

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 26, 2021

3:18 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Calvin Schrage
Representative Liz Snyder
Representative David Nelson
Representative James Kaufman
Representative Ken McCarty

MEMBERS ABSENT

Representative Ivy Spohnholz, Co-Chair

COMMITTEE CALENDAR

CONFIRMATION HEARING(S) :

Marijuana Control Board

Casey Dschaak - Dillingham

- HEARD

Occupational Safety and Health Review Board

Vincent Perez - Wasilla

- HEARD

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."

- HEARD & HELD

CONFIRMATION HEARING(S) :

Board of Direct Entry Midwives

Tanya Kirk - Anchorage

- HEARD

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
04/20/21	(H)	Moved CSHB 170(ENE) Out of Committee
04/20/21	(H)	MINUTE(ENE)
04/21/21	(H)	ENE RPT CS(ENE) NT 3DP 1NR 1AM
04/21/21	(H)	DP: FIELDS, CLAMAN, SCHRAGE
04/21/21	(H)	NR: ZULKOSKY
04/21/21	(H)	AM: KAUFMAN
04/26/21	(H)	L&C AT 3:15 PM 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
04/13/21 (H) Moved SB 69 AM Out of Committee
04/13/21 (H) MINUTE (ENE)
04/14/21 (H) ENE RPT 3DP 2NR
04/14/21 (H) DP: CLAMAN, FIELDS, SCHRAGE
04/14/21 (H) NR: KAUFMAN, ZULKOSKY
04/26/21 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

CASEY DSCHAAK, Appointee
Marijuana Control Board
Dillingham, Alaska

POSITION STATEMENT: Spoke as an appointee to the Marijuana Control Board.

VINCENT PEREZ, Appointee
Occupational Safety and Health Review Board
Wasilla, Alaska

POSITION STATEMENT: Spoke as an appointee to the Occupational Safety and Health Review Board.

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

POSITION STATEMENT: Gave a PowerPoint presentation and testified in support of HB 170.

MORGAN NEFF, Chief Investment Officer
Alaska Industrial Development and Export Authority
Anchorage, Alaska

POSITION STATEMENT: Gave a PowerPoint presentation and testified in support of HB 170.

CHRIS ROSE, Executive Director
Renewable Energy Alaska Project

Anchorage, Alaska

POSITION STATEMENT: Gave a PowerPoint presentation and testified in support of HB 170.

BERT HUNTER, Chief Investment Officer

Connecticut Green Bank

Hartford, Connecticut

POSITION STATEMENT: Gave a PowerPoint presentation and testified in support of HB 170.

JEFFERY SCHUB, Executive Director

Coalition for Green Capital

Washington, D.C.

POSITION STATEMENT: Gave a PowerPoint presentation and testified in support of HB 170.

DIRK CRAFT, Staff

Senator Josh Revak

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented SB 69 on behalf of Senator Revak, prime sponsor.

JENN MILLER, Chief Executive Officer

Renewable Independent Power Producers

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 69.

TANYA KIRK, Appointee

Board of Direct Entry Midwives

Anchorage, Alaska

POSITION STATEMENT: Spoke as an appointee to the Board of Direct Entry Midwives.

ACTION NARRATIVE

[3:18:54 PM](#)

CO-CHAIR FIELDS called the House Labor and Commerce Standing Committee meeting to order at 3:18 p.m. Representatives Schrage, McCarty, Fields, and Snyder were present at the call to order. Representatives Kaufman and Nelson arrived as the meeting was in progress.

CONFIRMATION HEARING(S):

Marijuana Control Board

Occupational Safety and Health Review Board

[3:19:31 PM](#)

CO-CHAIR FIELDS announced that the first order of business would be the confirmation hearing for consideration of the governor's appointees to the Marijuana Control Board and the Occupational Safety and Health Review Board.

[3:19:39 PM](#)

CASEY DSCHAAK, Appointee, Marijuana Control Board, shared that he is currently on the Marijuana Control Board. He said he moved to Alaska in 2010, spent six years in the military, and has since worked in the private sector and with tribal communities.

[3:20:58 PM](#)

VINCENT PEREZ, Appointee, Occupational Safety and Health Review Board, shared that this would be his second term on the board. He referred to a possible misunderstanding stemming from his previous testimony and said he would welcome questions to address any concerns.

CO-CHAIR FIELDS asked Mr. Perez to clarify his residency in Alaska.

MR. PEREZ said he moved to Alaska in 1997 but moved away in 2004 to care for family. He said he has lived in Alaska continuously since 2009.

[3:22:25 PM](#)

CO-CHAIR FIELDS opened public testimony on the appointees for the Marijuana Control Board and the Occupational Safety and Health review Board. After ascertaining that no one wished to testify, he closed public testimony.

[The confirmation hearing resumed on 4/28/21.]

HB 170-ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

[3:22:39 PM](#)

CO-CHAIR FIELDS announced that the next 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." [Before the committee was CSHB 170(ENE).]

[3:23:15 PM](#)

ALAN WEITZNER, Executive Director, Alaska Industrial Development and Export Authority (AIDEA), began a PowerPoint [hard copy included in the committee packet], titled "Alaska Energy Independence Fund (AK EIF)," on slide 2, which read as follows [original punctuation provided]:

AIDEA'S MISSION

To promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.

