

CS FOR HOUSE BILL NO. 152(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/16/07

Referred: Rules

Sponsor(s): REPRESENTATIVES HARRIS, Thomas, Crawford, Gara, Salmon, Johnson, Guttenberg, Gardner, Nelson, Edgmon, LeDoux, Dahlstrom, Kerttula, Wilson, Holmes, Doll, Meyer, Kawasaki, Joule, Seaton, Lynn, Gruenberg, Johansen, Ramras

SENATORS McGuire, Therriault, Dyson, Wagoner, Bunde, Ellis, Kookesh, Elton, Stevens, Wielechowski, Thomas

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing a renewable energy project account and a renewable energy fund**
2 **and describing their uses and purposes."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **LEGISLATIVE FINDINGS.** The legislature finds that

7 (1) an adequate, reliable, reasonably priced, and safe supply of electrical
8 energy is necessary for Alaska's basic infrastructure, and economic and technological
9 development;

10 (2) Alaska possesses vast amounts of renewable energy resources in the form
11 of wind, solar, geothermal, wave, tidal, biomass, river, in-stream, and hydropower;

12 (3) the legislature established the Alaska Energy Policy Task Force in 2003 to
13 review and analyze the state's current and long-term energy needs;

14 (4) the task force found that one of Alaska's long-term energy needs is to

1 identify and evaluate long-term fuel resources, and recommended that the state should
2 increase the proportion of renewables in long term-fuel sources;

3 (5) the cost of fuels such as natural gas and diesel that Alaskans rely on in
4 large part to generate electric power is steadily rising;

5 (6) residents of rural Alaska pay far more for electricity than residents who
6 live on the Railbelt energy grid;

7 (7) there is virtually no fuel cost associated with renewable energy resources;

8 (8) other states and nations are working successfully to develop their
9 renewable energy resources;

10 (9) the continued competitiveness and stability of the state's economy requires
11 that the legislature consider national trends toward renewable energy development;

12 (10) renewable energy technology development promotes industry and creates
13 jobs;

14 (11) clean renewable energy has many environmental and health benefits;

15 (12) locally produced renewable energy has many security benefits;

16 (13) modern, affordable, and efficient renewable energy technologies now
17 exist;

18 (14) it is in the interest of the public for Alaska to develop its zero fuel cost
19 renewable energy resources; and

20 (15) natural gas should be considered as a last alternative for communities
21 with no other reasonable renewable resources.

22 * **Sec. 2.** AS 42.45.010 is amended by adding a new subsection to read:

23 (k) The renewable energy project account is established as a special account
24 within the power project fund. The renewable energy project account consists of
25 appropriations to the account, loan repayments, and interest earned by loans from the
26 account, and money from the power project fund allocated to the account by the
27 authority. The authority, in consultation with the advisory committee established
28 under AS 42.45.045(j), may make loans from the renewable energy project account for
29 renewable energy projects described in AS 42.45.045(f).

30 * **Sec. 3.** AS 42.45 is amended by adding a new section to read:

31 **Sec. 42.45.045. Renewable energy fund.** (a) A renewable energy fund is

1 established as a separate fund to finance certain energy projects in Alaska.

2 (b) The authority shall administer the fund as a fund distinct from other funds
3 of the authority. The fund consists of

4 (1) money appropriated to the fund by the legislature to provide grants
5 for certain energy projects;

6 (2) gifts, bequests, contributions from other sources, and federal
7 money;

8 (3) interest earned on the fund balance; and

9 (4) investments to be managed by the Department of Revenue.

10 (c) The fund is not a dedicated fund.

11 (d) The authority shall, in consultation with the advisory committee
12 established under (j) of this section,

13 (1) develop a methodology for determining the order of projects that
14 receive assistance, including separate requirements for grant eligibility, and adopt
15 regulations identifying criteria to evaluate the benefit and feasibility of projects for
16 which an applicant applies for support from the fund, with significant weight being
17 given to the amount of matching funds an applicant is able to make available;

18 (2) develop a methodology for allocating money from the fund;

19 (3) provide for renewable power production debt reimbursement grants
20 to help reduce the principal balance of loans for projects meeting the requirements of
21 (f), (g), or (h) of this section; and

22 (4) apply for and be able to receive contributions from other sources
23 for distribution as grants to eligible applicants.

