

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

April 20, 2021

10:19 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

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."

- MOVED CSHB 170 (ENE) 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
04/13/21	(H)	Heard & Held
04/13/21	(H)	MINUTE(ENE)
04/15/21	(H)	ENE AT 10:15 AM BARNES 124
04/15/21	(H)	Heard & Held
04/15/21	(H)	MINUTE(ENE)
04/20/21	(H)	ENE AT 10:15 AM BARNES 124

WITNESS REGISTER

CHARLES MCKEE, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 170 on matters unrelated to the bill.

MELISSA HEWER
Executive Director
Susitna River Coalition
Talkeetna, Alaska

POSITION STATEMENT: Testified during the hearing on HB 170 to recommend the bill be amended.

ALAN WEITZNER, Executive Director
Alaska Industrial Development and Export Authority
Anchorage, Alaska

POSITION STATEMENT: Offered feedback to proposed amendments during the hearing on HB 170.

SANDON FISHER, Legislative Counsel
Legislative Legal Services
Juneau, Alaska

POSITION STATEMENT: As bill drafter, answered questions during the hearing on HB 170.

CHRIS ROSE, Executive Director
Renewable Energy Alaska Project
Anchorage, Alaska

POSITION STATEMENT: Responded to questions during the hearing on HB 170.

JEFF SCHUB, Executive Director
Coalition for Green Capitol
Washington, D.C.

POSITION STATEMENT: Responded to questions during the hearing on HB 170.

ACTION NARRATIVE

[10:19:31 AM](#)

CHAIR CALVIN SCHRAGE called the House Special Committee on Energy meeting to order at 10:19 a.m. Representatives Kaufman, Claman, Fields, Zulkosky, Tuck (via Teams), Rauscher, and Schrage were present at the call to order.

HB 170-ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

[10:20:15 AM](#)

CHAIR SCHRAGE announced that the only 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."

[10:20:35 AM](#)

CHAIR SCHRAGE opened public testimony on HB 170.

CHARLES MCKEE, representing self, testified as to the difficulty of working with the administration.

[10:23:35 AM](#)

The committee took an at-ease from 10:23 a.m. to 10:24 a.m.

[10:24:40 AM](#)

MELISSA HEWER testified that she is excited about the potential benefits of the fund proposed under HB 170 but skeptical of placing the work in the hands of the Alaska Industrial Development and Export Authority (AIDEA), because it operates with little oversight and has made controversial investments that have cost the state millions of dollars. She recommended the bill be amended to: require coordination with a state expert, including the Alaska Housing Finance Corporation (AHFC); make clear that AIDEA's expenditures in the fund are subject to the Executive Budget Act; narrow the definition of "sustainable energy development" to ensure the purpose of funding through the program is to reduce greenhouse emissions and increase energy efficiency; and strengthen the terms of the bill to ensure funds are directed to projects primarily focused on developing sustainable and renewable energy.

[10:27:29 AM](#)

CHAIR SCHRAGE closed public testimony on HB 170.

CHAIR SCHRAGE stated that the committee would consider amendments and that Legislative Legal Services would have permission to make any technical and conforming changes to the bill.

[10:28:00 AM](#)

CHAIR SCHRAGE moved to adopt Amendment 1 to HB 170, labeled 32-GH1074\A.6, Fisher, 4/17/21, which read as follows:

Page 1, line 1, following "Act":

Insert "**relating to the duties of the Alaska Industrial Development and Export Authority;**"

Page 6, line 8, following "(a)":

Insert "The authority shall consider the energy policies of the state described in AS 44.99.115 in managing the operations of the Alaska energy independence program and fund under AS 44.88.450 - 44.88.456.

(b) "

Reletter the following subsection accordingly.

REPRESENTATIVE RAUSCHER objected.

CHAIR SCHRAGE spoke to Amendment 1. He said it would align the Alaska energy independence fund (AEIF) program with the Alaska energy policy.

REPRESENTATIVE RAUSCHER removed his objection to the motion to adopt Amendment 1. There being no further objection, Amendment 1 was adopted.

[10:28:53 AM](#)

REPRESENTATIVE ZULKOSKY moved to adopt Amendment 2 to HB 170, labeled 32-GH1074\A.20, Fisher, 4/19/21, which read as follows:

Page 4, lines 22 - 31:

Delete all material and insert:

"(b) The Alaska energy independence program advisory board is established. The board consists of

(1) the governor or the governor's designee; and

(2) eight members appointed by the governor as follows:

(A) one member who represents a

(i) tribe;

(ii) tribal nonprofit organization or consortium; or

(iii) regional housing authority;

(B) one member who represents an Alaska Native corporation;

(C) one member who represents an Alaska nonprofit corporation specializing in cold climate housing research;

(D) one member who has experience in
(i) renewable energy;
(ii) electric transportation; or
(iii) similar sustainable energy development;

(E) four members who have experience in
(i) finance;
(ii) marketing of financial products;
(iii) construction science and efficiencies;

(iv) renewable energy;
(v) electric transportation; or
(vi) other sustainable energy development."

