

SB

220

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/19/10

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: _____

Resources Committee considered SENATE BILL NO. 220

SB 220 ENERGY EFFICIENCY/ ALTERNATIVE ENERGY

"An Act declaring a state energy policy; relating to energy efficiency and alternative energy; establishing the energy efficiency grant fund, an emerging energy technology fund, a renewable energy production tax credit, and an energy use index; and relating to a fuel purchasing cooperative, to energy codes and efficiency standards, to energy conservation targets in public buildings, to a state agency energy use reduction plan, to the alternative energy revolving loan fund, and to the renewable energy grant fund."

and recommends:

- be replaced with SCS or CS SB 220 (RES)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____


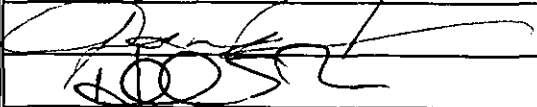

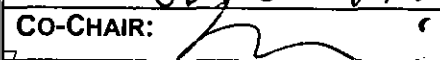
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
REV	03/07			✓	
DCCED	03/06	✓			
DEC	03/04			✓	
DOT & PF	03/05	✓			
DCCED	03/06	✓			
DHSS	03/05		✓		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	French	✓			
	McGuire	✓			
	Wielechowski	✓			

PASSED

26-LS1197AD.3
Kane
3/8/10

AMENDMENT # 1

OFFERED IN THE SENATE

BY SENATOR MCGUIRE

TO: CSSB 220(RES), Draft Version "D"

1 Page 16, line 31, following "\$30,000,000":

2 Insert "for each project"

3

4 Page 17, line 16:

5 Insert a new paragraph to read:

6 "(3) "project" means a plant, works, system, or facility, together with
7 related or necessary facilities and appurtenances, including a divided or undivided
8 interest in or a right to the capacity of a power project or project, that is used or is
9 useful for the purpose of renewable energy production;"

10

11 Renumber the following paragraph accordingly.

12

13 Page 30, following line 12:

14 Insert a new bill section to read:

15 "** Sec. 51. The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 EXHAUSTION OF UNUSED RENEWABLE ENERGY REFUNDABLE TAX
18 CREDITS. Notwithstanding the repeal of AS 43.98.040 by sec. 43 of this Act, an unused
19 portion of a tax credit acquired under AS 43.98.040, enacted by sec. 21 of this Act, may be
20 carried forward until exhausted, except that the unused portion of the tax credit may not be
21 carried forward to tax years beginning after December 31, 2023."

22

23 Renumber the following bill section accordingly.

PASSED

26-LS1197\D.2
Kane
3/8/10

AMENDMENT # 2

OFFERED IN THE SENATE

BY SENATOR MCGUIRE

TO: CSSB 220(RES), Draft Version "D"

1 Page 13, line 16, following "projects;":

2 Insert "(2) amounts deposited under (f) of this section;"

3

4 Renumber the following paragraph accordingly.

5

6 Page 13, line 22:

7 Delete "(f)"

8 Insert "(g)"

9

10 Page 14, line 1:

11 Delete "(f)"

12 Insert "(g)"

13

14 Page 14, line 8:

15 Delete "(f)"

16 Insert "(g)"

17

18 Page 14, following line 9:

19 Insert a new subsection to read:

20 "(f) As a condition of all grants awarded under this section, the authority shall
21 require that the grantee pay to the authority a fair and reasonable return to the fund, as
22 determined by the authority, from the revenue, economic value, or profits derived by
23 the grantee from the grant project. The authority shall deposit the amounts received

1 under this subsection into the fund. To secure payment of sums owed to the authority
2 under a grant agreement, the authority may own and take a security interest in patents,
3 copyrights, and other intellectual property."
4

5 Reletter the following bill subsections accordingly.

6
7 Page 14, line 24:

8 Delete "(f)"

9 Insert "(g)"

10

11 Page 14, lines 27 - 28:

12 Delete "(f)(4), (f)(5), or (f)(6)"

13 Insert "(g)(4), (g)(5), or (g)(6)"

14

15 Page 14, line 30:

16 Delete "(f)(4), (f)(5), or (f)(6)"

17 Insert "(g)(4), (g)(5), or (g)(6)"

PASSED

26-LS1197AD.1
Kane
3/8/10

AMENDMENT # 3

OFFERED IN THE SENATE

BY SENATOR MCGUIRE

TO: CSSB 220(RES), Draft Version "D"

- 1 Page 20, line 27:
- 2 Delete "Alaska"
- 3 Insert "alternative"
- 4
- 5 Page 28, line 1:
- 6 Delete "AS 44.42.067(c)"
- 7 Insert "AS 44.42.067(d)"

26-LS1197D
Kane
3/3/2010

CS FOR SENATE BILL NO. 220(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE RESOURCES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act declaring a state energy policy; relating to energy efficiency, energy**
2 **conservation, and alternative energy; relating to an emerging energy technology fund**
3 **and a renewable energy refundable tax credit; relating to a fuel purchasing cooperative,**
4 **to the Alaska heating assistance program, to energy codes and efficiency standards, to a**
5 **state agency energy use reduction program and to state energy use data, to the**
6 **Southeast energy fund, to the alternative energy revolving loan fund, to nuclear energy**
7 **production and facilities, to the definition of 'power project' or 'project' as it relates to**
8 **rural and statewide energy programs and the Alaska Energy Authority, to the definition**
9 **of 'alternative energy system,' and to the renewable energy grant fund; establishing an**
10 **Alaska energy efficiency revolving loan fund; directing the Department of**
11 **Transportation and Public Facilities to prepare a report on the feasibility of using**
12 **compressed natural gas to power vehicles in the state, including vehicles owned or**

1 operated by the state, and including in that study, if warranted, a pilot program
2 proposal for powering some vehicles owned or operated by the state with compressed
3 natural gas; authorizing and relating to the issuance of bonds by the Alaska Housing
4 Finance Corporation; and relating to an energy report by the Office of the Governor."

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

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 SHORT TITLE. This Act may be known as the Alaska Sustainable Energy Act.

9 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 LEGISLATIVE POLICY. The legislature recognizes that the state's economic
12 prosperity is dependent on available, reliable, and affordable residential, commercial, and
13 industrial energy to supply the state's electric, heating, and transportation needs. The
14 legislature further recognizes that energy efficiency, renewable energy, fossil fuels, and
15 conservation will each play an important role in meeting the state's energy needs, which vary
16 widely across the state's diverse geographic regions. In establishing a state energy policy, the
17 legislature intends for the state to achieve a 10 percent increase in energy efficiency from
18 2010 levels by 2015 and a 15 percent increase in energy efficiency by 2020, after accounting
19 for growth in population and economy. Therefore, it is the policy of the state to

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

22 (A) establishing statewide energy efficiency codes for new and
23 renovated public buildings and by assisting local communities interested in adopting
24 energy efficiency codes for new and renovated residential and commercial buildings;

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

27 (C) educating state residents on the benefits of energy efficiency and
28 conservation, including dissemination of information on state and federal programs
29 that reward energy efficiency;

1 (2) encourage economic development by

2 (A) promoting the development of renewable energy resources,
3 including geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, and biomass
4 energy with a goal of generating 50 percent of the state's electricity using renewable
5 energy resources by 2020;

6 (B) promoting the development, transport, and efficient use of
7 nonrenewable energy resources, including natural gas, coal, oil, nuclear energy, gas
8 hydrates, and heavy oil, for use by Alaskans, for export, and as feedstock for value-
9 added enterprises;

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

12 (D) creating and maintaining a state fiscal regime that encourages
13 private sector development of the state's energy resources;

14 (E) ensuring a reliable in-state gas supply for residents of the state;

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

17 (A) training and education programs that address energy conservation,
18 efficiency, extraction, processing, and transportation, including programs that address
19 workforce development and workforce transition; and

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

23 (4) coordinate governmental functions by

24 (A) actively collaborating with the private sector and local and federal
25 agencies to achieve the state's energy goals and to meet emissions, renewable energy,
26 and energy production targets; and

27 (B) reviewing and streamlining regulatory processes and balancing the
28 economic costs of review with the level of review necessary to protect the public
29 interest.

30 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 PURPOSE. The purpose of AS 44.42.067, enacted by sec. 23 of this Act, is to reduce
2 the amount of energy consumed by public facilities in use in 2010 by 15 percent by 2020,
3 thereby reducing costs to the state and increasing jobs in energy efficiency industries.

4 * **Sec. 4.** AS 14.08.101 is amended to read:

5 **Sec. 14.08.101. Powers.** A regional school board may

6 (1) sue and be sued;

7 (2) contract with the department, the Bureau of Indian Affairs, or any
8 other school district, agency, or regional board for the provision of services, facilities,
9 supplies, or utilities;

10 (3) determine its own fiscal procedures, including but not limited to
11 policies and procedures for the purchase of supplies and equipment; the regional
12 school boards are exempt from AS 37.05 (Fiscal Procedures Act) and AS 36.30 (State
13 Procurement Code);

14 (4) appoint, compensate, and otherwise control all school employees in
15 accordance with this title; these employees are not subject to AS 39.25 (State
16 Personnel Act);

17 (5) adopt regulations governing organization, policies, and procedures
18 for the operation of the schools;

19 (6) establish, maintain, operate, discontinue, and combine schools
20 subject to the approval of the commissioner;

21 (7) recommend to the department projects for construction,
22 rehabilitation, and improvement of schools and education-related facilities as specified
23 in AS 14.11.011(b), and plan, design, and construct the project when the responsibility
24 for it is assumed under AS 14.11.020;

25 (8) by resolution adopted by a majority of all the members of the board
26 and provided to the commissioner of the department, assume ownership of all land and
27 buildings used in relation to the schools in the regional educational attendance area, as
28 provided for in AS 14.08.151(b);

29 (9) provide housing for rental to teachers, by leasing existing housing
30 from a local agency or individual, by entering into contractual arrangements with a
31 local agency or individual to lease housing that will be constructed by the local agency

1 or individual for that purpose, or, without using for the purpose that portion of public
2 school funding that consists of state aid provided under AS 14.17, by constructing or
3 otherwise acquiring housing that is owned and managed by the regional educational
4 attendance area for rental to teachers;

5 (10) employ a chief school administrator;

6 (11) apply for and use the proceeds of a loan from the Alaska
7 energy efficiency revolving loan fund (AS 18.56.855);

8 (12) exercise those other functions that may be necessary for the
9 proper performance of its responsibilities.

10 * Sec. 5. AS 18.45.020 is amended to read:

11 **Sec. 18.45.020. United States licenses or permits required.** A person may
12 not manufacture, construct, produce, transfer, acquire, or possess a special nuclear
13 material, by-product material, special nuclear material facility, by-product material
14 facility, production facility, or utilization facility, or act as an operator of a production
15 facility or utilization facility, wholly within the state without first obtaining a license
16 or permit for the activity in which the person proposes to engage from the Nuclear
17 Regulatory Commission if the commission requires a license or permit to be obtained
18 by persons proposing to engage in the activities.

19 * Sec. 6. AS 18.45.025(a) is amended to read:

20 (a) A person may not construct a nuclear fuel production facility, nuclear
21 utilization facility, utilization facility, reprocessing facility, or nuclear waste disposal
22 facility in the state without first obtaining a permit from the Department of
23 Environmental Conservation to construct the facility on land designated by the
24 legislature under (b) of this section.

25 * Sec. 7. AS 18.45.025(b) is amended to read:

26 (b) The legislature shall designate by law the land in the state on which a
27 nuclear fuel production facility, nuclear utilization facility, utilization facility,
28 nuclear reprocessing facility, or nuclear waste disposal facility may be located. In
29 designating the land in the state on which

30 (1) a nuclear utilization facility or utilization facility may be
31 located, the legislature shall act in the interest of regulating the economics of

1 **nuclear energy;**

2 (2) a nuclear fuel production **facility**, [NUCLEAR UTILIZATION,]
3 nuclear reprocessing **facility**, or nuclear waste disposal facility may be located, the
4 legislature shall act to protect the public health and safety.

5 * **Sec. 8.** AS 18.45.025(c) is repealed and reenacted to read:

6 (c) The Department of Environmental Conservation shall adopt regulations
7 governing the issuance of permits required by (a) of this section. However, a permit
8 may not be issued until the municipality with jurisdiction over the proposed facility
9 site has approved the permit.

10 * **Sec. 9.** AS 18.56.090 is amended by adding a new subsection to read:

11 (f) In furtherance of its corporate purpose, the corporation may, in cooperation
12 with the Alaska Energy Authority, provide technical assistance to municipalities
13 related to residential and commercial building energy codes and energy efficiency
14 standards.

15 * **Sec. 10.** AS 18.56 is amended by adding a new section to read:

16 **Sec. 18.56.855. Alaska energy efficiency revolving loan fund.** (a) The
17 Alaska energy efficiency revolving loan fund is established in the corporation to carry
18 out the purposes of this section. The revolving loan fund consists of money or assets
19 appropriated or transferred to the corporation for the revolving loan fund, including
20 money and assets deposited in the revolving loan fund by the corporation and earnings
21 on investments of money held in the revolving loan fund. The corporation may
22 establish separate accounts in the fund. The corporation shall establish the interest
23 rates, security provisions, and other terms of a loan made under this section taking into
24 consideration the corporation's cost of funds and other factors the corporation
25 considers appropriate.