AIDEA OVERVIEW

- | Investing in Alaskans since 1967
- | Alaska's Development Finance Authority
- | Financially Self-Sustaining Public Corporation (no GF by statute AS 44.88.190(b))
- | \$439.7 million in Dividends to Alaska since 1997
- | Directed over \$3 billion into economic development in Alaska

MR. WEITZNER presented slide 3, "AIDEA AS 44.88," which read as follows [original punctuation provided]:

WITHIN AS 44.88.010(a)(10)

It is in the public interest to promote the prosperity and general welfare of all citizens of the state by:

(A) **stimulating commercial and industrial growth and expansion by encouraging an increase of private investment** by banks, investment houses, insurance companies, and other financial institutions, including pension and retirement funds, to help satisfy the need for economic expansion;

(C) **creating the Alaska Industrial Development and Export Authority** with the powers necessary to accomplish the objectives stated in this paragraph, including the **power to issue taxable and taxexempt**

bonds, to acquire ownership interests in projects, and to provide development project financing...

WITHIN AS 44.88.010 (a) (11)

it is in the state's interest to import private capital to create new economic activity that would not otherwise take place in the state.

MR. WEITZNER presented slide 4, "AIDEA PROGRAMS + PROJECTS," which read as follows [original punctuation provided]:

- ♣ Loan Participation Program
- ♣ Conduit Revenue Bond Program
- ♣ Rural Development Initiative Loan Fund
- ♣ Development Project Finance
- ♣ Sustainable Energy Transmission and Supply (SETS)
- ♣ Arctic Infrastructure Development Fund (AIDF)
- ♣ Small Business Economic Development Revolving Loan Fund
- ♣ Business Export Assistance Program

Development Project Finance:

- | Delong Mountain Transportation System
- | Skagway Ore Terminal
- | FedEx Aircraft MRO Hangar
- | Snettisham Hydroelectric Facility
- | Alaska Ship & Drydock, Ketchikan
- | Camp Denali Readiness Center (JBER)
- | Mustang Holding LLC
- | Interior Energy Project
- | BlueCrest Energy Drilling Rig Loan
- | AK SHIP - Vessel Repair Finance Program
- | Duck Point Development II (Icy Strait Point)
- | HEX Cook Inlet, LLC
- | Ambler Access Project
- | West Susitna Access Road Project
- | Section 1002 Area Leases

[3:26:37 PM](#)

MR. WEITZNER presented slide 5, "PROJECTS + ASSETS," which displayed a map of Alaska showing the many communities in which AIDEA operates on a day-to-day business. He then presented slide 6, "AIDEA & AEA," which explained the partnership between

AIDEA and the Alaska Energy Authority (AEA) and which read as follows [original punctuation provided]:

Alaska Industrial Development and Export Authority

Mission: To promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.

Alaska Energy Authority Mission: To reduce the cost of energy in Alaska. AEA is Alaska's energy office and lead agency for statewide energy policy and program development.

The purpose and function of the AK EIF aligns with AIDEA's existing scope establishing loan programs, working with Alaska's financial sector and private investors, as well as managing capital funds, such as the Loan Participation Program (Enterprise Development Account) and Development Project Financing (Economic Development Account).

AIDEA would oversee loan programs and financial management in partnership with AEA's energy and technical subject matter expertise, leveraging existing shared infrastructure and services.

An independent, five-person advisory board would provide guidance on investment opportunities to AIDEA and AEA. The advisory board's authority would not supersede the governing authority of the AIDEA/AEA Board.

MR. WEITZNER continued to slide 7, "TOTAL ENERGY CONSUMPTION PER CAPITA, 2018 (million Btu)," which displayed a map of the United States with Wyoming, North Dakota, Louisiana, Alaska, and Iowa highlighted. He pointed out that Alaska ranks number 4 in the nation for per capita energy consumption with 830 million British thermal units (MMBtu) and that there is a significant decrease in energy consumption between Alaska's position at number 4 and Iowa's position at number 5 with 513 MMBtu. He explained that Alaska has unique energy requirements for winter heating as well as energy-intensive industries.

[3:31:32 PM](#)

REPRESENTATIVE MCCARTY asked why Louisiana has an energy consumption on par with the colder states.

MR. WEITZNER replied that Louisiana's energy consumption is due to its large industrial capacity.

[3:32:00 PM](#)

MR. WEITZNER resumed his PowerPoint presentation with slide 8, "TOTAL ENERGY EXPENDITURES PER CAPITA, 2018 (U.S. dollars)," which displayed the same map of the United States and a chart showing that Alaska ranks third in per capita energy expenditures at \$8,060 which, he pointed out, is nearly twice the national average. He said that approximately 11 percent of Alaska's gross domestic product (GDP) goes to energy expenditures. With the creation of the Alaska Energy Independence Fund (AEIF) and focusing on the per capita cost of energy, he said, marginal changes have a greater impact than in other states; benefits may be added to the renewable energy sector by employing the best practices from other states, thereby positively effecting economic opportunities and job growth.