REPRESENTATIVE FIELDS objected for the purpose of discussion.

REPRESENTATIVE ZULKOSKY spoke to Amendment 2. She said Amendment 2 would increase the number of advisory board members from 5 to 9, and she read through the positions listed in the amendment. She opined that the existing language does not ensure a broad perspective, vision, or understanding of the unique conditions across Alaska, and the intent of Amendment 2 would be that AIDEA would have that understanding in relation to all areas of the state, urban and rural.

REPRESENTATIVE FIELDS removed his objection to the motion to adopt Amendment 2.

CHAIR SCHRAGE objected for the purpose of discussion.

REPRESENTATIVE RAUSCHER asked to hear feedback from [Mr. Weitzner].

[10:32:18 AM](#)

ALAN WEITZNER, Executive Director, Alaska Industrial Development and Export Authority, stated that although AIDEA supports an advisory board being incorporated in the bill, nine members is a lot. That said, AIDEA supports the amendment if this is the desire of the committee. In response to Representative Rauscher, he said AIDEA had anticipated absorbing the costs for

a board of five members but would have to consider whether a larger number on the board [would impact the fiscal note].

CHAIR SCHRAGE, in response to Representative Rauscher, said he did not think it necessary to request a new fiscal note.

[10:34:13 AM](#)

REPRESENTATIVE KAUFMAN remarked that added members to the advisory board would result in double the travel costs.

[10:34:31 AM](#)

REPRESENTATIVE ZULKOSKY commented that board members could participate telephonically.

REPRESENTATIVE KAUFMAN suggested a compromise of seven on the board.

[10:35:20 A M](#)

CHAIR SCHRAGE removed his objection to the motion to adopt Amendment 2.

REPRESENTATIVE RAUSCHER objected.

[10:35:30 AM](#)

A roll call vote was taken. Representatives Tuck, Claman, Zulkosky, Fields, Kaufman, and Schrage voted in favor of Amendment 2. Representative Rauscher voted against it. Therefore, Amendment 2 was adopted by a vote of 6-1.

[10:36:40 AM](#)

CHAIR SCHRAGE moved to adopt Amendment 3 to HB 170, labeled 32-GH1074\A.5, Fisher, 4/17/21, which read as follows:

Page 1, line 1, following "**Act**":

Insert "**relating to the duties of the Alaska Industrial Development and Export Authority;**"

Page 5, following line 9:

Insert a new subsection to read:

"(d) The advisory board shall submit a report for each recommendation the advisory board makes to the authority under (c) of this section to the senate

secretary and the chief clerk of the house of representatives and notify the legislature that the report is available."

Reletter the following subsection accordingly.

Page 6, line 8, following "(a)":

Insert "The authority shall annually prepare a report containing information regarding the implementation and operation of the Alaska energy independence program and fund under AS 44.88.450 - 44.88.456, including the amount of loans made, the amount available to be loaned, the scope of projects financed, and actions taken by the authority in response to recommendations from the advisory board established under AS 44.88.450(b). The authority shall deliver the report to the senate secretary and the chief clerk of the house of representatives and notify the legislature that the report is available.

(b) "

Reletter the following subsection accordingly.

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

CHAIR SCHRAGE spoke to Amendment 3. He said the advisory report would provide transparency, and the report pertaining to the operation of AEIF ensure objectives are met.

[10:37:39 AM](#)

REPRESENTATIVE KAUFMAN asked for feedback from AIDEA regarding the proposed increase in reporting.

[10:38:05 AM](#)

MR. WEITZNER remarked that with the previous amendment expanding the size of the board, there is room for recommendations and discussion at the board level. He said there would be published minutes taken from advisory board meetings, so that which Amendment 3 seeks will already be achieved through those minutes. He recommended deleting the first part of Amendment 3, regarding page 5, following line 9, while keeping the remainder.

REPRESENTATIVE KAUFMAN said the suggestion to share the minutes is a good point. He indicated he would like to offer an amendment to Amendment 3.

10:40:14 AM

MR. WEITZNER, in response to Chair Schrage, regarding the extent of reporting, said the recommendations of the advisory board to the authority can happen during a meeting, via an e-mail, or other means, and under the first portion of Amendment 3, the board would have to provide a report for every such action; there would be a significant number of reports. He then relayed that the Open Meetings Act requires minutes to be public, and they are published.

10:41:58 AM

CO-CHAIR SCHRAGE repeated his question to gain the perspective of [the bill drafter], Mr. Fisher.

SANDON FISHER, Legislative Counsel, Legislative Legal Service, said if other recommendations were made outside of a meeting, he does not know whether those would be captured by meeting minutes. He suggested requiring the advisory board to submit all its recommendations on an annual or quarterly basis.

10:43:56 AM

REPRESENTATIVE KAUFMAN commented on the broad nature of reporting being proposed. In response to Chair Schrage, he said instead of offering an amendment to Amendment 3, he could work with the bill sponsor to arrive at a desired reporting structure.

REPRESENTATIVE FIELDS offered to work with Representative Kaufman and noted the bill would be heard next by the House Labor and Commerce Standing Committee.

