

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

March 4, 2025

1:36 p.m.

MEMBERS PRESENT

Representative Ky Holland, Co-Chair
Representative Donna Mears, Co-Chair
Representative Bryce Edgmon
Representative Chuck Kopp
Representative Cathy Tilton
Representative George Rauscher
Representative Mia Costello

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION(S): COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY AND
RESILIENCE

- HEARD

PRESENTATION(S): ALASKA ENERGY SECURITY TASK FORCE REPORT
UPDATE: RURAL AND SOUTHEAST

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CALVIN CHANG, Special Administrative Assistant
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Provided the Commercial Property Assessed
Clean Energy and Resilience presentation.

STEPHANIE NOWERS, Assembly Member
Matanuska Susitna Borough
Palmer, Alaska

POSITION STATEMENT: Testified during the Commercial Property Assessed Clean Energy and Resilience presentation.

CLAY KOPLIN, Chair, Board of Directors
Alaska Energy Authority;
Co-Chair, Alaska Energy Security Task Force;
CEO, Cordova Electric Cooperative
Cordova, Alaska

POSITION STATEMENT: Co-provided the Alaska Energy Security Task Force Report Update: Rural and Southeast presentations.

ROBERT VENABLES, Executive Director
Southeast Conference
Juneau, Alaska

POSITION STATEMENT: Co-provided the Alaska Energy Security Task Force Report Update: Rural and Southeast presentations.

ACTION NARRATIVE

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CO-CHAIR KY HOLLAND called the House Special Committee on Energy meeting to order at 1:36 p.m. Representatives Mears, Kopp, Tilton, Rauscher, and Holland were present at the call to order. Representatives Edgmon and Costello arrived as the meeting was in progress.

^PRESENTATION(S): Commercial Property Assessed Clean Energy and Resilience

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CO-CHAIR HOLLAND announced that the first order of business would be the Commercial Property Assessed Clean Energy and Resilience presentation.

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CALVIN CHANG, Special Administrative Assistant, Municipality of Anchorage (MOA), directed attention to a PowerPoint presentation, titled "Alaska C-PACER" [hard copy included in the committee packet]. He began on slide 2 by defining the Commercial Property Assessed Clean Energy & Resilience (C-PACER) as a financing program that enables owners of commercial and industrial properties to obtain low-cost, long-term financing

for energy efficiency, renewable energy and resilience projects, and then pay the costs back over time through a voluntary special assessment. Slide 3 highlighted what makes C-PACER special: increased property value; financeable project-associated costs; long-term, fixed rate nonrecourse financing; new construction and retrofits; priority liens; and that the lien is transferable and stays with the property, not the owner. Slide 4 featured the measures that are eligible for C-PACER financing. Slide 5 summarized the history of the C-PACER program in Alaska, beginning in 2017 when the Property Assessed Clean Energy (PACE) Act was signed into law. In June 2022, Governor Dunleavy signed House Bill 227 into law to expand C-PACE program eligibility, as noted on slide 6. Slide 7 showed the nationwide impacts of the C-PACER program, including \$9.7 billion in investments, 3,581 commercial projects, and 122,000 jobs created. Slide 8 showcased the RIM Office building project, which is projected to realize a 42 percent reduction in energy costs annually. The energy improvements include LED lighting, a combined heat and power (CPH) system, and new automated building and HVAC controls, among others. Slide 9 featured the Aviator Hotel project, estimated to product \$12 million in energy savings over 20 years. Slide 10 showed the Courtyard by Marriott Midtown Anchorage project and the associated energy and resilience improvements. Slide 11 touted four C-PACER programs in several of Alaska's hub communities: Anchorage, Matanuska-Susitna (Mat-Su), Kenai Peninsula, and Fairbanks.

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MR. CHANG, in response to a series of questions from Representative Tilton, said raising awareness about the program would incentivize capital providers, property owners, and developers to apply for these projects and generate even more economic growth and opportunity. In terms of hurdles for stakeholders, he explained that sometimes the deals are too small to incentivize capital investment given the amount of work that's required.

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STEPHANIE NOWERS, Assembly Member, Matanuska Susitna Borough, discussed the C-PACER program in the Mat-Su, a region that's facing uncertainty when it comes to the cost of energy. The C-PACER program offers a way for businesses to reduce their energy costs and insulate themselves from price spikes; it also help the Mat-Su borough build its building stock and creates

resiliency in the business community. The C-PACER program solves common business barriers by assisting with upfront capital financing and tying the finances to the property, as opposed to the owner, which alleviates owners' fears of losing their investment and the ability to make their money back. Further, the third-party, private financing is another benefit to local governments. She characterized the C-PACER program as government at its best because it provides businesses a tool that allows them to lower costs. She discussed two projects that are using the C-PACER program in their "financial stack," which allows them to lower costs and build a more resilient building that is cheaper to operate in the long-term. She expressed her hope that the banks would finance smaller projects as they become more familiar with the program; in addition, she suggested that Alaska Housing Finance Corporation (AHFC) should be the statewide administrator of the program. Lastly, she said the program could be a model for other programs, and touted the templates created by the Municipality of Anchorage (MOA) which allowed the Mat-Su to follow suite.

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MS. NOWERS, in response to a series of committee questions, said the C-PACER program lowers energy costs, which benefits businesses' bottom line. She acknowledged that it would be wonderful if the Alaska Sustainable Energy Conference (ASEC) could manage a revolving fund to finance smaller projects and help jumpstart them in the Mat-Su Borough.