26 (b) Money and other assets of the Alaska energy efficiency revolving loan
27 fund may be used to

28 (1) make loans to regional educational attendance areas or to municipal
29 governments, including subdivisions of municipal governments, or to the state for the
30 purpose of financing energy efficiency improvements to buildings owned by regional
31 educational attendance areas, by the state, or by municipalities in the state;

1 (2) secure bonds issued by the corporation to finance the loans
2 described in (1) of this subsection;

3 (3) pay costs of administering the revolving loan fund; and

4 (4) pay the costs of administering and enforcing the terms of loans
5 made by the corporation from the revolving loan fund.

6 (c) Before a regional educational attendance area, a municipal government, or
7 a subdivision of a municipal government, may borrow money from the corporation
8 under this section, the regional educational attendance area or the municipal
9 government shall waive any sovereign immunity defense it may have available to it
10 with respect to enforcement of the terms of the loan. A regional educational
11 attendance area or a municipal government may waive sovereign immunity to comply
12 with the requirement of this subsection. The state waives any sovereign immunity
13 defense against enforcement of the terms of a loan made to the state under this section.
14 A person or corporation having a claim under this section shall bring an action in a
15 state court in Alaska that has jurisdiction over the claim.

16 (d) All regional educational attendance areas and municipal governments in
17 the state are authorized to borrow from the corporation under this section. The
18 corporation shall set out the terms of a loan to a regional educational attendance area
19 in a loan agreement or similar document. At the discretion of the corporation, a
20 borrowing by a regional educational attendance area or a municipal government under
21 this section may be effected by use of a loan agreement or similar document
22 evidencing and setting out the terms of the loan or by issuance of a bond by the
23 municipal government to the corporation. Notwithstanding a charter provision
24 requiring public sale by a regional educational attendance area or a municipality of its
25 municipal bonds or other indebtedness, a regional educational attendance area or
26 municipality may sell its bonds under this section to the corporation at a negotiated,
27 private sale. At the discretion of the corporation, the bonds or other indebtedness of
28 the municipality may be general obligations of the municipality or may be secured by
29 an identified revenue source or by a combination of the full faith and credit of the
30 municipality and an identified revenue source.

31 (e) Notwithstanding any other provision of law, to the extent that a department

1 or agency of the state is the custodian of money payable to a regional educational
2 attendance area or to a municipality, at any time after written notice to the department
3 or agency head from the corporation that the regional educational attendance area or
4 municipality is in default on the payment of principal of or interest on municipal
5 bonds or other indebtedness then held or owned by the corporation, or amounts due
6 under an agreement between the corporation and a regional educational attendance
7 area or a municipality, the department or agency shall withhold the payment of that
8 money from that regional educational attendance area or municipality and pay over the
9 money to the corporation for the purpose of paying the principal of and interest on the
10 bonds or indebtedness. The notice must be given in each instance of default. If a notice
11 is given under this subsection and under AS 44.85.170 and the default is continuing
12 under this subsection and under AS 44.85.170, the department or agency shall make
13 payment to the corporation and to the Alaska Municipal Bond Bank Authority on a
14 pro rata basis, taking into consideration the principal amount of the respective default
15 amounts.

16 (f) An authorized state officer may borrow from the corporation under this
17 section for buildings owned by the state. The superintendent of a regional educational
18 attendance area, at the direction of the regional educational attendance area school
19 board, may borrow from the corporation under this section for buildings owned by the
20 regional educational attendance area.

21 (g) In addition to other security that may be given with respect to a loan made
22 under this section, the corporation may require a deed of trust on the building that is
23 the subject of the energy efficiency loan and the real estate on which the building is
24 located. A regional educational attendance area or a municipality may grant a deed of
25 trust to the corporation as needed for this purpose. An authorized state officer may
26 grant a deed of trust to the corporation as needed for this purpose.

27 (h) The corporation shall administer the Alaska energy efficiency revolving
28 loan fund in accordance with regulations adopted by the corporation. The corporation
29 may adopt regulations under AS 18.56.088 to carry out the purposes of this section.

30 (i) This section applies to home rule municipalities.

31 (j) In this section, "authorized state officer" means

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- (1) the commissioner of the department of the state for a building owned by the state;
- (2) the executive director of a public corporation for a building owned by the public corporation;
- (3) the legislative council for a building owned by the legislature;
- (4) the administrative director of courts for a building owned by the judicial system;
- (5) any other person designated in writing by a person listed in (1) - (4) of this subsection.

* Sec. 11. AS 35.10 is amended by adding a new section to article 1 to read:

Sec. 35.10.012. Alternative energy for public works. (a) For each public work subject to AS 35.10.010 - 35.10.080, the construction of which begins on or after January 1, 2011, the department shall consider using a nonfossil fuel fired alternative energy system for heat or electrical power if the department reasonably believes that an alternative energy system to supply heat or power is available that

- (1) is comparably reliable to a fossil fuel fired system; and
- (2) if used over the course of the life of the facility,
 - (A) will not cost more than a fossil fuel fired system to purchase, install, maintain, and operate; and
 - (B) will have less measurable adverse effect on the environment than a fossil fuel fired system.

(b) If the department determines that an alternative energy system described in (a) of this section is available and can be used as a primary or secondary source of heat or electrical power, as to a public work the construction of which under this chapter begins on or after January 1, 2011, the department shall construct the public work to accommodate or be compatible with the alternative energy system.

(c) In this section, "construction" does not include reconstruction, alteration, improvement, or major repair.

* Sec. 12. AS 36.30 is amended by adding a new section to read:

Sec. 36.30.323. Consideration of energy efficient equipment. When the Department of Administration enters into contracts to purchase equipment that uses

1 energy, it shall give consideration to the energy efficiency of the equipment where
2 credible and objective information on efficiency levels is readily available.

3 * **Sec. 13.** AS 37.07.040 is amended to read:

4 **Sec. 37.07.040. Office of management and budget.** The Alaska office of
5 management and budget shall

6 (1) assist the governor in meeting the requirements of AS 37.07.020,
7 including the coordination and analysis of state agency goals and objectives, plans,
8 and budget requests;

9 (2) prepare for submission to the governor an annually updated six-
10 year capital improvements program and the proposed capital improvements budget for
11 the coming fiscal year, the latter to include individual project justification with
12 documentation of estimated project cost;

13 (3) develop procedures to produce the information needed for effective
14 policy decision making, including procedures to provide for the dissemination of
15 information about plans, programs, and budget requests to be included in the annual
16 budget and opportunity for public review and comment during the period of budget
17 preparation;

18 (4) assist state agencies in their statement of goals and objectives to
19 achieve, among other things, the legislature's mission and desired results, preparation
20 of plans, assessments of the extent to which missions and desired results have been
21 achieved, budget requests, and reporting of program performance; all documents
22 forwarded by the office to a state agency containing instructions for the preparation of
23 program plans and budget requests and the reporting of program performance are
24 public information after the date they are forwarded;

25 (5) administer its responsibilities under the program execution
26 provisions of this chapter so that the policy decisions and budget determinations of the
27 governor and the legislature are implemented;

28 (6) provide the legislative finance division with the budget information
29 it may request;

30 (7) provide the legislative finance division with an advance copy of the
31 governor's budget workbooks at least seven days before the legislature convenes in a

1 regular session;

2 (8) prepare the proposed capital improvements budget for the coming
3 fiscal year evaluating both state and local requests from the standpoint of need, equity,
4 and priorities of the jurisdiction; other factors such as project amounts, population,
5 local financial match, federal funds being used for local match, municipality or
6 unincorporated community acceptance of the facility, and all associated costs of the
7 facility may be considered;

8 (9) for each department in the executive branch, report to the
9 legislature by the 45th day of each regular session the amount of money appropriated
10 to the department that is expected to lapse into the general fund at the end of the
11 current fiscal year;

12 (10) establish and administer a state agency program performance
13 management system involving planning, performance budgeting, performance
14 measurement, and program evaluation; the office shall ensure that information
15 generated under this system is useful for managing and improving the efficiency and
16 effectiveness of agency operations;

17 (11) by January 15, list each lease-purchase agreement entered into by
18 an agency during the immediately preceding fiscal year for the acquisition of
19 equipment or other personal property, together with a description of the property
20 acquired and financial details, including the purchase price, the term for payments, the
21 amount of each payment, and the amount of interest or financing charges paid;

22 (12) work with state agencies to develop a standardized
23 methodology to collect and store energy consumption and expense data.

24 * Sec. 14. AS 42.45.040 is repealed and reenacted to read:

25 **Sec. 42.45.040. Southeast energy fund.** (a) The Southeast energy fund is
26 established as a separate fund. The fund consists of money appropriated to the fund by
27 the legislature, including

- 28 (1) money transferred to it under former AS 42.45.050;
29 (2) gifts, bequests, contributions from other sources, and federal
30 money; and
31 (3) interest earned on the fund balance.

1 (b) The fund is not a dedicated fund.

2 (c) The authority may make grants from the Southeast energy fund for power
3 projects, repayment of loans, and payments on bonds

4 (1) for hydroelectric projects serving Southeast Alaska; or

5 (2) for other projects or programs designated by the legislature, to
6 assist in meeting the energy needs of Southeast Alaska.

7 (d) An appropriation from the fund for a project described in (c) of this section
8 lapses back into the fund if substantial, ongoing work on the project has not begun
9 within five years after the effective date of the appropriation.

10 * Sec. 15. AS 42.45.045(d) is amended to read:

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

13 (1) develop a methodology for determining the order of projects that
14 may receive assistance, including separate requirements for grant eligibility, and adopt
15 regulations identifying criteria to evaluate the benefit and feasibility of projects for
16 which an applicant applies for support from the legislature, with the most weight being
17 given to projects that serve any area in which the average cost of energy to each
18 resident of the area exceeds the average cost to each resident of other areas of the
19 state, and significant weight being given to a statewide balance of grant funds, [AND]
20 to the amount of matching funds an applicant is able to make available for a project,
21 and to projects that are likely to have a financial benefit that exceeds the amount
22 of grant funds received;

23 (2) make recommendations to the legislature for renewable power
24 production reimbursement grants; [AND]

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

29 (4) require activity reports for each project funded at intervals
30 determined by the authority.

31 * Sec. 16. AS 42.45.045 is amended by adding a new subsection to read:

1 (m) The authority shall enter into contracts or agreements with experts to
2 assist in conducting an independent economic or financial analysis for each
3 recommended application. The information shall be included in the report to the
4 legislature required by (d) of this section.

5 * **Sec. 17.** AS 42.45 is amended by adding a new section to article 5 to read:

6 **Sec. 42.45.260. Fuel purchasing cooperative.** The authority shall facilitate
7 the organization of a statewide fuel purchasing cooperative by contacting and
8 providing technical assistance to potential participants in the cooperative, including
9 local governments, utilities, school districts, state agencies, tribal governments,
10 housing authorities, and other interested nonprofit entities.

11 * **Sec. 18.** AS 42.45 is amended by adding a new section to read:

12 **Article 7A. Emerging Energy Technology Fund.**

13 **Sec. 42.45.375. Emerging energy technology fund.** (a) The emerging energy
14 technology fund is established. The fund consists of

15 (1) money appropriated to the fund by the legislature to provide grants
16 for energy projects; and

17 (2) gifts, bequests, contributions from other sources, and federal
18 money appropriated to the fund.

19 (b) The fund is not a dedicated fund.

20 (c) The fund shall be administered by the authority, but the authority may
21 contract for the investment of money appropriated to the fund but not disbursed for a
22 grant. The authority, in consultation with the advisory committee established under (f)
23 of this section, may make grants from the fund to eligible applicants for

24 (1) research, development, or demonstration projects designed to

25 (A) test new energy technologies or methods of conserving
26 energy; or

27 (B) improve an existing energy technology; and

28 (2) applied research projects that employ energy technology with a
29 reasonable expectation that the technology will be commercially viable in not more
30 than five years.

31 (d) In making grants under this section, the authority, in consultation with the

1 advisory committee established under (f) of this section, shall give priority to

2 (1) Alaska residents, associations, organizations, or institutions;

3 (2) projects that demonstrate partnership with the University of Alaska
4 or another Alaska postsecondary institution; and

5 (3) projects supported by matching funds or in-kind partnerships.

6 (e) In administering the fund, the authority may enter into a contract or
7 agreement with the University of Alaska to provide technical and economic analysis
8 for the advisory committee established under (f) of this section and a review of the
9 projects awarded grants.

10 (f) An advisory committee is established and consists of seven members. Each
11 member of the committee shall have a degree in science or engineering, or equivalent
12 professional experience, and at least two years of experience working in the state.
13 Members of the committee shall be appointed by the governor to staggered three-year
14 terms. The committee consists of one representative of each of the following groups:

15 (1) a business or organization engaged in the renewable energy sector;

16 (2) a business or organization engaged in the fossil fuel energy sector;

17 (3) the Alaska Power Association or an Alaska electric utility;

18 (4) the Denali Commission established under P.L. 105-277 and
19 mentioned in a note at 42 U.S.C. 3121;

20 (5) the National Renewable Energy Laboratory;

21 (6) the Arctic Energy Office of the National Energy Technology
22 Laboratory;

23 (7) the Alaska Industrial Development and Export Authority.

