

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY

April 12, 2010
10:05 a.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Charisse Millett, Co-Chair
Representative Nancy Dahlstrom
Representative Kyle Johansen
Representative Jay Ramras
Representative Pete Petersen
Representative Chris Tuck

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 220(FIN)

"An Act relating to energy efficiency, energy conservation, and alternative energy, to an to a report regarding a municipal energy improvements financing program and to an emerging energy technology fund, to the lease of state land to a public electric utility, to energy report by the Office of the Governor; and providing for an effective date."

- MOVED HCS CSSB 220(ENE) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 220

SHORT TITLE: ENERGY EFFICIENCY/ ALTERNATIVE ENERGY

SPONSOR(s): RESOURCES

01/19/10	(S)	READ THE FIRST TIME - REFERRALS
01/19/10	(S)	RES, FIN
01/20/10	(S)	RES AT 3:30 PM BUTROVICH 205
01/20/10	(S)	Heard & Held
01/20/10	(S)	MINUTE(RES)
01/21/10	(S)	RES AT 3:30 PM BUTROVICH 205
01/21/10	(S)	-- MEETING CANCELED --
01/25/10	(S)	RES AT 3:30 PM BUTROVICH 205
01/25/10	(S)	Heard & Held
01/25/10	(S)	MINUTE(RES)

01/27/10 (S) RES AT 3:30 PM BUTROVICH 205
01/27/10 (S) Heard & Held
01/27/10 (S) MINUTE(RES)
02/03/10 (S) RES AT 3:30 PM BUTROVICH 205
02/03/10 (S) <Bill Hearing Postponed>
02/11/10 (S) RES AT 3:30 PM BUTROVICH 205
02/11/10 (S) <Bill Hearing Postponed to 2/15/10>
02/15/10 (S) RES AT 3:30 PM BUTROVICH 205
02/15/10 (S) Heard & Held
02/15/10 (S) MINUTE(RES)
02/17/10 (S) RES AT 3:30 PM BUTROVICH 205
02/17/10 (S) <Bill Hearing Canceled>
02/18/10 (S) RES AT 3:30 PM BUTROVICH 205
02/18/10 (S) Heard & Held
02/18/10 (S) MINUTE(RES)
02/22/10 (S) RES AT 3:30 PM BUTROVICH 205
02/22/10 (S) Heard & Held
02/22/10 (S) MINUTE(RES)
02/24/10 (S) RES AT 3:30 PM BUTROVICH 205
02/24/10 (S) Heard & Held
02/24/10 (S) MINUTE(RES)
02/25/10 (S) RES AT 4:00 PM BUTROVICH 205
02/25/10 (S) Scheduled But Not Heard
03/08/10 (S) RES AT 3:30 PM BUTROVICH 205
03/08/10 (S) Moved CSSB 220(RES) Out of Committee
03/08/10 (S) MINUTE(RES)
03/10/10 (S) RES RPT CS 5DP NEW TITLE
03/10/10 (S) DP: MCGUIRE, WIELECHOWSKI, HUGGINS,
STEVENS, FRENCH
03/25/10 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/25/10 (S) Heard & Held
03/25/10 (S) MINUTE(FIN)
03/25/10 (S) FIN AT 1:30 PM SENATE FINANCE 532
03/25/10 (S) Heard & Held
03/25/10 (S) MINUTE(FIN)
04/05/10 (S) FIN AT 10:00 AM SENATE FINANCE 532
04/05/10 (S) Scheduled But Not Heard
04/07/10 (S) FIN AT 1:30 PM SENATE FINANCE 532
04/07/10 (S) Bill Hearing Postponed
04/09/10 (S) FIN AT 1:30 PM SENATE FINANCE 532
04/09/10 (S) Moved CSSB 220(FIN) Out of Committee
04/09/10 (S) MINUTE(FIN)
04/10/10 (S) FIN RPT CS 6DP 1NR NEW TITLE
04/10/10 (S) DP: HOFFMAN, STEDMAN, HUGGINS, THOMAS,
EGAN, ELLIS
04/10/10 (S) NR: OLSON
04/10/10 (S) TRANSMITTED TO (H)

04/10/10 (S) VERSION: CSSB 220(FIN)
04/10/10 (H) READ THE FIRST TIME - REFERRALS
04/10/10 (H) ENE, FIN
04/12/10 (H) ENE AT 7:00 AM CAPITOL 120

WITNESS REGISTER

SENATOR BILL WIELECHOWSKI
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As Co-Chair of the Senate Resources Committee, presented amendments to SB 220 on behalf of the Senate Resources Committee, sponsor.

SENATOR LESIL MCGUIRE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As Co-Chair of the Senate Resources Committee, testified during the hearing on SB 220 representing the Senate Resources Committee, sponsor.

MIKE PAWLOWSKI, Staff
Senator Lesil McGuire
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented a sectional analysis of SB 220, version B, on behalf of the Senate Resources Committee, sponsor.

FREYA CHEY
Kenai, Alaska

POSITION STATEMENT: Testified during the hearing on SB 220.

WALTER ROSE, Representative
Kawerak, Inc.
Nome, Alaska

POSITION STATEMENT: Testified in favor of SB 220.

ADAM BERG, Staff
Representative Bryce Edgmon
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented amendments to CSSB 220(FIN).