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MR. CHANG, in response to committee questions, clarified that funding is not run through the Alaska Energy Authority (AEA). Currently, the associated fees include a small application fee of \$150, as well as a closing fee of 1 percent that caps out at \$50,000 of total project costs, and an annual assessment fee of 0.5 percent of the assessment payment. He acknowledged that Co-Chair Holland's understanding is correct: the loan is constructed as a lien that's attached to the building, not the owner. He clarified that the lender does not have to be a local bank. He discussed the standards that projects need to qualify for C-PACER financing and listed the four types of projects: new construction, retrofitting, resilience improvements, and refinancing - each with their own eligibility criteria. He defined larger scale projects as those in the \$1 million range.

**PRESENTATION(S) : Alaska Energy Security Task Force Update:
Rural and Southeast**

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CO-CHAIR HOLLAND announced that the final order of business would be the Alaska Energy Security Task Force Report Update: Rural and Southeast presentations.

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CLAY KOPLIN, Chair, Board of Directors, Alaska Energy Authority; Co-Chair, Alaska Energy Security Task Force; CEO, Cordova Electric Cooperative (CEC), directed attention to a PowerPoint presentation, titled "Alaska Energy Security Task Force" [hard copy included in the committee packet]. He began on slides 2 and 3 with introduction to the 15-member board and the 6 task force subcommittees. He outlined the task force's short-term, mid-term, and long-term objectives on slide 4 with the goal of advancing affordability, reliability, and security/resilience. Slide 5 outlined the planning process for the energy master plan and slide 6 emphasized the magnitude of the effort by the numbers. Slide 7 showcased the organization of priority A: Railbelt transmission, generation, and storage. Slides 8 and 9 outlined priority B: Coastal generation, distribution, and storage. Slides 10 and 11 showed priority C: rural generation, distribution, and storage. Slides 12 and 13 featured priority D: state energy data. Slide 14 outlined priority E: incentives and subsidies. Slides 15 and 16 featured priority F: statutes and regulations. Slide 17 provided contact information for the task force; slide 18 offered contact information for AEA; and slide 19 concluded with background information on Mr. Koplin and Robert Venables.

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MR. KOPLIN, in response to committee questions, said the AEA's renewable energy fund is a good framework for programs with limited funding that are trying to figure out where to best allocate it. The AEA has huge capital requirements, which is a good rationale for considering regional investments and equitable distribution. He spoke to the balance between dire need and necessity and said a priority that's often overlooked is investment in technologies or programs that are already working for Alaska. In response to a question about the Power Cost Equalization (PCE), he shared that as Cordova invested in renewable energy projects and brought its kilowatt hours down,

it qualified for less subsidy from PCE, which allows that funding to be distributed to communities that need it more.

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ROBERT VENABLES, Executive Director, Southeast Conference, directed attention to a PowerPoint presentation, titled "Coastal Generation, Distribution, & Storage" [hard copy included in the committee packet]. He began on slide 2 with background on Southeast Conference. Slide 3 showed a map of the Alaska Regional Development Organizations. Slide 4 highlighted the Ardor Annual Report, with a QR code for download. Slide 5 featured the seven Southeast Conference committees, promoting strong economies, healthy communities, and a quality environment in Southeast Alaska. Slide 6 showed its publications and slide 7 showed the Southeast 2030 strategic plan summary. Slide 8 showed the Coastal Alaska opportunity method for energy dependence. Slide 9 addressed the enormous potential of renewables and slide 10 showed external drivers and regional issues facing Alaska. Slides 11 and 12 emphasized that beneficial electrification is key to economic transformation. Slide 13 addressed federal changes and uncertainty and slide 14 discussed historical crossroads. Slide 15 highlighted the benefits of a renewables focused future and slide 17 offered a brand spotlight on Alaska Brewing Co. and the ultimate application for beneficial electrification.

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MR. VENABLES, in response to a question from the co-chair, spoke to the balance between research and development (RnD) and viability. He said he is a big proponent of tidal research, especially for Southeast Alaska where there are 20-foot tidal swings; however, it's not a near-term objective.

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MR. KOPLIN referenced Alaska Brewing Co's ingenuity in creating an energy source from their disposable grains. The Department of Energy's (DOE's) excitement about Alaska's ecosystem lead to hosting the largest grid modernization projects in the country in Cordova. In addition, the leading wave energy technology was created out of Cordova by a young fisherman who went to school for engineering.

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MR. VENABLES, in response to a question from Representative Rauscher, said until a better solution emerges on how to strategically use renewables, there's generally a sense of caution and a high degree of protectionism when it comes to renewable energy because it's of its importance for rural Alaska.

MR. KOPLIN, in response to a question about the creation of a data repository within AEA, explained that AEA has created a documents library that goes back 40-50 years - all of which is available online.

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MR. VENABLES, in response to a series of committee questions, noted that the energy plan for Southeast Alaska has resulted in countless projects and investments and has been very rewarding. He suggested that creating something similar for other regions of the state would require a fiscal note but would be money well spent and would help pinpoint the next best project for the region. He explained that using the PCE program strategically to make investments that drive down energy production costs is the "magic moment," like in the Railbelt, for example. However, he said there are large areas of the state that will never reach that point due to scale, as there are not enough rate payers or economic development in an area to drive rates down. He opined that right now, PCE is working and there will always be a role for it to play. He referenced the PCE "trickle down" and said if the right investments are made, communities will no longer need it, and extra dollars could be injected back into the renewable energy fund or used for leveraging federally funded energy projects that match.

MR. KOPLIN, in response to a question from the co-chair about how much to put into the Renewable Energy Fund (REF) to benefit ratepayers, said the program is working, but there is a tradeoff when investing in permanent solutions reduces the need for subsidies and support from the PCE program. He added that while the legislature's expansion of REF was great, there are fewer routes for other projects that are becoming available. Further, he pointed out that by connecting the task force to local economies by helping local businesses become sustainable, it builds stronger communities with energy as an underpinning and therefore, a stronger state.

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ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 3:00 p.m.