24 (g) A member of the advisory committee appointed under (f) of this section
25 serves without compensation but is entitled to per diem and travel expenses as
26 provided in AS 39.20.180.

27 (h) If a member of the advisory committee appointed under (f)(4), (f)(5), or
28 (f)(6) is not available to serve as a member of the committee, the governor shall
29 appoint a representative from a federal agency or department with a comparable
30 mission or purpose to the agency listed in (f)(4), (f)(5), or (f)(6) to fill the position on
31 the committee. If a representative from a federal agency or department is not available

1 to fill the position, the governor may appoint a member from a state agency or
2 department.

3 (i) In this section,

4 (1) "eligible applicant" means

5 (A) an electric utility holding a certificate of public
6 convenience and necessity under AS 42.05;

7 (B) an independent power producer;

8 (C) a local government, quasi-governmental entity, or other
9 governmental entity, including a tribal council or housing authority;

10 (D) a business holding an Alaska business license; or

11 (E) a nonprofit organization.

12 (2) "energy technology" means technology that promotes, enhances, or
13 expands the diversity of available energy supply sources or means of transmission,
14 increases energy efficiency, or reduces negative energy-related environmental effects;
15 "energy technology" includes technology related to renewable sources of energy,
16 conservation of energy, enabling technologies, efficient and effective use of
17 hydrocarbons, and integrated energy systems;

18 (3) "fund" means the emerging energy technology fund.

19 * **Sec. 19.** AS 42.45.990(4) is amended to read:

20 (4) "power project" or "project" means a plant, works, system, or
21 facility, together with related or necessary facilities and appurtenances, including a
22 divided or undivided interest in or a right to the capacity of a power project or project,
23 that is used or is useful for the purpose of

24 (A) electrical or thermal energy production [OTHER THAN
25 NUCLEAR ENERGY PRODUCTION];

26 (B) waste energy utilization and energy conservation; or

27 (C) transmission, purchase, sale, exchange, and interchange of
28 electrical or thermal energy, including district heating or interties;

29 * **Sec. 20.** AS 43.20 is amended by adding a new section to read:

30 **Sec. 43.20.046. Renewable energy credit.** For purposes of calculating the tax
31 payable under this chapter, a taxpayer shall apply as a credit against tax liability any

1 renewable energy refundable tax credits earned under AS 43.98.040.

2 * **Sec. 21.** AS 43.98 is amended by adding a new section to read:

3 **Sec. 43.98.040. Renewable energy refundable tax credit.** (a) A person that
4 produces renewable energy may claim a renewable energy refundable tax credit in the
5 amount of 15 percent of the retail rate charged by the person, as determined by the
6 Regulatory Commission of Alaska for each kilowatt-hour of electricity produced from
7 renewable energy.

8 (b) A person may claim a credit under this section in the first year the capital
9 investment used to produce electricity from renewable energy is placed into service
10 and for the four years following that year.

11 (c) A person may claim a credit under this section only for a capital
12 investment

13 (1) to produce electricity from renewable energy that is placed into
14 service on or after the effective date of this Act; or

15 (2) to expand production of electricity from renewable energy if the
16 investment for production expansion is made on or after the effective date of this Act.

17 (d) A person

18 (1) shall use a credit under this section to offset taxes imposed under
19 AS 43.20 (Alaska Net Income Tax Act); and

20 (2) may not calculate and apply the credit against the alternative
21 minimum tax levied under the authority of AS 43.20.021(f).

22 (e) The department shall prescribe a form or format and adopt procedures to
23 allow a person to claim a refundable credit under this section. The commissioner shall
24 pay the amount of a tax credit under this section to a person who submits a form and
25 follows procedures adopted under this subsection. A credit under this section shall be
26 paid in the manner provided in AS 43.20.030(e) for the payment of refunds. Payments
27 may not be made under the authority of this subsection without an appropriation for
28 that purpose.

29 (f) A credit claimed under this section may not exceed 10 percent of the
30 person's capital investment for the production of electricity from renewable energy or
31 \$30,000,000, whichever is less. In calculating a person's capital investment, a person

1 may not include any state or federal grant the person received for the capital
2 investment.

3 (g) In this section,

4 (1) "capital investment" means an expenditure made

5 (A) for real property or tangible personal property used in this
6 state in the production of electricity from renewable energy; and

7 (B) for an asset first placed in service for the production of
8 electricity from renewable energy in the state during or before the tax year in
9 which the credit is claimed; in this subparagraph, "placed in service for the
10 production of electricity from renewable energy in the state" means that the
11 first use of the capital investment is in this state; if the property on which the
12 claim of the credit is based has been used outside the state in the tax year of
13 acquisition and is brought to this state during that year or a subsequent year,
14 the property does not qualify as a capital investment;

15 (2) "credit" means the renewable energy refundable tax credit
16 authorized by this section;

17 (3) "renewable energy" means geothermal, solar, hydroelectric, wind,
18 biomass, hydrokinetic or tidal, and wave energy.

19 * **Sec. 22.** AS 44.42.020(a) is amended to read:

20 (a) The department shall

21 (1) plan, design, construct, and maintain all state modes of
22 transportation and transportation facilities and all docks, floats, breakwaters, buildings,
23 and similar facilities;

24 (2) study existing transportation modes and facilities in the state to
25 determine how they might be improved or whether they should continue to be
26 maintained;

27 (3) study alternative means of improving transportation in the state
28 with regard to the economic costs of each alternative and its environmental and social
29 effects;

30 (4) develop a comprehensive, long-range, intermodal transportation
31 plan for the state;

1 (5) study alternatives to existing modes of transportation in urban areas
2 and develop plans to improve urban transportation;

3 (6) cooperate and coordinate with and enter into agreements with
4 federal, state, and local government agencies and private organizations and persons in
5 exercising its powers and duties;

6 (7) manage, operate, and maintain state transportation facilities and all
7 docks, floats, breakwaters, and buildings, including all state highways, vessels,
8 railroads, pipelines, airports, and aviation facilities;

9 (8) study alternative means of transportation in the state, considering
10 the economic, social, and environmental effects of each alternative;

11 (9) coordinate and develop state and regional transportation systems,
12 considering deletions, additions, and the absence of alterations;

13 (10) develop facility program plans for transportation and state
14 buildings, docks, and breakwaters required to implement the duties set out in this
15 section, including but not limited to functional performance criteria and schedules for
16 completion;

17 (11) supervise and maintain all state automotive and mechanical
18 equipment, aircraft, and vessels, except vessels and aircraft used by the Department of
19 Fish and Game or the Department of Public Safety; for state vehicles maintained by
20 the department, the department shall every five years evaluate the cost, efficiency, and
21 commercial availability of alternative fuels for automotive purposes, and the purpose
22 for which the vehicles are intended to be used, and convert vehicles to use alternative
23 fuels or purchase energy efficient vehicles [TO USE ALTERNATIVE FUELS]
24 whenever practicable; the department may participate in joint ventures with public or
25 private partners that will foster the availability of alternative fuels for all automotive
26 fuel consumers;

27 (12) supervise aeronautics inside the state, under AS 02.10;

28 (13) implement the safety and financial responsibility requirements for
29 air carriers under AS 02.40;

30 (14) inspect weights and measures;

31 (15) at least every four years study alternatives available to finance

1 transportation systems in order to provide an adequate level of funding to sustain and
2 improve the state's transportation system.

3 * **Sec. 23.** AS 44.42 is amended by adding a new section to read:

4 **Sec. 44.42.067. Retrofits and new construction for energy efficiency;**
5 **energy efficiency report.** (a) Not later than January 1, 2020, the department shall
6 work with other state agencies to retrofit at least 25 percent of all public facilities,
7 starting with those it determines are the least energy efficient, if the department
8 determines that retrofitting the public facilities will result in a net savings in energy
9 costs to the state within 15 years after completion of the retrofits for a public facility
10 and if funding for the retrofits is available.

11 (b) A retrofit or deferred maintenance of a public facility performed under this
12 section, to the extent feasible, shall meet or exceed the most recently published edition
13 of the ASHRAE/IESNA Standard 90.1, Energy Standard for Buildings Except for
14 Low-Rise Residential Buildings, as published by the American Society of Heating,
15 Refrigerating and Air-Conditioning Engineers.

16 (c) New construction of a public facility under this section shall meet or
17 exceed the most recently published edition of the ASHRAE/IESNA Standard 90.1,
18 Energy Standard for Buildings Except for Low-Rise Residential Buildings, as
19 published by the American Society of Heating, Refrigerating and Air-Conditioning
20 Engineers.

21 (d) Not later than January 1 of each year, the department, in consultation with
22 the Department of Administration, shall submit a report to the legislature detailing the
23 department's progress in meeting the requirements of this section to reduce state
24 energy consumption and costs and carrying out the duties listed in AS 44.42.020
25 related to energy use. The department shall include in the report an analysis of the
26 consumption and expense data recorded by the office of management and budget
27 under AS 37.07.040, comparing energy consumption levels in each year with past
28 years to determine if reductions are being achieved.

29 (e) In this section, "public facility" means a facility owned and controlled by
30 the state for government or public use that is 10,000 square feet or more and is not a
31 legislative building or court building.

1 * Sec. 24. AS 44.83.080 is amended by adding a new subsection to read:

2 (b) In furtherance of its corporate purpose, the authority shall annually plan
3 and conduct, in cooperation with the Alaska Housing Finance Corporation, a public
4 education campaign to promote energy efficiency and conservation.

5 * Sec. 25. AS 44.83.990(6) is amended to read:

6 (6) "power project" or "project" means a plant, works, system, or
7 facility, together with related or necessary facilities and appurtenances, including a
8 divided or undivided interest in or a right to the capacity of a power project or project,
9 that is used or is useful for the purpose of

10 (A) electrical or thermal energy production [OTHER THAN
11 NUCLEAR ENERGY PRODUCTION];

12 (B) waste energy utilization and energy conservation; or

13 (C) transmission, purchase, sale, exchange, and interchange of
14 electrical or thermal energy, including district heating or interties;

15 * Sec. 26. AS 45.88.010(a) is amended to read:

16 (a) There is established in the Department of Commerce, Community, and
17 Economic Development the alternative energy conservation revolving loan fund to
18 carry out the purposes of AS 45.88.010 - 45.88.090. Loans made under AS 45.88.010
19 - 45.88.090 are to be used.

20 (1) to develop means of energy production utilizing one or more
21 alternative energy systems; and

22 (2) to purchase, construct, and install energy conservation
23 improvements in commercial buildings [ENERGY SOURCES OTHER THAN
24 FOSSIL OR NUCLEAR FUEL, INCLUDING, BUT NOT LIMITED TO,
25 WINDMILLS, WATER AND SOLAR ENERGY DEVICES].

26 * Sec. 27. AS 45.88.010 is amended by adding a new subsection to read:

27 (e) The Alaska energy conservation revolving loan fund consists of

28 (1) money appropriated to the fund by the legislature;

29 (2) gifts, bequests, or contributions from other sources;

30 (3) principal and interest payments or other income earned on loans or
31 investments in the fund; and

1 (4) money chargeable to principal or interest that is collected through
2 liquidation by foreclosure or other processes on loans made under AS 45.88.010 -
3 45.88.090.

4 * **Sec. 28.** AS 45.88.020(a) is amended to read:

5 (a) The department may

6 (1) make loans for the purchase, construction, and installation, in
7 commercial buildings that are located in the state, of

8 (A) alternative energy systems; and

9 (B) energy conservation improvements;

10 (2) adopt regulations necessary to carry out the provisions of
11 AS 45.88.010 - 45.88.090, including regulations to establish reasonable fees for
12 services provided and charges for collecting the fees;

13 (3) collect the fees and collection charges established under this
14 subsection.

15 * **Sec. 29.** AS 45.88.025 is amended by adding a new section to read:

16 **Sec. 45.88.025. Eligibility.** To be eligible for a loan under AS 45.88.010 -
17 45.88.090, an applicant must

18 (1) physically reside in the state and maintain a domicile in the state
19 during 12 consecutive months before the date of application for a loan and may not
20 have

21 (A) declared or established residency in another state; or

22 (B) received residency or a benefit based on residency from
23 another state;

24 (2) be at least 51 percent owned by individuals described in (1) of this
25 section if the applicant is a corporation, joint venture, or partnership; or

26 (3) be a nonprofit organization under AS 10.20.

27 * **Sec. 30.** AS 45.88.030(a) is repealed and reenacted to read:

28 (a) A loan made under AS 45.88.010 - 45.88.090 may not exceed \$50,000. If
29 the requested loan amount exceeds \$30,000, the applicant must deliver to the
30 department a document from a financial institution stating that

31 (1) the applicant has been denied a loan for the same purpose; or

1 (2) the loan from the financial institution is contingent on the applicant
2 also receiving a loan from the fund.