BRYAN BUTCHER, Director
Governmental Affairs & Public Relations
Alaska Housing Finance Corporation (AHFC)
Department of Revenue (DOR)
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 220.

ACTION NARRATIVE

[10:05:46 AM](#)

CO-CHAIR BRYCE EDGMON called the House Special Committee on Energy meeting to order at 10:05 a.m. Present at the call to order were Representatives Edgmon, Millett, Ramras, Tuck, and Petersen. Representatives Dahlstrom and Johansen arrived as the meeting was in progress.

SB 220-ENERGY EFFICIENCY/ ALTERNATIVE ENERGY

[10:05:58 AM](#)

CO-CHAIR EDGMON announced the only order of business would be SENATE BILL NO. 220, "An Act declaring a state energy policy; relating to energy efficiency and alternative energy; establishing the energy efficiency grant fund, an emerging energy technology fund, a renewable energy production tax credit, and an energy use index; and relating to a fuel purchasing cooperative, to energy codes and efficiency standards, to energy conservation targets in public buildings, to a state agency energy use reduction plan, to the alternative energy revolving loan fund, and to the renewable energy grant fund."

[10:06:39 AM](#)

SENATOR BILL WIELECHOWSKI, Co-Chair, Senate Resources Committee, Alaska State Legislature, noted that the legislature has an opportunity to enact legislation that will help Alaskans, and of which legislators should be proud. He acknowledged that the committee was familiar with the bill, and directed attention to three of the offered amendments. Amendment 2 requires the administration to consider the energy efficiency of equipment when entering into procurement contracts. He said the administration supports the amendment, and that it sends a good message that the state will lead by example. Amendment 3 continues in that theme, and requires the Department of Transportation & Public Facilities (DOT&PF) to retrofit 25 percent of public buildings by 2020, if DOT&PF determines that retrofitting the buildings will result in a net energy savings to the state within 15 years. Senator Wielechowski affirmed

that this amendment was supported by DOT&PF, and he estimated the amendment will save the state \$2.75 million per year and will put Alaskans to work. Furthermore, the amendment requires new buildings to be energy efficient. Finally, Amendment 4 requires the Alaska Energy Authority (AEA), Department of Commerce, Community, & Economic Development, and the Alaska Housing Finance Corporation (AHFC), Department of Revenue, to conduct a public energy efficiency campaign. The agencies do not currently have the legal authority to do this.

10:10:05 AM

SENATOR LESIL MCGUIRE, Co-Chair, Senate Resources Committee, Alaska State Legislature, stated that she appreciated the leadership of the House Special Committee on Energy, and was pleased at the work that it and the Senate Resources Committee accomplished together. Generally, the bill goes a long way to put energy policy in place in Alaska, and merges with the energy policy developed by stakeholders through the committee process in the House. Senate Bill 220 begins to carry out that policy. In fact, Section 27 asks the governor to submit a report to the legislature by 1/31/11, regarding the structuring of state energy programs. Senator McGuire recognized the House Special Committee on Energy's suggestion to create a separate department of energy, and opined the report from the governor will include many concepts for the legislature to consider during the next session. Furthermore, the emerging energy technology fund provision of SB 220 is a bold step, and will be capitalized immediately. She recalled that the intent of the fund was to attract companies to Alaska that are looking at "cutting edge emerging energy technology." She noted that the energy technology fund sunsets in 2015, and this was a compromise provision. Regarding nuclear energy, the bill streamlines the current outdated references to nuclear power in statute, and will open opportunities for small nuclear power in rural areas of the state. Senate Bill 220 also provides for the AHFC Alaska energy efficiency revolving loan fund that grew from American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funds, and that will allow municipalities, school districts, and the state to apply for loans to make their buildings more energy efficient. The savings from energy retrofitting will be a benefit to many Alaskans. The bill also reenacted the Southeast energy fund to expand the options for funding and possible projects. Senator McGuire then pointed out the policy recommendations in the bill, including the use of compressed natural gas in state vehicles. Finally, energy assessments and retro-fits called for in the bill will create jobs for residents

throughout the state. Senator McGuire thanked the staff of both committees for their contributions to the bill.

[10:17:49 AM](#)

CO-CHAIR EDGMON recognized the contributions of Senator McGuire. He then asked for a brief analysis of the differences between the House and Senate versions of the bill.

[10:18:17 AM](#)

MIKE PAWLOWSKI, Staff to Senator Lesil McGuire, Alaska State Legislature, directed the committee's attention to the sectional analysis provided in the committee packet. He first pointed out Sec. 9, page 9, line 2, [subsection] (12), which was the addition of new language allowing work with state agencies to develop a standardized methodology to collect and store energy consumption and expense data. Continuing on, he said Sec. 11, page 9, lines 24-29, limits access to the Southeast energy fund to a municipality of the state, a joint action agency, or a member-owned electric cooperative for power projects, repayment of loans, and payments on bonds for hydroelectric projects and transmission lines. Also on page 9, line 31, and continuing to page 10, line 1, appropriations from the Southeast energy fund lapse back into the fund within seven years. Mr. Pawlowski then referred to page 19, lines 7-13, which was related to the structure of the AEA and its board of directors. Finally, on page 21, lines 7-15, there was authorization for a report exploring the feasibility of a municipal program to create energy efficiency districts in order to incentivize energy efficiency using local property tax structures. Mr. Pawlowski concluded that the abovementioned sections are the substantive differences.

