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Referred: Resources and Finance

1 IN THE HOUSE BY MCKINNON, COTTEN AND MILLER
2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 875
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to energy and the preparation of a
7 state energy conservation and development plan."

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

9 * Section 1. AS 18.56.090(2) is amended to read:

10 (2) make or participate in the making of mortgage loans to
11 sponsors, developers, builders, and purchasers of residential housing,
12 if the corporation determines that mortgage loans are not otherwise
13 available, wholly or in part, from private lenders upon reasonably
14 equivalent terms and conditions and that the residential housing for
15 which the mortgage loans are made is in compliance with the thermal and
16 lighting energy standards of AS 46.11.010, or the residential energy
17 conservation standard of AS 46.11.030;

18 * Sec. 2. AS 18.56.090(3) is amended by adding a new subparagraph to
19 read:

20 (C) has determined that the residential housing covered
21 by the mortgage loan is in compliance with the thermal and lighting
22 energy standards of AS 46.11.010, or the residential energy conser-
23 vation standard of AS 46.11.020;

24 * Sec. 3. AS 29.33.085 is amended by adding a new subsection to read:

25 (c) The comprehensive plan shall be designed to promote energy
26 efficient patterns of development, the use of solar energy and other
27 forms of renewable energy, and energy conservation.

28 * Sec. 4. AS 29.33.090(c) is amended by adding new paragraphs to read:

29 (7) promote energy efficient land use;

1 (8) accommodate the use of incident solar and other renewable
2 energy resources.

3 * Sec. 5. AS 29.33.090 is amended by adding a new subsection to read:

4 (e) Prohibition of solar or other renewable energy systems shall
5 be based only on health and safety considerations.

6 * Sec. 6. AS 29.33.150 is amended by adding a new subsection to read:

7 (c) Platting regulations adopted under (a) of this section shall
8 take into consideration the use of incident solar energy.

9 * Sec. 7. AS 44.19.880 is amended by adding a new subsection to read:

10 (e) The division shall, after public hearings, prepare and an-
11 nually revise an energy master plan. The plan, and its annual
12 revisions, shall be submitted to the commissioners of the departments of
13 the executive branch of the government for review and to the governor
14 for his approval. After approval, the plan shall be submitted to the
15 legislature. The plan, and its annual revisions, shall include

16 (1) an energy development component for meeting projected
17 thermal, electrical and transportation energy demands in the state at
18 the lowest reasonable cost, including environmental and social costs,
19 consistent with acceptable standards of reliability, giving an equal
20 consideration as practicable to all types of energy sources (except
21 those based on nuclear fuels) which are technologically feasible, and
22 which promote the efficient use of facilities and fuels consistent with
23 energy conservation goals, and the considerations specified in AS 44.-
24 56.180(e);

25 (2) an energy conservation component, including but not
26 limited to,

27 (A) an "end-use" study;

28 (B) conservation goals for reducing consumption of
29 energy, identifying the region for which applicable, and the source

1 or type of energy to which the goals are applicable;

2 (C) specific methods and means for achieving the goals
3 of (B) of this paragraph;

4 (3) a component for emergency energy conservation measures
5 applicable during times of emergency; and

6 (4) a report on areas or subjects of research and development
7 and demonstration projects involving renewable energy, local energy
8 sources, and energy conservation.

9 * Sec. 8. AS 44.31.020 is amended by adding a new paragraph to read:

10 (5) conduct periodic inspections of buildings to assure
11 compliance with AS 46.11.010 or 46.11.020.

12 * Sec. 9. AS 44.33.030 is amended to read:

13 Sec. 44.33.030. SECTION OF ENERGY [POWER] DEVELOPMENT IN DEPART-
14 MENT OF COMMERCE AND ECONOMIC DEVELOPMENT. There is a section of energy
15 [POWER] development in the Department of Commerce and Economic Develop-
16 ment to conserve, develop, and use the water and other energy [ELECTRIC
17 POWER] resources of the state, to make an abundant supply of [ELECTRIC
18 POWER AND] energy available to the people of the state at the lowest
19 possible costs [RATES] compatible with sound business principles, and to
20 provide for the availability and [PROMOTE AND EXTEND THE] use of [ELEC-
21 TRIC POWER AND] energy in the state for industrial, agricultural, com-
22 mercial, residential, and other purposes.