10:45:00 AM

CO-CHAIR SCHRAGE withdrew his motion to adopt Amendment 3. He then announced that Amendment 4 [would not be moved for adoption].

10:45:35 AM

REPRESENTATIVE CLAMAN moved to adopt Amendment 5 to HB 170, labeled 32-GH1074\A.19, Fisher, 4/29/21, which read as follows:

Page 1, line 1, following "**Act**":

Insert "relating to the membership of the Alaska Industrial Development and Export Authority;"

Page 1, following line 4:

Insert new bill sections to read:

"* Section 1. AS 44.88.030(a) is amended to read:

(a) The membership of the authority consists of
(1) the commissioner of revenue and the commissioner of commerce, community, and economic development; and

(2) five public members [APPOINTED BY THE GOVERNOR], each of whom has expertise in private sector business or industry, or both, and possesses demonstrated leadership skills, appointed as follows:

(A) one member appointed by the governor;

(B) two members appointed by the president of the senate;

(C) two members appointed by the speaker of the house of representatives.

*** Sec. 2.** AS 44.88.030(c) is amended to read:

(c) Public members of the authority described in (a)(2) of this section serve [AT THE PLEASURE OF THE GOVERNOR] for four-year [TWO-YEAR] terms. A member appointed under (a)(2) of this section may only be removed for cause.

*** Sec. 3.** AS 44.88.030(d) is amended to read:

(d) If a vacancy occurs in the membership of the authority, the respective appointing official under (a)(2) of this section [GOVERNOR] shall immediately appoint a member for the unexpired portion of the term."

Renumber the following bill sections accordingly.

Page 8, following line 28:

Insert a new bill section to read:

"* Sec. 11. The uncodified law of the State of Alaska is amended by adding a new section to read:

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AND ALASKA ENERGY AUTHORITY; TRANSITION. (a) The terms of members of the Alaska Industrial Development and Export Authority under AS 44.88.030(a)(2), as that statute read before the effective date of this Act, and the Alaska Energy Authority under AS 44.83.030 expire on the effective date of this Act.

(b) Notwithstanding AS 44.88.030(a), as amended by sec. 1 of this Act, and AS 39.05.055, members of the Alaska Industrial Development and Export Authority under AS 44.88.030(a), as amended by sec. 1 of this Act, and the Alaska Energy Authority under AS 44.83.030, are appointed to initial terms as follows:

(1) the member appointed by the governor serves a term that expires February 28, 2023;

(2) one of the members appointed by the president of the senate and one of the members appointed by the speaker of the house of representatives serve terms that expire February 28, 2023;

(3) one of the members appointed by the president of the senate and one of the members appointed by the speaker of the house of representatives serve terms that expire February 28, 2025.

(c) Nothing in this section prevents the appointment of a person whose term expires under (a) of this section to the Alaska Industrial Development and Export Authority if the person meets the qualifications in AS 44.88.030(a), as amended by sec. 1 of this Act."

Renumber the following bill section accordingly.

CHAIR SCHRAGE objected for the purpose of discussion.

REPRESENTATIVE CLAMAN spoke to Amendment 5. He explained the purpose of having more than one entity appoint advisory board members and doing so in a staggered manner comes from concern he has heard from the public about little or no oversight of AIDEA and complaints about some of AIDEA's investments over time. He gave as example the seafood processing plant in Anchorage. He said Amendment 5 would strengthen the board and address the public concern.

[10:49:25 AM](#)

MR. WEITZNER responded that the makeup of the advisory board was heavily debated by the legislature in 2010 and changed at that time to have a higher involvement of the private sector, which he said is a benefit. He identified that with the current process, AIDEA has grown the initial capitalization of \$309 million to \$1.4 billion. He spoke about the position of

external communications manager for the Ambler [Road project], verifying that the position is involved in stakeholder engagement, working with communities and villages along that route. The amount of funding that has been identified has been over three years or more. He said AIDEA supports AEIF. He highlighted AIDEA's statutes and said AIDEA has the financial competency to undertake the AEIF loan program, having had success with similar programs in Alaska. He said AIDEA has provided over \$1.2 billion in loans in that program. He emphasized the competency of AIDEA to do its work.

[10:53:48 AM](#)

REPRESENTATIVE FIELDS stated support for Amendment 5, noting that the public describes AIDEA as ranging from incompetent to corrupt. He said he thinks the proposed amendment would rehabilitate the image of AIDEA, which is important because the agency is needed to make investments and create jobs.

REPRESENTATIVE KAUFMAN expressed concern that there was not adequate time to vet what changes would have to happen in AIDEA in order to bring benefit. He said he did not think Amendment 5 was on track with what the committee should be discussing with respect to HB 170.

CO-CHAIR SCHRAGE proffered that Amendment 5 would not change the structure of AIDEA; it would just change the appointment process.

REPRESENTATIVE KAUFMAN reiterated that that discussion is "worth looking at in a big picture sense" but warrants a "deeper look."

[10:56:30 AM](#)

REPRESENTATIVE CLAMAN commented on the governor's ability to control a board controlling a \$1.4 billion fund. Further, he reiterated the feature of Amendment 5 to create longevity on the board.