[10:23:38 AM](#)

CO-CHAIR EDGMON opened public testimony.

[10:24:03 AM](#)

FREYA CHEY informed the committee she was a freshman at Kenai Central High School and a finalist in the Caring for the Kenai competition. The goal of her project was to amend the state tax code so that local governments have the option to exempt alternative energy systems from real property tax assessments. She explained that the Kenai Peninsula Borough assembly passed a resolution supporting her idea; however, action at the local

level can not take place without a change in the state law. Ms. Chey referred to her draft proposal.

[10:26:31 AM](#)

CO-CHAIR EDGMON stated that Ms. Chey's proposal had been written as an amendment and was included in the committee packet for consideration.

[10:27:33 AM](#)

WALTER ROSE stated he was speaking for Kawerak, Inc., an organization that provides services to 20 Native communities in the Bering Strait region. He expressed Kawerak's support for the emerging energy technology fund; however, missing from the current bill are a fuel purchasing cooperative and a voucher system for the energy rebate program. Mr. Rose said Kawerak also supports changes to the heating assistance program which indexes the level of support to the price of oil.

[10:28:56 AM](#)

CO-CHAIR EDGMON closed public testimony.

[10:29:21 AM](#)

CO-CHAIR MILLETT moved to adopt Amendment 1 which read:

Page 1, line 9:

Delete "owned or operated"

Insert "owned, operated, or paid for in whole or in part"

Page 1, line 11:

Delete "owned or operated"

Insert "owned, operated, or paid for in whole or in part"

Page 19, line 31, through page 20, line 1:

Delete "owned or operated"

Insert "owned, operated, or paid for in whole or in part"

[10:29:44 AM](#)

CO-CHAIR EDGMON objected for the purpose of discussion.

[10:29:51 AM](#)

CO-CHAIR MILLETT said the amendment was offered by Senator Fred Dyson.

[10:30:17 AM](#)

ADAM BERG, Staff to Representative Bryce Edgmon, Alaska State Legislature, said this amendment was technical in nature and the word changes will ensure that the use of compressed natural gas (CNG) applies to as many vehicles as possible.

[10:30:38 AM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 1 was adopted.

[10:30:56 AM](#)

CO-CHAIR MILLETT moved to adopt Amendment 2 which read:

Page 7, following line 13:

Insert a new bill section to read:

"* **Sec. 9.** AS 36.30 is amended by adding a new section to read:

Sec. 36.30.323. Consideration of energy efficient equipment. When the Department of Administration enters into contracts to purchase equipment that uses energy, it shall give consideration to the energy efficiency of the equipment where credible and objective information on efficiency levels is readily available."

Renumber the following bill sections accordingly.

Renumber internal references to bill sections in accordance with this amendment. Below are all internal bill section references in this bill:

Page 18, line 29

Page 19, line 4

Page 20, lines 28, 29, and 30

Page 21, lines 4, 18, 20, and 21

Page 22, lines 1, 9

[10:31:09 AM](#)

CO-CHAIR EDGMON objected for the purpose of discussion.

[10:31:16 AM](#)

MR. BERG explained that Amendment 2 asks the Department of Administration (DOA) to give consideration to the energy efficiency of equipment when entering into contracts to purchase equipment.

[10:31:23 AM](#)

CO-CHAIR MILLETT opined the language of the amendment seems vague regarding the meaning of "consideration."

[10:31:53 AM](#)

REPRESENTATIVE TUCK gave an example of a project bid by the Anchorage School District that did not consider energy efficiency. He advised that there is a need to think beyond price to the cost of power consumption.

[10:32:52 AM](#)

CO-CHAIR EDGMON stated his support for the amendment and maintained his objection.

A roll call vote was taken. Representatives Petersen, Tuck, Ramras, and Edgmon voted in favor of Amendment 2. Representatives Dahlstrom and Millett voted against it. Therefore, Amendment 2 passed by a vote of 4-2.

The committee took an at-ease from 10:34 a.m. to 10:35 a.m.

[10:34:33 AM](#)

REPRESENTATIVE RAMRAS moved for reconsideration of the vote.

[10:35:21 AM](#)

CO-CHAIR EDGMON, hearing no objection to the motion to reconsider, announced the motion was approved. He then moved Amendment 2.

CO-CHAIR MILLETT objected.

[10:36:11 AM](#)

A roll call vote was taken. Representatives Tuck, Petersen, and Edgmon voted in favor of Amendment 2. Representatives Dahlstrom, Ramras, and Millett voted against it. Therefore, Amendment 2 failed by a vote of 3-3.

[10:36:13 AM](#)

CO-CHAIR MILLETT moved Amendment 3 which read:

Page 14, following line 7:

Insert a new bill section to read:

"* **Sec. 15.** AS 44.42 is amended by adding a new section to read:

Sec. 44.42.067. Retrofits and new construction for energy efficiency; energy efficiency report. (a) Not later than January 1, 2020, the department shall work with other state agencies to retrofit at least 25 percent of all public facilities, starting with those it determines are the least energy efficient, if the department determines that retrofitting the public facilities will result in a net savings in energy costs to the state within 15 years after completion of the retrofits for a public facility and if funding for the retrofits is available.