[3:33:27 PM](#)

CO-CHAIR FIELDS asked whether the cost of energy includes that consumed by transportation sector.

MR. WEITZNER replied that it includes all energy consumption across the state.

[3:34:12 PM](#)

MORGAN NEFF, Chief Investment Officer, Alaska Industrial Development and Export Authority, continued the PowerPoint presentation and explained the Alaska Energy Independence Fund (AEIF), sharing that committee members may have heard the term "green bank." He presented slide 9, "WHAT IS THE AK EIF?", which read as follows [original punctuation provided]:

- ♣ The Alaska Energy Independence Fund (AK EIF) serves a public purpose in meeting the unique energy needs of Alaska to promote sustainable clean energy projects through loan programs.

- ♣ Often referred to as a "green bank", the AK EIF functions as a public-private entity that uses modest amounts of public funding to leverage private capital to accelerate investment in clean energy projects.

♣ AK EIF meets the criteria to receive and manage funds anticipated to become available through pending federal legislation.

MR. NEFF presented slide 10, "INITIAL CAPITALIZATION + FUNDING," which read as follows [original punctuation provided]:

♣ Proposed initial capitalization: \$10 million appropriation from State of Alaska UGF with an anticipated federal match.

MR. NEFF explained the table on slide 10, which displayed the fiscal notes for initial capitalization and the operating budgets for green banks in New York, Connecticut, and Montgomery County, Maryland. He stressed that each green bank has a leverage ratio of between 6:1 and 8:1, which means that for every dollar of green bank capital, there are between 6 and 8 dollars of private sector capital invested. In Connecticut, he pointed out, \$36 million in state capital combined with private sector capital for a total of \$312 million invested in enhanced energy efficiency programs.

[3:38:21 PM](#)

CO-CHAIR FIELDS commented that Connecticut's green bank has ongoing cash infusions and asked Mr. Neff whether New York and Montgomery County, Maryland, have similar ongoing infusions.

MR. NEFF responded that they do; there are infusions through property taxes and the states have ratepayer structures.

MR. WEITZNER interjected that Montgomery County's green bank was initially set up through a direct capital appropriation.

CO-CHAIR FIELDS asked whether there exist other options for continual infusions to a green bank.

MR. NEFF replied that federal appropriations and philanthropic donations have historically increased in proportion to the amount in the green bank.

[3:40:05 PM](#)

MR. NEFF resumed the PowerPoint presentation on slide 11, "ECONOMIC BENEFITS OF THE AK EIF," which read as follows [original punctuation provided]:

Lower Cost of Energy
Lower Cost of Living
Create Jobs
Create Businesses
Increase Discretionary Income

MR. NEFF presented slide 12, "ECONOMIC BENEFITS OF THE AK EIF," which read as follows [original punctuation provided]:

\$8,060

Average annual cost of energy per Alaskan

Create AK EIF

Modest public funds + private investment in clean energy

10%

\$806 average annual energy savings per Alaskan

20%

\$1,612 average annual energy savings per Alaskan

30%

\$2,418 average annual energy savings per Alaskan

Injects Hundreds of Millions of Dollars into Alaska's Economy

Frees up approx. \$589 million to \$1.7 billion in discretionary spending every year

[3:42:41 PM](#)

MR. WEITZNER pointed out that the figures are net revenues compounded annually.

[3:43:08 PM](#)

MR. NEFF continued the PowerPoint with slide 13, "NATIONAL 'GREEN BANK' AND ACCELERATOR," which read as follows [original punctuation provided]:

H.R. 806 Clean Energy and Sustainability Accelerator Act

S.283 National Climate Bank Act

♣ Congress has introduced the Accelerator Act that would form a national "green bank" capitalized with \$100 billion

♣ Bipartisan co-sponsors, including Alaska Rep. Don Young.

♣ If/when passed, these acts would provide investment and operational capital.

♣ Creation of the AK EIF would allow Alaska to receive additional investment and operational capital for a "green bank".

♣ The Clean Energy and Sustainability Accelerator is part of the Biden Administration's American Jobs Plan ("The Infrastructure Bill").

[3:44:21 PM](#)

CO-CHAIR FIELDS shared his support for CSHB 170(ENE), and he asked how AIDEA, AEA, and the state would deal with potential federal funds from the infrastructure bill if corresponding green bank legislation was not passed by the state legislature.

MR. WEITZNER responded that, while AIDEA and AEA have powers to receive federal funding, it's unclear how it would be addressed. He shared that it's the purpose of the program to have the authority to establish and receive funding for the underlying programs, characterizing such authority as the "critical issue."

[3:45:23 PM](#)

MR. NEFF continued the PowerPoint presentation with slide 14, "ALASKA ENERGY INDEPENDENCE FUND (AK EIF)," which read as follows [original punctuation provided]:

Overview

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

♣ Make capital more accessible to borrowers for **sustainable energy development** projects.

♣ Partner with private capital to fund businesses and projects, including energy-efficiency, renewable

power, micro-grid, transportation, sustainable agriculture, and more.

♣ Incentivize co-investment in the non-fossil fuel energy sector between the public (the State of Alaska through AIDEA in partnership with Alaska Energy Authority), Alaska's financial sector, private investors, and philanthropic donors.