24 (e) In consultation with the advisory committee established in (j) of this
25 section, the authority shall make grants to eligible applicants to finance feasibility
26 studies, reconnaissance studies, energy resource monitoring, and construction of
27 renewable energy projects, natural gas projects, or transmission or distribution
28 infrastructure located in Alaska that meet the requirements of (f), (g), or (h) of this
29 section, as applicable, and shall at least once each year, solicit from the advisory
30 committee funding recommendations for all grants.

31 (f) For a renewable energy project to qualify for a grant under (e) of this

1 section, the project must

2 (1) be a new project not in operation on the effective date of this Act or
3 an addition to an existing project made after the effective date of this Act; and

4 (2) be

5 (A) a hydroelectric facility;

6 (B) a direct use of renewable energy resources;

7 (C) a facility that generates energy from fuel cells that run on
8 renewable energy resources or natural gas;

9 (D) a facility that generates energy from in-stream kinetic
10 turbines; or

11 (E) a facility that generates energy from renewable energy
12 resources.

13 (g) To qualify for a grant under (e) of this section, a project that is a natural
14 gas project must benefit a community that

15 (1) has a population of 10,000 or less; and

16 (2) does not have economically viable renewable energy resources it
17 can develop.

18 (h) To qualify for a grant under (e) of this section, transmission or distribution
19 infrastructure must link a renewable energy project or natural gas project to the
20 transmission or distribution infrastructure. A grant may be made under this subsection
21 even if the grant applicant is not itself financing the construction of the renewable
22 energy project or natural gas project.

23 (i) Not more than five percent of the market value of the fund on June 30 of
24 the preceding fiscal year may be used for grants under this section in a fiscal year. The
25 authority may not grant more than five percent of the amount of the fund available on
26 June 30 of the preceding fiscal year for natural gas projects under (g) of this section.

27 (j) An advisory committee is established and consists of seven members
28 appointed by the governor to staggered three-year terms, with one representative to be
29 appointed from each of the following groups:

30 (1) small Alaska rural utilities serving not more than 10,000 people;

31 (2) large Alaska urban utilities;

- 1 (3) nonprofit environmental groups;
 2 (4) nonprofit consumer groups;
 3 (5) Alaska Native organizations;
 4 (6) businesses engaged in the renewable energy sector; and
 5 (7) the Denali Commission established under P.L. 105-277, 42 U.S.C.
 6 3121 note.

7 (k) A member of the advisory committee appointed under (j) of this section
 8 serves without compensation but is entitled to travel and per diem expenses as
 9 provided in AS 39.20.180.

10 (l) In this section,

11 (1) "eligible applicant" means an electric utility holding a certificate of
 12 public convenience and necessity under AS 42.05, independent power producer, local
 13 government, or other governmental utility, including a tribal council and housing
 14 authority;

15 (2) "fund" means the renewable energy fund;

16 (3) "hydroelectric facility" has the meaning given to the term "project"
 17 under AS 42.45.350(g);

18 (4) "natural gas project" means use or access of natural gas other than
 19 landfill or digester gas;

20 (5) "renewable energy resources" means

21 (A) wind, solar, geothermal, wave, tidal, river, in-stream, or
 22 hydropower;

23 (B) low-emission nontoxic biomass based on solid or liquid
 24 organic fuels from wood, forest and field residues, or animal products;

25 (C) dedicated energy crops available on a renewable basis; or

26 (D) landfill gas and digester gas.

27 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
 28 read:

29 **TRANSITION.** AS 39.05.055(5) applies to the initial appointments by the governor to
 30 the advisory committee under AS 42.45.045(j), added by sec. 3 of this Act.