(b) A retrofit or deferred maintenance of a public facility performed under this section, to the extent feasible, shall meet or exceed the most recently published edition of the ASHRAE/IESNA Standard 90.1, Energy Standard for Buildings Except for Low-Rise Residential Buildings, as published by the American Society of Heating, Refrigerating and Air-Conditioning Engineers.

(c) New construction of a public facility under this section shall meet or exceed the most recently published edition of the ASHRAE/IESNA Standard 90.1, Energy Standard for Buildings Except for Low-Rise Residential Buildings, as published by the American Society of Heating, Refrigerating and Air-Conditioning Engineers.

(d) Not later than January 1 of each year, the department, in consultation with the Department of Administration, shall submit a report to the legislature detailing the department's progress in meeting the requirements of this section to reduce state energy consumption and costs and carrying out the duties listed in AS 44.42.020 as they relate to energy use. The department shall include in the report

an analysis of the consumption and expense data recorded by the office of management and budget under AS 37.07.040, comparing energy consumption levels in each year with past years to determine if reductions are being achieved.

(e) In this section, "public facility" means a facility owned and controlled by the state for government or public use that is 10,000 square feet or more and is not a legislative building or court building."

Renumber the following bill sections accordingly.

Page 18, following line 29:

Insert a new bill section to read:

"* **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to read:

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. Not later than one year after the effective date of this Act, the Department of Transportation and Public Facilities, in consultation with the Alaska Energy Authority, shall adopt and implement a systematic process for prioritizing the retrofitting of state facilities for a long-term increase in energy efficiency and reduction of energy costs."

Renumber internal references to bill sections in accordance with this amendment. Below are all internal bill section references in this bill:

Page 18, line 29

Page 19, line 4

Page 20, lines 28, 29, and 30

Page 21, lines 4, 18, 20, and 21

Page 22, lines 1, 9

[10:36:14 AM](#)

CO-CHAIR EDGMON objected for the purpose of discussion.

[10:36:15 AM](#)

MR. BERG reminded the committee that Amendment 3 would "reinsert the 25 percent retrofit in statute by 2020."

CO-CHAIR MILLETT expressed her concern that the requirement for 25 percent retrofit of state buildings may place liabilities on

the state if the requirement was not met. She had heard from DOT&PF that this goal may not be met.

[10:37:23 AM](#)

CO-CHAIR EDGMON said he was heartened with the movement of the bill and the energy issue as a whole. He opined this issue will return for consideration during the next session because of its significant cost.

[10:38:59 AM](#)

A roll call vote was taken. Representatives Petersen, Tuck, and Edgmon voted in favor of Amendment 3. Representatives Ramras, Johansen, Dahlstrom, and Millett voted against it. Therefore, Amendment 3 failed by a vote of 3-4.

[10:38:59 AM](#)

CO-CHAIR MILLETT moved Amendment 4 which read:

Page 14, following line 7:

Insert a new bill section to read:

"* **Sec. 15.** AS 44.83.080 is amended by adding a new subsection to read:

(b) In furtherance of its corporate purpose, the authority shall annually plan and conduct, in cooperation with the Alaska Housing Finance Corporation, a public education campaign to promote energy efficiency and conservation."

Renumber the following bill sections accordingly.

Renumber internal references to bill sections in accordance with this amendment. Below are all internal bill section references in this bill:

Page 18, line 29

Page 19, line 4

Page 20, lines 28, 29, and 30

Page 21, lines 4, 18, 20, and 21

Page 22, lines 1, 9

[10:39:03 AM](#)

CO-CHAIR EDGMON objected for the purpose of discussion.

[10:39:08 AM](#)

MR. BERG stated Amendment 4 directs AEA and Alaska Housing Finance Corporation (AHFC) to jointly plan and conduct an annual public education campaign to promote energy efficiency and conservation.

[10:39:29 AM](#)

CO-CHAIR MILLETT pointed out that AEA is already participating in a campaign for public education; in fact, other groups in the conservation community are also providing this service. She said she supported the private sector's involvement and not Amendment 4.

[10:40:25 AM](#)

REPRESENTATIVE RAMRAS asked for more information on the campaign.

[10:41:05 AM](#)

BRYAN BUTCHER, Director, Governmental Affairs & Public Relations, AHFC, Department of Revenue (DOR), stated that AHFC is already doing this through its funding from ARRA. Approximately \$2 million is dedicated to a public outreach campaign on community energy conservation in concert with AEA. He opined Legislative Legal and Research Services, Legislative Affairs Agency, feels statutory authority is needed, although AHFC feels it already has authority because this is an on-going program. In further response to Representative Ramras, he said the amendment is not needed and "it doesn't make any difference one way or another to us."

[10:43:13 AM](#)

REPRESENTATIVE TUCK appreciated the work done by AHFC. However, any advertising that can be done to reduce the energy load on the utilities benefits cities and towns. He asked whether AHFC can use its campaign funding for polling to learn about other needs in the community.

[10:44:10 AM](#)

MR. BUTCHER said he was unsure. However, AHFC can use the funds to determine energy efficiency levels for residential and commercial buildings in order to show improvement over the next eight years.

[10:44:43 AM](#)

REPRESENTATIVE TUCK encouraged AHFC to determine the unmet needs of residents who are unable to participate in residential programs for a variety of reasons.

[10:45:26 AM](#)

MR. BUTCHER said, "That's something we can look at."