3 * **Sec. 31.** AS 45.88.030(e) is amended to read:

4 (e) The rate of interest for a loan under AS 45.88.010 - 45.88.090 is the
5 prime rate, as defined by AS 44.88.599, plus one percentage point, but may not be
6 less than five percent a year [FOR AN ALTERNATIVE ENERGY SYSTEM IS
7 FIVE PERCENT FOR THE FIRST \$15,000 OF THE LOAN AND 15 PERCENT
8 FOR THE AMOUNT OF THE LOAN THAT EXCEEDS \$15,000].

9 * **Sec. 32.** AS 45.88.030 is amended by adding a new subsection to read:

10 (f) A loan under AS 45.88.010 - 45.88.090 must be secured by a mortgage or
11 other security instrument in the real property to be improved and a lien on the
12 improvements financed with the loan.

13 * **Sec. 33.** AS 45.88.090(a) is amended to read:

14 (a) In AS 45.88.010 - 45.88.090,

15 **(1)** "alternative energy system"

16 **(A)** [(1)] means a source of thermal, mechanical or electrical
17 energy that [WHICH] is not dependent on oil or gas or a nuclear fuel for the
18 supply of energy for space heating and cooling, refrigeration and cold storage,
19 electrical power, mechanical power, or the heating of water;

20 **(B)** [(2)] includes

21 **(i)** [(A)] an alternative energy property as defined by 26
22 U.S.C. 48(a)(3)(A) (Sec. 301, P.L. 95-618, Internal Revenue Code);

23 **(ii)** [(B)] a method of architectural design and
24 construction which provides for the collection, storage, and use of
25 direct radiation from the sun;

26 **(iii)** [(C)] a woodstove with a catalytic converter or a
27 catalytic converter for a wood stove; [AND]

28 **(iv)** [(D)] a steam, hot water, or ducted hot air central
29 heating system that uses wood or coal for fuel; and

30 **(v)** a high efficiency wood pellet stove;

31 **(C)** [(3)] does not include

1 (i) [(A)] a stove that uses only wood, coal, or oil for
2 fuel; or

3 (ii) [(B)] a fireplace or fireplace insert;

4 (2) "commercial building"

5 (A) means a building that is intended to be used for
6 commercial purposes;

7 (B) does not include

8 (i) a residential structure or mobile home that
9 contains one to four family housing units; or

10 (ii) individual units of condominiums or
11 cooperatives;

12 (3) "energy conservation improvement" means

13 (A) structural insulation;

14 (B) thermal windows and doors;

15 (C) a furnace replacement burner designed to achieve a
16 reduction in the amount of fuel consumed as a result of increased
17 combustion efficiency;

18 (D) a device for modifying flue openings designed to
19 increase the efficiency of operation of the heating system;

20 (E) an electrical or mechanical furnace ignition system that
21 replaces a gas pilot light;

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

23 (G) a meter that displays the cost of energy usage;

24 (H) caulking and weather stripping of doors and windows;

25 (I) insulating shades and shutters;

26 (J) air and water recuperators.

27 * Sec. 34. AS 46.11.900(1) is amended to read:

28 (1) "alternative energy system"

29 (A) means a source of thermal, mechanical, or electrical energy
30 that is not dependent on oil or gas [OR A NUCLEAR FUEL] for the supply of
31 energy for space heating and cooling, refrigeration and cold storage, electrical

1 power, mechanical power, or the heating of water;

2 (B) includes

3 (i) an alternative energy property as defined by 26
4 U.S.C. 48(a)(3)(A); and

5 (ii) a method of architectural design and construction
6 that provides for the collection, storage, and use of direct radiation from
7 the sun;

8 * **Sec. 35.** AS 47.25.621 is amended to read:

9 **Sec. 47.25.621. Alaska affordable heating [ASSISTANCE] program.** (a)

10 The Alaska affordable heating [ASSISTANCE] program is established in the
11 Department of Health and Social Services to provide expanded eligibility for Alaska
12 residents for home heating assistance, to the extent funds are available in the Alaska
13 affordable heating fund [APPROPRIATED BY THE LEGISLATURE FOR THAT
14 PURPOSE].

15 (b) The Alaska affordable heating [ASSISTANCE] program established
16 under this section is in addition to the federal low-income heating and energy
17 assistance provided under 42 U.S.C. 8621 - 8629 (Low-Income Home Energy
18 Assistance Act of 1981), as amended, and implementing regulations.

19 * **Sec. 36.** AS 47.25.621 is amended by adding a new subsection to read:

20 (c) The Alaska affordable heating fund is established as a separate fund to be
21 managed by the Department of Revenue. The fund consists of appropriations made to
22 it. Interest earned by the fund may be appropriated to it. The Department of Health and
23 Social Services shall use money in the fund for Alaska affordable heating payments.

24 * **Sec. 37.** AS 47.25.622 is amended to read:

25 **Sec. 47.25.622. Duties.** The Department of Health and Social Services
26 [DEPARTMENT] shall

27 (1) administer the Alaska affordable heating [ASSISTANCE]
28 program provided under AS 47.25.621;

29 (2) adopt regulations under AS 44.62 (Administrative Procedure Act)
30 to carry out the purpose of the program;

31 (3) coordinate payments among other heating assistance programs to

1 avoid duplication of payments.

2 * Sec. 38. AS 47.25.623 is amended to read:

3 **Sec. 47.25.623. Eligibility; payment amount.** An individual is eligible for
4 home heating assistance payments under the Alaska affordable heating
5 [ASSISTANCE] program if the individual

6 (1) is a resident of the state;

7 (2) is physically present and resides in a home in the state when the
8 home heating costs are incurred;

9 (3) for assistance calculated under (b) and (c) of this section, has
10 gross household income not to exceed, as a percentage of the federal poverty
11 guideline for Alaska set by the United States Department of Health and Human
12 Services and revised under 42 U.S.C. 9902(2),

13 (A) 225 percent for a determination to be made under (c)(1)
14 - (3) of this section; and

15 (B) 250 percent for a determination to be made under (c)(4)
16 of this section; and [HAS GROSS HOUSEHOLD INCOME ABOVE 150
17 PERCENT BUT THAT DOES NOT EXCEED 225 PERCENT OF THE
18 FEDERAL POVERTY GUIDELINE FOR ALASKA SET BY THE UNITED
19 STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES AND
20 REVISED UNDER 42 U.S.C. 9902(2);]

21 (4) meets other eligibility requirements specified in regulations
22 adopted under AS 47.25.622.

23 * Sec. 39. AS 47.25.623 is amended by adding new subsections to read:

24 (b) The Department of Health and Social Services shall determine the number
25 of points for each eligible individual based on the point formula used under 42 U.S.C.
26 8621 - 8629 (Low-Income Home Energy Assistance Act of 1981), as amended, and
27 implementing regulations. Except as provided in (d) of this section, the amount of the
28 Alaska affordable heating payment for an individual equals the base amount calculated
29 under (c) of this section minus the amount the individual is eligible to receive under
30 the federal low-income home energy assistance program under 42 U.S.C. 8621 - 8629,
31 as amended, and implementing regulations.

1 (c) The Department of Health and Social Services shall calculate the base
2 amount of the Alaska affordable heating payment for the individual based on points
3 determined under (b) of this section and on the average price a barrel of Alaska North
4 Slope crude oil for sale on the United States West Coast during September through
5 February of the preceding fiscal year as follows:

6 (1) \$130 a point when the average price is not more than \$75 a barrel;

7 (2) \$140 a point when the average price is more than \$75 and not more
8 than \$100 a barrel;

9 (3) \$150 a point when the average price is more than \$100 and not
10 more than \$150 a barrel;

11 (4) \$165 a point when the average price is more than \$150 a barrel.

12 (d) Under the program authorized by AS 47.25.621 - 47.25.626, taking into
13 consideration the gross household income rates established in (a) of this section and
14 the base amounts to be calculated under (b) and (c) of this section,

15 (1) if insufficient money is appropriated to fully fund the Alaska
16 affordable heating payments during the fiscal year, the department

17 (A) shall, for the duration of that fiscal year, suspend
18 calculation and payment under (a)(3)(B) of this section and calculate and pay
19 all eligible individuals under (a)(3)(A) of this section; and

20 (B) may, to the extent there is or may be an appropriation
21 balance surplus to the amount required to make all payments under (A) of this
22 paragraph, by regulation, establish at any time during the fiscal year a
23 prospective pro rata reduction of the payment rates that the department will
24 pay to eligible individuals under the program during that fiscal year qualifying
25 under (a)(3)(B) of this section and, thereafter, may provide for prorated
26 payments; and

27 (2) if the commissioner reasonably determines that the total of
28 appropriations from all sources during the fiscal year may exceed the amount required
29 to fully fund all applications for assistance for Alaska affordable heating payments, the
30 commissioner may expend the amount of excess money, not to exceed the total
31 amount of the appropriations, to carry out the purpose of AS 47.25.621 - 47.25.626;

1 under the authority of this paragraph, the commissioner shall distribute the estimated
2 excess money pro rata among individuals receiving assistance under this section
3 without regard to the limitations set out in the dollar value of the point formula
4 expressed in (c)(1) - (4) of this section.

5 * **Sec. 40.** AS 47.25.626(a) is amended to read:

6 (a) The Department of Health and Social Services [DEPARTMENT] may
7 develop a regional Alaska heating [ASSISTANCE] program for the administration of
8 AS 47.25.621 - 47.25.626 to provide home heating assistance in a uniform and cost-
9 effective manner in a region of this state if an Alaska Native organization is authorized
10 to implement a federally approved tribal family assistance plan that includes that
11 region and has been awarded a tribal energy assistance grant for a program that
12 includes that region under 42 U.S.C. 8623(d).

13 * **Sec. 41.** AS 47.25.626(b) is amended to read:

14 (b) The department may award contracts to implement a program developed
15 under (a) of this section. A contract authorized for delivery of home heating assistance
16 under a regional Alaska heating [ASSISTANCE] program under this section is exempt
17 from the competitive bid requirements of AS 36.30 (State Procurement Code). Subject
18 to appropriation, a contract under this section must be in an amount that represents a
19 fair and equitable share of the money appropriated for the Alaska affordable heating
20 [ASSISTANCE] program under AS 47.25.621 - 47.25.626 to serve the state residents
21 specified in (a) of this section. The authority provided under this section to contract is
22 in addition to the authority to contract in AS 47.05.015 or other law.

23 * **Sec. 42.** AS 47.25.626(f) is amended to read:

24 (f) If the department establishes a regional Alaska heating [ASSISTANCE]
25 program and awards a contract to provide home heating assistance under this section,
26 a person applying for home heating assistance under AS 47.25.621 - 47.25.626 in the
27 region of the state covered by the regional Alaska heating [ASSISTANCE] program
28 may obtain home heating assistance from the department only through the
29 organization designated by the department to serve the region.

30 * **Sec. 43.** AS 43.20.046, enacted by sec. 20 of this Act and AS 43.98.040, enacted by sec.
31 21 of this Act, are repealed January 1, 2018.

1 * **Sec. 44.** AS 44.42.067(c), enacted by sec. 23 of this Act, is repealed January 1, 2021.

2 * **Sec. 45.** AS 45.88.010(c), 45.88.030(c), 45.88.030(d), and 45.88.040(a) are repealed.

3 * **Sec. 46.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 OFFICE OF MANAGEMENT AND BUDGET. Not later than November 1, 2010, the
6 Office of Management and Budget shall develop a standardized methodology to collect and
7 store energy consumption and expense data as described in AS 37.07.040(12), as enacted by
8 sec. 13 of this Act.

9 * **Sec. 47.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. Not later
12 than one year after the effective date of this Act, the Department of Transportation and Public
13 Facilities, in consultation with the Alaska Energy Authority, shall adopt and implement a
14 systematic process for prioritizing the retrofitting of state facilities for a long-term increase in
15 energy efficiency and reduction of energy costs.

16 * **Sec. 48.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 OFFICE OF THE GOVERNOR ENERGY REPORT. Not later than November 1,
19 2010, the governor shall submit a report to the legislature providing recommendations for
20 how best to structure state energy programs and offices to increase the coordination and
21 efficiency of the state's efforts.

