

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB 220(RES)
 (S) Publish Date: 3/10/10

Identifier (file name): SB220CS(RES)-CED-AEA-3-5-10 Dept. Affected: DCCED
 Title Omnibus Energy Bill RDU 453
 Component Statewide Project Development
 Sponsor Senate Resources
 Requester Senate Resources Component Number 2888

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES							
Personal Services							
Travel	70.2		20.2	20.2	20.2	20.2	20.2
Contractual	708.5		426.5	426.5	426.5	426.5	426.5
Supplies							
Equipment	10.0						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	788.7	0.0	446.7	446.7	446.7	446.7	446.7
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	788.7		446.7	446.7	446.7	446.7	446.7
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	788.7	0.0	446.7	446.7	446.7	446.7	446.7

Estimate of any current year (FY2010) cost: _____

POSITIONS (see AIDEA FN for details)

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

SB 220, titled the "Alaska Sustainable Energy Act," impacts the Alaska Energy Authority by

Section 14 - repealing and reenacting the purpose of the existing Southeast Energy Fund managed by the Alaska Energy Authority. From this fund AEA could award grants for hydroelectric projects serving Southeast Alaska or "for other projects or programs designated by the legislature, to assist in meeting the energy needs of Southeast Alaska." Currently the fund balance is zero. Depending on the capitalization, AEA would need to draft regulations and develop a process to administer grants including an allocation method for the various types of eligible projects which would bring additional expenses.

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 Approved by: Emil Notti, Commissioner
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 Date/Time 3/4/10 12:00 AM
 Date 3/6/2010

ANALYSIS CONTINUATION

Sections 15 and 16 - amending the Renewable Energy Fund grant recommendation program by a) requiring match to be verified by the applicant b) explicitly requiring significant weight be given to projects that are likely to have a financial benefit that exceeds the amount of the grant funds received c) requiring activity reports for each project d) requiring AEA to contract with an economist to prepare a written evaluation for each project recommended for funding. AEA does not anticipate increased costs with these changes.

Section 17 - requiring AEA to facilitate the organization of a statewide fuel purchasing cooperative. AEA would develop literature to assist organizations who are interested in forming a cooperative. We will hold meetings throughout Alaska to provide the necessary technical assistance. AEA will need to contract with an entity or person with fuel pricing and purchasing expertise and cooperative formation expertise. Approximate costs are **\$50,000** (travel); **\$200,000** (contractual - including 1 Range 12 AIDEA admin support - LT temp)

Section 18 - establishing the "Emerging Energy Technology Fund" and requiring the authority to administer the fund by making grants to eligible applicants. Cost Assumptions:

Approximately **\$82,000** in one-time start up costs to develop program criteria, RFA process, review process, grant agreements, etc. (Contractual)

Approximately **\$20,160** per year to cover Advisory Committee expenses (travel - assume \$660 airfare x 120 per diem x 7 members x quarterly meetings)

Approximately **\$276,518** per year to cover contract for personal services with AIDEA

Positions required: 1 Range 22 for program/project management; 1 Range 15 for finance/grant administration; 1 Range 12 for administrative support. (Contractual)

Approximately **\$10,000** (Equipment) for new staff

Section 19 - changing the definition of a power project relative to the power project fund to include nuclear production. AEA's costs are zero because there are currently no projects of this type. However, in the event viable nuclear projects are identified, annual operating costs would increase by \$365,000 for each nuclear power project that has to be managed; \$165,000 for a project manager with technical nuclear knowledge and \$200,000 for contractual advisory service in the field.

Section 24 - requiring AEA, in cooperation with AHFC, to plan and conduct an annual public education campaign to promote energy efficiency and conservation. The Alaska Energy Efficiency Program and Policy Recommendations published on June 12, 2008 recommended \$1 million annual budget for education and outreach. The recommendation included approximately \$800,000 per year for workshops for both commercial and residential, public speakers, media campaigns, labeling buildings with energy information, and approximately \$200,000 for outreach. Currently, AEA is working on an outreach plan and has budgeted \$150,000 of existing funds for the initial effort. **\$150,000** of additional funds will enhance this effort.