[10:45:37 AM](#)

REPRESENTATIVE PETERSEN pointed out that a survey sent to the constituents in his and Senator Wielechowski's districts showed that numerous people are unaware of the energy efficiency programs that are available. He said he supported further advertising.

[10:46:00 AM](#)

REPRESENTATIVE JOHANSEN dismissed the survey. He then objected to a breach of committee procedure.

CO-CHAIR EDGMON responded to the breach of procedure.

[10:46:50 AM](#)

REPRESENTATIVE MILLETT observed that after ARRA stimulus funds are gone, the state will be left with a mandate to continue to fund an education program.

[10:47:58 AM](#)

CO-CHAIR EDGMON spoke in support of the amendment and pointed out that a public education campaign is flexible and can be directed at efforts to inform the public on energy efficiency, conservation, alternative energy, and cheaper sources of energy. In addition, he said he supported an annual campaign.

[10:49:03 AM](#)

REPRESENTATIVE TUCK noted the importance of advertising the Municipality of Anchorage's contingency plan so that residents understood what to do and when.

[10:49:28 AM](#)

A roll call vote was taken. Representatives Petersen, Tuck, and Edgmon voted in favor of Amendment 4. Representatives Dahlstrom, Ramras, Johansen, and Millett voted against it. Therefore, Amendment 4 failed by a vote of 3-4.

[10:50:09 AM](#)

CO-CHAIR MILLETT moved Amendment 5 which read:

Page 1, line 4, following "fund,":

Insert "to the alternative energy revolving loan fund,"

Page 14, following line 17:

Insert new bill sections to read:

* **Sec. 16.** AS 45.88.010(a) is amended to read:

(a) There is established in the Department of Commerce, Community, and Economic Development the alternative energy conservation revolving loan fund to carry out the purposes of AS 45.88.010 - 45.88.090. Loans made under AS 45.88.010 - 45.88.090 are to be used

(1) to develop means of energy production utilizing one or more alternative energy systems; and

(2) to purchase, construct, and install energy conservation improvements in commercial buildings [ENERGY SOURCES OTHER THAN FOSSIL OR NUCLEAR FUEL, INCLUDING, BUT NOT LIMITED TO, WINDMILLS, WATER AND SOLAR ENERGY DEVICES].

* **Sec. 17.** AS 45.88.010 is amended by adding a new subsection to read:

(e) The alternative energy conservation revolving loan fund consists of

(1) money appropriated to the fund by the legislature;

(2) gifts, bequests, or contributions from other sources;

(3) principal and interest payments or other income earned on loans or investments in the fund; and

(4) money chargeable to principal or interest that is collected through liquidation by foreclosure or other processes on loans made under AS 45.88.010 - 45.88.090.

* **Sec. 18.** AS 45.88.020(a) is amended to read:

(a) The department may

(1) make loans for the purchase, construction, and installation, in commercial buildings that are located in the state, of

(A) alternative energy systems; and

(B) energy conservation improvements;

(2) adopt regulations necessary to carry out the provisions of AS 45.88.010 - 45.88.090, including regulations to establish reasonable fees for services provided and charges for collecting the fees;

(3) collect the fees and collection charges established under this subsection.

* **Sec. 19.** AS 45.88.025 is amended by adding a new section to read:

Sec. 45.88.025. Eligibility. To be eligible for a loan under AS 45.88.010 - 45.88.090, an applicant must

(1) physically reside in the state and maintain a domicile in the state during 12 consecutive months before the date of application for a loan and may not have

(A) declared or established residency in another state; or

(B) received residency or a benefit based on residency from another state;

(2) be at least 51 percent owned by individuals described in (1) of this section if the applicant is a corporation, joint venture, or partnership; or

(3) be a nonprofit organization under AS 10.20.

* **Sec. 20.** AS 45.88.030(a) is repealed and reenacted to read:

(a) A loan made under AS 45.88.010 - 45.88.090 may not exceed \$50,000. If the requested loan amount exceeds \$30,000, the applicant must deliver to the department a document from a financial institution stating that

(1) the applicant has been denied a loan for the same purpose; or

(2) the loan from the financial institution is contingent on the applicant also receiving a loan from the fund.

* **Sec. 21.** AS 45.88.030(e) is amended to read:

(e) The rate of interest for a loan under AS 45.88.010 - 45.88.090 is the prime rate, as defined by AS 44.88.599, plus one percentage point, but may not be less than five percent a year [FOR AN ALTERNATIVE ENERGY SYSTEM IS FIVE PERCENT FOR THE

FIRST \$15,000 OF THE LOAN AND 15 PERCENT FOR THE AMOUNT OF THE LOAN THAT EXCEEDS \$15,000].

* **Sec. 22.** AS 45.88.030 is amended by adding a new subsection to read:

(f) A loan under AS 45.88.010 - 45.88.090 must be secured by a mortgage or other security instrument in the real property to be improved and a lien on the improvements financed with the loan.

