing stock

**Since FY-20 AHFC has financed 338 renovation loans
for just under \$100M**

ROLE OF AHFC IN ENERGY (CONTINUED)

Weatherizing:

- AHFC administers the federal and state weatherization program, providing funding to rural and urban Alaskan communities to update their homes and make them safer, more resilient to the elements, and more affordable to heat
- Manages AK Warm Energy Modeling Software, Home Energy Rating System (HERS), and the database of all home energy audits in the state
- Provides training and certification for all Energy Raters in the state
- Building and Energy Codes – reference statutory requirement to ensure investments meet thermal and lighting standards

ROLE OF AHFC IN ENERGY (CONTINUED)

Experiences meeting unique challenges:

- AHFC has a tradition of working with sister agencies and organizations, stepping up, and meeting the needs of Alaskans
- Standing up programs to help Alaskans in need:
 - Home Energy Rebate
 - Emergency Rental Assistance and Homeowner Assistance
- Standing up subsidiaries to meet policy needs of Alaskans:
 - Alaska Corporation on Affordable Housing
 - Alaska Gasline Development Corporation (originally a subsidiary of AHFC)

ROLE OF AHFC IN ENERGY SUMMARY

The Alaska Housing Finance Corporation has decades of experience crafting programs and structures to meet the energy needs of Alaskans.



Alaska Corporation for Affordable Housing is constructing 58 new units in Fairbanks. Completion date: Sept. 2024.

ABOUT AEA

AEA's mission is to reduce the cost of energy in Alaska. To achieve this mission, AEA strives to diversify Alaska's energy portfolio – increasing resiliency, reliability, and redundancy.



Railbelt Energy – AEA owns the Bradley Lake Hydroelectric Project, the Alaska Intertie, and the Sterling to Quartz Creek Transmission Line – all of which benefit Railbelt consumers by reducing the cost of power.



Power Cost Equalization (PCE) – PCE reduces the cost of electricity in rural Alaska for residential customers and community facilities, which helps ensure the sustainability of centralized power.



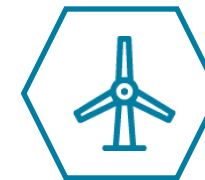
Rural Energy – AEA constructs bulk fuel tank farms, diesel powerhouses, and electrical distribution grids in rural villages. AEA supports the operation of these facilities through circuit rider and emergency response programs.



Renewable Energy and Energy Efficiency – AEA provides funding, technical assistance, and analysis on alternative energy technologies to benefit Alaskans. These include biomass, hydro, solar, wind, and others.