23 * Sec. 10. AS 44.33.040 is amended to read:

24 Sec. 44.33.040. DUTIES. The section of energy [POWER] development
25 shall

26 (1) study the state's wind, water, solar [WATERS], fossil
27 fuel, and other energy [POWER] resources and collect and disseminate
28 information relating to them;

29 (2) compile and maintain an inventory of electric generation,

1 transmission, and distribution facilities in the state insofar as they
2 are used to furnish central station electric service; other electric
3 generation, transmission and distribution facilities shall be included
4 if, in the opinion of the section, they influence or affect the develop-
5 ment of electric power resources or the use or need for existing or
6 additional electric power facilities;

7 (3) study existing and potential uses and markets for [ELEC-
8 TRIC POWER AND] energy and promote and encourage these uses and the
9 development of major markets;

10 (4) assist in preparation of the plan required by AS 44.19.-
11 880(e) [PREPARE, AFTER PUBLIC HEARINGS AND REASONABLE CONSULTATION WITH
12 GOVERNMENT AND OTHER AGENCIES, PRIVATE COMPANIES AND ASSOCIATIONS HAVING
13 A PRIMARY INTEREST IN IT, A PLAN FOR THE ORDERLY DEVELOPMENT OF THE
14 STATE'S POWER RESOURCES; THE PLAN SHALL BE AMENDED, REVISED AND EXPANDED
15 AS IS NECESSARY TO REFLECT CHANGING CONDITIONS AND REQUIREMENTS];

16 (5) promote and foster the assimilation of accurate infor-
17 mation concerning the state's energy [POWER] resources through expanded
18 federal programs for stream gauging and other detailed studies;

19 (6) coordinate and represent the state's interest in securing
20 federal participation in the development and financing of large-scale
21 energy projects [, LOW-COST POWER PROJECTS THROUGH THE CONSTRUCTION OF
22 MULTIPLE-PURPOSE DAMS, FOSSIL FUEL AND NUCLEAR POWER PLANTS, OR OTHER-
23 WISE], and the construction and installation of inter-tie and other
24 transmission facilities essential to these projects;

25 (7) promote and encourage rural electrification [AND THE
26 EXTENSION OF CENTRAL STATION ELECTRIC SERVICE IN THE STATE];

27 (8) assist communities, associations, and others to furnish
28 or improve central station electric service by collecting and providing
29 information concerning assistance available from federal, state, or

1 other sources for this purpose and by establishing and maintaining a
2 clearing house of information concerning essential materials and equip-
3 ment available in the state and elsewhere;

4 (9) encourage and assist in the creation of power grids and
5 power pools to facilitate the efficient use of generation facilities;

6 (10) cooperate with federal, state, and local agencies and
7 associations or private companies interested in the generation, trans-
8 mission and distribution of energy [ELECTRIC POWER], or in its use, or
9 in the economic and social development of the state, including the
10 Bureau of Reclamation, United States Army Corps of Engineers, Rural
11 Electrification Administration, Alaska Rural Electric Co-operative
12 Association, Alaska Chamber of Commerce, Alaska Municipal League [THE
13 LEAGUE OF ALASKAN CITIES], Alaskans for Alternative Energy, and [THE]
14 Alaska State Federation of Labor;

15 (11) hold hearings throughout the state to determine public
16 need in the field of power.