* **Sec. 23.** AS 45.88.090(a) is amended to read:

(a) In AS 45.88.010 - 45.88.090,

(1) "alternative energy system"

(A) [(1)] means a source of thermal, mechanical or electrical energy **that** [WHICH] is not dependent on oil or gas or a nuclear fuel for the supply of energy for space heating and cooling, refrigeration and cold storage, electrical power, mechanical power, or the heating of water;

(B) [(2)] includes

(i) [(A)] an alternative energy property as defined by 26 U.S.C. 48(a)(3)(A) (Sec. 301, P.L. 95-618, Internal Revenue Code);

(ii) [(B)] a method of architectural design and construction which provides for the collection, storage, and use of direct radiation from the sun;

(iii) [(C)] a woodstove with a catalytic converter or a catalytic converter for a wood stove; [AND]

(iv) [(D)] a steam, hot water, or ducted hot air central heating system that uses wood or coal for fuel; **and**

(v) a high efficiency wood pellet stove;

(C) [(3)] does not include

(i) [(A)] a stove that uses only wood, coal, or oil for fuel; or

(ii) [(B)] a fireplace or fireplace insert;

(2) "commercial building"

(A) means a building that is intended to be used for commercial purposes;

(B) does not include

(i) a residential structure or mobile home that contains one to four family housing units; or

(ii) individual units of condominiums or cooperatives;

(3) "energy conservation improvement" means

(A) structural insulation;

(B) thermal windows and doors;

(C) a furnace replacement burner designed to achieve a reduction in the amount of fuel consumed as a result of increased combustion efficiency;

(D) a device for modifying flue openings designed to increase the efficiency of operation of the heating system;

(E) an electrical or mechanical furnace ignition system that replaces a gas pilot light;

(F) an automatic energy-saving setback thermostat;

(G) a meter that displays the cost of energy usage;

(H) caulking and weather stripping of doors and windows;

(I) insulating shades and shutters;

(J) air and water recuperators."

Renumber the following bill sections accordingly.

Page 18, following line 29:

Insert a new bill section to read:

"* **Sec. 26.** AS 45.88.010(c), 45.88.030(c), 45.88.030(d), and 45.88.040(a) are repealed."

Renumber the following bill sections accordingly.

Renumber internal references to bill sections in accordance with this amendment. Below are all internal bill section references in this bill:

Page 18, line 29

Page 19, line 4

Page 20, lines 28, 29, and 30

Page 21, lines 4, 18, 20, and 21

Page 22, lines 1, 9

CO-CHAIR EDGMON objected for the purpose of discussion.

[10:50:26 AM](#)

MR. BERG said Amendment 5 reopens the alternative energy revolving loan fund program to commercial businesses.

[10:50:51 AM](#)

REPRESENTATIVE PETERSEN offered Conceptual Amendment 1 to Amendment 5.

[10:51:05 AM](#)

CO-CHAIR EDGMON objected for the purpose of discussion.

[10:51:12 AM](#)

REPRESENTATIVE PETERSEN referred to page 3, line 29, and said his conceptual amendment adds "or grain" following "pellet." He affirmed the committee's support of the development of agriculture in Alaska.

[10:51:46 AM](#)

REPRESENTATIVE RAMRAS expressed his support of Conceptual Amendment 1 to Amendment 5.

[10:52:05 AM](#)

CO-CHAIR EDGMON removed his objection to Conceptual Amendment 1. There being no further objection, Conceptual Amendment 1 to Amendment 5 was adopted.

CO-CHAIR EDGMON removed his objection to Amendment 5. There being no further objection, Amendment 5 was adopted.

[10:52:32 AM](#)

CO-CHAIR MILLETT moved Amendment 6 which read:

Page 1, line 1, following the third occurrence of "energy":

Insert "**, to energy consumption, energy costs, and energy efficiency standards for school construction and major maintenance by the Department of Education and Early Development**"

Page 2, following line 6:

Insert a new bill section to read:

*** Sec. 2.** AS 14.07.020(a) is amended to read:

(a) The department shall

(1) exercise general supervision over the public schools of the state except the University of Alaska;

(2) study the conditions and needs of the public schools of the state, adopt or recommend plans, administer and evaluate grants to improve school

performance awarded under AS 14.03.125, and adopt regulations for the improvement of the public schools;

(3) provide advisory and consultative services to all public school governing bodies and personnel;

(4) prescribe by regulation a minimum course of study for the public schools; the regulations must provide that, if a course in American Sign Language is given, the course shall be given credit as a course in a foreign language;

(5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in detention facilities in the state during the period of detention;

(6) accredit those public schools that meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards that will assure healthful and safe conditions in the public and private schools of the state, including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over pre-elementary schools that receive direct state or federal funding;

(9) exercise general supervision over elementary and secondary correspondence study programs offered by municipal school districts or regional educational attendance areas; the department may also offer and make available to any Alaskan through a centralized office a correspondence study program;

(10) accredit private schools that request accreditation and that meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be licensed;

(11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction or major maintenance project; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, projected energy consumption and costs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, and basic education to individuals over 16 years of age who are no longer attending school;

(13) administer the grants awarded under AS 14.11;

(14) establish, in coordination with the Department of Public Safety, a school bus driver training course;

(15) require the reporting of information relating to school disciplinary and safety programs under AS 14.33.120 and of incidents of disruptive or violent behavior;

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in math, reading, and writing as provided in AS 14.03.123(f)(2)(A); and

(C) a process for districts to petition the department for continuing or discontinuing the department's intervention;

(17) notify the legislative committees having jurisdiction over education before intervening in a school district under AS 14.07.030(14) or redirecting public school funding under AS 14.07.030(15);

(18) adopt regulations that set standards for energy efficiency for school construction and major maintenance to provide energy efficiency benefits for all school locations in the state and that address energy efficiency in design and energy systems that minimize long-term energy and operating costs."