22 * **Sec. 49.** The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 USE OF COMPRESSED NATURAL GAS TO POWER VEHICLES; PILOT
25 PROGRAM; STUDY; PROPOSAL; REPORT. (a) The Department of Transportation and
26 Public Facilities shall, under the authority of AS 44.42.020(a)(3), study the feasibility of using
27 compressed natural gas to power vehicles in the state. The study must

28 (1) review existing government programs and incentives offered in Utah and
29 other North American jurisdictions that promote the use of compressed natural gas to power
30 vehicles;

31 (2) review and summarize relevant studies and investigations on existing

1 public policy incentives that encourage the use of compressed natural gas to power vehicles;

2 (3) evaluate the environmental benefits and technical merits of using
3 compressed natural gas to power vehicles;

4 (4) consider the economic, environmental, and technological advantages and
5 disadvantages of using and promoting the use of compressed natural gas to power vehicles in
6 the state; and

7 (5) if warranted by the findings of the study, set out a proposal for a pilot
8 program in the state to test the use of compressed natural gas to power vehicles owned or
9 operated by the state; the proposal must

10 (A) recommend the most cost-effective and appropriate departments
11 and geographic locations for a pilot program;

12 (B) detail how the pilot program, if successful, could be expanded to
13 provide for increased use of compressed natural gas to power vehicles owned or
14 operated by the state, as well as privately owned or operated vehicles;

15 (C) estimate the costs to the state of a pilot program in which the state
16 would purchase vehicles powered by compressed natural gas or convert existing
17 vehicles to be powered by compressed natural gas, including

18 (i) the costs of maintaining vehicles powered by compressed
19 natural gas and training maintenance personnel;

20 (ii) the costs of adapting, or encouraging the adapting of, state
21 vehicle fueling locations to provide compressed natural gas;

22 (iii) the costs of using compressed natural gas instead of diesel
23 fuel or gasoline;

24 (iv) the costs of expanding the pilot program or developing
25 additional pilot programs under (B) of this paragraph;

26 (v) other costs or savings that can be reasonably expected to
27 accompany the pilot program.

28 (b) The Department of Transportation and Public Facilities shall prepare a report
29 containing the results of the study under (a) of this section not later than December 1, 2010.
30 The department shall notify the legislature when the report is available.

31 * **Sec. 50.** The uncoded law of the State of Alaska is amended by adding a new section to

1 read:

2 BOND AUTHORIZATION AND PROVISIONS. (a) In addition to the powers in
3 AS 18.56.090, the Alaska Housing Finance Corporation may issue bonds in an amount not to
4 exceed \$250,000,000 to make loans from the energy efficiency revolving loan fund
5 established by AS 18.56.855, enacted by sec. 10 of this Act, and to finance the purposes
6 permitted by AS 18.56.855, enacted by sec. 10 of this Act. AS 18.56.110 - 18.56.190 and
7 18.56.855, enacted by sec. 10 of this Act, apply to bonds issued under this section, except that
8 bonds issued under this section are not subject to, and may not be counted against, the bond
9 issuance limitation set out in AS 18.56.110(g).

10 (b) The Alaska Housing Finance Corporation shall deposit the proceeds of bonds
11 issued under (a) of this section in the Alaska energy efficiency revolving loan fund in
12 accordance with AS 18.56.855, enacted by sec. 10 of this Act.

13 * **Sec. 51.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 REVISOR'S INSTRUCTIONS. (a) The revisor of statutes is instructed to change the
16 heading of art. 6 of AS 18.56 from "Article 6. Energy Conservation" to "Article 6. Energy
17 Efficiency and Conservation Programs.

18 (b) The revisor of statutes is instructed to change the heading of art. 1 of AS 45.88
19 from "Alternative Energy Revolving Loan Fund" to "Alternative Energy Conservation
20 Revolving Loan Fund."

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 220(RES)
 (S) Publish Date: 3/10/10

Identifier (file name): CSSB220(RES)-REV-TAX-03-07-10 Dept. Affected: Revenue
 Title: Energy Efficiency / Alternative Energy RDU: Taxation and Treasury
 Sponsor: (RES) Resources Component: Tax Division
 Requester: Senate Resources Committee Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()	***	***	***	***	***	***	***	***
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

See Attached.

Prepared by: Robynn Wilson, Corporate Income Tax Manager / Tim Harper, Economist III
 Division: Tax Division
 Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone (907) 269-6634
 Date/Time 03-05-10; 4:35pm
 Date 03-07-10; 1:20pm

FISCAL NOTE # 1

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSSB 220(RES)

ANALYSIS CONTINUATION

Bill Language:

This fiscal note examines the changes in tax credit programs in the Department of Revenue and does not address the effects on other departments or public corporations.

This bill would create a refundable tax credit for electricity production from new or expanded renewable energy projects in the state. The amount of the credit is 15 percent of the retail rate of each kilowatt hour of electricity charged by the energy producer. The retail rate is determined by the Regulatory Commission of Alaska. The refundable credit is available in the year the date the capital investment used to produce renewable energy is placed into service, and the following four years. The tax credit would be applicable only to the Alaska Corporate Net Income Tax liabilities, but may not be taken against the alternative minimum tax. The credit cannot exceed 10% of the capital investment or \$30,000,000, whichever is less. A person may not include state or federal grants as part of the capital investment.

For purposes of this bill, "renewable energy" means geothermal, solar, hydroelectric, wind, biomass, hydrokinetic or tidal, and wave energy.

The tax credit would apply to projects placed into service on or after the effective date of this Act. The tax credit provisions of the bill include a sunset date of January 1, 2018.

Revenues:

Revenues from this bill are indeterminate because we do not know the size or number of projects that would qualify for the credit. Also we do not know whether projects that qualify would choose to take the credit.

As an example, a 54-megawatt wind farm such as the Fire Island project near Anchorage could potentially be eligible for a \$3 million annual credit refund. Over five years, the credit could amount to \$15 million, but the 10% of capital costs limit would likely reduce the value of the credit. Any state or federal aid for the capital costs of the project would reduce the amount of the investment eligible for the credit refund.

Expenditures:

The provisions of this bill could be implemented with existing state resources. No additional personnel or resources would be needed, since the DOR is already performing these duties.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB 220(RES)
 (S) Publish Date: 3/10/10

Identifier (file name): SB220CS(RES)-CED-AEA-3-5-10 Dept. Affected: DCCED
 Title Omnibus Energy Bill RDU 453
 Component Statewide Project Development
 Sponsor Senate Resources
 Requester Senate Resources Component Number 2888

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel	70.2		20.2	20.2	20.2	20.2	20.2	20.2
Contractual	708.5		426.5	426.5	426.5	426.5	426.5	426.5
Supplies								
Equipment	10.0							
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	788.7	0.0	446.7	446.7	446.7	446.7	446.7	446.7

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	788.7		446.7	446.7	446.7	446.7	446.7	446.7
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	788.7	0.0	446.7	446.7	446.7	446.7	446.7	446.7

Estimate of any current year (FY2010) cost: _____

POSITIONS (see AIDEA FN for details)

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

SB 220, titled the "Alaska Sustainable Energy Act," impacts the Alaska Energy Authority by

Section 14 - repealing and reenacting the purpose of the existing Southeast Energy Fund managed by the Alaska Energy Authority. From this fund AEA could award grants for hydroelectric projects serving Southeast Alaska or "for other projects or programs designated by the legislature, to assist in meeting the energy needs of Southeast Alaska." Currently the fund balance is zero. Depending on the capitalization, AEA would need to draft regulations and develop a process to administer grants including an allocation method for the various types of eligible projects which would bring additional expenses.

Prepared by: Sara Fisher-Goad, Deputy Director-Operations Phone 907-771-3012
 Division Alaska Energy Authority Date/Time 3/4/10 12:00 AM
 Approved by: Emil Notti, Commissioner Date 3/6/2010
Commerce, Community and Economic Development

FISCAL NOTE # 2

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSSB 220(RES)

ANALYSIS CONTINUATION

Sections 15 and 16 - amending the Renewable Energy Fund grant recommendation program by a) requiring match to be verified by the applicant b) explicitly requiring significant weight be given to projects that are likely to have a financial benefit that exceeds the amount of the grant funds received c) requiring activity reports for each project d) requiring AEA to contract with an economist to prepare a written evaluation for each project recommended for funding. AEA does not anticipate increased costs with these changes.

Section 17 - requiring AEA to facilitate the organization of a statewide fuel purchasing cooperative. AEA would develop literature to assist organizations who are interested in forming a cooperative. We will hold meetings throughout Alaska to provide the necessary technical assistance. AEA will need to contract with an entity or person with fuel pricing and purchasing expertise and cooperative formation expertise. Approximate costs are \$50,000 (travel); \$200,000 (contractual - including 1 Range 12 AIDEA admin support - LT temp)

Section 18 - establishing the "Emerging Energy Technology Fund" and requiring the authority to administer the fund by making grants to eligible applicants. Cost Assumptions:

Approximately \$82,000 in one-time start up costs to develop program criteria, RFA process, review process, grant agreements, etc. (Contractual)

Approximately \$20,160 per year to cover Advisory Committee expenses (travel - assume \$660 airfare x 120 per diem x 7 members x quarterly meetings)

Approximately \$276,518 per year to cover contract for personal services with AIDEA

Positions required: 1 Range 22 for program/project management; 1 Range 15 for finance/grant administration; 1 Range 12 for administrative support.(Contractual)

Approximately \$10,000 (Equipment) for new staff

Section 19 - changing the definition of a power project relative to the power project fund to include nuclear production. AEA's costs are zero because there are currently no projects of this type. However, in the event viable nuclear projects are identified, annual operating costs would increase by \$365,000 for each nuclear power project that has to be managed; \$165,000 for a project manager with technical nuclear knowledge and \$200,000 for contractual advisory service in the field.

Section 24 - requiring AEA, in cooperation with AHFC, to plan and conduct an annual public education campaign to promote energy efficiency and conservation. The Alaska Energy Efficiency Program and Policy Recommendations published on June 12, 2008 recommended \$1 million annual budget for education and outreach. The recommendation included approximately \$800,000 per year for workshops for both commercial and residential, public speakers, media campaigns, labeling buildings with energy information, and approximately \$200,000 for outreach. Currently, AEA is working on an outreach plan and has budgeted \$150,000 of existing funds for the initial effort. \$150,000 of additional funds will enhance this effort.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSSB 220(RES)
 (S) Publish Date: 3/10/10

Identifier (file name): SB220CS(RES)-DEC-CO-3-04-10 Dept. Affected: Environmental Conservation
 Title: Energy Efficiency / Alternative Energy RDU: Administration
 Component: Office of the Commissioner
 Sponsor: Senate Resources Committee
 Requester: Senate Resources Committee Component Number: 633

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: *(Attach a separate page if necessary)*
 While section 6 and section 8 of the bill amends statutes which are to be implemented by the Department of Environmental Conservation, the amendments will have no additional fiscal impact. It should be noted, however, that there is currently no budget for implementing these statutes pertaining to permitting nuclear facility sites.

Prepared by: Marit Carlson-Van Dort
 Division: Office of the Commissioner
 Approved by: Larry Hartig
Commissioner

Phone 465-5871
 Date/Time 3/4/10 4:00 PM
 Date 3/4/2010

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: CSSB 220(RES)
 (S) Publish Date: 3/10/10

Identifier (file name): <u>CSSB220-DOT&PF-SPF-3-05-10</u>	Dept. Affected: <u>DOT&PF</u>
Title: <u>Omnibus Energy</u>	RDU: <u>Design, Engineering & Construction</u>
Sponsor: <u>Senate Resources</u>	Component: <u>Statewide Public Facilities & Facilities Lease Component</u>
Requester: <u>Senate Resources</u>	Component Number: <u>2882, 2892</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services	228.5		228.5	228.5	228.5	228.5	228.5	228.5
Travel	20.0		20.0	20.0	20.0	20.0	20.0	20.0
Contractual	210.7		48.2	48.2	48.2	48.2	48.2	48.2
Supplies	34.0		3.0	3.0	3.0	3.0	3.0	3.0
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	493.2	0.0	299.7	299.7	299.7	299.7	299.7	299.7

CAPITAL EXPENDITURES								
CHANGE IN REVENUES ()								

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	493.2		299.7	299.7	299.7	299.7	299.7	299.7
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	493.2	0.0	299.7	299.7	299.7	299.7	299.7	299.7

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time	2.0		2	2	2	2	2
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

DOT&PF will hire an Engineer/Architect II, and an Engineer/Architect I to oversee the retrofits of all public buildings and to manage the performance contracts under the revolving loan program. DOT&PF estimates that 4 public facilities, as defined in the bill, need to be retrofit annually to meet the goal of having 25% completed by 2020. Additionally these positions will conduct the alternate energy analysis required under section 11. The department will hire a consultant (\$75.0 budgeted) to develop the systematic process for prioritizing the retrofitting of state facilities required to be adopted under section 47. A second and separate consultant (\$90.0 budgeted) will study the feasibility of using compressed natural gas to power state vehicles and develop a pilot project with estimated costs by the required due date of December 2010. Supply costs in FY2011 include the cost of outfitting two positions with desks, computers, phones, fax, printers and general office supplies. The contractual costs include \$33.7 for additional office space (component 2892) for the new positions. On going contractual costs include costs for copier, fax, phone, maintenance costs, core services costs and training and professional development.

Prepared by: Mary Siroky, Legislative Liaison
 Division: Department of Transportation and Public Facilities
 Approved by: Frank Richards, Deputy Commissioner
Department of Transportation and Public Facilities

Phone 465-4772
 Date/Time 3/05/10 3:00pm
 Date 3/5/2010

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 5
 Bill Version: CSSB 220(RES)
 (S) Publish Date: 3/10/10

Identifier (file name): SB220CS(RES)-CED-AIDEA-3-5-10 Dept. Affected: DCCED
 Title Omnibus Energy Bill RDU 125
 Component AIDEA operations
 Sponsor Senate Resources
 Requester Senate Resources Component Number 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services	326.5		276.5	276.5	276.5	276.5	276.5	276.5
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	326.5	0.0	276.5	276.5	276.5	276.5	276.5	276.5

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts	326.5		276.5	276.5	276.5	276.5	276.5	276.5
TOTAL	326.5	0.0	276.5	276.5	276.5	276.5	276.5	276.5

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time	3.0		3	3	3	3	3
Part-time							
Temporary	1.0						

ANALYSIS: (Attach a separate page if necessary)

SB 220, titled the "Alaska Sustainable Energy Act," impacts the Alaska Industrial Development and Export Authority by increasing needed positions for Alaska Energy Authority requirements.

