

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

February 16, 2023

10:16 a.m.

**MEMBERS PRESENT**

Representative George Rauscher, Chair  
Representative Tom McKay  
Representative Josiah Patkotak  
Representative Stanley Wright  
Representative Mike Prax  
Representative Calvin Schrage  
Representative Ashley Carrick

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 62

"An Act relating to the renewable energy grant fund and recommendation program; and providing for an effective date."

- MOVED HB 62 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 62

SHORT TITLE: RENEWABLE ENERGY GRANT FUND

SPONSOR(S): REPRESENTATIVE(S) EDGMON

02/06/23	(H)	READ THE FIRST TIME - REFERRALS
02/06/23	(H)	ENE
02/16/23	(H)	ENE AT 10:15 AM BARNES 124

**WITNESS REGISTER**

REPRESENTATIVE BRYCE EDGMON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HB 62.

LAIB ALLENSWORTH, Staff  
Representative Bryce Edgmon  
Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Gave the sectional analysis for HB 62 on behalf of Representative Edgmon, prime sponsor.

CURTIS THAYER, Executive Director  
Alaska Energy Authority  
Anchorage, Alaska

**POSITION STATEMENT:** Provided invited testimony during the hearing on HB 62.

CONNER ERIKSON, Director of Planning  
Alaska Energy Authority  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 62.

DOUG WOODBY, Co-Chair  
350 Juneau  
Juneau, Alaska

**POSITION STATEMENT:** Gave public testimony in support of the renewable energy grant fund during the hearing on HB 62.

MATTHEW JACKSON  
Southeast Alaska Conservation Council  
Juneau, Alaska

**POSITION STATEMENT:** Gave public testimony during the hearing on HB 62.

MICHAEL ROVITO, Deputy Director  
Alaska Power Association  
Anchorage, Alaska

**POSITION STATEMENT:** Gave public testimony in support of HB 62.

GARY HENNIGH, Administrator  
City of King Cove  
King Cove, Alaska

**POSITION STATEMENT:** Gave public testimony in support of HB 62.

#### **ACTION NARRATIVE**

[10:16:36 AM](#)

**CHAIR GEORGE RAUSCHER** called the House Special Committee on Energy meeting to order at 10:16 a.m. Representatives Wright, McKay, Carrick, Prax, and Rauscher were present at the call to order. Representatives Schrage and Patkotak arrived as the meeting was in progress.

**HB 62-RENEWABLE ENERGY GRANT FUND**

[10:17:58 AM](#)

CHAIR RAUSCHER announced that the only order of business would be HOUSE BILL NO. 62, "An Act relating to the renewable energy grant fund and recommendation program; and providing for an effective date."

[10:18:20 AM](#)

REPRESENTATIVE BRYCE EDGMON, Alaska State Legislature, as prime sponsor, presented HB 62. He stated that the bill would extend the authorization of the renewable energy grant fund for another ten years. The grant was created in 2008, at a time when oil prices were high, to expand the usage of Alaska's natural resources. He said that the reason for extending the grant another ten years rather than more standard three years is because he believes that the grant has been successful enough to warrant such a lengthy extension.

[10:22:48 AM](#)

LAIB ALLENSWORTH, Staff, Representative Edgmon, gave the sectional analysis for HB 62 on behalf of Representative Edgmon, prime sponsor. He stated that Section 1 would extend the repeal date from June 30, 2023, to June 30, 2033; Section 2 would make the bill retroactive; and Section 3 set an immediate effective date. He explained that the retroactivity of Section 2 would be to ensure continuous authorization if the bill was not passed before June 30, 2023.

[10:24:30 AM](#)

MR. ALLENSWORTH gave a brief history of the renewable energy grant fund. He reiterated that the fund was created in 2008, and said it received a 10-year extension in 2012, passing unanimously both times. The fund has given \$299 million in grants for renewable energy. He added that there was an initial investment of \$100 million in the fund and that the amount contributed since then has varied from year to year based on the current fiscal situation of the state. The \$1.4 million fiscal note was for the maintenance and support of the current grants. He concluded that the bill does not obligate any particular amount to be appropriated for the fund.

[10:27:27 AM](#)

CHAIR RAUSCHER asked if there was any money left over from last year's \$15 million appropriation.