REPRESENTATIVE KAUFMAN suggested the goal is to make decisions regarding AIDEA's function in a holistic manner. He said he thinks this issue would be good to consider in a standalone bill that considers "all the aspects of governance and execution." He said he does not support Amendment 5.

[10:59:45 AM](#)

CO-CHAIR SCHRAGE withdrew his objection to the motion to adopt Amendment 5.

REPRESENTATIVE KAUFMAN objected.

[10:59:53 AM](#)

A roll call vote was taken. Representatives Tuck, Claman, Zulkosky, Fields, and Schrage voted in favor of the motion to adopt Amendment 5. Representatives Rauscher and Kaufman voted against it. Therefore, Amendment 5 was adopted by a vote of 5-2.

[11:00:41 AM](#)

CHAIR SCHRAGE moved to adopt Amendment 6 to HB 170, labeled 32-GH1074\A.23, Fisher, 4/19/21, which read as follows:

Page 4, line 4:

Delete ", limited liability companies, or limited partnerships"

Page 4, line 6, following the first occurrence of "or":

Insert "one or more subsidiary corporations, limited liability companies, or limited partnerships"

REPRESENTATIVE CLAMAN objected for the purpose of discussion.

CO-CHAIR SCHRAGE spoke to Amendment 6. He said it would remove the broad authority to utilize limited liability companies and limited partnerships and provide that authorization just within the AEIF.

[11:01:33 AM](#)

MR. WEITZNER pointed out that AIDEA has issued and established limited liability corporations (LLCs) under AS 44.88.178. He said it is an effective tool for risk mitigation and structuring of underlying investments in development projects in the EIS program. He shared it is common practice, and he highly recommended the committee not delete it "from our ability under [AS] 44.88.172, our economic development account." He said it is an essential tool within the AEIF, and AIDEA is trying to highlight with HB 170 that "it is an effective tool for both programs" AIDEA is recommending, and that it is available under the definition of corporations; AIDEA is simply looking to have

additional language for clarification should there be questions regarding the ability to issue the LLC limited partnerships. Mr. Weitzner said if Amendment 5 is adopted, AIDEA requests that the committee "continue with the language for [AS] 44.88.172 ..., as well [as] allow the ability to do this for the Alaska energy independence fund."

[11:03:16 AM](#)

REPRESENTATIVE CLAMAN asked Mr. Weitzner to confirm that he was saying currently under AS 44.88.178, which appears in Section 5 of HB 170, that AIDEA already has the authority to set up LLC and limited partnerships. If so, he questioned where that authority comes from today, since "it's not apparently in the existing language."

MR. WEITZNER answered, "The clarification of this language came in from consultation with the external parties, which included [the] Renewable Energy Alaska project." He said, "Through the Department of Law, it is our interpretation that we are able to ... establish limited liability corporations with the existing language."

REPRESENTATIVE CLAMAN sought further clarification between the two aforementioned statutes and how Mr. Weitzner could be saying AIDEA has authority already from language that it is proposing be added in HB 170. He told Mr. Weitzner, "Your testimony is totally inconsistent with the very statute you're proposing to modify in this bill."

[11:04:45 AM](#)

REPRESENTATIVE TUCK offered clarification by pointing out that AS 44.88.172 is specific to the economic development account; only under that account [AIDEA] can do the LLCs and partnerships "underneath ownership." By contrast, what AS 44.88.178 "is hoping to do," is "expand that for AIDEA to be able to do ... a creation of all subsidiaries, no matter if it's part of this fund or the economic development account." As Mr. Weitzner had indicated, Representative Tuck said this debate was held in the legislature in 2010, and House Bill 119, passed in 2011, was the result of that debate. The concern at the time was that the legislature may be "watering down the authority by going too far with this, in general, for all projects." He suggested that finding a way to limit the creation of subsidiaries to just the AEIF, "much the same way that we already have with the economic development account," would give comfort.

REPRESENTATIVE CLAMAN expressed that Representative Tuck had shed light on the distinction regarding the statutes.

[11:07:40 AM](#)

MR. WEITZNER commented further on subsidiaries, LLCs, and limited partnerships, and said the proposed legislation does not seek to broadly address all AIDEA's capabilities under every program, because the economic development account under AS 88.44.172 is very specific; the intent is to make viable the administration of the AEIF while maintaining the capabilities AIDEA already had under AS 44.88.172.

[11:09:11 AM](#)

MR. FISHER, in response to Chair Schrage, said if Amendment 6 were adopted, AIDEA would have the ability to create LLCs with respect to projects under AS 44.88.172, which pertains to the economic development account. He noted that AS 44.88.172(a)(2) discusses ownership of corporations or limited liability companies. He said AIDEA would have the authority to establish the subsidiary corporations, limited liabilities, or partnerships for the purposes of administering or expanding the AEIF program. He concluded that absent specific authority, he does not believe [AIDEA] would have the ability to create an entity other than a corporation, "except for those two instances."