17 * Sec. 11. AS 44.56.180(b) is amended to read:

18 (b) Upon completion of the reconnaissance study, the authority
19 shall submit to the governor and the legislature a statement of its
20 recommendations for financing each new project. A project for which a
21 recommendation for financing is submitted shall be consistent with the
22 energy and conservation plan adopted under AS 44.19.880(e). The financ-
23 ing plan may include a recommendation for a guarantee of indebtedness or
24 a general fund appropriation only when necessary to supplement private
25 financing in order to make a project financially feasible. If the
26 recommended financing for the project includes a guarantee of indebted-
27 ness by the permanent fund or an appropriation from the general fund,
28 the legislature must first give its approval by joint resolution before
29 the authority may proceed with the engineering or design phase of the

1 project. [THE LEGISLATIVE APPROVAL REQUIRED IN THIS SUBSECTION MAY NOT
2 BE CONSIDERED THE APPROVAL REQUIRED UNDER AS 37.13.230 FOR GRANTING OF A
3 PERMANENT FUND GUARANTEE.]

4 * Sec. 12. AS 44.56.224 is amended to read:

5 Sec. 44.56.224. LONG-TERM ENERGY AND CONSERVATION PLAN. The
6 Department of Commerce and Economic Development, assisted by the author-
7 ity, shall [PREPARE], after public hearings, assist in the preparation
8 of the [AND, AS APPROPRIATE, REVISE A] long-term energy and conservation
9 [DEVELOPMENT] plan under AS 44.19.880(e) [FOR MEETING PROJECTED ELECTRI-
10 CAL ENERGY DEMAND IN ALASKA AT THE LOWEST REASONABLE COST, INCLUDING
11 ENVIRONMENTAL AND SOCIAL COSTS, CONSISTENT WITH ACCEPTABLE STANDARDS OF
12 RELIABILITY. THE PLAN MUST INCLUDE, BUT IS NOT LIMITED TO, CONSIDERA-
13 TIONS SPECIFIED IN AS 44.56.180(e). THE PLAN AND ANY REVISION OF IT
14 SHALL BE SUBMITTED TO THE GOVERNOR FOR HIS APPROVAL AND SHALL BE RE-
15 VIEWED BY ALL APPROPRIATE STATE AGENCIES. AFTER APPROVAL BY THE GOVER-
16 NOR THE PLAN SHALL BE SUBMITTED TO THE LEGISLATURE].

17 * Sec. 13. AS 46 is amended by adding a new chapter to read:

18 TITLE 46. WATER, AIR, ENERGY AND ENVIRONMENTAL CONSERVATION.

19 CHAPTER 11. ENERGY CONSERVATION.

20 Sec. 46.11.010. THERMAL AND LIGHTING ENERGY STANDARDS. (a) Each
21 public, commercial, and residential building (including a building
22 undergoing substantial renovation) intended for human occupancy, the
23 designs for which have not received final approval before the effective
24 date of this Act, if approval is required by state or municipal law,
25 must be built in accordance with thermal and lighting energy standards.

26 (b) The department shall annually review thermal and lighting
27 energy standards. The commissioner may, by regulation adopted in ac-
28 cordance with the Administrative Procedure Act (AS 44.62), revise ther-
29 mal and lighting energy standards to accommodate different geographic,

1 climatic, and economic factors existing in the various regions of the
2 state.

3 (c) The commissioner shall adopt regulations, in accordance with
4 the Administrative Procedure Act (AS 44.62), which exempt the following
5 from (a) of this section:

6 (1) a home which

7 (A) was not constructed or purchased with state financial
8 assistance;

9 (B) is not in a municipality which has adopted a building
10 code; and

11 (C) is used as the principal place of residence by the
12 builder for at least 36 consecutive months after completion;

13 (2) a building for which the cost of implementing thermal and
14 lighting energy standards exceeds the estimated energy savings from the
15 implementation.

16 (e) State financial assistance may not be granted for the purchase
17 or construction of a new residential or commercial building or for the
18 renovation of a residential or commercial building unless the building
19 is in compliance with this section.

20 (f) In this section "building code" means a municipal ordinance
21 establishing standards and requirements for the construction, mainte-
22 nance, operation, occupancy, or use of buildings.