Section 17 - requiring AEA to facilitate the organization of a statewide fuel purchasing cooperative. AEA would develop literature to assist organizations who are interested in forming a cooperative. AEA's estimated costs include 1 Range 12 AIDEA admin support - LT temp- **\$50,000**.

Prepared by: Sara Fisher-Goad, Deputy Director-Operations
 Division Alaska Industrial Development and Export Authority
 Approved by: Emil Notti, Commissioner
Commerce, Community and Economic Development

Phone 907-771-3012
 Date/Time 3/4/10 12:00 AM
 Date 3/6/2010

FISCAL NOTE # 5

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSSB 220(RES)

ANALYSIS CONTINUATION

Section 18 - establishing the "Emerging Energy Technology Fund" and requiring the authority to administer the fund by making grants to eligible applicants. Cost assumptions include:

Approximately **\$276,518** per year to cover contract for personal services with AIDEA

Positions required: 1 Range 22 for program/project management; 1 Range 15 for finance/grant administration;
1 Range 12 for administrative support.(Contractual)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 6
Bill Version: CSSB 220(RES)
(S) Publish Date: 3/10/10

Identifier (file name): SB220CS(RES)-DHSS-EA-03-05-10 Dept. Affected: Health & Social Services
Title: Energy Efficiency/Alternative Energy RDU: Public Assistance
Component: Energy Assistance Program
Sponsor: Senate Resources
Requester: Senate Resources Component Number: 226

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	*	*	*	*	*	

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES (
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	*	*	*	*	*

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

CSSB220 changes the name of the Alaska heating assistance program (AKHAP) to the Alaska affordable heating program (AAHP) and allows for an income eligibility limit of up to 250% of the federal poverty guidelines (FPG) when the average price of a barrel of North Slope Crude (NSC) between February and September of the preceding year exceeds \$150 per barrel. The bill also fixes the dollar value of a Community Heating Point (CHP). CHP is the key factor in determining the amount of heating assistance payments and, under this bill, the dollar value assigned to the CHP is linked to the average price of a barrel of NSC. This legislation allows payments for households receiving federal assistance from LIHEAP to be supplemented by AAHP funds to ensure payments to lowest income households is based on the same dollar per CHP value used to determine payments for the Alaska affordable heating program. It also establishes the Alaska affordable heating fund (AAHF) in the Department of Revenue (DOR) to be used by the Department of Health and Social Services (DHSS) to provide heating assistance payments to eligible households.

continued on next page

Prepared by: Ellie Fitzjarrald, Director
Division: Public Assistance

Phone 465-5847
Date/Time 3/3/10 10:51 AM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance & Management Services

Date 3/5/2010

ANALYSIS CONTINUATION

Assumptions

The \$5,000.0 in the governor's FY11 proposed budget for the Alaska heating assistance program is adequate to cover the initial benefit and administrative costs for the new Alaska affordable heating program. This would require an average price of a barrel of North Slope Crude oil (NSC) in the preceding year (Feb. - Sept. 2010) below \$75, which triggers a CHP value of \$130.

In general, AAHP will be administered and operated in the same manner as AKHAP.

A fair and equitable share of the appropriation for the Alaska affordable heating fund will be distributed to tribal organizations operating a regional affordable heating program.

Eligible households with incomes at or below 150% FPG may have their LIHEAP payment augmented with funds from the Alaska affordable heating fund.

For FY10, the state's share of the federal LIHEAP block grant only allows the state to provide awards based on a Community Heating Point (CHP) value of \$115 per point to eligible households. It is assumed federal funding for FY11 and the per-point value assigned to a CHP will remain the same.

In FY11, it is estimated that the state and tribal affordable heating programs will serve 21,600 households. Approximately 19,000 will be recipient households of the LIHEAP program and 2,600 will only be beneficiaries of the affordable heating program. It is assumed that the average number of points for which a household below 150% FPG is eligible is 10. The average number of points for a household between 151% and 225% FPG is 5.

Benefit costs will increase in FY12 due to a projected caseload growth of 3%, with costs remaining relatively stable in out years if the average price of a barrel of NSC remains below \$75. However, assessing program impacts is complicated by the uncertainty in estimating program participation. The cost of heating fuel for consumers increases as the value of NSC increases. Increased consumer costs are likely to increase demand for the program's services and benefits. This is expected to be most pronounced when the value of NSC exceeds \$150 per barrel and the higher income limit is triggered. It is estimated that as many as 5,000 more households may be eligible when the income limit reaches 250% FPG.

Projections of Total Benefit Costs: The \$5,000.0 currently in the governor's FY11 approved budget for the Alaska Heating Assistance Program will be used to cover benefit and administrative costs of the initial year of the Alaska Affordable Heating Program.

The total costs for benefits in FY11 are estimated to be \$4,540.0 in state general funds as shown below.

LIHEAP (State and Tribal) households: \$130-\$115 = \$15 x 10 CHP x 19,000 households =	\$2,850.0
For AAHP (State and Tribal) households: \$130 x 5 CHP x 2,600 households =	<u>\$1,690.0</u>
	\$4,540.0

Changing only the NSC sale price, the annual costs for benefits would be:
\$6,570.0 when a barrel of NSC sells for \$75 to \$100 per barrel (\$140 per CHP); and
\$8,600.0 when a barrel of NSC sells for \$100 to \$150 per barrel (\$150 per CHP).

When NSC exceeds \$150 per barrel, the 250% income limit and the highest \$/CHP value is triggered and as many as 5,000 additional households may become eligible for a total cost of \$15,770.0 (\$165 per CHP).

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 7
 Bill Version: CSSB 220(FIN)
 (S) Publish Date: 4/10/10

Identifier (file name): SB220CS(FIN)-CED-AIDEA-4-9-10 Dept. Affected: DCCED
 Title: Omnibus Energy Bill RDU: AIDEA
 Component: AIDEA operations
 Sponsor: Senate Resources Committee
 Requester: Senate Finance Committee Component Number: 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services	276.5		276.5	276.5	276.5	276.5	276.5	276.5
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	276.5	0.0	276.5	276.5	276.5	276.5	276.5	276.5

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts	276.5		276.5	276.5	276.5	276.5	276.5	276.5
TOTAL	276.5	0.0	276.5	276.5	276.5	276.5	276.5	276.5

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time	3.0		3	3	3	3	3
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

SB 220, titled the "Alaska Sustainable Energy Act," impacts the Alaska Industrial Development and Export Authority by increasing needed positions for Alaska Energy Authority requirements.

Section 12 - establishing the "Emerging Energy Technology Fund" and requiring the authority to administer the fund by making grants to eligible applicants. Cost assumptions include:

Approximately \$276,518 per year to cover contract for personal services with AIDEA

Positions required: 1 Range 22 for program/project management; 1 Range 15 for finance/grant administration; 1 Range 12 for administrative support.

Prepared by: Sara Fisher-Goad, Deputy Director-Operations
 Division: Alaska Industrial Development and Export Authority
 Approved by: Emil Notti, Commissioner
Commerce, Community and Economic Development

Phone 907-771-3012
 Date/Time 4/9/10 12:00 AM
 Date 4/9/2010

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 8
 Bill Version: CSSB 220(FIN)
 (S) Publish Date: 4/10/10

Identifier (file name): SB220CS(FIN)-CED-AEA-4-9-10 Dept. Affected: DCCED
 Title: Omnibus Energy Bill RDU: Alaska Energy Authority
 Component: Statewide Project Development
 Sponsor: Senate Resources Committee
 Requester: Senate Finance Committee Component Number: 2888

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel	21.8		20.2	20.2	20.2	20.2	20.2	20.2
Contractual	358.5		276.5	276.5	276.5	276.5	276.5	276.5
Supplies								
Equipment	10.0							
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	390.3	0.0	296.7	296.7	296.7	296.7	296.7	296.7

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	390.3		296.7	296.7	296.7	296.7	296.7	296.7
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	390.3	0.0	296.7	296.7	296.7	296.7	296.7	296.7

Estimate of any current year (FY2010) cost: _____

POSITIONS (see AIDEA FN for details)

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

SB 220, titled the "Alaska Sustainable Energy Act," impacts the Alaska Energy Authority by:

Section 11 - repealing and reenacting the purpose of the existing Southeast Energy Fund managed by the Alaska Energy Authority. From this fund AEA could award grants to a municipality, a joint action agency, or a utility cooperative for power projects, repayment of loans, and payments on bonds for hydroelectric projects and electrical transmission lines or interties serving Southeast Alaska that are entirely owned by the grantee.

(Continued)

Prepared by: Sara Fisher-Goad, Deputy Director-Operations Phone 907-771-3012
 Division: Alaska Energy Authority Date/Time 4/9/10 12:00 AM
 Approved by: Emil Notti, Commissioner Date 4/9/2010
Commerce, Community and Economic Development

ANALYSIS CONTINUATION

Currently the fund balance is zero. Depending on the capitalization, AEA would need to draft regulations and develop a process to administer grants including an allocation method for the various types of eligible projects which would bring additional expenses. Costs are unknown at this time.

Section 12 - establishing the "Emerging Energy Technology Fund" and requiring the authority to administer the fund by making grants to eligible applicants. Cost Assumptions:

Approximately **\$82,000** in one-time start up costs to develop program criteria, RFA process, review process, grant agreements, etc. (Contractual)

Approximately **\$21,840** per year to cover Advisory Committee expenses (travel - assume \$660 airfare + 120 per diem x 7 members x 4 quarterly meetings)

Approximately **\$276,518** per year to cover contract for personal services with AIDEA
Positions required: 1 Range 22 for program/project management; 1 Range 15 for finance/grant administration; 1 Range 12 for administrative support. (Contractual)

Approximately **\$10,000** (Equipment) for new staff

Section 13 - changing the definition of a power project relative to the power project fund to include nuclear production. AEA's costs are zero because there are currently no projects of this type. However, in the event viable nuclear projects are identified, annual operating costs would increase by \$365,000 for each nuclear power project that has to be managed; \$165,000 for a project manager with technical nuclear knowledge and \$200,000 for contractual advisory service in the field.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 9
 Bill Version: CSSB 220(FIN)
 (S) Publish Date: 4/10/10

Identifier (file name): CSSB220(FIN)-REV-MBBA-04-09-10 Dept. Affected: Revenue
 Title: ENERGY EFFICIENCY/ ALTERNATIVE ENERGY RDU: AK Municipal Bond Bank Authority
 Component: AMBBA Operations
 Sponsor: Senate Resources Committee
 Requester: Senate Finance Committee Component Number: 108

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Reserve Fund								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
Charges for services							
Reserve Fund Earnings							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

Seante Bill 220 requires that the Alaska Municipal Bond Bank Authority prepare a report annually. The AMBBA should be able to fulfill this requirement with no additional cost to operations.

Prepared by: Deven Mitchell, Debt Manager
 Division: Treasury
 Approved by: Ginger Blaisdell, Director
Administrative Services Division, Department of Revenue

Phone 465-3750
 Date/Time 04-09-10; 6:52pm
 Date 04-09-10; 6:55pm

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 10
 Bill Version: CSSB 220(FIN)
 (S) Publish Date: 4/10/10

Identifier (file name): CSSB220(FIN)-REV-AHFC-4-9-10 Dept. Affected: Revenue
 Title: ENERGY EFFICIENCY/ ALTERNATIVE ENERGY RDU: Alaska Housing Finance Corp.
 Component: Operations
 Sponsor: Senate Resources Committee
 Requester: Senate Finance Committee Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

CS for Senate Bill 220(FIN) includes language that will set up an energy efficiency revolving loan fund and authorize the Alaska Housing Finance Corporation to sell up to \$250 million in bonds to fund the program.

Costs associated with the issuance of these bonds are anticipated to be covered with annual operating budget authorizations. Operational costs for issuing and monitoring these bonds will be done with existing personnel and within the authorized operating budget for FY11 and beyond.

Prepared by: Bryan Butcher, Director, Governmental Relations/Public Affairs
 Division: Alaska Housing Finance Corporation
 Approved by: Ginger Blaisdell, Director
Administrative Services Division, Department of Revenue

Phone 330-8445
 Date/Time 4/9/10 12:00 AM
 Date 04-09-10; 6:42pm

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 11
 Bill Version: CSSB 220(FIN)
 (S) Publish Date: 4/10/10

Identifier (file name): SB220CS(RES)-DOA-DGS-04-09-10 Dept. Affected: DOA
 Title: "An act declaring a state energy policy..." RDU: Centralized Administrative Services
 Component: Purchasing
 Sponsor: (S) RES
 Requester: (S) FIN Component Number: 81

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This legislation will have no fiscal impact on the Department of Administration.