[11:10:50 AM](#)

REPRESENTATIVE KAUFMAN questioned what specific problem was trying to be avoided through Amendment 6 that adequate oversight would not overcome.

[11:11:37 AM](#)

CO-CHAIR SCHRAGE commented that Amendment 6 would not limit AIDEA's ability; it would simply not grant a new authority to grant LLCs. He acknowledged this may be an issue to address at a later date.

[11:12:22 AM](#)

MR. WEITZNER clarified that Amendment 6 would limit what AIDEA is currently able to do under AS 44.88.178 for the AS 44.88.172 economic development account program. He is seeking to prevent

any deletion of AIDEA's current capabilities, which could negatively impact AIDEA's risk management of its investments and projects, the way that it engages with the private sector on those projects, and its manner of attracting capital for Alaska's economic development.

[11:13:46 AM](#)

REPRESENTATIVE CLAMAN, looking not at Amendment 6 but at the bill itself and existing statute, asked Mr. Fisher whether AIDEA has the ability to create LLCs related to AS 44.88.172 - the economic development account - without any change in language.

MR. FISHER responded that he thinks the answer is "probably yes" because of the language in AS 44.88.172(a)(2), which allows AIDEA to own corporations or LLCs with respect to the economic development account. He offered his understanding that there is not the ability to create a limited partnership, because that is not addressed under AS 44.88.172.

REPRESENTATIVE CLAMAN said he is trying to figure out how deleting the language on line 4 of HB 170, regarding LLCs and limited partnerships, "would change the present reality that creating those today is limited to the Section 172 economic development account." He asked, "Wouldn't they still have that authority if we took the language out?"

MR. FISHER said he believes so; however, he remarked that "potentially this could be considered legislative intent to the contrary." He recommended clarifying the legislative intent "to prohibit [AIDEA] from creating those types of entities with respect to [AS] 44.88.172."

REPRESENTATIVE CLAMAN, following the assumption that AIDEA has the authority already, questioned what purpose Amendment 6 would have.

MR. FISHER answered that Amendment 6 would not result in substantial changes; it would clarify AIDEA's ability to create these entities. He said that "setting aside limited partnerships," he does not believe there would be "a change with respect to [AS] 44.88.172."

REPRESENTATIVE CLAMAN concluded that Amendment 6 would allow the AEIF program to get involved in a limited partnership, while the economic development account could not. If the committee wants

to expand this to both entities, it should not support Amendment 6.

MR. FISHER confirmed that's correct.

[11:18:34 AM](#)

REPRESENTATIVE TUCK pointed out that "by opening it up to limited partnerships, you're not under the same scrutiny as you would be with the other subsidiary corporations already allowed under the economic development account that will now go into the Alaska energy independence fund."

CO-CHAIR SCHRAGE, in response to Representative Tuck, clarified the purpose of Amendment 6. In response to a follow-up question, he said Amendment 6 would retain any authorities currently under the economic development account.

REPRESENTATIVE TUCK concluded that "the economic development account can still do the limited liability companies but they ... could not do the additional limited partnership."

CO-CHAIR SCHRAGE confirmed that is the intent of Amendment 6.

[11:21:29 AM](#)

MR. WEITZNER, in response to a request from Representative Tuck, explained how a limited partnership can be utilized.

[11:22:19 AM](#)

CHRIS ROSE, Executive Director, Renewable Energy Alaska Project, said Mr. Hunter from the Connecticut Green Bank, who had testified the prior week, has been adamant that LLCs are an important tool. He shared Mr. Hunter's e-mailed description of the difference between an LLC and a corporation, as relates to a green bank.

REPRESENTATIVE TUCK clarified his interest is in hearing about limited partnerships.

[11:24:39 AM](#)

JEFF SCHUB, Executive Director, Coalition for Green Capitol, said both LLCs and limited liability partnerships are fundamental structuring elements for how capital is aggregated.

The inability to use those structures, he said, "would make this fund almost unworkable."

REPRESENTATIVE TUCK asked if this is about going into partnership with a private entity or a subsidiary corporation under AIDEA setting up its own partnership.

CHAIR SCHRAGE asked Mr. Schub if he could provide Representative Tuck with a specific example.

MR. SCHUB declined to give a specific example.

[11:27:44 AM](#)

MR. ROSE said the e-mail from Mr. Hunter did not address partnerships.

[11:27:54 AM](#)

REPRESENTATIVE CLAMAN offered his understanding that Mr. Schub had said, specific to green energy funds, that having the option to create a limited partnership is often essential to getting investments, and those are investments distinct from those for an LLC.

MR. SCHUB clarified that he knows the ability of the fund to create and invest in LLCs is essential and fundamental, and project finance transactions that will involve private actors almost always involved limited partnerships. Notwithstanding that, he said he is not comfortable asserting the opinion that, either way, the fund itself would need to be able to participate or create in those limited partnerships.

REPRESENTATIVE CLAMAN said Mr. Schub's response illuminates the purpose of Amendment 6, which is to give authority to create a limited partnership specific to the AEIF program, but would not give that same authority in other circumstances.

