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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST House Bill 446
 Bill/Resolution No. _____
 Title "An Act establishing assistance and information programs on energy"
 Requested by Resources Committee Date 4/16/81

II. FISCAL DETAIL
 Agency Affected Department of Commerce & Economic Development
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Division of Energy & Power Development
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY ⁸² 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	145.944					
200 TRAVEL	10.					
300 CONTRACTUAL	105.					
400 COMMODITIES	16.					
500 EQUIPMENT	2.752					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	\$279,696					

FUNDING (Thousands of Dollars)

GENERAL FUND	279.696					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	4					
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The budget presented provides sufficient support for the division to establish a program for technical assistance to assist municipalities in development of alternative energy technologies and establish a energy programs information office

<u>100 Personal Services</u>		<u>\$145,944</u>
##1-Energy Specialist II (18A)		
\$2640 X 12 mo. + 25.5% payroll burden=	\$39,758	
##1 Energy Specialist II (18F)		
\$3153 X 12 mo. + 25.5% payroll burden=	\$47,484	
1 Librarian (17A)		
\$2455 X 12 Mo. + 25.5% payroll burden*	\$36972	
1 Clerk Typist III (8A)		
\$1393 X 12 mo. + 30% payroll burden=	\$21730	
## Positions presently federally funded but will need State funding . . . Y 82		
<u>200 Travel</u>		<u>\$ 10,000</u>
<u>300 Contractual</u>		<u>\$105,000</u>
Professional Services		
Workshops & Materials Production	\$30,000	
Space rental, phone, copying, printing & misc.	\$75,000	
<u>400 Supplies</u>		<u>\$16,000</u>
<u>500 Equipment</u>		<u>\$2,752</u>
1-Typing desk@\$433	\$433	
1-Regular desk @ \$353	\$353	
5-Book cases @ \$103	\$515	
2-Chairs @ \$177	\$354	
2-Side chairs @ \$88	\$176	
3-Filing cabinets @ \$252	\$756	
1-Table @ \$165	\$165	
TOTAL		<u>\$279,696</u>

PUBLIC INFORMATION

Many people in Alaska and throughout the nation do not know what renewable energy is, what it can do, or where to find information, equipment or contractors. This lack of knowledge is not confined to consumers. Builders, construction people and utilities are all important to the use of renewable energy but are often poorly informed about it.

Consumers need information on available energy options, and industry people need training.

Educating consumers requires public relations as well as information. Public relations makes people aware of possibilities. It can get them thinking about technologies and let them know what subsidies, loan funds and technical assistance are available. The best-designed incentives will be useless if people are unaware of them, a fact that many state incentive programs have not taken into account: incentives have been legislated, and forgotten.

One effective way to promote conservation and renewable energy is through direct mail advertising. The U.S. Department of Energy initiated the Low Cost/No Cost energy conservation program in 1979. DOE mailed a package of information directly to consumers in the Northeast. The response was good and several other states, including Colorado, have initiated similar programs.

people who already are interested in installing renewable energy systems need a place to go for more detailed information. Lists of installers and suppliers, books on design, cost estimates and resource assessments are all needed by the potential user of renewable energy. The Energy Extension Service and the Alaska Western SUN office provide this information.

People who sell, install, finance and insure renewable energy systems need information, too. Much of this can be acquired on the job, but organized educational programs are valuable as well. Educational institutions, unions, industry groups and nonprofit institutions around the country have begun to offer training programs on the installation, servicing and financing of renewable energy systems.

In Alaska, the Residential Energy Conservation Program is training energy auditors, and five Alaskan colleges--Alaska Methodist University and the community colleges of Anchorage, Soldotna, Nome and Fairbanks--all offer at least one course on renewable energy.

Option. State schools should be encouraged to provide both general and vocational courses on renewable energy.

Option. Coordination of educational programs offered in the state would help prevent duplication and identify gaps in the types of education available.

Government employees often need to be educated about renewable energy. Administrators of loan programs, tax officials, and building inspectors, for example, all have important roles to play in increasing the use of renewable energy, yet often know too little about renewable energy to give it the

consideration it deserves. Workshops and seminars can help remedy this problem.

The Alaska Energy Center should prove very helpful in providing information about Alaska's energy problems. It is important that the Center coordinate its efforts with those of other research organizations and that it work to disseminate its results. It is also important that the Center spend a sufficient portion of its budget and effort on renewable energy.

State efforts to lower costs, improve consumer protection, and provide more information will stimulate the use of renewable energy systems in the private sector. So will some other measures that the state can take directly: making key changes in state procurement policy, coordinating state efforts with federal programs, and implementing state programs.

STATE PROCUREMENT

~~The state owns buildings and conducts operations that could benefit from energy conservation and the use of renewable energy sources. State use of renewable energy would lower state energy bills and also demonstrate the feasibility of using renewable energy.~~

~~Alaska already requires that new state buildings meet the standards of energy efficiency developed by the American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE).~~

Option. The state could, however, establish more stringent standards, such as the Building Efficiency Performance Standards (BEPS) proposed by DOE, that may be more appropriate to Alaska's climate.

The omnibus energy bill requires that state buildings undergo an energy audit as soon as possible and every seven years thereafter. The results, which should show ways to lower the life-cycle cost of each building, are to be presented to the legislature every year by February 1.

Option. The legislature can reduce state energy bills by each year allocating funds for energy-efficient capital improvements.

Option. The use of life-cycle costing could be extended from buildings to other areas of state procurement (e.g., the purchase of vehicles or major equipment).

Option. Further, the state could purchase biomass fuels such as gasohol, methane, or wood waste products to meet some of its energy needs. This would not only reduce the state's dependence on non-renewable fuels but also help create a market for those products.

COORDINATION WITH FEDERAL PROGRAMS

Many federal energy programs require implementation by the states. Others call for cooperation. To use federal programs to the best advantage, Alaska needs to be well informed about them and alert to the opportunities they present. For example, by providing funds to institutions that lacked the matching funds required by the federal Institutional Buildings Program, Alaska doubled the value of its expenditures by attracting federal dollars on a one-for-one basis.

Option. Alaska could leverage its investments in energy by allocating more matching funds to attract more federal funds.

Option. One way to do this would be to create an ombudsman's office to coordinate state energy efforts with federal programs.

The ombudsman would collect information on all federal programs related to renewable energy, then pass this information along to individuals or groups seeking federal funding for projects or to state agencies charged with implementing federal programs.

~~The Public Utility Regulatory Policies Act of 1978 (PURPA) is one federal law that requires state implementation and that can have significant impact on the use of renewable energy. PURPA requires state public utility commissions to examine a series of rate structures and other policies to determine if they are appropriate for the utilities of that state. One issue the commissions are to examine: the price at which utilities will buy and sell power from small power producers. (A family that uses a wind turbine with utility power as a backup is, for example, a small power producer.)~~

Option. The legislature could encourage the Alaska Public Utilities Commission to adopt policies that are favorable to renewable energy sources.

Finally, Alaska needs to make sure that the effectiveness of its energy laws is not diluted by federal laws. An example of such dilution is the federal prohibition of "double benefits" found in the Windfall Profit Tax Act (see page 35).