♣ AK EIF bill aligns with the proposed federal bills, including the new definition of "sustainable energy development".

MR. NEFF presented slide 15, "ALASKA ENERGY INDEPENDENCE FUND (AK EIF)," which read as follows [original punctuation provided]:

Financing + Investments

♣ The Fund would leverage its capital alongside Alaska's financial sector to enhance total investment in Alaskan clean energy programs and projects.

♣ Eligible to make loans, provide credit enhancement structures, purchase loans, provide development funding and other forms of financing for sustainable energy development in Alaska's commercial, residential, and industrial market sectors.

♣ The Fund would consist of appropriations made by the legislature, loans or other assets transferred to the Fund by AIDEA, unrestricted loan payments, interest, or other income earned on loans, investments or assets of the fund, and available federal funding.

[3:48:59 PM](#)

MR. NEFF presented slide 16, "PROGRAM WORKFLOW," which displayed a graphic showing funds moving from AK EIF to a contractor, who then distributes funds as cash payments to homeowners, business owners, and municipalities to be used for clean energy installation; AK EIF simultaneously establishes partnerships with lenders to build demand. Tools such as loan loss reserves, aggregation, securitization, credit enhancement, first-in-kind investments, and direct loans mitigate the risk for lenders.

MR. NEFF presented slide 17, "ALASKA ENERGY INDEPENDENCE FUND (AK EIF)," which read as follows [original punctuation provided]:

Functions of the Fund

The AK EIF prioritizes affordable, local, reliable, sustainable, and independent energy.

MR. NEFF pointed out the barriers to investment which include perceived project risk, inefficiencies of scale, first-in-kind transactions, and marginal economics, along with their corresponding solutions: credit enhancement, aggregation and warehousing, technical assistance, and co-investment.

[3:52:27 PM](#)

CHRIS ROSE, Executive Director, Renewable Energy Alaska Project (REAP), shared REAP's support of HB 170 and gave a PowerPoint presentation titled "Financing Clean Energy in Alaska." He presented slide 2, which read as follows [original punctuation provided]:

Founded in 2004, REAP is a statewide nonprofit coalition of over 60 electric utilities, Alaska Native Corporations, clean energy developers, businesses and other NGOs

REAP's mission is to increase renewable energy development and promote energy efficiency in Alaska

MR. ROSE presented slide 3, "REAP Education & Programs," which read as follows [original punctuation provided]:

STEM educators promoting AK EnergySmart and Wind for Schools reach hundreds of classrooms annually

Alaska Network for Energy Education and Employment (ANEED)

Sustainable Southeast Partnership (SSP) Alaska Wind Working Group

Energy Transition Initiative Partnership Program

Conferences, Workshops, Renewable Energy Fairs, Public Presentations

MR. ROSE presented slide 4, "REAP Advocacy," which read as follows [original punctuation provided]:

2008: Renewable Energy Fund, \$100 million (\$270 million total)

2008: \$360 million to AHFC for home weatherization (\$640 million total)

2010: Emerging Energy Technology Fund House Bill 306 (State Energy Policy)

2016: SB 196 (PCE Endowment)

2017: Property Assessed Clean Energy (C-PACE)

2014-2021: Railbelt Electric Grid Reform

2017-2021: Green Bank

MR. ROSE presented slide 5, "Alaska's Annual Billion Dollar Bonfire," which read as follows [original punctuation provided]:

Each year, Alaskans collectively spend approximately \$5 billion on electric, heating, and transportation energy. At least 20% of that energy is wasted and goes up in smoke."

MR. ROSE presented slide 6, "Energy Efficiency: The "First Fuel," which read as follows [original punctuation provided]:

Alaskans will spend an estimated \$5 BILLION on diesel fuel, natural gas and gasoline for our electricity, heat and transportation in the next year - *and approximately 20% will be wasted*

[3:56:36 PM](#)

MR. ROSE presented slide 7, "Weatherization and Rebate Programs," which read as follows [original punctuation provided]:

- \$640 million appropriated by the state since 2008
- Over 50,000 homes - average savings: 30%

- Average annual fuel savings is over 25 million gallons of diesel equivalent

MR. ROSE presented slide 8, "Renewable Energy Grant Fund," which read as follows [original punctuation provided]:

Established in 2008

\$270 million in state appropriations have leveraged another \$200 million in federal and private dollars

In 2020, 80+ projects displaced the equivalent of 30 million gallons of diesel fuel

MR. ROSE presented slide 9, "Levelized Cost of Energy Comparison - Unsubsidized Analysis," subtitled "Certain Alternative Energy generation technologies are cost-competitive with conventional generation technologies under certain circumstances." Displayed on the slide was a graph demonstrating that solar and wind are the cheapest forms of electricity generation. He said the point of the graph is to show that renewable energy projects are becoming progressively less expensive. He proceeded to slide 10, "Why Private Financing for Clean Energy is Lacking," which read as follows [original punctuation provided]:

- Short track record for clean energy financing
- Clean energy projects are small and distributed
- Lack of capital market liquidity and maturity
- Human and organizational behavior

