
House Bill 154: Alaska's Energy Independence Fund

Presented by Alaska Housing Finance Corporation &
Alaska Energy Authority
to the House Finance Committee
May 5, 2023

INTRODUCTION



Akis Gialopsos
Deputy Executive Director
Alaska Housing Finance Corporation



Curtis W. Thayer
Executive Director
Alaska Energy Authority

PRESENTATION OUTLINE

- Policy objectives
- 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 could 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 Alaska homes and businesses be more independent in their energy choices



*Governor Dunleavy signed AO 340 Sept. 30, 2022;
AO 344 was signed Feb. 23, 2023.*

POLICY OBJECTIVES (CONTINUED)

AEIF will help Alaska compete for historic federal funding opportunities to improve the energy profile for homes and businesses:

- 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

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

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

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.

ROLE OF AHFC IN ENERGY (CONTINUED)

Renovation Loan Option:

- Allows for improvements that increases a home's value; increases the energy efficiency of a home; incorporates universal design principles to age-in-place – while improving Alaska's aging housing stock.
- Since FY20 AHFC has financed 338 renovation loans for just under \$100M.



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 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)

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.



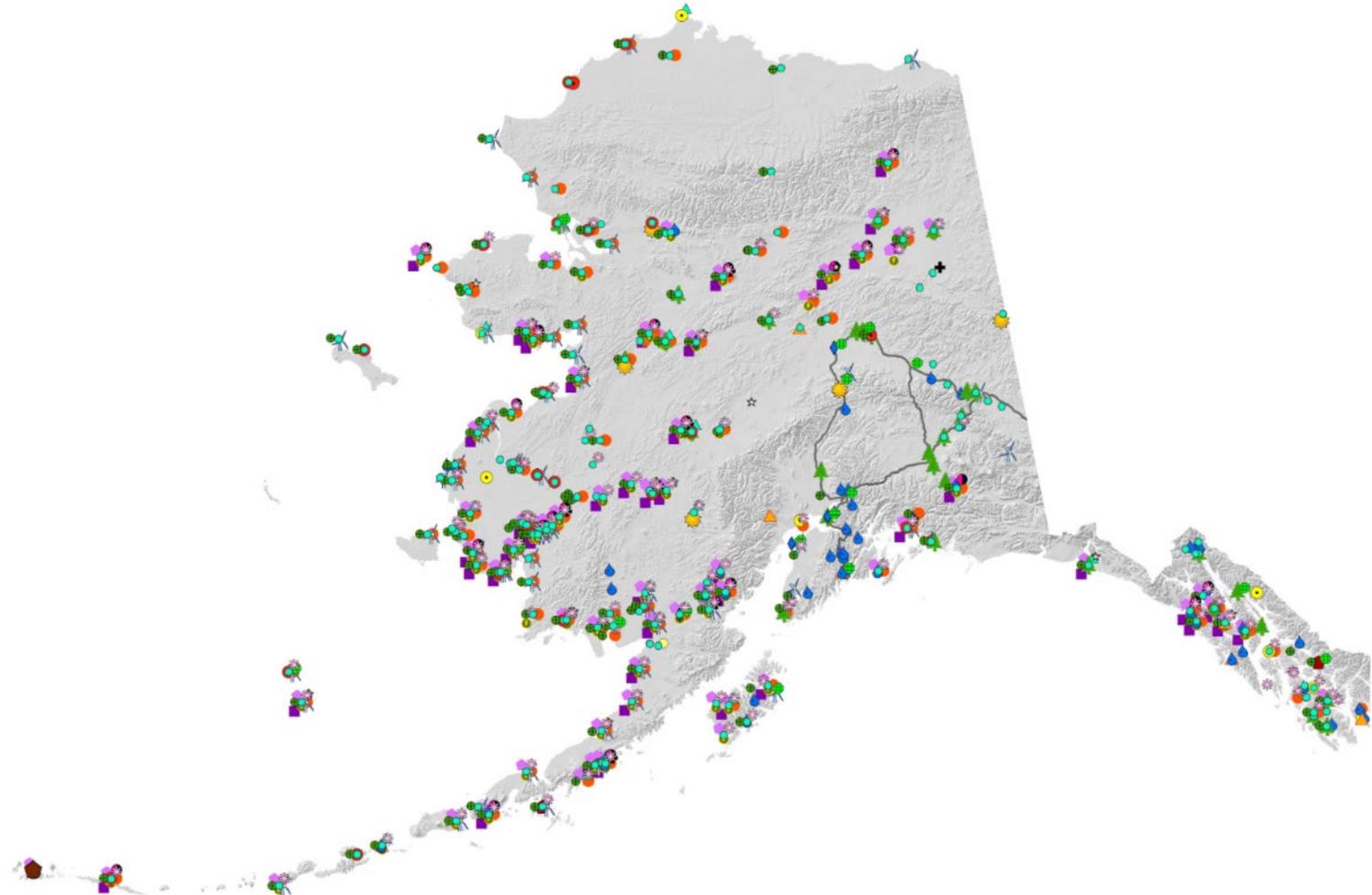
Grants and Loans – AEA provides loans to local utilities, local governments, and independent power producers for the construction or upgrade of power generation and other energy facilities.



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) with the intent 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?