

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON ENERGY**

April 13, 2021

10:17 a.m.

**MEMBERS PRESENT**

Representative Calvin Schrage, Chair  
Representative Matt Claman  
Representative Tiffany Zulkosky  
Representative Zack Fields  
Representative George Rauscher  
Representative James Kaufman

**MEMBERS ABSENT**

Representative Chris Tuck

**COMMITTEE CALENDAR**

HOUSE BILL NO. 170

"An Act establishing the Alaska energy independence program and the Alaska energy independence fund in the Alaska Industrial Development and Export Authority; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 69 AM

"An Act extending an exemption from regulation as a public utility for plants and facilities generating electricity entirely from renewable energy resources; and providing for an effective date."

- MOVED SB 69 AM OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 170

SHORT TITLE: ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

04/09/21	(H)	READ THE FIRST TIME - REFERRALS
04/09/21	(H)	ENE, L&C, FIN
04/13/21	(H)	ENE AT 10:15 AM BARNES 124

BILL: SB 69

SHORT TITLE: EXEMPT RENEWABLE ENERGY ELECTRIC PLANTS  
SPONSOR(s): REVAK

02/03/21	(S)	READ THE FIRST TIME - REFERRALS
02/03/21	(S)	L&C
02/10/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/10/21	(S)	<Bill Hearing Canceled>
02/15/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/15/21	(S)	Heard & Held
02/15/21	(S)	MINUTE(L&C)
03/03/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/03/21	(S)	Moved SB 69 Out of Committee
03/03/21	(S)	MINUTE(L&C)
03/05/21	(S)	L&C RPT 1DP 3AM
03/05/21	(S)	DP: COSTELLO
03/05/21	(S)	AM: GRAY-JACKSON, STEVENS, HOLLAND
03/31/21	(S)	TRANSMITTED TO (H)
03/31/21	(S)	VERSION: SB 69 AM
04/05/21	(H)	READ THE FIRST TIME - REFERRALS
04/05/21	(H)	ENE, L&C
04/06/21	(H)	ENE AT 10:15 AM ADAMS 519
04/06/21	(H)	Heard & Held
04/06/21	(H)	MINUTE(ENE)
04/13/21	(H)	ENE AT 10:15 AM BARNES 124

#### **WITNESS REGISTER**

ALAN WEITZNER, Executive Director

Alaska Industrial Development and Export Authority  
Anchorage, Alaska

**POSITION STATEMENT:** Presented HB 170 on behalf of the bill sponsor, House Rules by request of the governor.

#### **ACTION NARRATIVE**

[10:17:38 AM](#)

**CHAIR CALVIN SCHRAGE** called the House Special Committee on Energy meeting to order at 10:17 a.m. Representatives Claman, Zulkosky, Rauscher, and Schrage were present at the call to order. Representatives Fields and Kaufman arrived as the meeting was in progress.

CHAIR SCHRAGE announced that Representative Zulkosky would be vice chair.

**HB 170-ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA**

10:18:33 AM

CHAIR SCHRAGE announced that the first order of business would be HOUSE BILL NO. 170, "An Act establishing the Alaska energy independence program and the Alaska energy independence fund in the Alaska Industrial Development and Export Authority; and providing for an effective date."

10:18:45 AM

ALAN WEITZNER, Executive Director, Alaska Industrial Development and Export Authority, presented HB 170 on behalf of the bill sponsor, House Rules by request of the governor. He explained that HB 170 would facilitate the financing of sustainable energy development projects through a separately managed fund created within the Alaska Industrial Development and Export Authority (AIDEA). He highlighted that AIDEA has worked in collaboration with Chris Rose with the Renewable Energy Alaska Project and Jeffrey Schub with the Coalition for Green Capital. He went on to explain that according to a 2018 statistic from the U.S. Energy Administration, Alaska energy consumption per capita ranks the highest in the U.S., close to 2.5 times the national average, a statistic he attributed to Alaska's need for heating in the winter as well as energy intensive industries.

MR. WEITZNER pointed to Alaska's potential for renewable energies and opined that HB 170 would help develop that potential to address the high demand. He highlighted that Alaska's energy cost is ranked eleventh in the U.S. but said that because of the high demand, Alaska consumers spend over \$8,000 per year per capita on energy, and 10.83 percent of Alaska's gross domestic product (GDP) goes to energy expenditures. He explained that the Alaska energy independence fund (AEIF) serves a public purpose by addressing the cost of power and overall demand for energy in the state. He explained that often the reference for AEIF is "green bank." It functions as a private/public entity that uses "modest" amounts of public funding to leverage private capital to accelerate investment into clean energy projects.

10:23:00 AM

MR. WEITZNER explained that green banks do not literally function as banks, rather they are dedicated public finance corporations that act as a catalyst for clean energy development. They build a range of projects and programs tailor

made to communities that would otherwise not have been developed, mobilize private capital by reducing barriers, and aim to make energy cleaner and cheaper. Most importantly, AEIF would create a tangible economic impact by creating jobs, reducing the cost of power, and renewing investment into communities.

[10:24:21 AM](#)

MR. WEIZNER explained that statewide implementation of AEIF, with an initial capitalization of \$5-10 million, benchmarks very well with the GDP per capita of similar green banks in New York and Maryland. He explained that through comparison of sizing, AIDEA came to request \$10 million for the fund. He highlighted that the effectiveness of benchmarked entities comes from their capacity to leverage capital. New York and Maryland were able to achieve 7-8 times the initial capital investment thanks to private industry contribution. He stated his belief that Alaska could achieve similar growth.