[11:30:10 AM](#)

REPRESENTATIVE CLAMAN removed his objection to the motion to adopt Amendment 6.

REPRESENTATIVES RAUSCHER and KAUFMAN objected.

[11:30:27 AM](#)

A roll call vote was taken. Representatives Tuck, Claman, Zulkosky, Fields, and Schrage voted in favor of Amendment 6. Representatives Rauscher and Kaufman voted against it. Therefore, Amendment 6 was adopted by a vote of 5-2.

[11:31:18 AM](#)

REPRESENTATIVE TUCK said he would not be offering Amendment 7.

[11:31:21 AM](#)

REPRESENTATIVE TUCK moved to adopt Amendment 8, labeled 32-GH1074\A.13, Fisher, 4/17/21, which read as follows:

Page 5, lines 29 - 31:

Delete "In order to promote sustainable energy development in the state, the investment policy adopted by the authority may deviate from the prudent investor rule and traditional institutional financing criteria."

REPRESENTATIVE RAUSCHER objected for the purpose of discussion.

REPRESENTATIVE TUCK spoke to Amendment 8. He questioned how the traditional institutional financing criteria prevents the program from operating effectively. He said he had asked the question at the prior hearing and never heard an answer.

[11:32:47 AM](#)

MR. WEITZNER answered that AIDEA had responded to explain that the "and tradition institutional financing criteria" language was added to identify and exclude AIDEA's requirements to the prudent investor rule and enable AIDEA to enter into unconventional structures.

REPRESENTATIVE TUCK said he had not seen the e-mail from AIDEA and would like to further consider the response; therefore, he would like to withdraw Amendment 8 after hearing response from other committee members.

[11:35:42 AM](#)

REPRESENTATIVE ZULKOSKY asked whether Amendment 8 would prohibit Alaska's green bank from utilizing credit enhancement tools that would help rural communities to utilize funding through the program.

MR. ROSE offered his understanding that it would.

[11:38:09 AM](#)

MR. WEITZNER confirmed Mr. Rose was correct, and he said that is the situation AIDEA is seeking to avoid. He spoke about considering risk and returns in fiduciary management and seeking alternatives with lower risk when subject to the prudent investor rule.

REPRESENTATIVE ZULKOSKY, considering the difficulties rural Alaska already faces with regard to infrastructure, questioned whether she could support Amendment 8.

[11:39:55 AM](#)

REPRESENTATIVE KAUFMAN recommended referring to other states' models to discern how they have handled this issue. He said he suspects the other states "do not have this requirement in place."

[11:40:17 AM](#)

REPRESENTATIVE TUCK moved to withdraw Amendment 8. There being no objection, it was so ordered.

[11:40:30 AM](#)

REPRESENTATIVE TUCK moved to adopt Amendment 9 to HB 170, labeled 32-GH1074\A.14, Fisher, 4/17/21, which read as follows:

Page 8, line 22, following "infrastructure":
Insert "for emissions reductions"

REPRESENTATIVE FIELDS objected.

[11:40:53 AM](#)

REPRESENTATIVE TUCK spoke to Amendment 9. He explained he wanted to make sure the fund is not used to build new gas stations, since that is not specified in the bill language, but he thinks that is the intent.

REPRESENTATIVE FIELDS asked for feedback from Mr. Fisher.

[11:41:47 AM](#)

MR. FISHER confirmed that Amendment 9 would clarify that the fueling structure would have to be related to reducing emissions. He indicated that his interpretation is that "it would have to relate to [an] electric vehicle."

REPRESENTATIVE FIELDS offered his understanding that AIDEA had previously testified that fueling infrastructure could refer to hydrogen, which would reduce emissions. At his point, he said he is inclined to support Amendment 9, and he sought response from Mr. Weitzner.

[11:42:52 AM](#)

MR. WEITZNER said AIDEA is in support of [HB 170] being as broad as possible to meet the state's energy demands. He confirmed there had been mention of hydrogen fuel at the last meeting. He concluded, "It's intended to be inclusive of that type of fueling technology; it's also intended to be inclusive of what's been presented to Representative Tuck." In response to Chair Schrage, he said he thinks the bill language is already broad, and he views Amendment 9 as clarifying the relation to emission reduction fueling technology rather than to electric vehicles.

[11:44:02 AM](#)

REPRESENTATIVE FIELDS said that is how he interprets Amendment 9. That said, he removed his objection to the motion to adopt Amendment 9. There being no further objection, Amendment 9 was adopted.

[11:44:22 AM](#)

REPRESENTATIVE ZULKOSKY moved to adopt Amendment 10 to HB 170, labeled 32-GH1074\A.17, Fisher, 4/17/21, which read as follows:

Page 8, line 11, following "clean":
Insert "or more efficient"

REPRESENTATIVE FIELDS objected.

REPRESENTATIVE ZULKOSKY spoke to Amendment 10. She recollected having heard from AIDEA that there is approximately \$327 million in deferred maintenance for rural power systems. She explained that Amendment 10 would ensure there is an avenue for funding more efficient energy transmission.

[11:46:00 AM](#)

REPRESENTATIVE KAUFMAN concurred.

