HOUSE BILL NO. 312

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE MCCABE

Introduced: 2/18/26
Referred: House Special Committee on Energy, Resources

A BILL

FOR AN ACT ENTITLED

"An Act relating to a state energy policy; relating to the green energy grant fund; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 38.95.430 is amended to read:

Sec. 38.95.430. Carbon offset revenue. Twenty percent of the revenue generated from the carbon offset program shall be deposited into the **green** [RENEWABLE] energy grant fund (AS 42.45.045). The remaining 80 percent of the revenue from the carbon offset program shall be separately accounted for under AS 37.05.142 and may be appropriated by the legislature.

*** Sec. 2.** AS 42.05.141 is amended by adding a new subsection to read:

(j) The commission shall consider the state energy policy described in AS 44.99.115 in performing the duties assigned to the commission.

*** Sec. 3.** AS 42.45.010(m) is amended to read:

(m) A loan for a **green** [RENEWABLE] energy resources project in which the

cumulative state monetary involvement, through loans, grants, and bonds, is at least $5,000,000 may not be granted for a term that exceeds 50 years and may, notwithstanding (f)(2) of this section, be granted at an interest rate that is the lesser of

(1) three percent lower than the rate determined under (f)(2)(A) of this section, but not less than one percent; or

(2) a rate equivalent to the rate determined under (f)(2)(B) of this section.

*** Sec. 4.** AS 42.45.010(n) is amended to read:

(n) In (m) of this section, "**green** [RENEWABLE] energy resources" has the meaning given in **AS 42.45.045** [AS 42.45.045(*l*)].

*** Sec. 5.** AS 42.45.045(a) is amended to read:

(a) A **green** [RENEWABLE] energy grant fund is established as a separate fund to finance certain energy projects in **the state** [ALASKA].

*** Sec. 6.** AS 42.45.045(d) is amended to read:

(d) The authority shall, in consultation with the advisory committee established under (i) of this section and the Department of Natural Resources,

(1) develop a methodology for determining the order of projects that may receive assistance, including separate requirements for grant eligibility, and adopt regulations identifying criteria to evaluate the benefit and feasibility of projects for which an applicant applies for support from the legislature, with the most weight being given to projects that serve any area in which the average cost of energy to each resident of the area exceeds the average cost to each resident of other areas of the state, and significant weight being given to a statewide balance of grant funds and to the amount of matching funds an applicant is able to make available;

(2) make recommendations to the legislature for **green** [RENEWABLE] power production reimbursement grants; and

(3) not later than 10 days after the first day of each regular legislative session, submit to the legislature a report summarizing and reviewing each grant application submitted under this section and a recommended priority for awarding grants.

*** Sec. 7.** AS 42.45.045(e) is amended to read:

(e) In consultation with the advisory committee established in (i) of this section, the authority shall make recommendations to the legislature regarding eligible applicants' projects that finance feasibility studies, reconnaissance studies, energy resource monitoring, and construction of **green** [RENEWABLE] energy projects [, NATURAL GAS PROJECTS,] or transmission or distribution infrastructure located in Alaska that meet the requirements of (f), (g), or (h) of this section, as applicable, and shall, at least once each year, solicit from the advisory committee funding recommendations for all grants.

*** Sec. 8.** AS 42.45.045(f) is amended to read:

(f) For a renewable energy project to qualify for a grant recommendation under (e) of this section, the project must

(1) be a new project not in operation on August 20, 2008 or an addition to an existing project made after August 20, 2008; and

(2) be a

(A) hydroelectric facility;

(B) direct use of **green** [RENEWABLE] energy resources;

(C) facility that generates electricity from fuel cells that use hydrogen from **green** [RENEWABLE] energy resources [OR NATURAL GAS]; or

(D) facility that generates energy from **green** [RENEWABLE] energy resources.

*** Sec. 9.** AS 42.45.045(h) is amended to read:

(h) To qualify for a grant recommendation under (e) of this section, transmission or distribution infrastructure must link a **green** [RENEWABLE] energy project [OR NATURAL GAS PROJECT] to the transmission or distribution infrastructure. A grant may be recommended under this subsection even if the grant applicant is not itself financing the construction of the **green** [RENEWABLE] energy project [OR NATURAL GAS PROJECT].

*** Sec. 10.** AS 42.45.045(*l*)(5) is amended to read:

(5) "**green** [RENEWABLE] energy resources" means

(A) wind, solar, geothermal, wasteheat recovery, hydrothermal,

wave, tidal, river in-stream, or hydropower;

(B) low-emission nontoxic biomass based on solid or liquid organic fuels from wood, forest and field residues, or animal or fish products;

(C) dedicated energy crops available on a renewable basis; [OR]

(D) landfill gas and digester gas**;**

(E) nuclear reactors;

(F) natural gas extracted and processed in the state; or

(G) any other energy resource that when used to generate energy releases

(i) emissions equivalent to or lower than energy generated from pipeline-quality natural gas; and

(ii) less air pollution than energy generated, without the use of clean coal technology, from coal that is mined and processed in the state.

*** Sec. 11.** AS 42.45.045(*l*) is amended by adding a new paragraph to read:

(6) "clean coal technology" means a method or system for deriving energy from coal that

(A) captures at least 90 percent of carbon dioxide emissions through carbon capture utilization or storage; and

(B) reduces sulfur dioxide, nitrogen oxide, and particulate matter emissions to levels below current federal standards.