Renumber the following bill sections accordingly.

Conform internal references to bill sections in accordance with this amendment. Below are all internal bill section references in this bill:

Page 18, line 29

Page 19, line 4

Page 20, lines 1, 2, and 3

Page 21, lines 4, 18, 20, and 21

Page 22, lines 1 and 9

[10:53:00 AM](#)

CO-CHAIR EDGMON objected for the purpose of discussion.

MR. BERG understood Amendment 6 will be withdrawn; however, he explained that the amendment provided for Department of Education and Early Development energy consumption projections for rural schools. This provision was now incorporated in other proposed legislation.

[10:53:13 AM](#)

CO-CHAIR MILLETT withdrew Amendment 6.

[10:53:20 AM](#)

CO-CHAIR MILLETT moved Amendment 7 which read:

Page 3, following line 13:

Insert a new bill section to read:

"* **Sec. 3.** AS 14.40.170(b) is amended to read:

(b) The Board of Regents may

(1) adopt reasonable rules, orders, and plans with reasonable penalties for the good government of the university and for the regulation of the Board of Regents;

(2) determine and regulate the course of instruction in the university with the advice of the president;

(3) set student tuition and fees;

(4) receive university receipts and, subject to legislative appropriation, expend university receipts in accordance with AS 37.07 (Executive Budget Act);

(5) apply for and use the proceeds of a loan from the Alaska energy efficiency revolving loan fund (AS 18.56.855)."

Renumber the following bill sections accordingly.

Page 5, line 2, following the second occurrence of "governments,":

Insert ", to the University of Alaska,"

Page 5, line 4, following "areas,":

Insert "by the University of Alaska,"

Page 5, line 10, following "area,":

Insert "the University of Alaska,"

Page 5, line 12, following "area":

Insert ", the University of Alaska,"

Page 5, line 15, following "area,":

Insert ", the University of Alaska,"

Page 5, line 21, following "state":

Insert "and the University of Alaska"

Page 5, line 24, following "area":

Insert ", the University of Alaska,"

Page 6, line 6, following "area,":

Insert ", to the University of Alaska"

Page 6, line 7, following "area,":

Insert ", the University of Alaska,"

Page 6, line 11, following "area,":

Insert ", the University of Alaska,"

Page 6, line 12, following "area,":

Insert ", the University of Alaska,"

Page 6, line 24, following "area.":

Insert "the president of the University of Alaska, or the director of the Board of Regents, may borrow from the corporation under this section for buildings owned by the University of Alaska."

Page 6, line 28, following "area":

Insert ", the University of Alaska,"

Renumber internal references to bill sections in accordance with this amendment. Below are all internal bill section references in this bill:

Page 18, line 29

Page 19, line 4

Page 20, lines 28, 29, and 30

Page 21, lines 4, 18, 20, and 21

Page 22, lines 1, 9

[10:53:30 AM](#)

CO-CHAIR EDGMON objected for the purpose of discussion.

[10:53:35 AM](#)

MR. BERG stated that Amendment 7 clarifies that the University of Alaska (UA) is eligible to receive loans from the Alaska energy efficiency revolving loan fund.

[10:53:48 AM](#)

CO-CHAIR MILLETT expressed her support for the amendment.

[10:54:10 AM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 7 was adopted.

[10:54:21 AM](#)

CO-CHAIR MILLETT moved Amendment 8 which read:

Page 1, line 2, following "utility,":

Insert **"to an exemption from taxation by a municipality of certain residential renewable energy systems,"**

Page 7, following line 13:

Insert a new bill section to read:

"* **Sec. 9.** AS 29.45.050(b) is amended to read:

(b) A municipality may by ordinance

(1) classify and exempt from taxation

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(D) all or any portion of private ownership interests in property that, based upon a written agreement with the University of Alaska, is used exclusively for student housing for the University of Alaska; property may be exempted from taxation under this subparagraph for no longer than 30 years unless the exemption is specifically extended by ordinance adopted within the six months before the expiration of that period;

(E) a residential renewable energy system that is used to develop means of energy production using energy sources other than fossil or nuclear fuel, including windmills and water and solar energy devices located in the municipality;

(2) classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes."

Re-number the following bill sections accordingly.

Re-number internal references to bill sections in accordance with this amendment. Below are all internal bill section references in this bill:

Page 18, line 29

Page 19, line 4

Page 20, lines 28, 29, and 30

Page 21, lines 4, 18, 20, and 21

Page 22, lines 1, 9

[10:54:39 AM](#)

CO-CHAIR EDGMON objected for the purpose of discussion.

[10:54:45 AM](#)

MR. BERG advised Amendment 8, which was suggested by Ms. Chey of Kenai, allows a municipality to exempt residential energy system improvements from the tax rolls.

[10:54:55 AM](#)

REPRESENTATIVE RAMRAS spoke of the cost of installing solar panels at his business. He remarked:

But what you're saying [is] the municipality in this case, the North Star Borough, may enact an ordinance that would not consider those improvements in the capital cost. Is that correct?

[10:55:22 AM](#)

MR. BERG said correct. He added that the amendment may not apply to commercial improvements.

[10:56:27 AM](#)

REPRESENTATIVE RAMRAS offered Conceptual Amendment 1 to Amendment 8.