[4:00:16 PM](#)

MR. ROSE presented slide 11, "Elements of Green Banks," which read as follows [original punctuation provided]:

A focus on commercial technologies

A dedicated source of capital

A focus on leveraging private investment

A relationship with government

MR. ROSE presented slide 12, "Functions of Green Banks," which read as follows [original punctuation provided]:

Design Loan Products & Programs to De-Risk

Educate Private Banks on the Opportunity

Market Loan Products and Programs

Leverage Private Investment Capital

MR. ROSE presented slide 13, "C-PACE (Commercial Property Assessed Clean Energy)," which read as follows [original punctuation provided]:

- \$0 down financing
- Decreases costs, improves value
- Long repayment
- Low, fixed interest rate
- Projects are cash flow positive
- Secured by property, not owner
- Obligation transfers at sale

MR. ROSE presented slide 14, "Passage of HB 170 Will:" which read as follows [original punctuation provided]:

- Lower the energy burden of Alaskans
- Develop investment opportunities for Alaskan lending institutions
- Create jobs and promote business development
- Keep precious energy dollars circulating in the economy
- Position the state to receive federal operating and investment capital

[4:02:47 PM](#)

BERT HUNTER, Chief Investment Officer, Connecticut Green Bank, presented a PowerPoint, titled "Overview of the Connecticut Green Bank," in support of HB 170. He began his presentation with slide 2, "About Us," which read as follows [original punctuation provided]:

- **Quasi-public organization** - Created in 2011 and successor to the Connecticut Clean Energy Fund.
- **Focus** - Finance clean energy (i.e. renewable energy, energy efficiency, energy storage, alternative fuel vehicles and infrastructure, etc.).
- **Balance Sheet** - Approx \$77m net position & \$213m assets FY20
- **Revenue & Funding** - from a variety of sources, including:
 - **State Support** - \$0.001/kWh surcharge on electric ratepayer bills (about \$7-\$10 per household per year ≈ \$24-26M per year) and Regional Greenhouse Gas Initiative about \$3-5M per year (for renewable energy)
 - **Federal Support** - competitive solicitations (e.g., SunShot, USDA, etc.) and non-competitive resources (e.g., ARRA-SEP)
 - **Portfolio Cash Flow** - Approx \$8M / year
 - **Bonds & Borrowing** - issue "green liberty bonds," bank loan facilities, tax equity investors, and foundations (e.g., PRI's)

[4:06:03 PM](#)

CO-CHAIR FIELDS asked how much money came from the initial capitalization versus the sources of revenue which have since become ongoing.

MR. HUNTER answered that approximately \$70 million was inherited from the clean energy fund, with the balance coming from the system benefit charges. He stated that total assets are currently \$215 to \$220 million, with \$180 million in investments.

[4:07:02 PM](#)

MR. HUNTER presented slide 3, "Board of Directors," which showed members appointed by the governor and legislative leaders, and

includes members from the Department of Energy and Environment Protection, the Department of Economic and Community Development, and the Office of the Treasurer. He said board meetings are open to the public and he invited the committee members to attend the next meeting.

MR. HUNTER presented slide 4, "Our focus," which read as follows [original punctuation provided]:

- create affordable long-term, sustainable financing
- energy efficiency and clean energy (solar, hydro, wind)
- support residential, commercial, industrial + government (Muni / State) sectors
- leverage private sector capital

MR. HUNTER presented slide 5, "How Green Banks Leverage Public Capital with More Private Capital (methodologies...)," which displayed graphics explaining how green banks work. He said the market is incentivized through co-investment, credit support or enhancement to mitigate some of the risk assumed by private capital, and warehousing to aggregate smaller projects. He then presented slide 6, "How Green Banks Leverage Public Capital with More Private Capital (our current programs/products...)," which displayed graphics showing various programs. The company PosiGen, he said, is an energy efficiency company that focuses on single family homes; through a "novel" credit assessment technique the company is able to reach low to moderate income families and reduce their energy burden by \$800-\$1000 per year. The "smart-e loan" program, he said, works with community banks and credit unions to offer a loss reserve intended to mitigate losses due to energy efficiency loans. In warehousing, he said, direct loans can be made to commercial properties in the "c-pace" program, in which transactions are aggregated and securitized; the program then issues bonds against the pool of transactions.

[4:11:32 PM](#)

MR. HUNTER presented slide 7, "Statewide EE Programs working with our energy utilities...," which displayed pictures of workers at electric utilities to indicate that the program works closely with electric utilities. He then presented slide 8, "Green Bank Clean Energy Aggregate Investment by Source - Public and Private," which displayed a bar graph showing how investment increased rapidly in the early years and has increased every year since 2012.

4:12:35 PM

REPRESENTATIVE SCHRAGE said that Alaska's green bank proposal would require substantial funds from the state to show "proof of concept" and he noted that the Connecticut Green Bank was able to avoid using state funds by instantly leveraging private capital. He asked why Alaska would require additional state funding.

MR. HUNTER explained that Connecticut's program purposefully avoided fully financing any transaction in order to demonstrate bank and credit union participation. He said that it was very important to have a starting capital position in order to get attention from the banks.

