
House Bill 154: Alaska's Energy Subsidiary

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



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PRESENTATION OUTLINE



- Policy objectives and updates
- Alaska Housing Finance energy roles and programs
 - Home Improvement
 - Capacity Building
 - Workforce Readiness
 - Financial Instruments & Partnership Spotlight
- Role of Alaska Energy Authority in energy
- Highlighting Collaboration
- House Bill 154 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)

Be competitive for federal funding opportunities that improve the energy profile for Alaskans:

- April 4, 2024: U.S. Environmental Protection Agency's Greenhouse Gas Reduction Fund (GGRF) announced \$14 billion in National Clean Investment Fund grants and a \$6 billion Clean Communities Investment Accelerator.
- Expected Summer 2024: \$7 billion in additional Greenhouse Gas Reduction Fund announcements.
- Later: U.S. fund distribution.

POLICY OBJECTIVES (CONTINUED)

- 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
- Take advantage of U.S. Department of Treasury tools for tax advantaged projects



Solar panels were added to the construction of Susitna Square (2015 construction)

AHFC'S ENERGY ROLES & PROGRAMS



Home Improvement

Capacity Building

Workforce Readiness

Financial Instruments & Partnerships

HOME IMPROVEMENT

- *Weatherization*: Administration of federal and state programs making rural and urban homes safer, more resilient, and more affordable to heat.
- *New Home Rebate* impacted 3,636 homes and *Home Energy Rebate* improved 26,587 with average energy savings of 34%.
- *Renovation Loan Option*: Allows for improvements to increase a home's value, its energy efficiency, incorporates universal design principles to age-in-place thereby while improving Alaska's aging housing stock.

Since FY20, AHFC has financed 434 renovation loans for more than \$100M.



CAPACITY BUILDING

- Building and Energy Codes: Reference statutory requirements to ensure mortgage and affordable housing investments meet thermal and lighting standards. Nearly 15,000 loans in AHFC's portfolio.
- Manages *AK Warm* Energy Modeling Software, *Home Energy Rating System* and statewide database of all home energy audits. Approximately 100,000 records captured.
- *Supplemental Housing Development Program*: \$ 3.2M in awards were made in early 2024 to 11 Housing Authorities.
- Provides training and certification for all energy raters.
- *Framework for Responsive Code Development*: Department of Energy Office of Energy Efficiency and Renewable Energy three-year grant to create a framework for building code adoption for the State of Alaska.

WORKFORCE READINESS



- *State-Based Home Energy Efficiency Contractor Training:* A grant to reduce the cost of training contractor employees; provide access to workforce development tools for contractors, including testing and certification; and partner with community organizations or non-profits to develop and implement a state workforce program.
- *2024 EENow Training:* More than 100 people attended two-day training sessions focusing on raters, professionals, real estate and code enforcement.

FINANCIAL INSTRUMENTS & PARTNERS



*Schoenbar Park
Ketchikan, AK*

Last Frontier Housing Initiative

- Targeting investments in 5 hub communities to house state professionals and create affordable housing.
 - Requiring 15% match and community collaboration.

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

SPOTLIGHT ON PARTNERSHIPS



Federal	State	Local	Non-Profit	Private Sector/Other
Department of Energy	Alaska Energy Authority	Anchorage	Alaska Association of Housing Authorities	Global Credit Union
Environmental Protection Agency	Alaska Industrial Development & Export Authority	Fairbanks	Coalition for Green Capital	First National Bank Alaska
Housing & Urban Development	Revenue	Bethel	Renewable Energy Alaska Partnership	Tongass Federal Credit Union
Department of Defense	Commerce	Sitka	Rasmuson Foundation	Northrim Bank
Coast Guard	Health	Nome	Housing Alaskans Public Private Partnership	Novogradac
U.S. Treasury	Public Safety	Ketchikan	RuralCap	Standard & Poor's/Moody's/Fitch Credit Rating agencies
U.S. Department of Justice	AVTEC	Kotzebue	Cold Climate Housing Research Center	Weidner Apartment Homes

ROLE OF AHFC IN ENERGY

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
 - Solar For All
 - Federal Energy Rebates
 - Home Efficiency Rebate
 - Home Electrification & Appliance Rebates
- Standing up subsidiaries to meet policy needs of Alaskans
 - Alaska Corporation on Affordable Housing



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.



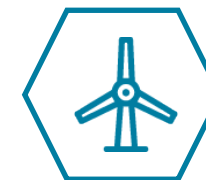
Power Cost Equalization (PCE) – PCE reduces the cost of electricity in rural Alaska for residential customers and community facilities, which helps ensure the sustainability of centralized power.



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.