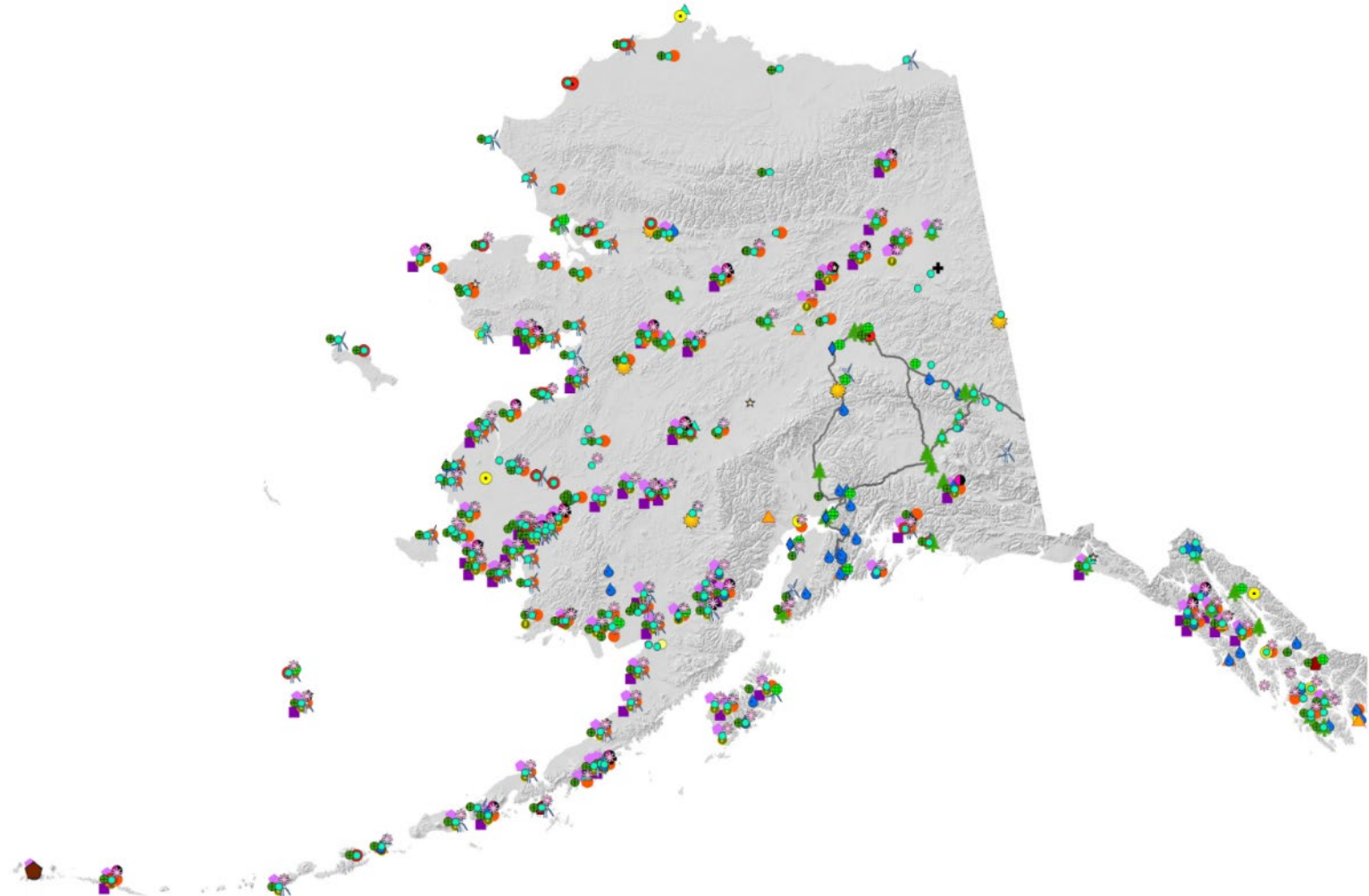
Grants and Loans – AEA provides loans to local utilities, local governments, and independent power producers for the construction or upgrade of power generation and other energy facilities.



Energy Planning – In collaboration with local and regional partners, AEA provides economic and engineering analysis to plan the development of cost-effective energy infrastructure.

AEA ACTIVE PROJECTS AND SERVICES

-  Biomass/Biofuels
-  Bulk Fuel Upgrades
-  Circuit Rider Assistance
-  Diesel Emission Reduction Act
-  Electrical Emergency Response
-  Emerging Energy Technology Fund
-  Heat Pump
-  Heat Recovery
-  Hydroelectric
-  Maintenance and Improvement
-  Ocean/River
-  PCE Community
-  PCE Utility Clerk Training
-  Rural Power System Upgrade
-  Solar
-  Storage
-  Transmission
-  Utility Operator Training
-  Utility Technical Assistance
-  VEEP (Efficiency)
-  Wind



HOUSE BILL 154: OVERVIEW

House Bill 154 (and Senate Bill 125) proposes two actions for the Legislature's consideration:

1. Empowers AHFC to work with AEA on developing sustainable energy development through several tools, including establishing non-profit subsidiary corporations
2. Establishes the Alaska Energy Independence Fund (AEIF) to be managed by AHFC's non-profit subsidiary corporation. The fund is capitalized with General Funds initially and federal receipt authority

HOUSE BILL 154: PROPOSED POLICY IMPLEMENTATION PROCESS



1. Legislation creating the Alaska Energy Independence Fund (AEIF) & empowering AHFC to create a non-profit subsidiary passes and is enacted
2. The AHFC Board of Directors, in consultation with legal counsel, creates a non-profit subsidiary corporation to manage the AEIF. That creation includes bylaws and initial regulations by AHFC for the non-profit subsidiary
3. The created non-profit subsidiary acquires relevant staff, and works with the Alaska Energy Authority and AHFC on crafting the sustainable energy development programs articulated in House Bill 154
4. The created non-profit subsidiary pursues federal funding opportunities and establishes relationships with financial institutions to begin capital aggregation

QUESTIONS?

Contact:

Kalinda Kindle, AHFC Governmental Relations and Public Affairs – kkindle@ahfc.us

Aimee Bushnell, DOR Legislative Liaison – aimee.bushnell@alaska.gov