REPRESENTATIVE SCHRAGE commented that it sounds as if state funding was initially required, and that financial institution and private investors were eager to get involved.

MR. HUNTER replied, "That's correct." He then discussed a case in which an energy services agreement on college campuses was handled completely by the green bank without other capital.

4:16:24 PM

MR. HUNTER resumed his PowerPoint presentation with slide 9, "Connecticut Green Bank Impact Investment - Social and Environmental," and explained that the program has generated nearly \$100 million in state tax revenues from individual, corporate, and sales taxes, and has helped create over 23,000 job-years while reducing the energy burden on 55,000 families and businesses through the deployment of clean energy. He said that the program has helped avoid the emission of 9 million metric tons of greenhouse gasses. He then presented slide 10, "Connecticut Green Bank Balance Sheet Evolution," which displayed pie charts comparing the different types of assets in 2012 and 2020. Slide 11, "Connecticut Green Bank Balance Sheet Evolution," showed pie charts demonstrating the project types in which the green bank has invested.

MR. HUNTER presented slide 12, "Connecticut Green Bank Counterparties Organization overview," which displayed an organizational chart showing the use of subsidiaries and single-member limited liability companies (LLCs), in which the single member is the green bank.

4:19:43 PM

REPRESENTATIVE SCHRAGE asked whether the green bank has utilized limited liability partnerships. He also asked whether Mr. Hunter had an opinion on whether the Alaska energy independence fund would be negatively affected due to the inability to create limited liability partnerships.

MR. HUNTER pointed out two LLC subsidiaries and said that LLCs with multiple members used to be called partnerships, but now they're simply LLCs with two members, one of which is a managing member. He pointed out that the structure is used to "wall off" protections for investors.

4:21:59 PM

MR. HUNTER presented slide 13, "Public-Private Partnerships >\$800 Million¹ in Private Capital Raised (5 Years)," which displayed many different companies from small credit unions to billion-dollar private equity firms. He said this slide is to show that a small state such as Connecticut can attract capital and that the investor market is interested in the activities undertaken by the green bank. He then presented slide 14, "Green Liberty Bonds <http://www.greenlibertybonds.com/>," and he encouraged community members to visit the investor relations website. He presented slide 15, "Connecticut Green Bank Bond Awards," which read as follows [original punctuation provided]:

- The Green Bank won two Environmental Finance Bond awards in 2020. The awards were judged by an independent panel comprising 30 of the world's largest green, social and sustainability bond investors
- The Green Bank also won the Bond Buyer Innovative Deal of the Year Award. The Deal of the Year awards recognize innovation in municipal finance and represent the full diversity of the communities and public purposes that are served by the municipal finance market.

MR. HUNTER said that he feels the Connecticut Green Bank has paved the way for other green banks to successfully enter the market.

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REPRESENTATIVE NELSON asked what restrictions the state placed on the Connecticut Green Bank at its inception.

MR. HUNTER replied, "Very few, actually, but that's because the state looked to our board to make sure we were staying in line with the legislation." He said the Connecticut Green Bank makes annual reports to the legislature and is audited by a public accounting firm.

REPRESENTATIVE NELSON noted the growth of the green bank and asked whether Mr. Hunter believes the fund would have had such growth if there had been many state-imposed restrictions.

MR. HUNTER responded that one of the reasons for the fund's success is that it has been "nimble" and responsive to the community. He noted that out of a \$180 million portfolio and \$200 million in transactions, losses have been approximately \$200,000.

[4:26:19 PM](#)

JEFFERY SCHUB, Executive Director, Coalition for Green Capital, presented a PowerPoint in support of HB 170 titled, "Alaska Energy Independence Fund - Proven Model & National Perspective." He began his presentation on slide 2, "CGC is nonprofit expert on public clean energy finance institutions that leverage private capital," which read as follows [original punctuation provided]:

- Mission to mobilize private capital in order to accelerate clean energy deployment, lower energy costs and expand access
- Partner with governments, market actors, capital providers, and NGOs to design and launch public clean energy finance entities
- Delivered technical assistance in over a dozen states, multiple countries, leading to over \$5B of new investment
- Team of nearly 20 experts working around the country

MR. SCHUB presented slide 3, "EIF model proven in other states; \$5B+ investment; lower energy costs, new jobs, and focus on underserved," which displayed graphics showing the level of collective investment from green bank institutions across the

country, totaling approximately \$5 billion through 2019, with a 3:1 private to public leverage ratio. He said that taking 2020 into account would bring the fund to \$7 billion, as green banks had record-breaking years of investment in 2020 despite the COVID-19 crisis. He noted that many of the green banks across the country focus on the underserved or rural communities that are often excluded from transitions to clean energy, suffer from unreliable power sources, or experience burdens from higher electricity bills. He then presented slide 4, "Model quickly spreading across the country irrespective of politics - state-specific entities for state-specific needs," which displayed a map of the United States showing states with existing green banks, states with green banks in development, and states with green banks to be formed.

