
Senate Bill 125: Alaska's Energy Subsidiary

Presented by Alaska Housing Finance Corporation &
Alaska Energy Authority
to the Senate Finance Committee
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INTRODUCTION



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PRESENTATION OUTLINE



- Policy objectives
- Role of Alaska Housing Finance Corporation (AHFC) in energy
- Role of Alaska Energy Authority (AEA) in energy
- Senate Bill 125 overview and proposed implementation

POLICY OBJECTIVES

Create a subsidiary corporation of the Alaska Housing Finance Corporation to

- Coordinate with Alaska Energy Authority, provide technical assistance for renewable energy projects and home improvements
- Magnetize federal, private for-profit, and private non-profit capital to enhance an investment stack for renewable opportunities
- Collaborate to provide financing opportunities and tools for renewable projects for Alaskans.

POLICY OBJECTIVES (CONTINUED)

Subsidiary proposed to spur sustainable energy projects:

- The subsidiary would help spur energy innovation consistent with Governor Dunleavy's administration objectives
 - Office of Energy Innovation (AO 340)
 - Alaska Energy Security Task Force (AO 344)

POLICY OBJECTIVES (CONTINUED)

Subsidiary 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 (award announcements expected in spring/summer 2024; funds distributed nationally later)
- Waivers from the Department of Energy for loan guarantees if funded through a State Energy Finance Institute (e.g. Energy Subsidiary)
- Stacked with time limited energy tax credits

POLICY OBJECTIVES SUMMARY



Joint Application with AHFC and AEA on Solar for All:
Aggregate \$100 million applied to EPA for the Solar for All portion of the Greenhouse Gas Reduction Fund

- Evenly split between AHFC (residential solar installation) and community utility grade solar (AEA)
- Required focus on lower income households
- \$5 million set aside for financing

ROLE OF AHFC IN ENERGY



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 principles to age-in-place – all while improving Alaska's aging housing stock

**Since FY20,
AHFC has financed 434 renovation loans for just over \$100M**

ROLE OF AHFC IN ENERGY (CONTINUED)

Weatherization:

- AHFC administers the federal and state weatherization program, making rural and urban homes in Alaska safer, more resilient to the elements, and more affordable to heat.
- Manages *AK Warm* Energy Modeling Software, Home Energy Rating System (HERS) and statewide database of all home energy audits.
- Provides training and certification for all Energy Raters
- Building and Energy Codes – reference statutory requirements to ensure investments meet thermal and lighting standards

Workforce readiness EENow training

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

ROLE OF AHFC IN ENERGY SUMMARY

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.



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.



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.



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.



