

HB

250

<TARGET><BILL>HB 250</BILL><SUBJECT>HB
250</SUBJECT><COMM>HFIN27</COMM></TARGET>

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSHB 250 (ENE)
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) HB250-DCCED-AEA-03-14-12 Dept. Affected DCCED
Title Extend Renewable Energy Grant Fund Appropriation Alaska Energy Authority
Allocation AEA Statewide Project Dev and AEE
Sponsor Representatives Thomas, P.Wilson, Millett
Requester House Finance Committee OMB Component Number 2888

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services		2,155.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	0.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	(155.0)	155.0					
1173	GF MisEarn (UGF)	(2,000.0)	2,000.0					
1210	Ren Energy (DGF)	2,155.0		2,155.0	2,155.0	2,155.0	2,155.0	2,155.0
1178	temp code (UGF)							
TOTAL		0.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0	2,155.0

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 (separate supplemental appropriation required;
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This fiscal note realigns the fund sources available to cover the costs of administering the renewable energy grant fund program. This fiscal note reflects a reduction of general fund and miscellaneous earning included in the FY2013 Governor's budget request and identifies earnings available from the Renewable Energy Fund as the alternate funding source.

Prepared by Sara Fisher-Goad, Executive Director
Division Alaska Energy Authority
Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone 907-771-3000
Date/Time 3/14/12 12:00 PM
Date 3/14/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSHB 250 (ENE)

Analysis

This legislation adds legislative intent language related to the continuation of the renewable energy grant fund and recommendation program (AS.42.45.045) at funding levels of \$50 million each fiscal year to be appropriated to the renewable energy grant fund for projects recommended by the Alaska Energy Authority (AEA); and extends the program an additional 5 years to June 30, 2018.

Costs of Administering the Fund:

The renewable energy grant fund and recommendation program was established by legislation for the fiscal year ending June 30, 2009 (HB152 SLA 2008 CH 31). The associated fiscal note provided an increment of \$226.0 GF for the first year and \$155.0 GF for subsequent years through FY2013 to AEA's Statewide Project Development and AEE component. The \$155.0 increment represented the costs associated with a new grant manager and advisory committee costs. This GF increment is included in the FY2013 Governor's budget request (Fund Code 1004).

Starting in FY2011, investment earnings on the renewable energy grant fund, not to exceed \$2 million, were appropriated to AEA for the costs of administering the renewable energy grant fund and recommendation program (FY2011: SB230 SLA 2010 CH 43 Sec 28 Pg 160 Lines 26-29; FY2012: HB108 FSSLA 2011 CH 3 Sec 13 Pg 72 Lines 2-4). The FY2013 Governor's budget request includes a request for a continuation of this funding through miscellaneous earnings (Fund Code 1173).

In FY2011, the actual costs of administering the renewable energy grant fund and recommendation program were \$1.2 million. Estimated costs for FY2012 are \$1.8 million. Costs include AEA project management, grant management, as well as finance and administrative support. Costs also include contractual services related to the technical analysis and evaluation of applications and project proposals. At June 30, 2011, four renewable energy fund application periods were complete; \$150 million had been appropriated for 133 renewable energy projects and approximately 126 grants were being managed. In FY2012, \$36.6 million was appropriated for an additional 74 projects (\$36.6 million included \$10 million of re-allocated funds).

AEA has projected the net investment earnings on the Renewable Energy Fund through FY2018 to determine whether earnings on the Fund would be available to support the costs of administering the program. Based on certain assumptions made on funding levels, cash outflows and an average net return on investments of 3.2%, we project that the net investment earnings will support the costs of administering the funds through FY2018. Additionally, an accumulation of investment earnings on the fund in FY2009 and FY2010 prior to appropriation to AEA for administrative costs are available.

This fiscal note assumes a continuation of current funding levels estimated at up to \$2.2 million annually for the costs of administering the renewable energy grant fund and recommendation program and reflects a reduction of general fund and miscellaneous earnings included in the FY2013 Governor's budget request being replaced by earnings available from the Renewable Energy Fund.

FISCAL NOTE

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2012 LEGISLATIVE SESSION

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1173	GF MisEam (UGF)		2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0
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1178	temp code (UGF)							
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Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

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(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This fiscal note has been updated to include, for informational purposes, \$155.0 UGF fiscal note increment related to SCS CSHB 152 FIN SLA2008. Additionally, an analysis of available investment earnings on the renewable energy fund was performed and is noted in the analysis.