[10:27:48 AM](#)

REPRESENTATIVE FIELDS asked about the relationship between the initial capitalization and the resulting capacity for projects.

MR. WEIZNER explained that the leverage they can achieve is a multiple of 6 to 8 times the initial investment.

[10:29:18 AM](#)

REPRESENTATIVE KAUFMAN asked if initial spending is front end loaded with private industry support coming in later.

MR. WEIZNER answered that it is front end loaded. In response to a follow-up question, he said it takes three to five years to reach six to eight times the returns.

MR. WEIZNER continued by reiterating the benefits of the fund. He opined that Alaska has the minerals needed to supply electric vehicle manufacturers a "safe, clean, and domestic" supply of batteries. He said if the state was able to sustain 10 percent reduction in the cost of power, then the amount of capital being provided back to consumers would range from \$800 to \$25,000.

[10:33:39 AM](#)

CHAIR SCHRAGE asked if AEIF would facilitate the production of raw materials in any way.

MR. WEIZNER answered it would not.

[10:34:26 AM](#)

REPRESENTATIVE CLAMAN asked how the fund fits in with AIDEA's work developing resources.

MR. WEIZNER explained that the goal of AIDEA is to promote economic development, and that supporting economic growth in the clean energy sector is another way of fulfilling that mission. He pointed out that AIDEA has several funds devoted to a variety of projects. In response to a follow-up question, he said AIDEA would provide a list and description of all the funds under AIDEA to the committee.

[10:37:10 AM](#)

MR. WEIZNER continued the presentation on slide 8, explaining that HB 170 has been worded to match a federal bill that creates funding to capitalize clean energy projects nationwide; it would create the fund to make capital available to borrowers for sustainable energy development projects.

[10:39:50 AM](#)

REPRESENTATIVE ZULKOSKY asked Mr. Weizner to describe the types of projects that may qualify with respect to "microgrid."

MR. WEIZNER explained that in that case the projects would be smaller scale and focus on local distribution.

[10:40:34 AM](#)

MR. WEIZNER continued by explaining that the financing and investments for AEIF would be leveraging capital with Alaska's financial sector. He said the primary targets would be financing loans, the returns of which would be reinvested into sustainable energy development within the state. He said the fund would begin with appropriations from the legislature, with matching investment from federal funds, and ultimately leverage cooperation with Alaska's financial institutions. He talked about the expected benefits of the fund, including financial innovation and the removal of perceived project risk.

[10:44:42 AM](#)

REPRESENTATIVE ZULKOSKY asked how loans would be crafted to reduce barriers to borrowing for rural communities.

MR. WEIZNER answered that HB 170 would help rural communities through three areas in the structure of the legislation. The first is the creation of an advisory board that will provide input on the programs, underlying markets, and issues within rural communities and the programs that can be applied to them. He highlighted a "best practices" element. The second area he highlighted is close cooperation with the Alaska Energy Authority (AEA) who address many of those issues in rural areas. The third area he highlighted is the purpose of the AEIF to create programs that are tailor made for Alaska's unique energy needs.

REPRESENTATIVE ZULKOSKY asked what kind of engagement would be done to address the "tailor made" programs to ensure an equitable opportunity for small and remote communities that are currently off the railbelt.

MR. WEIZNER relied that the programs would be structured based on the input from the advisory board. He highlighted that HB 170 was written to be flexible to address those issues.

[10:49:29 AM](#)

MR. WEIZNER next addressed workflow. He explained that with the establishment of the initial capital, AEIF would start a conversation on specific tools for the implementation of the fund. He then explained how AIDEA will work with AEA.

[10:53:11 AM](#)

REPRESENTATIVE ZULKOSKY asked if there are any specifics within the legislation regarding who will be appointed to the advisory board.

MR. WEIZNER said that is included in the sectional analysis, which he would address subsequently.

[10:53:39 AM](#)

REPRESENTATIVE KAUFMAN asked what metrics are built into the program to measure the success of the fund to ensure efficacy.

MR. WEIZNER explained that the structure of the fund itself means that the cost efficiencies within AIDEA and AEA benefit the fund directly, and the fund would be self-sustaining with the budget proposed.

[10:55:38 AM](#)

REPRESENTATIVE FIELDS asked how the bill positions Alaska to capitalize on federally available resources should they materialize. He asked specifically what would happen to federal funding should HB 170 not pass.

MR. WEIZNER answered that HB 170 has been structured to mirror the federal legislation. He said he could not address what would happen should HB 170 fail.

[10:57:41 AM](#)

MR. WEIZNER moved on to talk about the statutes that define the reasons AIDEA should contain the AEIF. He highlighted the intent in the creation of AIDEA to stimulate economic development through the end use of resources. He then provided the sectional analysis [hard copy included in the committee packet].

[11:06:25 AM](#)

CHAIR SCHRAGE announced that HB 170 was held over.

**SB 69-EXEMPT RENEWABLE ENERGY ELECTRIC PLANTS**

[11:06:45 AM](#)

CHAIR SCHRAGE announced that the final order of business would be SENATE BILL NO. 69 am, "An Act extending an exemption from regulation as a public utility for plants and facilities generating electricity entirely from renewable energy resources; and providing for an effective date."

[11:07:26 AM](#)

REPRESENTATIVE ZULKOSKY moved to report SB 69 am out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 69 am was reported out of the House Special Committee on Energy.

[11:07:57 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 11:08 a.m.