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MR. SCHUB proceeded to slide 5, "Last year CGC analyzed opportunity in Anchorage; potential starting point for EIF, but needs are broader," which read as follows [original punctuation provided]:

- Found significant investment need & opportunity
- Focus on small-scale solar generation, residential heating and electric efficiency, and commercial building upgrades via C-PACE financing.
- AK EIF can address these needs, complement existing activity, and fill gaps not currently served by lenders due to small project size, a lack of dedicated clean energy lending capital, or lender risk assumptions

MR SCHUB presented slide 6, "Bipartisan leg for national "Accelerator" to fund orgs like EIF co-sponsored by Rep Young, endorsed by President," and he said that the federal government is close to enacting complementary federal policy specifically to provide new capital to the Alaska Energy Independence Fund and projects like it. The Clean Energy and Sustainability Accelerator, a \$100 billion national green bank with bipartisan support, would fund state entities. He said the legislation has passed the U.S. House of Representatives twice in the past year, and President Joe Biden's American Jobs Plan expressly noted the accelerator. He then presented slide 7, "Funds would flow to and through EIF & join private capital to fund businesses, build projects, serve communities," showing that areas such as

renewable power, buildings, transportation, and industry would be eligible for investment.

MR. SCHUB presented slide 8, "Investment would target disadvantaged, underserved communities to reduce energy costs, support economies," which read as follows [original punctuation provided]:

Create Jobs
New Businesses
Lower Household Energy Burden
Improved Public Health

Example Investments

- Affordable financing for households to improve energy efficiency, comfort
- Work with native communities to increase local renewable power generation, paired with battery storage
- Build out microgrids to make communities more resilient

MR. SCHUB pointed out that there are no green banks in the country that have a statutory requirement in their forming documents for investment in underserved communities; however, he said, nearly all of them, through management and strategic decisions, have chosen to prioritize underserved sectors. Funding from Clean Energy and Sustainability Accelerator would be a way of ensuring that the Alaska Energy Independence Fund would invest in underserved communities, he said, with the condition applied to the funding instead of to the institution.

[4:34:30 PM](#)

REPRESENTATIVE NELSON asked Mr. Weitzner, from the Alaska Industrial Development and Export Authority (AIDEA), for his opinion on the amendments to HB 170 that were passed during previous meetings of the House Special Committee on Energy [in CSHB 170(ENE)].

MR. WEITZNER discussed amendments adopted to HB 170 during the April 20, 2021, meeting of the House Special Committee on Energy. An amendment regarding the establishment of the "Alaska energy independence program advisory board" and the

position AIDEA would be in with the passage of the proposed legislation, he said, would "burden" the proposed legislation. He suggested that the amendment doesn't address the constitutional issues between the legislative and executive branches. He said that Amendment 1 would present an issue because the fund's purpose would be to act as a financial entity rather than to implement energy policy, which would be more appropriate within consideration of the regulations to be adopted. He then addressed Amendment 11, which would require 35 percent of loans or other forms of financing to be made in communities that receive, or have residents who receive, power cost equalization, pointing out that effective green banks have been structured to have flexibility in programs and funding direction. He said that the advisory board would include members of such communities and that the board would have the flexibility to implement programs with the specific criteria provided by the amendment.

REPRESENTATIVE NELSON opined that if HB 170 were to pass it wouldn't have the same "flourish" as the Connecticut Green Bank due to the legislative restrictions.

MR. NEFF responded, "That is correct." He suggested that if Amendment 11 mandated that 65 percent of funds be reserved for power cost equalization communities, the same comments would apply. He said that broad-based flexibility is needed to adapt to Alaska's specific needs.

[CSHB 170(ENE) was held over.]

SB 69-EXEMPT RENEWABLE ENERGY ELECTRIC PLANTS

[4:39:29 PM](#)

CO-CHAIR FIELDS announced that the next order of business would be SENATE BILL NO. 69, "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."

[4:39:52 PM](#)

DIRK CRAFT, Staff, Senator Josh Revak, Alaska State Legislature, presented SB 69 on behalf of Senator Revak, prime sponsor. He explained that the proposed legislation would extend the exemption from July 1, 2021, to July 1, 2028, for power plants that utilize renewable resources. He noted Alaska is

experiencing increasing private investment in the development of renewable energy and that since 2010 Alaska has exempted certain independent power producers (IPPs) from regulation under the Regulatory Commission of Alaska (RCA), which is responsible for certifying utilities, regulating rates, resolving disputes, and protecting customers. Exemptions were available to IPPs that meet four criteria: they generate electricity entirely from renewable energy, the facility is under 65 megawatts, they sell power only to a regulated public utility, and the project doesn't receive state tax credits or grants. The extra layer of regulation can prevent IPPs from providing investment while adding to the cost of government; exempting IPPs under such narrow conditions ensures that there isn't costly duplicative regulation. He said that consumers are protected due RCA consideration of the public purchase agreements between IPPs and public utilities; therefore, he said, the exemption through SB 69 would continue state oversight in power purchase agreements and consumer protection.

MR. CRAFT pointed out that an amendment from the Senate Floor made two small changes in the text of SB 69. He said that an additional reference to the electrical reliability organization (ERO) statute was made to clarify that the regulatory exemption under AS 42.05.711(r) does not apply to the applicable ERO-related regulations under AS 42.05.760 to AS 42.05.790, which were authorized under Senate Bill 123 during the Thirty-First Alaska State Legislature. He also noted that the sunset date was reduced to seven years.