[11:46:16 AM](#)

REPRESENTATIVE FIELDS removed his objection to the motion to adopt Amendment 10. There being no further objection, Amendment 10 was adopted.

[11:46:43 AM](#)

REPRESENTATIVE ZULKOSKY moved to adopt Amendment 11 to HB 170, labeled 32-GH1074\A.22, Fisher, 4/19/21, which read as follows:

Page 8, following line 1:

Insert a new subsection to read:

"(e) At least 35 percent of active loans and other forms of financing for sustainable energy development made under AS 44.88.450 - 44.88.456 must be made in communities that receive, or that have residents who receive, power cost equalization under AS 42.45.100 - 42.45.150."

REPRESENTATIVE Fields objected.

REPRESENTATIVE ZULKOSKY spoke to Amendment 11. She said the goal of the amendment is to set a floor to the amount of lending that would be made available to rural communities with a lack of infrastructure. She said testimony and her own experience shows there is a lot of opportunity to invest in rural Alaska.

[11:48:44 AM](#)

MR. WEITZNER clarified that AIDEA supports the inclusion of power cost equalization (PCE) communities under any programs being structured for AEIF, and he said HB 170 was structured with the maximum flexibility in mind. That said, he highlighted a problematic feature of Amendment 11 was that it would require that 35 cents out of every [emphasis on "every"] dollar put together under AEIF have a PCE community accepting those funds before the full programs can be done. The structure of the fund is to seek leverage with Alaska's financial sector in order to create larger programs. He said the financial sector would need to be involved, and there would need to be assurance that the communities take the loans, which is not a certainty. So, Amendment 11 would hamper the ability to establish and grow the

programs. He pointed to the makeup of the advisory board to indicate inclusion of PCE communities. He recommended hearing from Mr. Schub or Mr. Rose on this issue.

[11:51:03 AM](#)

REPRESENTATIVE FIELDS asked how many communities would be encompassed under Amendment 11.

REPRESENTATIVE ZULKOSKY replied that she did not have the exact number, but she said she had a map showing the communities, which are located outside the railbelt, Juneau, and "communities that benefit from the hydroelectric investment that Alaska has made."

REPRESENTATIVE FIELDS observed by looking at the map that there may be at least 100 communities.

[11:53:05 AM](#)

REPRESENTATIVE CLAMAN asked whether there have been similar targets in terms of where money has been invested.

MR. SCHUB responded that there are numerous green banks that have set the objective of an increasing amount of investment in targeted, underserved, and low income communities; some have made management decisions to establish targets for either a specific percentage or a total dollar amount going to such communities. He said these plans are by choice and not set under statute, and putting this requirement in statute would be limiting. He added that the federal government, through the Clean Energy and Sustainability Accelerator, has a requirement for 40 percent of funds to go to disadvantaged communities; therefore, the dollars that flow from the accelerator to the AEIF "would have that requirement on it."

MR. WEITZNER identified there are 197 PCE communities.

REPRESENTATIVE CLAMAN offered his understanding of Mr. Schub's statement that [Amendment 11] would be a lower threshold than the proposed federal legislation.

MR. SCHUB confirmed that's correct. He added information regarding which types of communities fall under the category of PCE.

[11:57:10 AM](#)

REPRESENTATIVE KAUFMAN commented an alternative way of looking at this is that the citizens that live in PCE areas "shall be required to account for 35 percent of the lending." He said he respects the goal but wonders how to compel the loans to occur.

[11:57:55 AM](#)

REPRESENTATIVE TUCK noted that it was difficult for Alaskans to take advantage of an Alaska Housing Finance Corporation (AHFC) home energy rebate program, and he viewed HB 170 overall as an opportunity for those living in rural areas to obtain energy-saving measures. He asked how [Representative Zulkosky] arrived at the 35 percent designation.

[11:58:48 AM](#)

REPRESENTATIVE ZULKOSKY answered that the intention behind the 35 percent was to ensure rural Alaska has an equitable opportunity without the number being overly burdensome.

REPRESENTATIVE TUCK said he is comfortable with 35 percent. He remarked on the unique conditions of Alaska as compared to other states.

[12:00:34 PM](#)

REPRESENTATIVE FIELDS removed his objection to the motion to adopt Amendment 11.

CO-CHAIR SCHRAGE objected for the purpose of discussion.

[12:01:32 PM](#)

MR. WEITZNER reiterated the idea of the flexibility of HB 170 and questioned how the requirements in Amendment 11 would be enforced and allow for growth of the fund.

[12:03:01 PM](#)

REPRESENTATIVE ZULKOSKY indicated she had essentially asked the same question, and talked about the advisory board and the history of rural Alaska being left out. She disagreed that Amendment 11 would require a certain dollar amount but rather said it asks that a percentage of the active loans in the program to be placed in communities that would benefit.

[12:04:13 PM](#)

REPRESENTATIVE KAUFMAN asked about "the measurement window" and the flexibility of the criteria. He warned that "it could create a risk that would prevent what you may be trying to obtain."