REPRESENTATIVE EDGMON answered that the legislature created an endowment in 2016 that among other things, would contribute to the renewable energy grant fund in years of high revenue. He added that Governor Mike Dunleavy is proposing \$7.5 million for the 2024 fiscal year budget.

[10:29:05 AM](#)

REPRESENTATIVE PATKOTAK asked if the \$7.5 million was in addition to the \$1.4 given in the fiscal note.

MR. ALLENSWORTH answered that it would be in addition to the fiscal note.

[10:29:36 AM](#)

REPRESENTATIVE PRAX asked what the return on investment was for rural areas investing in alternative energy.

REPRESENTATIVE EDGMON answered that the Alaska Energy Authority (AEA) has numbers on the amount of diesel fuel saved by investing in renewable energy in rural areas.

[10:32:19 AM](#)

REPRESENTATIVE SCHRAGE asked if there was ever a time in which a full \$50 million every year for five years was contributed towards the renewable energy fund, and what the health of the fund is currently.

MR. ALLENSWORTH answered that between 2008 and 2014, \$20-30 million was contributed each year, which he described as a "healthy" amount. He said that the fund is working as it should in delivering grants for renewable energy projects.

[10:35:05 AM](#)

REPRESENTATIVE SCHRAGE asked whether more funding is necessary to keep the fund working properly.

[10:35:51 AM](#)

CURTIS THAYER, Executive Director, Alaska Energy Authority, answered that there is not meant to be a fund balance, as the money appropriated for the fund goes towards renewable energy projects through a grant process. He added that if projects were finished under budget, the legislature could reappropriate the remaining funds to contribute towards other projects.

[10:38:02 AM](#)

REPRESENTATIVE SCHRAGE asked what the average amount of money contributed toward the renewable energy grant fund has been over the course of the last five rounds.

MR. THAYER answered that it is possible for the fund to receive no money in certain years and most of the \$19.2 million that has been appropriated in the last five years came in the last two.

[10:40:11 AM](#)

REPRESENTATIVE PRAX asked what the outlook for the power cost equalization fund looks like.

Mr. Thayer answered that the two funds largely remain separate, although it is possible for leftover funds from the power cost equalization fund to "waterfall" into the renewable energy grant fund, as the purpose is to lower power cost for rural Alaska. Most of the funds distributed as part of the renewable energy grant fund have come from the State of Alaska General Fund.

[10:43:48 AM](#)

REPRESENTATIVE PRAX asked if the Department of Revenue would be able to inform the legislature on the future potential of funds that could go from the power cost equalization fund to the renewable energy grant fund to give it a better idea of how much funding the legislature should contribute to renewable energy projects.

MR. THAYER answered that the Department of Revenue manages funds for AEA.

REPRESENTATIVE EDGMON added that during the previous year's session, SB 243 was passed, which increased the residential cap for subsidization. The bill also allowed the Power Cost Equalization Fund to be managed in such a way that its investments would receive larger returns.

[10:46:22 AM](#)

REPRESENTATIVE PATKOTAK asked what types of things are taken into consideration when deciding which projects will receive funding through the renewable energy grant fund.

[10:46:43 AM](#)

CONNOR ERICKSON, Director of Planning, Alaska Energy Authority answered there is a four-step review process for all projects applying for the fund that starts with a review of an application's eligibility and continues with the technical and economical feasibility of the project. The third step is continued economic review, including looking at potential matching opportunities. He said that the final step is a presentation and final ranking of the projects. The finalists are presented to the Renewable Energy Fund Advisory Committee, made up of four legislators and five members of the public, and its recommendations are forwarded to the legislature for consideration.

[10:49:28 AM](#)

REPRESENTATIVE SCHRAGE asked for clarification on the amount of money for proposed projects this year.

MR. THAYER answered that there are currently 31 proposals that would amount to \$33 million, and it is likely that some of those applicants will not make it through the entire process. He added that the \$7.5 million figure given by the governor is a placeholder until a final request is determined. In response to a follow-up question, he stated that it was difficult to determine exactly how much the number of applicants would change from round to round, although there is a cap of \$2 million for any given project.

[10:52:34 AM](#)

REPRESENTATIVE CARRICK asked how much money AEA would need to fund all viable projects if the legislature had the ability to fund all of them.

MR. THAYER answered that he was unsure what that amount would ultimately be. He added that the fund's purpose is to help with the early development of the projects being funded and has been beneficial across the state.