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JENN MILLER, Chief Executive Officer, Renewable Independent Power Producers ("Renewable IPP"), testified in support of SB 69. She said Renewable IPP is an Alaskan small business that develops, builds, and operates utility-scale solar farms like the Willow Solar Farm. She explained that an IPP is a private entity that owns and operates a power generation site such as a solar or wind farm; the IPP connects to the power grid and sells power to the utilities at wholesale prices. For example, she said, the Willow Solar Farm sells power to the Matanuska Electric Association (MEA) for 8 cents per kilowatt hour while the retail rate is approximately 18 cents per kilowatt hour. She noted that MEA operates the infrastructure of the power grid. She said the IPP model allows private investment to fund projects, thereby allowing investors to take on the risk of the project and subsequently introduce competition to the cooperative model of power generation. She said that the

Houston Solar Farm is approximately seven times larger than the Willow Solar Farm and with the addition of the Houston project, the solar capacity of the state will almost double. She said the Houston project commenced by identifying the location and then approached MEA to work on technical studies regarding infrastructure and the feasibility of being able to tie in to the grid. The IPP worked with MEA on a power purchase agreement and when MEA and the IPP agreed on a pricing model, she said, the contract went to the Regulatory Commission of Alaska (RCA) for review and approval. She pointed out that the function of RCA is to ensure fairness and public interest. Upon RCA approval, she said, the project may be built and start generating power.

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MS. MILLER said that SB 69 would remove a layer of additional oversight; in the absence of the exemption under the proposed legislation the IPP would be required to file a quarterly report with RCA, which would require additional legal and professional staff to support the filings. She pointed out that the reason why the absence of exemption equates to duplicative regulation is that RCA already approved the contract between the IPP and the utility, MEA; the utility already files a quarterly report on the amount of energy produced by the IPP and how much the utility paid for it. Duplicative regulation increases the overhead of IPP projects and costs money for RCA. She said that private investors look at opportunities across the country; as Alaska's requirement for such oversight is unique in the U.S., the exemption would put Alaska's IPPs on a level playing field with other power producers across the country when it comes to attracting private investment. She pointed out that wind and solar installation are two of the fastest-growing occupations in Alaska and an exemption under SB 69 would increase economic opportunities.

[4:49:45 PM](#)

CO-CHAIR FIELDS commented that battery storage is used in smaller communities, and he asked whether the economics of such storage are becoming more favorable for larger communities.

MS. MILLER replied that the cost of battery storage is decreasing each year.

[4:50:49 PM](#)

REPRESENTATIVE MCCARTY asked whether the proposed legislation is fair to large companies.

MR. CRAFT explained that when the proposed legislation was first introduced during the Twenty-Sixth Alaska State Legislature, the intention was to identify newer sources of renewable energy; large projects are usually generated by utilities, while small IPPs are not classified as utilities but are selling power wholesale to the public utilities. The intention of SB 69, he said, is to create certainty in the regulatory environment to attract private investment.

REPRESENTATIVE MCCARTY asked how selling energy to utilities at a lower wholesale price translates to savings for consumers.

MR. CRAFT said he would send price information.

[4:53:04 PM](#)

CO-CHAIR FIELDS asked Ms. Miller to talk about the cost per kilowatt hour for the IPP versus the cost a homeowner may experience with a rooftop solar power installation.

MS. MILLER replied that solar power is currently sold for 7.8 cents per kilowatt hour, and future projects should have lower prices. Residential solar panel owners are allowed to offset their electricity bills by their solar power production at the full retail rate of 18 cents per kilowatt hour, she said, and the payback time for residential solar systems is approximately 10 years.

[4:55:05 PM](#)

REPRESENTATIVE NELSON asked what the worst case scenario would be if SB 69 fails to pass.

MR. CRAFT replied that Ms. Miller's small IPP would have to start hiring staff, at substantial cost, to prepare for the quarterly filings to RCA.

REPRESENTATIVE NELSON asked, "So it would start closing up some of the smaller shops around Alaska and give more regulations?"

MR. CRAFT responded yes, the regulations would go into effect and IPPs would need to plan to make quarterly filings and evaluate the cost and how it could affect the financing of a power project.

[SB 69 was held over.]

CONFIRMATION HEARING(S) :
Board of Direct Entry Midwives

[4:56:53 PM](#)

CO-CHAIR FIELDS announced that the final order of business would be the confirmation hearing for consideration of the governor's appointee to the Board of Direct Entry Midwives.

[4:57:03 PM](#)

TANYA KIRK, Appointee, Board of Direct Entry Midwives, said she has lived in Alaska for 30 years and is a registered nurse and nurse midwife at Anchorage Women's Clinic. She described noticing the differences between nurse midwives and direct entry midwives when she was working as a hospitalist and said she feels that women should be able to choose where they give birth. She said she wants to be on the board so that she can help women and the direct entry midwives who care for them.

[The confirmation hearing resumed on 4/28/21.]

[4:59:21 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:59 p.m.