[10:56:38 AM](#)

CO-CHAIR EDGMON objected for the purpose of discussion.

[10:56:46 AM](#)

REPRESENTATIVE RAMRAS said he will contemplate an amendment to include commercial properties and submit it to the next committee of referral. He withdrew Conceptual Amendment 1 to Amendment 8.

[10:57:20 AM](#)

CO-CHAIR MILLETT asked for the number of people in the Kenai area that will be eligible to benefit from this exemption.

[10:57:46 AM](#)

MS. CHEY responded that 27 homeowners have alternative energy systems, and the exemption will prompt more people to consider alternative energy systems.

[10:58:43 AM](#)

REPRESENTATIVE TUCK observed that major independent power producers profiting from power generation should not be exempt from tax assessments; however, long-term lease holders who invest in alternative systems should benefit.

[10:59:46 AM](#)

CO-CHAIR EDGMON removed his objection. Hearing no further objection, Amendment 8 was adopted.

REPRESENTATIVE RAMRAS noted that little cooperation was received from the administration when the committee requested an organization chart that would show how energy decisions are made by the executive branch. He called attention to Sec. 27 on page 19, that provides for an energy report from the governor, and offered Conceptual Amendment 9 which would require an organization report.

[11:01:40 AM](#)

CO-CHAIR EDGMON asked for clarification.

[11:01:46 AM](#)

REPRESENTATIVE RAMRAS said:

Insert the conceptual amendment perhaps at the end of line 10, you can certainly see on line 9 where it says 'to structure state energy programs and offices to increase the coordination and efficiency of the state's efforts.' So I think I'll insert with appropriate language drafted by leg legal after 'state's efforts' 'and to develop an organization chart that ...

[11:03:04 AM](#)

CO-CHAIR EDGMON observed the intent of the conceptual amendment was captured. He then objected for the purpose of discussion,

and asked whether the conceptual amendment affected other provisions in the bill.

[11:03:35 AM](#)

REPRESENTATIVE RAMRAS surmised the amendment belonged in Sec. 27.

[11:03:53 AM](#)

CO-CHAIR MILLETT recalled the difficulty she had informing the U. S. Department of Energy who Alaska's energy leaders are. Although AEA is the energy department, she said, "We have all sorts of things spread out through different departments." Co-Chair Millett stated her continued hope for a new office or department of energy, and observed, "An org chart is sure a good first start to looking at how we are structured within the state of Alaska."

[11:06:45 AM](#)

CO-CHAIR EDGMON agreed. He recalled that Massachusetts was a good model for an energy response team at the state level. He said he also supports Conceptual Amendment 9, and suggested on page 19, line 10, insert "and to develop an organizational chart that describes state services and programs in their entirety."

[11:08:04 AM](#)

REPRESENTATIVE RAMRAS supported the suggested language.

[11:08:09 AM](#)

REPRESENTATIVE TUCK advised "energy" should precede "services."

[11:08:22 AM](#)

CO-CHAIR EDGMON agreed and withdrew his objection.

[11:08:55 AM](#)

Conceptual Amendment 9 was treated as adopted.

The committee took an at-ease from 11:08 a.m. to 11:14 a.m.

[11:14:00 AM](#)

CO-CHAIR EDGMON invited Senator McGuire to address the fiscal impact of the bill.

[11:14:11 AM](#)

SENATOR MCGUIRE advised there was a misunderstanding about the fiscal impact of the bill.

[11:15:16 AM](#)

MR. PAWLOWSKI called the committee's attention to fiscal note 8, dated 4/10/10, in the amount of [\$390,300], and fiscal note 7, dated 4/9/10, in the amount of \$276,500. He pointed out that \$276,500 to the Alaska Industrial Development and Export Authority (AIDEA) comes from funding within the Department of Commerce, Community, & Economic Development (DDCED); thus the actual number is \$390,300. The total funding associated with SB 220 is \$523,600 on the fiscal note attached to the bill.

[11:16:35 AM](#)

CO-CHAIR EDGMON spoke of the energy policy bill with a zero fiscal note attached.

[11:17:03 AM](#)

CO-CHAIR MILLETT expressed her satisfaction with the work of the committee and said, "Going through this process with the Senate, and two of the smartest Senators on energy, has been a learning experience." She opined the cooperation between the House and Senate committees resulted in a bill with numerous, long-lasting benefits to Alaskans.

[11:18:25 AM](#)

REPRESENTATIVE PETERSEN pointed out that SB 220 does not create a board of directors for AEA that is separate from the board of directors for AIDEA.

[11:19:18 AM](#)

CO-CHAIR EDGMON reminded the committee of other proposed legislation that expanded the board membership of AIDEA from two public sector members to five public sector members.

CO-CHAIR MILLETT agreed, and added that influence from the private sector will be felt.

11:20:29 AM

REPRESENTATIVE JOHANSEN appreciated the hard work of both committees. Senate Bill 220 is part of Alaska's energy policy "package" to be completed and embraced by both bodies for the benefit of the public.

11:21:32 AM

CO-CHAIR EDGMON commended the committee staff for both bodies. He observed "this discussion, in many respects, is just starting."

11:22:27 AM

CO-CHAIR MILLETT moved to report CSSB 220(FIN), [version] B, [as amended], out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HCS CSSB 220(ENE) was reported out of the House Special Committee on Energy.

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 11:23 a.m.