REPRESENTATIVE ZULKOSKY responded regarding adherence to statutes and questions raised as to how to uphold statutes, and she said that does not dissuade her from trying to seek parity for underserved communities with the most disproportionate impact resulting from the cost of energy. She opined that 35 percent, when the federal government proposes 40 percent, is "pretty darn conservative."

[12:06:52 PM](#)

REPRESENTATIVE FIELDS suggested the language of Amendment 11 is perhaps not as confining as Mr. Weizner first interpreted it to be.

[12:07:30 PM](#)

REPRESENTATIVE RAUSCHER expressed concern that a large, "shovel-ready project" might not get the green light because "we still have to keep that 35 percent in play." He recommended seeking the intent rather than putting this in statute. He said he did not support Amendment 11.

[12:09:25 PM](#)

CO-CHAIR SCHRAGE commented on the focus of the program on small-scale projects, and he suggested that any large-scale projects may best be facilitated by "traditional AIDEA project management."

[12:09:43 PM](#)

REPRESENTATIVE KAUFMAN requested hearing from Mr. Weitzner as to "the practical implementation of this."

[12:10:01 PM](#)

MR. WEITZNER reiterated that it would be difficult to implement a program. He noted that other states have not defined it this way.

[12:11:44 PM](#)

REPRESENTATIVE TUCK said he finds problematic the idea that investing 35 percent in PCE communities is inherently going to hurt the growth of this fund. He remarked that it is easier to save a kilowatt of energy than it is to produce another kilowatt of energy. He said HB 170 is specific on what sustainable energy development means and the powers of authority. It will be enforced the same in urban and rural areas. He noted AIDEA has the authority of review and can write its own procurement laws. He stated that he wholeheartedly supports Amendment 11, and he emphasized that he wants to make sure that "we are spreading this across the diversity of the populations here in Alaska effectively."

[12:14:40 PM](#)

MR. WEITZNER, in response to Representative Tuck, said AIDEA does not see any loans that go to PCE communities as detracting from the fund. He clarified that under Amendment 11, in order for AIDEA to initiate one program, it would need to ensure that it has 35 percent of PCE communities. He said he is talking about the roll out of the fund and initial capitalization. He stated the intent is to grow the fund. He further questioned how compliance would be measured.

[12:16:51 PM](#)

REPRESENTATIVE ZULKOSKY offered closing comments on Amendment 11, referring to the comments committee members had made and encouraging "a yes vote."

[12:17:50 PM](#)

CHAIR SCHRAGE withdrew his objection to the motion to adopt Amendment 11.

REPRESENTATIVE KAUFMAN objected.

[12:17:58 PM](#)

A roll call vote was taken. Representatives Tuck, Zulkosky, Fields, Claman, and Schrage voted in favor of Amendment 11. Representative Kaufman voted against it. Therefore, Amendment 11 was adopted by a vote of 5-1.

[12:18:51 PM](#)

The committee took a brief at-ease at 12:19 p.m.

[12:19:15 PM](#)

REPRESENTATIVE ZULKOSKY moved to adopt Amendment 12 to HB 170, labeled 32-GH1074\A.21, Fisher, 4/19/21, which read as follows:

Page 1, line 1, following "Act":

Insert "**relating to exempt employees; relating to the powers of the Alaska Energy Authority;**"

Page 1, following line 4:

Insert new bill sections to read:

"* **Section 1.** AS 39.25.110 is amended by adding a new paragraph to read:

(46) an analyst employed in a professional capacity by the Alaska Energy Authority under AS 44.83.055.

* **Sec. 2.** AS 44.83 is amended by adding a new section to article 1 to read:

Sec. 44.83.055. Analyst position. The authority may hire one analyst to assist underserved communities with the technical development of projects and applications for funding from the Alaska energy independence fund and program under AS 44.88.450 - 44.88.456."

Page 1, line 5:

Delete "**Section 1**"

Insert "**Sec. 3**"

Renumber the following bill sections accordingly.

REPRESENTATIVE Claman objected for the purpose of discussion.

REPRESENTATIVE ZULKOSKY spoke to Amendment 12. Under the proposed amendment, AIDEA would be able to hire an analyst to help underserved communities in the area of technical development for the purpose of assisting those communities in developing projects.

[12:20:39 PM](#)

MR. WEITZNER noted he had spoken with Curtis Thayer, Executive Director, Alaska Energy Authority (AEA), and he learned that AEA supports Amendment 12. He asked the committee to consider

broadening the approach so that the analyst position is not limited to just the AEIF and its programs, "but in general, to programs to those communities."

[12:21:21 PM](#)

REPRESENTATIVE CLAMAN suggested the next committee of referral to address [that which Mr. Weizman requested]. He then removed his objection to the motion to adopt Amendment 12. There being no further objection, Amendment 12 was adopted.

[12:21:55 PM](#)

The committee took back-to-back at-eases from 12:22 p.m. to 12:24 p.m.

[12:24:11 PM](#)

REPRESENTATIVE ZULKOSKY moved to report HB 170, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 170(ENE) was reported out of the House Special Committee on Energy.

[12:24:44 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at [12:25] p.m.