[10:55:28 AM](#)

CHAIR RAUSCHER opened public testimony on HB 62.

[10:55:51 AM](#)

DOUG WOODEBY, Co-Chair, 350 Juneau, testified in support of the renewable energy grant fund. He stated that the renewable energy grant fund has been a helpful tool for rural communities to save money on utility bills. He added that he believes that investing more in renewable energy will help fight climate change.

[10:57:53 AM](#)

MATTHEW JACKSON, Southeast Alaska Conservation Council, stated that the AEA estimates that the projects funded by the renewable energy grant fund save a total of approximately 30 million gallons of diesel each year, saving rural Alaskans significant amounts of money. He said that he believes greater investment in the fund would provide encouragement to those looking to create renewable energy projects and thus cause there to be more applicants for the grants.

[10:59:59 AM](#)

MICHAEL ROVITO, Deputy Director, Alaska Power Association, testified in support of HB 62. He stated that the Alaska Power Association supports the bill on behalf of its electric utility members. He said that the fund has reduced carbon emissions and electric rates for its members. Extending the sunset date of the renewable energy grant fund gives electric utilities certainty that the fund will be there so that they can continue to invest in renewable energy.

[11:01:57 AM](#)

GARY HENNIGH, Administrator, City of King Cove, testified in support of HB 62. He stated that he is in his thirty-third year as the city administrator of King Cove, Alaska. He said that King Cove has two river hydro facilities that have allowed the community to rely on renewable energy for 90 percent of their energy needs. The renewable energy grant fund is what allowed the city to invest in and build those projects. He added that the way the power cost equalization program is set up creates a disincentive for communities wanting to take advantage of the renewable energy grant fund and he gave the example that king

cove is not benefitting from the power cost equalization program because its energy costs are already lower due to its renewable energy projects.

[11:06:33 AM](#)

CHAIR RAUSCHER, after ascertaining there was no one else who wished to testify, closed public testimony on HB 62.

[11:06:45 AM](#)

REPRESENTATIVE PRAX asked whether it is accurate to say that investing in renewable energy projects reduces the cost to the state for the power cost equalization program.

MR. THAYER answered that the power cost equalization program is a program for rural communities to be subsidized for high energy costs, whereas funds from the power cost equalization program can be used to benefit urban Alaska communities, making it difficult to create a proper comparison. he added that the power cost equalization fund is meant to provide a subsidy to rural Alaska communities to equalize their energy costs with urban Alaska. in response to a follow-up comment, he said that the power cost equalization fund was a response to "even things out" between rural and urban Alaska due to the state spending more money on infrastructure in urban parts of the state. he added that some areas of the state have less access to renewable energy, so they rely more on cost equalization.

REPRESENTATIVE PRAX commented that people in urban parts of Alaska have "forgotten" the reasoning for the power cost equalization fund and asked if there were numbers showing a how the infrastructure built in those areas is saving money for the people living there.

MR. THAYER answered that the Railbelt intertie has saved the people of Fairbanks an average of \$40 million a year in power costs since it was built.

[11:14:51 AM](#)

REPRESENTATIVE MCKAY asked for clarification on the amount of money HB 62 would commit future legislatures to provide for the renewable energy grant fund.

REPRESENTATIVE EDGMON answered that HB 62 reauthorizes the fund for the next ten years, but only appropriates funding of \$1.4

million this year, leaving the funding for future years for that year's legislature to decide. In response to a follow-up question, he stated that the \$1.4 million is the cost to run the program, whereas the \$7.5 million is an amount requested for the distribution of grants.

[11:17:18 AM](#)

CHAIR RAUSCHER asked if it was correct to say that a vote for HB 62 is a vote to continue the program but not provide any specific amount of funding for it.

REPRESENTATIVE EDGMON answered that HB 62 would only provide funding to run the program, but not any specific amount to be given out in grants. He added that Governor Dunleavy had already assumed the \$1.4 million as part of the budget.

[11:18:47 AM](#)

REPRESENTATIVE PATKOTAK added that the \$1.4 million is a fiscal note for the purpose of appropriating the cost of running the program for the next year.

[11:20:34 AM](#)

REPRESENTATIVE PATKOTAK moved to report HB 62 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 62 was reported out of the House Resources Standing Committee.

[11:21:23 AM](#)

The committee took an at-ease from 11:21 a.m. to 11:22 a.m.

[11:22:40 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 11:22 a.m.