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Referred: Resources and
Judiciary

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL (for the State
Energy Policy Committee)

1 IN THE HOUSE

2 HOUSE BILL NO. 364

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state energy policy; and providing
7 for an effective date."

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

9 * Section 1. AS 38.05.085(a) is amended by adding a new paragraph to
10 read:

11 (4) a power generation facility or other industrial facility
12 located on the land leased must use, to the extent feasible as deter-
13 mined under regulations adopted by the commissioner of commerce and
14 economic development, the waste heat produced by the facility.

15 * Sec. 2. AS 38.05.140 is amended by adding a new subsection to read:

16 (g) Each lease of state land for the purpose of exploration,
17 development, and the extraction of minerals shall include a provision
18 requiring that a power generation facility or other industrial facility
19 located on the land leased must use, to the extent economically feasible
20 as determined under regulations adopted by the commissioner of commerce
21 and economic development, the waste heat produced by the facility.

22 * Sec. 3. AS 38.05.183 is amended by adding a new subsection to read:

23 (e) Oil or gas taken in kind by the state as its royalty share may
24 not be sold or otherwise disposed of for use in an industrial facility
25 or power generation facility in the state unless the facility uses, to
26 the extent economically feasible as determined under regulations adopted
27 by the commissioner of commerce and economic development, the waste heat
28 produced by the facility.

29 * Sec. 4. AS 38.35.110 is amended by adding a new subsection to read:

1 (b) Each lease of state land for pipeline right-of-way purposes
2 shall contain a provision requiring that a power generation facility or
3 other industrial facility located on the land leased must use, to the
4 extent economically feasible as determined under regulations adopted by
5 the commissioner of commerce and economic development, the waste heat
6 produced by the facility.

7 * Sec. 5. Notwithstanding the provisions of AS 43.20.021(a) providing for
8 the delayed adoption by reference of provisions of the Internal Revenue Code
9 which change or modify exemptions from tax or credits against tax, sec. 44C
10 of the Internal Revenue Code (26 U.S.C. sec. 44C) is immediately adopted by
11 reference as part of AS 43.20, except as provided in AS 43.20.036(i), and
12 shall apply to taxable years beginning after December 31, 1978.

13 * Sec. 6. The only effect of sec. 5 of this Act is to accelerate the date
14 of adoption of sec. 44C of the Internal Revenue Code (26 U.S.C. sec. 44C), as
15 part of AS 43.20, except as provided in AS 43.20.036(i).

16 * Sec. 7. AS 43.20.036 is amended by adding a new subsection to read:

17 (i) Notwithstanding the provisions of AS 43.20.021(d), for the
18 purposes of calculating the income tax payable under this chapter, the
19 taxpayer may apply as a credit against his tax liability the credit for
20 energy conservation expenditures under Internal Revenue Code sec.
21 44C(a)(1) (26 U.S.C. 44C(a)(1)) up to 15 per cent of his qualified
22 energy conservation expenditures on a dwelling unit located in this
23 state, subject to a maximum credit of \$300, or \$150 for a married tax-
24 payer filing a separate return.

25 * Sec. 8. AS 44.56.224 is amended to read:

26 Sec. 44.56.224. LONG-TERM PLAN. The Department of Commerce and
27 Economic Development, assisted by the authority, shall prepare, after
28 public hearings, and, as appropriate, revise a long-term electrical
29 power development plan for meeting projected electrical energy demand in

1 Alaska at the lowest reasonable cost, including environmental and social
2 costs, consistent with acceptable standards of reliability. The plan
3 must give as equal consideration as practicable to all types of power
4 production facilities (except those based upon nuclear fuels) which
5 are technologically feasible, and must promote the efficient use of
6 facilities and fuels consistent with energy conservation goals. The
7 plan must include, but is not limited to, considerations specified in AS
8 44.56.180(e). The plan and any revision of it shall be submitted to the
9 governor for his approval and shall be reviewed by all appropriate state
10 agencies. After approval by the governor the plan shall be submitted to
11 the legislature.

12 * Sec. 9. AS 45.88.010 is amended to read:

13 Sec. 45.88.010. FUND ESTABLISHED. There is established in the
14 Department of Commerce and Economic Development the alternative power
15 resource revolving loan fund to carry out the purposes of this chapter.
16 Loans made under this chapter are to be used to develop means of energy
17 production utilizing energy sources other than fossil or nuclear fuel,
18 including, but not limited to, windmills, water and solar power devices,
19 and for energy conservation expenditures for qualified dwellings. The
20 fund may be used for no other purpose.

21 * Sec. 10. AS 45.88.020(a) is amended by adding a new paragraph to read:

22 (3) make loans for energy conservation expenditures for a
23 dwelling

24 (A) used by the loan recipient as his principal resi-
25 dence, and

26 (B) substantially completed before January 1, 1979.

27 * Sec. 11. AS 45.88 is amended by adding a new section to read:

28 Sec. 45.88.900. DEFINITIONS. In this chapter

29 (1) "commissioner" means the commissioner of commerce and

1 economic development;

2 (2) "department" means the Department of Commerce and
3 Economic Development;

4 (3) "energy conservation expenditures" means the costs of
5 acquiring and installing

6 (A) insulation which is specifically and primarily
7 designed to reduce, when installed in or on a dwelling or water
8 heater, the heat loss or gain of the dwelling or water heater;

9 (B) a furnace replacement burner designed to achieve a
10 reduction in the amount of fuel consumed as a result of increased
11 combustion efficiency;

12 (C) a device for modifying flue openings designed to
13 increase the efficiency of operation of the heating system;

14 (D) an electrical or mechanical furnace ignition system
15 which replaces a gas pilot light;

16 (E) a storm or thermal window or door for the exterior
17 of the dwelling;

18 (F) an automatic energy-saving setback thermostat;

19 (G) caulking, weatherstripping or double glazing of an
20 exterior door or window;

21 (H) a meter which displays the cost of energy usage; or

22 (I) an item of the kind which the commissioner specifies
23 by regulations as increasing the energy efficiency of the dwelling,
24 the original use of which begins with the loan recipient, which can
25 reasonably be expected to remain in operation for at least three
26 years, and which meets the performance and quality standards which
27 have been prescribed by the commissioner by regulations in effect
28 at the time of the acquisition of the item.