Prepared by: Vern Jones, Chief Procurement Officer
 Division: General Services
 Approved by: Kevin Brooks, Deputy Commissioner
Department of Administration

Phone 907-465-2250
 Date/Time 4/9/10 5:00 PM
 Date 4/9/2010

FISCAL NOTE

**STATE OF ALASKA
2010 LEGISLATIVE SESSION**

Fiscal Note Number: 12
 Bill Version: CSSB 220(FIN)
 (S) Publish Date: 4/10/10

Identifier: CSSB220(FIN)-DOT-SPF-4-10-10 Dept. Affected: DOT&PF
 Title: Omnibus Energy RDU: Design, Engineering & Construction
 Component: Statewide Public Facilities
 Sponsor: Senate Resources
 Requester: Senate Finance Component Number: 2882

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required		Information				
	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES							
Personal Services	117.8		117.8	117.8	117.8	117.8	117.8
Travel	10.0		10.0	10.0	10.0	10.0	10.0
Contractual	96.0		6.0	6.0	6.0	6.0	6.0
Supplies	9.5		1.5	1.5	1.5	1.5	1.5
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	233.3	0.0	135.3	135.3	135.3	135.3	135.3

CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	233.3		135.3	135.3	135.3	135.3	135.3
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	233.3	0.0	135.3	135.3	135.3	135.3	135.3

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time	1.0		1	1	1	1	1
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

DOT&PF will hire an Engineer/Architect II to oversee the retrofits of public buildings done through the revolving loan program. This position will be the state's expert on energy audits, retrofits and performance contracting and will work closely with the Alaska Housing Finance Corporation on the Alaska Energy Efficiency Revolving Loan Program providing assistance with the development and management of performance contracts, reviewing loan applications and setting standards. The position will standardize the collection of energy consumption data and expenses for those state facilities owned and operated by DOT&PF.

A consultant (\$90.0 budgeted) will study the feasibility of using compressed natural gas to power state vehicles and develop a pilot project with estimated costs by the required due date of January 2011. Supply costs in FY2011 include the cost of outfitting the new position with desk, computer, phone, and general office supplies. On going contractual costs include costs for copier, fax, phone, maintenance costs, core services costs and training and professional development.

Prepared by: Mary Siroky, Legislative Liaison
 Division: Department of Transportation and Public Facilities
 Approved by: Frank Richards, Deputy Commissioner
Department of Transportation and Public Facilities

Phone 465-4772
 Date/Time 4/10/10 10:00am
 Date 4/10/2010

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 5, 2010

SUBJECT: Sectional summary of CSSB 220(RES) (Work Order No. 26-LS1197\D)

TO: Senator Lesil McGuire
Co-Chair of the Senate Resources Committee
Attn: Mike Pawlowski

FROM: Brian J. Kane *BJK*
Legislative Counsel

You have requested a sectional summary of Work Order No. 26-LS1197\D, a bill draft known as the Alaska Sustainable Energy Act.

Please note that a sectional summary of a bill is not an authoritative interpretation of a bill. The bill itself is the best statement of its contents.

Section 1 of the bill provides for the short title of the bill.

Sections 2 and 3 of the bill offer the legislative policy and purpose for certain sections of the bill.

Section 4 of the bill allows a regional school board to apply for and use the proceeds of a loan from the Alaska energy efficiency revolving loan fund.

Section 5 of the bill amends AS 18.45.020 to include the phrases "special nuclear material facility" and "by-product material facility" in order to cover more projects or activities in this section for which a license or permit may be needed from the Nuclear Regulatory Commission.

Section 6 of the bill adds the phrase "nuclear utilization facility" to AS 18.45.025(a) in order to conform with definitions listed in AS 18.45.900.

Section 7 of the bill amends AS 18.45.025(b) to state that when the legislature designates by law the land in the state on which a nuclear utilization facility or utilization facility may be located, it must act only in the interest of regulating the economics of nuclear energy.

Senator Lesil McGuire

March 5, 2010

Page 2

Section 8 of the bill deletes a line of AS 18.45.025(c) that states that a permit may not be issued unless approved by the governor, leaving only a requirement for approval by the Department of Environmental Conservation and a municipality.

Section 9 of the bill provides the Alaska Housing Finance Corporation with the power to provide technical assistance to municipalities regarding energy codes and efficiency standards.

Section 10 of the bill creates an energy efficiency revolving loan fund in the Alaska Housing Finance Corporation for providing loans to regional attendance areas, municipalities, or the state for the purpose of financing energy efficiency improvements to buildings.

Section 11 of the bill tasks the Department of Transportation and Public Facilities with reviewing the option of using alternative energy when adopting plans and specifications for public works.

Section 12 of the bill provides that the state shall give consideration in procurements to purchasing energy efficient equipment.

Section 13 of the bill requires the Office of Management and Budget to work with state agencies to develop a standardized methodology to collect and store energy consumption and expense data.

Section 14 of the bill repeals and reenacts the Southeast Energy Fund to expand the options for money going into the fund and expands the projects for which the fund may be used.

Section 15 of the bill amends a provision of the renewable energy grant fund regarding the methodology for determining the order of projects to receive funding and requiring activity reports to be filed by grant recipients.

Section 16 of the bill amends the renewable energy fund statute by requiring the Alaska Energy Authority to hire an expert to conduct financial and economic analysis for each recommended grant application.

Section 17 of the bill tasks the Alaska Energy Authority with facilitating the organization of a statewide fuel purchasing cooperative.

Section 18 of the bill creates the emerging energy technology fund.

Section 19 of the bill amends the definition of "power project" or "project" in AS 42.45.990(4) to delete the exclusion of nuclear energy from the definition in relation to statewide and rural energy programs.

Section 20 of the bill adds the renewable energy production tax credit as an exception to a tax credit limitation set for corporations.

Section 21 of the bill establishes a renewable energy production tax credit.

Section 22 of the bill requires the Department of Transportation and Public Facilities to purchase energy efficient cars whenever practicable.

Section 23 of the bill tasks the Department of Transportation and Public Facilities with retrofitting 25 percent of all public facilities by 2020, making sure that deferred maintenance and new construction meet national standards for energy efficiency, and reporting to the legislature on the department's progress.

Section 24 of the bill requires the Alaska Energy Authority to annually plan and conduct, in cooperation with the Alaska Housing Finance Corporation, a public education campaign to promote energy efficiency and conservation.

Section 25 of the bill amends the definition of "power project" or "project" in AS 44.83.990(6) to delete the exclusion of nuclear energy from the definition in relation to the Alaska Energy Authority.

Sections 26 - 33 of the bill amend the alternative energy revolving loan fund by amending the funding sources and having the fund used only for commercial buildings.

Section 34 of the amendment amends the definition of "alternative energy system" in AS 46.11.900(1) to remove the exclusion of nuclear fuel as it relates to financing of energy efficient homes and buildings.

Sections 35 - 42 converts the Alaska heating assistance program into the Alaska affordable heating program and makes substantive and conforming changes to that program.

Section 43 of the bill repeals AS 43.20.046 and 43.98.040, which are the renewable energy production tax credit sections of the bill, on January 1, 2018.

Section 44 of the bill repeals AS 44.42.067(c) (retrofit and new construction for energy efficiency, added by bill section 23) on January 1, 2021.

Section 45 of the bill repeals AS 45.88.010(c), 45.88.030(c), 45.88.030(d), and 45.88.040(a).

Section 46 of the bill requires the Office of Management and Budget to work with state agencies to develop a standardized methodology to collect and store energy consumption and expense data no later than November 1, 2010.

Senator Lesil McGuire

March 5, 2010

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Section 47 of the bill requires the Department of Transportation and Public Facilities, in consultation with the Alaska Energy Authority, to adopt and implement a systematic process for prioritizing the retrofiting of state facilities for a long-term increase in energy efficiency and reduction of energy costs.

Section 48 of the bill requires the Department of Transportation and Public Facilities to study the feasibility of using compressed natural gas to power vehicles in the state and develop a proposal for a pilot program if warranted by the study.

Section 50 of the bill authorizes the Alaska Housing Finance Corporation to issue bonds to support making loans from the energy efficiency revolving loan fund established by AS 18.56.855.

Section 51 of the bill directs the revisor of statutes to make two changes to article headings to conform with statutory changes.

BJK:plm
10-140.plm

ALASKA STATE LEGISLATURE

Senate Resources Committee



Senator Lesil McGuire, Co-Chair Senate Resources

State Capitol Building, Room 125
 Juneau, Alaska 99801-1182
 Phone (907) 465-2995
 Fax (907) 465-6592
 sen.lesil.mcguire@legis.state.ak.us

Senator Bill Wielechowski, Co-Chair Senate Resources

State Capitol Building, Room 115
 Juneau, Alaska 99801-1182
 Phone (907) 465-2435
 Fax (907) 465-6615
 sen.bill.wielechowski@legis.state.ak.us

Fiscal Notes for SB 220: 26-LS1197\D				
Department/RDU	Total	FTE	Part-Time	Notes
Health & Social Services	0	0	0	Currently funded in Gov budget. Potential increases in future when oil prices are high.
DOT/PF	493.2	2	0	Can be reduced \$15.0 by changing effective date of CNG study.
Department of Administration	0	0	0	
DEC	0	0	0	
Department of Revenue	0	0	0	SB 220 establishes a refundable tax credit that could impact future revenues. ¹
DCCED: Alaska Energy Authority	788.7	0	0	
DCCED: AIDEA	*	3	0	326.5 (included in the AEA fiscal note)
Total:	1281.9	5		

¹ The refundable tax credit created by SB 220 is set to sunset by 2018. In order to qualify for the credit, an investment must produce energy before 2018. Documents from the Alaska Energy Authority state that a total of \$970.9 million has been requested in the three rounds. With \$125 million appropriated (and assuming no federal grants) the total obligation for these projects would be \$84.59 million based on the 10% cap.

SB 220, version D: Overview

The *Alaska Sustainable Energy Act* includes a broad range of policy tools designed to attract investment in Alaska's energy sector and stimulate the economy. The programs in SB 220 fall into three basic categories: near-term, mid-term and long-term solutions. Following is a brief list of some of the programs in the *Alaska Sustainable Energy Act*.

Near Term Solutions: Plan and Assist

- **Refine the Alaska Heating Assistance Program:** SB 220 links this program to the price of oil to provide additional heating assistance to low-income Alaskans when the price of oil is high and the state enjoys significant surpluses. This program is a supplement to the federal Low-Income Heating Assistance Program (LIHEAP).
- **Prioritize Energy Efficiency Retrofits:** Just like a person's home, state buildings can be made more energy efficient. Currently, the State of Alaska alone (not counting schools) spends roughly \$55 million per year on heating and lighting its buildings. Energy efficiency improvements can save 20% in energy costs which could translate to more than \$10 million in savings per year. SB 220 requires the Department of Transportation and Public Facilities to prioritize which buildings to fix first.
- **Establish an Energy Efficiency Revolving Loan Fund:** Senate Bill 220 creates a revolving loan program to fund energy efficiency improvements in public buildings. School districts, municipalities and state government will have access to the funds needed to upgrade their facilities. Based on what we have seen from the State's *Weatherization* and *Home Energy Rebate* programs, this fund will foster 1,500 to 2,000 jobs in the construction industry in Alaska.
- **Coordinate and Consolidate State Energy Programs:** SB 220 asks the Governor to evaluate how best to coordinate the State's energy departments and programs in order to avoid duplication of efforts. The Governor is directed to provide a plan to the legislature by November of 2010.
- **Organize a Statewide Fuel Cooperative:** Many rural communities struggle with crippling fuel costs. SB 220 directs the Alaska Energy Authority to work with interested communities to establish a fuel coop that will facilitate bulk purchases, lowering costs especially for small communities.

Medium Term Solutions: Incentivize Investment

- **Renewable Energy Tax Credit:** Several states have passed renewable energy tax credits to encourage investment in renewable energy resources. SB 220 contains a renewable energy tax credit that would provide a refundable tax credit to investors in order to encourage private sector investment in Alaska's renewable energy sector.

- **Loans to Businesses for Energy Conservation Improvements:** Alaska already provides loan programs to households for energy improvements. SB 220 includes loans of up to \$50,000 for businesses to enable investments in energy efficiency. This program will help primarily small businesses get access to the capital they need to make investments that will save money and encourage economic development.

Long Term Solutions: Innovate

- **Emerging Energy Technology Fund (EETF):** With the high cost of energy in many of our communities, Alaska provides a unique opportunity for innovation. The *Alaska Sustainable Energy Act* would create a fund that would provide grants for testing energy technologies in Alaska. The EETF would foster innovation and enable Alaskans to develop solutions to our energy challenges in Alaska; creating high-tech jobs and spurring investment in our economy.