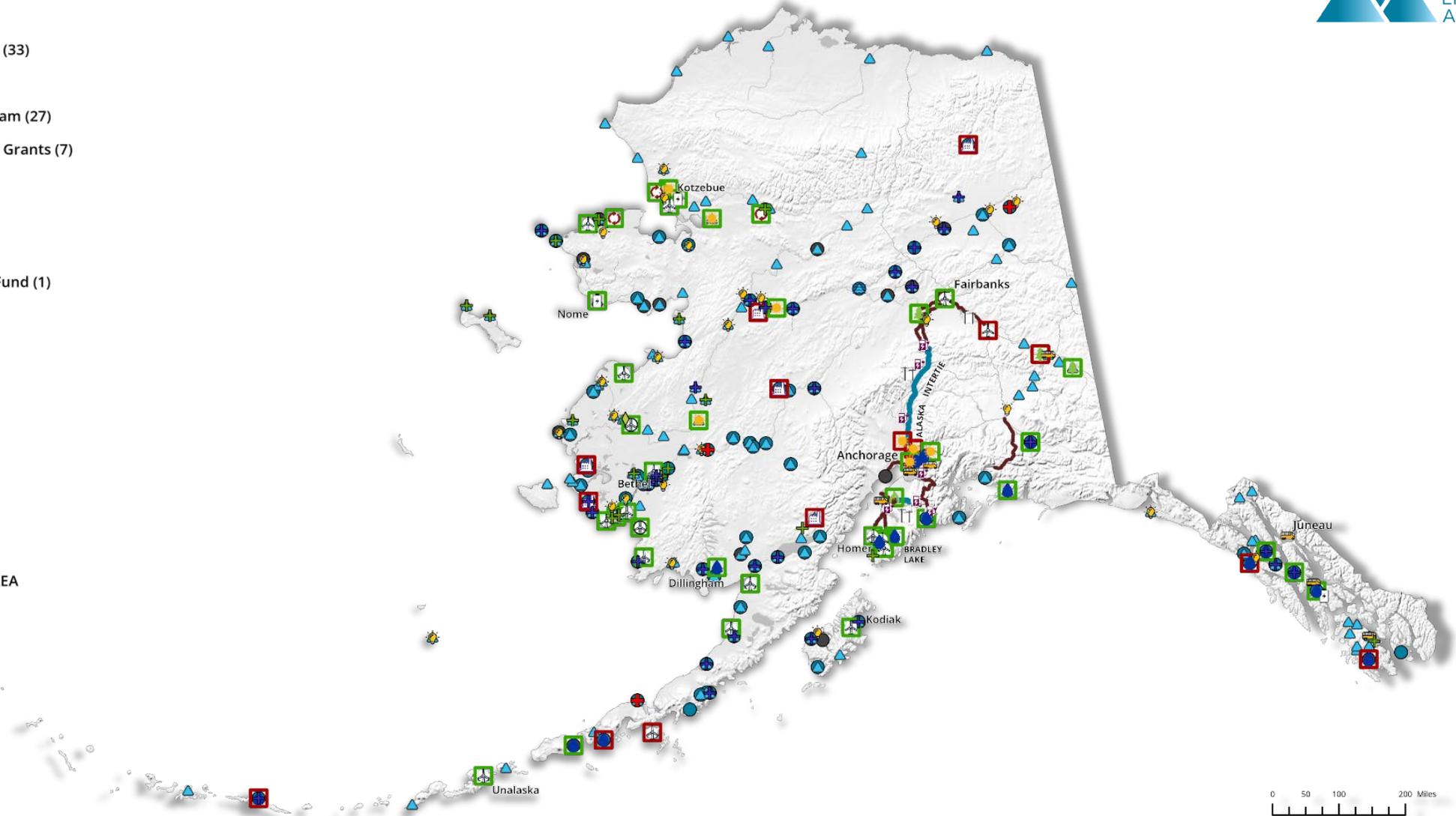
Rural Energy – AEA constructs bulk fuel tank farms, diesel powerhouses, and electrical distribution grids in rural villages. AEA supports the operation of these facilities through circuit rider and emergency response programs.



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

- + Rural Power System Upgrades (33)
- + Bulk Fuel Upgrades (25)
- 💡 Village Energy Efficiency Program (27)
- 🚗 Volkswagen Diesel Settlement Grants (7)
- 🌿 Biogas (1)
- 🌲 Biomass (4)
- 🏠 Diesel (6)
- 💎 Emerging Energy Technology Fund (1)
- 🚗 Electric Vehicles (9)
- 🔥 Heat Recovery (3)
- 💧 Hydroelectric (18)
- 🌊 Hydrokinetic (1)
- ☀️ Solar (8)
- 🔋 Storage (3)
- 🏗️ Transmission (3)
- ✈️ Wind (21)
- Transmission Line owned by AEA
- Other Transmission Line
- Power Project Fund (16)
- Renewable Energy Fund (44)
- ▲ PCE Communities (193)
- + Emergency Assistance (3)
- Circuit Rider Assistance (93)
- Utility Training (81)



SENATE BILL 125: OVERVIEW

Senate Bill 125 proposes one key action for the Legislature's consideration:

- Empower AHFC to work with AEA on developing sustainable energy development through several tools, including establishing a non-profit subsidiary corporation.

SENATE BILL 125: PROPOSED POLICY IMPLEMENTATION PROCESS



1. Legislation empowering AHFC to establish a non-profit subsidiary is enacted;
2. The AHFC Board of Directors, in consultation with legal counsel, creates a non-profit subsidiary corporation. Composes bylaws and initial regulations by AHFC for the non-profit subsidiary;
3. The non-profit subsidiary acquires relevant staff and works with Alaska Energy Authority and AHFC on crafting the sustainable energy development programs articulated in Senate Bill 125;
4. The non-profit subsidiary begins aggregating federal, state, and/or third-party funding. Funding stack and conditions inform programmatic development.

QUESTIONS?