29 * Sec. 12. AS 46 is amended by adding a new chapter to read:

1 (2) the building is in compliance with the building code of a
2 municipality, if the municipal building code meets or exceeds the ther-
3 mal and lighting energy standards; or

4 (3) the building is to be located in an area of the state
5 where implementation of energy consumption performance standards is not
6 justified due to the high cost of implementation, as determined under
7 regulations adopted by the commissioner, in which case the commissioner
8 shall waive the requirements of this section.

9 (b) The commissioner may, by regulation adopted in accordance with
10 the Administrative Procedure Act (AS 44.62), revise thermal and lighting
11 energy standards.

12 (c) For the purposes of this section,

13 (1) "thermal and lighting energy standards" means the thermal
14 and lighting standards established by the American Society of Heating,
15 Refrigeration, and Air Conditioning Engineers (ASHRAE 90-75R);

16 (2) "new building" is a building the construction of which
17 begins after the effective date of an energy consumption performance
18 standard adopted under this section;

19 (3) "state financial assistance" means a loan, grant,
20 guarantee, insurance, payment, rebate, subsidy, or other form of direct
21 or indirect state assistance (other than aid under AS 43.18) including
22 the purchase by a state agency of a loan to finance the construction of
23 a new residential or commercial building.

24 Sec. 46.11.025. PERFORMANCE OF ENERGY AUDITS AND SURVEYS OF PUBLIC
25 BUILDINGS. (a) The department shall, as soon as practicable after the
26 effective date of this Act, and at least once every four years there-
27 after, perform an energy audit and survey of each existing public build-
28 ing. A report of the results of the energy audits and surveys performed
29 during the preceding year shall be submitted to the legislature not

1 later than January 31 of each year.

2 (b) The department shall include in the report required in (a) of
3 this section recommendations of corrective measures to improve the
4 energy efficiency and to minimize the life-cycle cost of the buildings
5 audited and surveyed. These measures may include, but need not be
6 limited to, (1) energy conservation measures, (2) measures involving
7 solar technology and other renewable energy resources, and (3) mainten-
8 ance and operating procedures and energy-related modifications deter-
9 mined as appropriate by the energy audit and survey. In recommending
10 the measures, the department shall give priority to changes in mainten-
11 ance and operating procedures over measures requiring substantial
12 structural modification or the installation of equipment.

13 (c) In this section,

14 (1) "department" means the Department of Transportation and
15 Public Facilities;

16 (2) "energy audit and survey" means a determination of (A)
17 the energy consumption characteristics of a building, including the
18 size, type, and rate of energy consumption of major energy consuming
19 systems of the building and the climate characterizing the region where
20 the building is located; and (B) a determination of the energy conserva-
21 tion and cost savings likely to result from appropriate energy-
22 conserving maintenance and operating procedures and modifications,
23 including the purchase and installation of energy-related fixtures;

24 (3) "life-cycle cost" means the total cost of owning, operat-
25 ing and maintaining a building over its useful life, including its
26 energy and fuel costs, determined on a basis of a systematic evaluation
27 and comparison of alternative building systems, except that in the case
28 of leased buildings the life-cycle cost shall be calculated over the
29 effective remaining term of the lease;

1 (4) "public building" means a building owned or controlled
2 and held by the state for government or public use.

3 Sec. 46.11.030. SOCIAL, ECONOMIC, AND ENVIRONMENTAL IMPACT OF
4 ENERGY PROJECTS. (a) The commissioner shall adopt regulations re-
5 quiring a detailed report on each energy-related project that signifi-
6 cantly affects the human environment. The report must include an analy-
7 sis of the social, economic, and environmental impact of the project.
8 The analysis shall be completed and made available to the public with
9 adequate time for review and comment before state action relating to the
10 project is taken.

11 (b) In this section

12 (1) "energy-related project" means a project involving state
13 action and relating to the production of energy for consumption or to
14 the development of natural resources used for the production of energy;

15 (2) "state action" means a state contract, grant, subsidy,
16 loan, or any other state financial assistance, or the issuance of a
17 state lease, permit, license, or certificate.

18 Sec. 46.11.035. DEFINITIONS. In this chapter, unless the context
19 otherwise requires,

20 (1) "commissioner" means the commissioner of the Department
21 of Commerce and Economic Development.

22 * Sec. 13. It is the intent of the legislature that the regulations
23 adopted under AS 46.11.030 not cause unnecessary duplication of reports. The
24 regulations adopted under AS 46.11.030 should require that if a report treat-
25 ing some social, economic, or environmental aspect of an energy-related
26 project is prepared under another provision of law it may be used to satisfy
27 the requirements of AS 46.11.030.

28 * Sec. 14. AS 43.20.039 is repealed.

29 * Sec. 15. Section 5 of this Act takes effect immediately in accordance

1 with AS 01.10.070(c) and terminates on the date that sec. 44C of the Internal
2 Revenue Code (26 U.S.C. sec. 44C) is adopted by reference under the provi-
3 sions of AS 43.20.021(a).
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