ALASKA STATE LEGISLATURE

Senate Resources Committee

Senator Lesil McGuire, Co-Chair

Senate Resources

State Capitol Building, Room 125

Juneau, Alaska 99801-1182

Phone (907) 465-2995

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Senator Bill Wielechowski, Co-Chair

Senate Resources

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Juneau, Alaska 99801-1182

Phone (907) 465-2435

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January 21, 2010

Senator Bert Stedman

Co-Chair Senate Finance Committee

State Capitol Room 516

Juneau AK, 99801

Senator Lyman Hoffman

Co-Chair Senate Finance Committee

State Capitol Room 518

Juneau AK, 99801

Dear Senator Stedman and Senator Hoffman,

When oil hit \$147 a barrel in 2008, the State's coffers overflowed but individual Alaskans suffered the highest energy costs in the nation. These staggering costs did not drop along with the price of oil in 2009. Alaskans still pay 50% more for electricity than the average American and at least double the average price for heating fuel. As recently as this summer, the mean price for gasoline in 99 Alaska communities was \$5.37 per gallon, with some communities paying up to \$10/gallon. To make matters worse, these costs are growing relative to Alaskans' paychecks. In 2000, low-income households in remote, rural communities spent 16% of their income on energy. By 2008, this had grown to 47%. With all of our tremendous resources, Alaskans face natural gas shortages in Southcentral Alaska; businesses are closing their doors and laying off workers because of the price of energy; and some rural Alaskans are leaving their communities because they can't afford to heat their homes and keep their lights on.

Members of the Senate Resources and Energy Committees spent the interim hearing this story firsthand. In communities across the State, we listened to the urgent requests of Alaskans for help, and worked with them to identify solutions to the energy challenges that have plagued Alaska for years. The input we received was incorporated into a broad *Draft State Energy Policy and Program Recommendations*, document which was first released to the public in October of 2009. The public then weighed in again and offered additional comments on the draft proposal. After reviewing these comments we drafted SB 220, the Alaska Sustainable Energy Act, that offers long-term solutions to some of the energy challenges Alaskan face.

But legislation alone will not solve all of the pressing energy problems Alaskans face. Progress requires a commitment of funds to help Alaskan households, businesses and communities cut costs, use energy more efficiently, and develop new, renewable sources of energy. The legislature has committed substantial resources to energy issues over the past few years and we heard from Alaskans directly about the impact these expenditures have had on their lives. Below are a series of budget recommendations that builds on the legislature's previous work and which we believe will help provide Alaskans with more affordable and reliable energy over the long term. We ask that you give these recommendations serious consideration as the process of developing a budget for fiscal year 2011 proceeds.

- **\$25 million for weatherization to reduce home energy costs**

Weatherization is a proven way to reduce energy costs over the long-term. Annual household savings from weatherization average \$526/year or \$7,565 over the life of improvements. Nationally, the Department of Energy reports that weatherization saves the equivalent of 3 barrels of oil per dwelling per year or 60 barrels over 20 years. DOE reports that \$1.83 is saved for every dollar spent on weatherization. The \$200 million the state appropriated in 2008 for weatherization is likely to be fully encumbered by the end of FY'10. According to an AHFC report, more than 27,000 houses in Alaska still need to be weatherized; 1 in 5 rural homes and nearly 8,000 homes in Anchorage cannot maintain a comfortable room temperature; and more than 115,000 homes are "drafty."

- **\$175,000 to help Alaskans learn how to lower their energy costs through a statewide public education campaign on energy efficiency**

Alaskans stand to save millions by making their homes and businesses more energy efficient. An educational campaign can teach Alaskans simple ways to save energy and money, boosting family, community and state budgets. Local utilities can forecast anticipated energy savings and downsize infrastructure accordingly, and the state can minimize its investments in new and upgraded infrastructure. Energy efficiency and conservation is typically 50-75% cheaper than building new power plants or buying energy on the open market.

- **\$100,000 to provide technical assistance to businesses to help them reduce their energy-related expenditures and improve profitability**

This funding will enable the Alaska Energy Authority to help businesses reduce their energy consumption and improve their bottom lines. AEA plans to use federal stimulus funds to initiate a technical assistance program this fiscal year. This appropriation would enable their efforts to continue, assisting more businesses around the state.

- **\$250,000 for energy-related job training**

Using grant funds, the Alaska Vocational Technical Center currently trains power plant managers and bulk fuel operators to maintain reliable and efficient power plants, reducing operating costs in many communities across Alaska. AVTEC has purchased high efficiency generators and switchgear on which plant operators can be trained. However, with weakening federal support for the Denali Commission, funding is dwindling and these programs will need state support to continue.

- **\$2 million to help Alaskans save money with energy efficient appliances**

Several states provide rebates to homeowners who replace older energy-inefficient appliances (e.g., furnaces, refrigerators, and water heaters) with appliances that are substantially more efficient than federal standards. The Department of Energy reports that last year savings from Energy Star appliances were enough to power 10 million homes and avoid greenhouse gas emissions from 12 million cars. Consumers also saved an estimated \$6 billion.

- **\$25 million for the Renewable Energy Fund (above the Governor's proposed \$25 million)**

In 2008, the Legislature pledged \$300 million in funding over a 5-year period to in-state renewable energy projects. The Renewable Energy Fund provides grants of up to \$4 million dollars to eligible renewable energy projects for feasibility and reconnaissance studies, energy resource monitoring, and construction. Continuing to support the Renewable Energy Fund through FY2012 will allow the Legislature to fulfill its five-year pledge to help communities develop their renewable energy resources and transition off of traditional fossil fuels sources.

- **\$8 million for rural power system upgrades (above the Governor's proposed \$2 million) to reduce electrical costs in rural Alaska**

In the last decade, the Alaska Energy Authority has upgraded about 35 rural power systems, resulting in an average increase in efficiency of 26%. These upgrades have saved these communities more than \$1 million a year in fuel costs. About 25-30 community power systems still need to be upgraded. Since 2000, funding for these upgrades has come predominantly from the Denali Commission. However, the Commission's budget is in sharp decline and the state will have to step in if it wishes to assist the 25-30 communities still in severe need of upgrades.

- **\$200,000 to provide technical assistance to operators of rural power systems to lower costs through improved system reliability and efficiency**

The Alaska Energy Authority currently provides assistance to power system operators in more than 120 villages. The goal of this program is to enable local operators to become self-sufficient in running remote systems in an efficient and cost-effective manner.

- **\$4 million to upgrade bulk fuel storage facilities (above the Governor's proposed \$1 million) to lower fuel costs for families and businesses in rural Alaska and meet federal environmental codes**

In the early 1990s, many rural communities faced the threat that they would no longer be allowed to take delivery of fuel in bulk quantities because of the condition of their bulk fuel storage tank farms. The Bulk Fuel Upgrade Program, which has been largely supported by the Denali Commission, provides funding for repairs to enable affected communities to continue to receive fuel. Sixty-four projects have been completed so far, 7 are underway, and 33 remain. Unfortunately funding from the Denali Commission is declining dramatically and the state will have to step in if this effort is to be completed.

- **\$3 million in state matching funds to enable communities to qualify for roughly \$9 million in federal public transportation funds**

Community transportation systems help many Alaskans get to work, school, medical facilities, and other critical destinations. Alaska currently has 11 road-based community transit systems, and is 1 of only 3 states that do not invest any general funds in public transit operations. Local governments (e.g., the Mat-Su Borough and Kenai Peninsula Borough) are struggling to raise sufficient matching funds to secure federal funds and have had to leave federal funds on the table, undermining this energy-efficient form of transportation.

- **\$3 million to replenish the Power Project Loan Fund (above the Governor's proposed \$7 million)**

The Power Project Fund provides loans to utilities, local governments and independent power producers for the development or upgrade of electric power facilities, including conservation, bulk fuel storage, and waste energy conservation. The loan term is related to the productive life of the project, but cannot exceed 50 years. Interest rates vary between tax-exempt rates at the high end and zero on the low end. Forty-seven loans for a total of \$26 million are currently out, with only one past due. The Fund balance is running low and more funding is necessary to support legitimate, cost-saving requests from applicants.

- **\$200 million for Long-Term Railbelt Energy Projects**

A Regional Integrated Resource Plan was recently completed for the Railbelt to guide development of the region's power systems over the next 50 years. This report assesses the cost and feasibility of numerous power production alternatives and identifies huge expenditures that will be needed to maintain reliable and affordable energy for the region. Re-building the Railbelt Energy Fund incrementally will help prepare communities and the state for needed investments and enable near-term projects to proceed.

- **\$10 million for Susitna, Chakachamna and Glacier Fork Hydro Projects**

The Railbelt Integrated Resource Plan identified large hydro projects as a preferred energy source for the region. These funds would enable the AEA to carry out 1) needed geotechnical work, permitting, and initial conceptual design for the Susitna Hydro Project (\$6 million), 2) feasibility and field studies related to the proposed Lake Chakachamna Hydro Project (\$3 million) and 3) conceptual design and preliminary permitting for other hydroelectric projects (\$1 million). This work will help the Administration and Legislature determine whether additional investment in and ultimate construction of each of these projects is advisable.

- **\$3 million for the Emerging Energy Technology Fund**

Currently there is little or no state funding available for research and development of new energy technologies. Although the state supports renewable energy development through the REF, projects are limited to proven "off the shelf" technologies. The proposed Emerging Energy Technology Fund would encourage innovation and exploration of new sources of renewable energy and match funds provided by the Denali Commission.

- **\$10 million for the Southeast Energy Fund**

An expanded and capitalized Southeast Energy Fund can assist in the construction of power generation projects in Southeast and completion of a regional electrical grid. Most communities in the region are not on hydro power and the majority still burn oil to generate electricity and heat. In addition, many of the hydroelectric facilities in Southeast are at or near capacity, severely limiting regional economic growth opportunities.

- **Support for Southeast Energy Planning (in Governor's budget)**

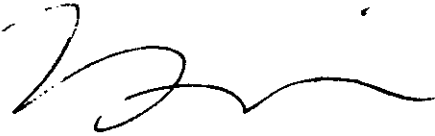
A Regional Integrated Resource Plan (RIRP) for Southeast Alaska will help comprehensively assess regional needs, power production alternatives and their costs. The RIRP will build on the current Southeast Alaska Electrical Intertie system plan and create a rational approach to prioritizing state and local investment.

- **Fully fund the Power Cost Equalization Program**

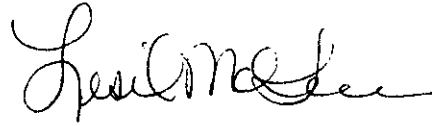
The Power Cost Equalization program is a critical foundation of Alaska's energy policy. Fully funding the PCE program will continue to provide desperately needed relief in communities suffering under the highest energy costs in the nation.

We fully appreciate the challenges you face on the Senate Finance Committee and diverse funding needs facing our State. We ask you to consider these items as you craft the operating, capital and supplemental budgets for fiscal year 2011 and plan ahead for fiscal year 2012.

Sincerely,



Senator Bill Wielechowski



Senator Lesil McGuire

CC: Senator Dennis Egan
Senator Johnny Ellis
Senator Charlie Huggins
Senator Donny Olson
Senator Joe Thomas
Senator Gary Stevens
Governor Sean Parnell


Fact Sheet for the Renewable Energy Refundable Tax Credit

Senate Bill 220: 26-LS1197AD Sections 20 & 21

Prepared By: Michael Pawlowski, Aide Senator Lesil McGuire

Production tax credits have been used by the federal government and other states to encourage the development of electricity from renewable energy sources. Unlike grants or other incentives offered during the design and construction phases, production credits only accrue to a project when it begins generating electricity. This attribute makes production tax credits an attractive incentive mechanism. The *Alaska Sustainable Energy Act* (Senate Bill 220) offers a renewable energy refundable tax credit as policy alternative to encourage investment in renewable energy in Alaska. This fact sheet is intended to provide an explanation of how the refundable credit is calculated. The projects selected are for illustrative purposes only and do not represent actual projects. Data for the calculations were taken from potential projects identified in the *Alaska Energy Report* prepared by the Alaska Energy Authority and available online.

Example 1: A 5 MW Wind/Diesel Hybrid System



Capital Cost:	\$23.5 million
Installed Capacity:	10%
Kilowatt-Hours/yr:	4,380,000
Cost kWh:	.63 cents
Grants:	\$3.5 million Renewable Energy Fund \$2 million Federal

Step 1: **Calculate the base credit:** 15% of the electricity sold.

.63 cents x 4,380,000 kilowatt-hours/year = \$2,759,400 in gross sales of electricity.

\$2,759,400 per year x 15% credit rate = \$413,910 annual refundable credit

Step 2: **Calculate the total allowable credit:** 10% of CAPEX (excluding grants)

CAPEX: \$23.5 million - \$3.5 million REF - \$2 million in federal = \$18 million

Allowable CAPEX of \$18 million x 10% = allowable cap of \$1.8 million.

Step 3: **In Practice:** the credits are available for 5 years subject to the cap for CAPEX:

Base Credit: \$413,910 over 5 years = \$2,069,550 but maximum = \$1.8 million

Year 1: \$413,910 : Year 2: \$413,910 : Year 3: \$413,910 Year 4: \$413,910

Year 5: **\$144,360** (\$1.8 million - \$1,655,640 [\$413,910 x 4])

Total Renewable Energy Refundable Tax Credit: \$1,800,000