



## House Bill 62: Renewable Energy Grant Fund

### **AEA Executive Director Curtis W. Thayer's Statement on March 9, 2023**

Dear Co-Chairs and Members of the House Finance Committee:

The Alaska Energy Authority (AEA) supports House Bill 62 and encourages its passage this session so that the Renewable Energy Fund (REF) can continue to benefit Alaskans by lowering and stabilizing the cost of energy in communities around the state.

AEA administers the REF, a competitive grant program established in 2008 to assist Alaskans with the development, operation, and financing of viable renewable energy projects around the state. The program aims to develop viable renewable sources of heat and power, both proven and nascent technologies to accelerate the diversification of energy resources in communities. As a result, resiliency is increased and negative environmental impacts are mitigated for communities whose heat and power is almost exclusively powered by diesel fuel.

The program uses a competitive application process, administered by AEA and guided by the Renewable Energy Fund Advisory Committee (REFAC), which is comprised of nine members, five of whom are appointed by the Governor. The four remaining members come from the Legislature: two members of the House of Representatives, appointed by the Speaker of the House of Representatives and two members of the Senate, appointed by the Senate President. To qualify for funding, project developers must submit applications to AEA during an open solicitation period. Received applications are then assessed according to a robust, four stage evaluation process that assesses applicant and project eligibility, applicant qualifications and experience, economic feasibility, technical feasibility, financial feasibility, and matching funds and local support. Successful applications are vetted by the REFAC and then forwarded to the Alaska State Legislature for funding consideration. Any and all funding appropriations are at the full discretion of the Legislature.

Since the program was launched, more than \$300 million has been appropriated to support the development of renewable energy projects statewide. State funding has been leveraged with hundreds of millions of dollars from other sources to invest in renewable energy projects. To date, REF has made 271 grants to develop or construct renewable energy projects. There are now over 100 operating projects built with contributions from REF, collectively saving more than 30 million gallons of diesel each year. The potential for additional renewable energy generation is further assessed and brought to fruition as more REF-funded projects are completed.

Most recently, through recommendation by the Governor and approval by the Legislature, AEA developed and implemented 38 REF projects totaling \$19.75 million in grant funds. Combined it was the largest capitalization of the fund since fiscal year 2012.

The REF has proven to be a crucial financing tool to assess and develop viable renewable energy projects across the state. The grant program provides critical gap funding for projects in the pre-construction stages where traditional financing can prove difficult to obtain, supports the addition of renewable energy projects that alleviate reliance on diesel fuel, and aligns with Alaska's growing interest in diversifying its vast natural energy resources.

The extension of the sunset date of the REF program will demonstrate the State's commitment to the numerous projects that are being considered for future grant funding solicitations and ensure a more diverse and brighter energy future for Alaskans.

Sincerely,



Curtis W. Thayer  
Executive Director