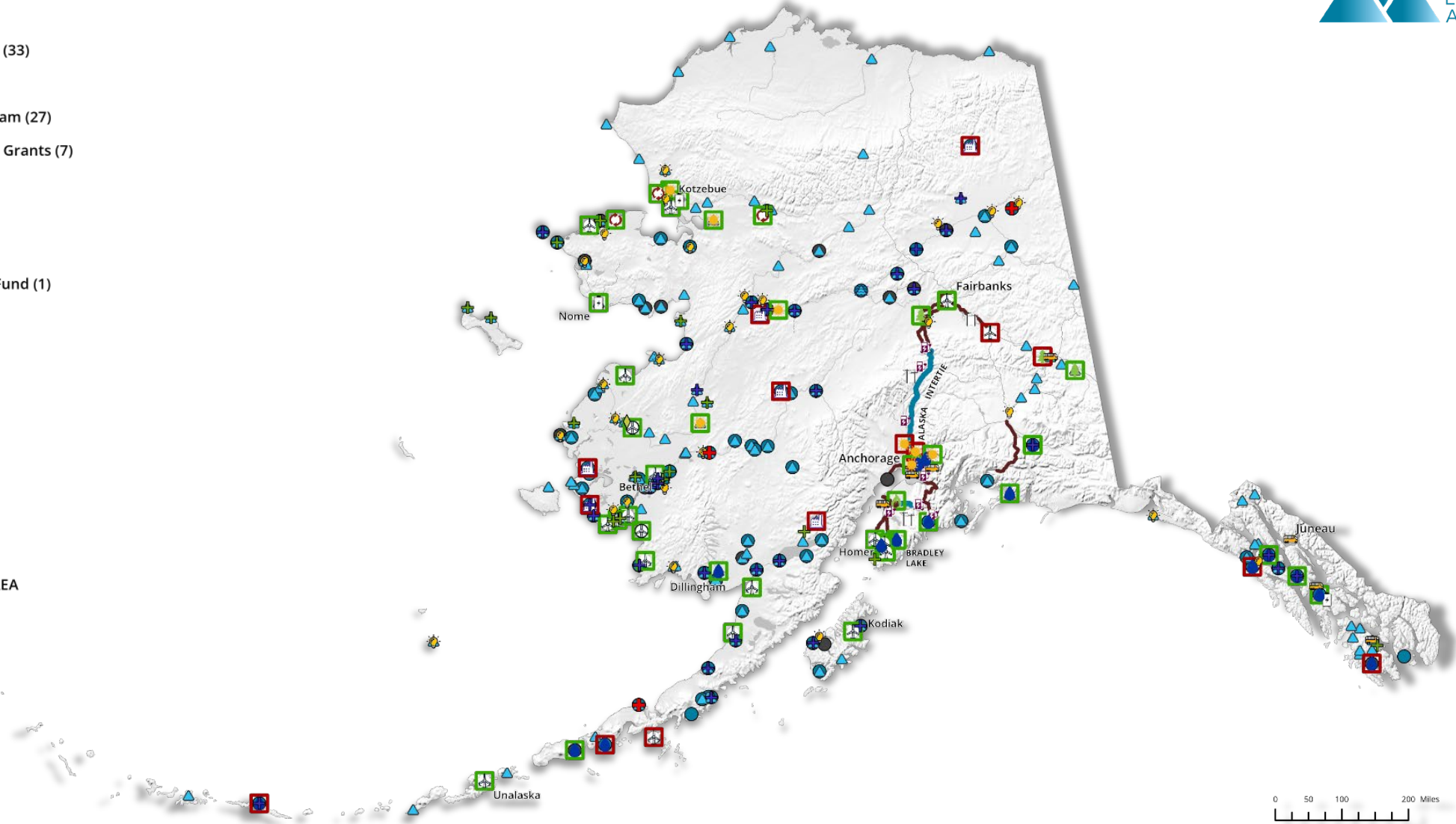
Rural Energy – AEA constructs bulk fuel tank farms, diesel powerhouses, and electrical distribution grids in rural villages. AEA supports the operation of these facilities through circuit rider and emergency response programs.



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)



PULLING TOGETHER/ HIGHLIGHTING COLLABORATION



*Joint application was submitted in
October 2023.*

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

PROPOSED POLICY IMPLEMENTATION PROCESS & TIMELINE



1. HB 154 (or its companion) passes and is signed into law, empowering AHFC to create a non-profit subsidiary.
2. The AHFC Board of Directors, in consultation with legal counsel, creates a non-profit subsidiary corporation with development of bylaws and regulations.
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 the enabling legislation.
4. The created non-profit subsidiary pursues federal funding opportunities and establishes relationships with financial institutions to begin capital aggregation.
5. Report to the 34th Legislature in 2025.

QUESTIONS?