*** Sec. 12.** AS 42.45.085(d) is amended to read:

(d) If the earnings of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2), exceed the appropriation under (a) of this section for the current fiscal year, the legislature may appropriate 70 percent of the difference between the earnings of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2), and the appropriation made under (a) of this section for the current fiscal year as follows:

(1) if the amount calculated under this subsection is less than $30,000,000, that amount to a community revenue sharing or community assistance

fund; or

(2) if the amount calculated under this subsection is $30,000,000 or more,

(A) $30,000,000 to a community revenue sharing or community assistance fund; and

(B) the remaining amount, not to exceed $25,000,000, to the **green** [RENEWABLE] energy grant fund established under AS 42.45.045, to the bulk fuel revolving loan fund established under AS 42.45.250, or for rural power system upgrades or to a combination of the funds or purposes listed in this subparagraph.

*** Sec. 13.** AS 44.83.080 is amended by adding a new subsection to read:

(b) The authority shall consider the state energy policy described in AS 44.99.115 in performing the duties assigned to the authority.

*** Sec. 14.** AS 44.99.115 is amended to read:

Sec. 44.99.115. Declaration of state energy policy. The State of Alaska recognizes that the state's economic prosperity is dependent on available, reliable, and affordable residential, commercial, and industrial energy to supply the state's electric, heating, and transportation needs. The state also recognizes that worldwide supply and demand for fossil fuels and concerns about global climate change will affect the price of fossil fuels consumed by Alaskans and exported from the state to other markets. In establishing a state energy policy, the state further recognizes the immense diversity of the state's geography, cultures, and resource availability. Therefore, it is the policy of the state to

(1) institute a comprehensive and coordinated approach to supporting energy efficiency and conservation by

(A) encouraging statewide energy efficiency codes for new and renovated residential, commercial, and public buildings;

(B) decreasing public building energy consumption through conservation measures and energy-efficient technologies; and

(C) initiating and supporting a program to educate state residents on the benefits of energy efficiency and conservation, including

dissemination of information on state and federal programs that reward energy efficiency;

(2) encourage economic development by

(A) promoting the development of renewable**, green, or** [AND] alternative energy resources, including geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, and biomass energy, for use by Alaskans;

(B) promoting the development, transport, and efficient use of nonrenewable**, green, or** [AND] alternative energy resources, including natural gas, coal, oil, gas hydrates, heavy oil, and nuclear energy, for use by Alaskans and for export;

(C) working to identify and assist with development of the most cost-effective, long-term sources of energy for each community statewide;

(D) creating and maintaining a state fiscal regime and permitting and regulatory processes that encourage private sector development of the state's energy resources; and

(E) promoting the efficiency of energy used for transportation;

(3) support energy research, education, and workforce development by investing in

(A) training and education programs that will help create jobs for Alaskans and that address energy conservation, efficiency, and availability, including programs that address workforce development and workforce transition; and

(B) applied energy research and development of alternative and emerging technologies, including university programs, to achieve reductions in state energy costs and stimulate industry investment in the state;

(4) coordinate governmental functions

(A) by reviewing and streamlining regulatory processes and balancing the economic costs of review with the level of regulation necessary to protect the public interest;

(B) by using one office or agency, as may be specified by law,

to serve as a clearinghouse in managing the state's energy-related functions to avoid fragmentation and duplication and to increase effectiveness; and

(C) by actively collaborating with federal agencies to achieve the state's energy goals and to meet emissions, renewable**, green, or** [AND] alternative energy, and energy production targets.

*** Sec. 15.** AS 44.99.115 is amended by adding new subsections to read:

(b) The State of Alaska recognizes the need to improve energy grid security in the state by minimizing the reliance on foreign nations and mainland United States sources for critical materials and fuel delivery. The state also recognizes that the Jones Act (P.L. 66-261) imposes significant restrictions on vessels that may transport energy commodities by water between United States' ports, including from mainland United States to the state. Therefore, to promote state energy grid security, it is the policy of the state to prioritize

(1) local fuel sources that are primarily produced in the state, including natural gas from the North Slope and Cook Inlet, coal from the Interior region of the state, and nuclear materials processed or deployed by projects based in the state;

(2) affordable energy sources that

(A) provide cost-effective means of heating, cooling, and generating electricity, with an average cost for each unit of energy output not exceeding rates for comparable sources over the past five years;

(B) have stable, predictable costs and consider life-cycle expenses including transportation, storage, and emissions control in the state's Arctic and rural conditions; and

(C) deliver substantial savings to homes, businesses, and communities compared to other sources;

(3) reliable energy sources that

(A) are readily available to meet the demands of residents at all times of day and during all seasons of the year with minimal interruptions during high-usage periods, including peak heating demands in subzero temperatures;

(B) include energy generated by hydrocarbons, which may

include natural gas, and clean coal technologies sourced and processed in the state; and

(C) for power generation, have a minimum capacity factor of at least 50 percent, continuously dispatchable electricity output, the capability to ramp up or down electricity generation within one hour to stabilize the electrical grid, and the ability to complement and provide backup to renewable energy sources during periods of low availability, which may include periods when less energy is generated from wind or solar during winter months;

(4) development of infrastructure necessary to deliver local, affordable, and reliable energy sources to residents, including in-state pipelines, liquefied natural gas terminals, coal-to-liquid facilities, and microgrids for remote communities.

(c) In this section, "green energy resource" has the meaning given in AS 42.45.045.

*** Sec. 16.** AS 42.45.045(g) and 42.45.045(*l*)(4) are repealed.

*** Sec. 17.** This Act takes effect immediately under AS 01.10.070(c).