23 Sec. 46.11.020. VIOLATIONS OF THERMAL AND LIGHTING ENERGY STAN-
24 DARDS. It is unlawful to permit occupancy of a building which is not in
25 compliance with thermal and lighting energy standards as provided in
26 AS 46.11.010. The owner of a building in violation of this section is
27 subject to a civil penalty of not more than \$500. Each day that a
28 building is occupied in violation of this section constitutes a separate
29 violation.

1 Sec. 46.11.030. RESIDENTIAL ENERGY CONSERVATION STANDARD. (a) A
2 residential energy conservation standard is established. The standard
3 is equal to the total annual number of British thermal units saved per
4 family in the average residential structure by compliance with (b) of
5 this section, as determined by the commissioner.

6 (b) The residential energy conservation standard may be met by

7 (1) installation of insulation with a minimum thermal resist-
8 ance rating of R-38 over the entire accessible attic space, if any;

9 (2) installation of weatherstripping on all doors, except
10 sliding glass doors, which lead to the outside or other unheated area;

11 (3) installation around an electric or gas water heater of
12 blanket insulation of a minimum thermal resistance rating of R-11; the
13 commissioner may waive this standard if the owner of the residence in
14 which the water heater is located demonstrates that the insulation will
15 not significantly increase the thermal efficiency of the water heater;

16 (4) installation of a device which restricts the flow through
17 all shower heads to a maximum rate of three gallons per minute;

18 (5) installation of double glazed or storm windows.

19 (c) As an alternative to (b) of this section, the residential
20 energy conservation standard may be met by

21 (1) the installation of any energy conservation device or the
22 use of any energy conservation technique, approved under (d) of this
23 section, which results in a total annual savings in British thermal
24 units per family occupying the residential structure that is not less
25 than the value determined under (a) of this section; or

26 (2) use of an energy conservation device or technique which
27 has not been approved for use under (d) of this section if the owner of
28 the residence submits evidence to the commissioner establishing the
29 expected annual energy savings in British thermal units resulting from

1 the installation or use of the device or technique, and the commissioner
2 approves its use.

3 (d) Not later than December 31, 1980, the commissioner shall by
4 regulation, adopted in accordance with the Administrative Procedure Act
5 (AS 44.62), approve a list of energy conservation devices and techniques
6 which qualify for use under (c)(1) of this section.

7 (e) The commissioner shall annually review and may revise, by
8 regulation adopted in accordance with the Administrative Procedure Act
9 (AS 44.62), the residential energy conservation standard and the means
10 provided by (b) and (c) of this section of complying with it. In his
11 review, the commissioner shall consider the public interest in in-
12 creasing energy conservation, the need to use new and more efficient
13 energy technologies and building designs, and the geographic, climatic,
14 and economic conditions of the various regions of the state.

15 (f) State financial assistance may not be granted for the purchase
16 or construction of a building unless the building is in compliance with
17 AS 46.11.040.

18 Sec. 46.11.040. COMPLIANCE WITH RESIDENTIAL ENERGY CONSERVATION
19 STANDARDS. (a) A unit of residential housing shall comply with the
20 residential energy conservation standard established in AS 46.11.030(b)
21 or (c). The provisions of this section apply to

22 (1) housing owned and occupied by an owner, effective
23 January 1, 1985;

24 (2) all other housing, effective January 1, 1983.

25 (b) Before a unit of residential housing is sold, it shall meet
26 the residential energy conservation standard. The requirement of this
27 section is waived if the purchaser and seller agree that the purchaser
28 assumes responsibility for bringing the residential unit into compliance
29 with the residential energy conservation standard, and the purchaser

1 files a copy of the agreement with the Department of Commerce and Eco-
2 nomic Development not later than 90 days after the transfer of title to
3 the unit.

4 (c) The owner of a unit of residential housing may delay full
5 compliance with the requirement of (b) of this section if he submits
6 appropriate documentation to the commissioner which shows that he has,
7 during the preceding 12 months, spent at least \$1,000 for a residence
8 housing fewer than four families, or at least \$0.50 per square foot of
9 living area for a residence housing four or more families. An annual
10 expenditure under this subsection must be made until the unit of resi-
11 dential housing is in full compliance with the residential energy con-
12 servation standard.

