

**SENATE BILL NO. 96**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY SENATORS ELLIS, Stevens, Thomas, French, Wielechowski, Davis, Elton

Introduced: 2/26/07

Referred: Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing a renewable energy fund and describing its uses and purposes."**

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

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

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

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

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

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

13 (4) the task force found that one of Alaska's long-term energy needs is to  
14 identify and evaluate long-term fuel resources, and recommended that the state should  
15 increase the proportion of renewables in long term-fuel sources;

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

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

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

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

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

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

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

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

14 (13) modern, affordable, and efficient renewable energy technologies now  
15 exist;

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

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

20 \* **Sec. 2.** AS 42.45 is amended by adding a new section to read:

21 **Sec. 42.45.045. Renewable energy fund.** (a) A renewable energy fund is  
22 established as a separate fund to finance certain energy projects in Alaska. The fund  
23 consists of money appropriated to it, including appropriations of interest earned by the  
24 fund and appropriations of repayments of loans.

25 (b) The fund shall be administered by the Alaska Energy Authority, with  
26 advice of an advisory committee as provided for in (d) and (e) of this section. The  
27 advisory committee consists of seven members, with one representative appointed by  
28 the governor to staggered three-year terms from each of the following groups:

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

30 (2) large Alaska urban utilities;

31 (3) nonprofit environmental groups;

- 1 (4) nonprofit consumer groups;
- 2 (5) Alaska Native organizations;
- 3 (6) businesses engaged in the renewable energy sector; and
- 4 (7) state government.

5 (c) A member of the advisory committee appointed under (b) of this section  
6 serves without compensation but is entitled to travel and per diem expenses as  
7 provided in AS 39.20.180.

8 (d) The authority shall

9 (1) in consultation with the advisory committee, establish regulations  
10 that develop a methodology for determining the order of projects that receive  
11 assistance, including separate requirements for grant and loan eligibility, and adopt  
12 regulations identifying criteria to evaluate the benefit and feasibility of projects  
13 applying for support from the fund, with significant weight being given to the amount  
14 of matching funds a project is able to make available;

15 (2) in consultation with the advisory committee, establish regulations  
16 that develop a methodology for distributing a proportionate share of funds under this  
17 section to finance feasibility studies, reconnaissance studies, renewable energy  
18 resource monitoring, and construction of renewable energy projects, natural gas  
19 projects, and transmission or distribution infrastructure in Alaska using the following  
20 guidelines:

21 (A) not more than 10 percent of the annual average amount of  
22 the fund may be used for feasibility studies, reconnaissance studies, and energy  
23 resource monitoring; and

24 (B) at least 90 percent of the annual average amount of the fund  
25 shall be used for design and construction of renewable energy resource projects  
26 that qualify under (f) of this section, natural gas projects that qualify under (g)  
27 of this section, and distribution and transmission infrastructure that qualifies  
28 under (h) of this section;

29 (3) in consultation with the advisory committee, establish regulations  
30 that provide for power production incentives to help reduce the principal balances on  
31 loans made from the fund.

1 (e) The authority shall, in consultation with the advisory committee, make  
2 grants and loans to eligible applicants to finance feasibility studies, reconnaissance  
3 studies, energy resource monitoring, and construction of renewable energy projects,  
4 natural gas projects, or transmission or distribution infrastructure located in Alaska  
5 that meet the requirements of (f), (g), or (h) of this section, as applicable, and, at least  
6 once each year, solicit from the advisory committee funding recommendations for all  
7 loans and grants.

8 (f) For a renewable energy project to qualify for a grant or loan under (e) of  
9 this section, the project must

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

12 (2) generate more than 50 kilowatts of electricity and distribute the  
13 electricity to more than 20 end users; and

14 (3) be

15 (A) a hydroelectric facility;

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

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

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

21 (E) a facility that generates energy from renewable energy  
22 resources.

23 (g) To qualify for a grant or loan under (e) of this section, a natural gas project  
24 must benefit a community that

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

26 (2) does not have viable renewable energy resources it can develop;  
27 and

28 (3) can demonstrate that the development of the natural gas project  
29 will not have local adverse environmental effects.

30 (h) To be eligible for a grant or loan under (e) of this section, transmission or  
31 distribution infrastructure must link a renewable energy project or natural gas project

1 to the electric grid. A grant or loan may be made under this subsection even if the  
 2 grant or loan applicant is not itself financing the construction of the renewable energy  
 3 project or natural gas project.

4 (i) The authority may not loan or grant more than five percent of the annual  
 5 average amount of the fund for natural gas projects under (g) of this section.

6 (j) The authority may not loan more than 20 percent of the annual average  
 7 amount of the fund without interest.

8 (k) The authority may not give more than 50 percent of the annual average  
 9 amount of the fund in the form of grants.

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 facilities" has the meaning given to the term  
 17 "project" under AS 42.45.350(g) as applicable to licensing water-power development  
 18 projects, unless the authority adopts a different definition based on a determination  
 19 made by a nationally recognized independent nonprofit corporation that considers the  
 20 environmental effects of hydropower practices;

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

23 (5) "renewable energy resources" means

24 (A) wind, solar, geothermal, wave, or tidal power;

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

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

28 (D) landfill gas and digester gas.

29 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
 30 read:

31 TRANSITION. AS 39.05.055(5) applies to the initial appointments by the governor to

1 the advisory committee under AS 42.45.045(b), added by sec. 2 of this Act.