13 Sec. 46.11.050. FAILURE TO COMPLY. The department shall impose
14 upon an owner of residential housing who fails to satisfy the require-
15 ments of AS 46.11.040 a civil penalty of \$10 per day for each unit of
16 residential housing affected until the requirements of AS 46.11.040 are
17 satisfied.

18 Sec. 46.11.060. FALSIFICATION OF DOCUMENTATION. A person who
19 knowingly submits falsified documentation of compliance with a residen-
20 tial energy conservation standard is guilty of a class B misdemeanor.

21 Sec. 46.11.070. EXEMPTIONS. A unit of residential housing is
22 exempt from the requirements of AS 46.11.040(b) and (c) if the owner
23 submits appropriate documents to the commissioner showing that

24 (1) the purchase and installation of a particular device by
25 which to comply with the residential energy conservation standard under
26 AS 46.11.040(b) cannot be amortized by the energy savings, at current
27 energy cost, over the next 10 years; or

28 (2) no combination of energy conservation devices or tech-
29 niques allowed under the residential energy conservation standard can be

1 amortized by the energy savings, at current energy costs, over the next
2 10 years.

3 Sec. 46.11.080. INSPECTIONS. The department may inspect buildings
4 to insure compliance with thermal and lighting energy standards and the
5 residential energy conservation standard.

6 Sec. 46.11.090. FINANCING OF ENERGY EFFICIENT HOMES AND BUILDINGS.

7 (a) A financial institution shall take into consideration the economic
8 benefits of renewable energy sources, energy efficient building design,
9 and energy conservation when financing homes and buildings.

10 (b) A financial institution that makes home mortgage loans shall

11 (1) require that heating and lighting costs be reported in
12 housing appraisals;

13 (2) include estimated heating and lighting costs in standard
14 principal, interest, taxes and insurance calculation of the cost of
15 buying a housing unit.

16 (c) By January 1 of each year each financial institution that
17 makes home mortgage loans shall provide the commissioner with a report
18 that includes the following information:

19 (1) how the institution's home mortgage underwriting criteria
20 takes into consideration the energy cost of a home to be financed;

21 (2) a description of loan programs available through the
22 institution which may be used for energy conservation purposes, in-
23 cluding, but not limited to, retrofitting of a building to higher ther-
24 mal efficiency standards, and the installation of renewable energy
25 systems;

26 (3) a description of programs designed to encourage energy
27 conservation investments, including, but not limited to,

28 (A) marketing strategies designed to increase consumer
29 awareness of the advantages of energy conservation investments;

1 (B) loan programs to cover the costs of upgrading homes
2 to higher thermal efficiency standards;

3 (C) loans to small businesses engaged in providing
4 energy conservation devices, measures, or technology, or in de-
5 veloping local or renewable energy sources.

6 (d) The commissioner shall adopt regulations in accordance with
7 the Administrative Procedure Act (AS 44.62), requiring that life cycle
8 cost of a commercial or industrial building or facility which receives
9 state financial assistance be analyzed by the department.

10 (e) A financial institution which does not comply with this sec-
11 tion

12 (1) may not participate with the Department of Revenue in the
13 mortgage program for investment of surplus state funds under AS 37.10.-
14 070(a);

15 (2) may not receive state funds on deposit under AS 37.10.-
16 075; and

17 (3) may not enter into any agreement with the Alaska Housing
18 Finance Corporation under AS 18.56.100.

19 (f) In this section

20 (1) "financial institution" means a bank, trust company,
21 savings bank, savings and loan association, or credit union;

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

28 Sec. 46.11.200. DEFINITIONS. In this chapter

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

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economic development;

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

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

(4) "thermal and lighting energy standards" means the thermal and lighting energy standards established by the American Society of Heating, Refrigeration, and Air Conditioning Engineers (ASHRAE 90-75R).