Prepared by Sara Fisher-Goad, Executive Director
Division Alaska Energy Authority
Approved by JoEllen Hanrahan, Director Administrative Services
Commerce, Community and Economic Development

Phone 907-771-3000
Date/Time 3/9/12 4:00 PM
Date 3/10/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSHB 250 (ENE)

Analysis

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Starting in FY2011, investment earnings on the renewable energy grant fund, not to exceed \$2 million, were appropriated to AEA for the costs of administering the renewable energy grant fund and recommendation program (FY2011: SB230 SLA 2010 CH 43 Sec 28 Pg 160 Lines 26-29; FY2012: HB108 FSSLA 2011 CH 3 Sec 13 Pg 72 Lines 2-4). Based on an average net return on investments of 3.2%, we project that the net investment earnings will support the costs of administering the funds through FY2018. Additionally, an accumulation of investment earnings on the fund in FY2009 and FY2010 prior to appropriation to AEA for administrative costs are available.

In FY2011, the actual costs of administering the renewable energy grant fund and recommendation program were \$1.2 million. Estimated costs for FY2012 are \$1.6 million. Costs include AEA project management, grant management, as well as finance and administrative support. Costs also include contractual services related to the technical analysis and evaluation of applications and project proposals. At June 30, 2011, four renewable energy fund application periods were complete; \$150 million had been appropriated for 133 renewable energy projects and approximately 126 grants were being managed. In FY2012, \$36.6 million was appropriated for an additional 74 projects (\$36.6 million included \$10 million of re-allocated funds).

This fiscal note assumes a continuation of current funding levels estimated at up to \$2 million annually for the costs of administering the renewable energy grant fund and recommendation program.

Ms. Fisher-Goad,

I have included previous emails to help refresh your memory and help you see from an outsiders perspective that AEA is not lowering the cost of energy in Alaska nor is it promoting sustainable rural energy systems. AEA is part of the problem providing resources to rural power systems which do not maintain their facilities and penalizing companies and communities where their electrical infrastructure is properly maintained and managed.

Let us examine the facts at face value, AEA has provided the community run electrical system of Ruby with multiple generators, buildings and an electrical grid multiple times based on need over the course of many years. The community of Ruby will be raising their electrical rate to \$1.13/kwh, yet Tanana who has not received any AEA assistance for their electrical system, power rate remains at \$0.5693/kwh for the highest rate class. So a company without AEA assistance Tanana is able to produce electricity for half of the cost of a company with AEA assistance. AEA is an enabler, rewarding a companies who do not maintain or invest in their facilities by providing them with new infrastructure and penalizing customers like those in Tanana with a properly maintained and managed electric company. The customers in Tanana pay for the full cost of power because they have an electrical system that is properly maintained and managed yet companies that live on State assistance, like Ruby, are rewarded with new infrastructure for allowing their infrastructure which was previously installed to go into disrepair. What is fair or equitable about that? What is AEA doing to ensure that the State's investment is protected in these communities like Ruby where the state has built infrastructure multiple times to ensure that the system is sustainable and the state will not be requested to build the system again in a couple of years? AEA is part of the rural Alaska Energy problem.

AEA and its staff have a very limited understanding rural Alaska. AEA staff people as shown by the following are very removed and do not understand Alaska. Let's look at specifics:

- 1) AEA defining Tanana as a Class 7 wind zone (AK_Energy_Model_Tanana) and then denying multiple requests for funding on projects (Summary_Project_Evaluation_R2_Tananarejection) which will lower the cost of electricity in Tanana because the projects do not follow the centralized beaurcatic top down planning process dictated by AEA. AEA then later comes out and states that, "Tanana does not have economically viable wind resources." This is after rejecting multiple requests because they did not pursue wind, a resource which is not economically developable in the area, which I have told AEA multiple times and have been ignored. So because AEA messed up and does not know what they are talking about, the residents of Tanana are penalized being denied funding. Not exactly fair or a demonstration of the competency of AEA.
- 2) AEA has insisted on pursuing the Susitna Hydro project, a project that will cost somewhere in the neighborhood of \$5 billion dollars and will displace electricity costing about \$0.15/kwh. Jackson Creek hydro development which has already received a sterling endorsement from AEA's predecessor would cost in the neighborhood of \$5 million and displace electricity costing \$0.56/kwh but is discouraged by AEA. Let's examine AEA's objections: a) environmental issues associated with licensing a dam are very significant today. b) Building a dam on permafrost is a significant challenge from an engineering perspective. c) Thermal issues associated with hydro projects restrict their development and lands North of there. Talk about removed from reality. AEA is willing

- to pursue the development of Susitna for \$5 Billion dollars with all of the same issues and objections associated with Jackson Creek which would cost \$5 million dollars, but is unwilling to pursue Jackson Creek development. AEA is very removed and disconnected from reality, let's look at the objection to Jackson Creek development: a) Licensing, because of the size and the fact that the area to be developed is on Native land, Jackson Creek hydro is exempt from most of the licensing requirements. b) Mr. Ott's statement regarding building a dam on permafrost is correct, there are issues with building on permafrost, this however does have any effect on the Jackson Creek project since it does not set on permafrost. Any engineer working in Alaska with any competence should know that Southern facing steep well drained slopes such as Jackson Creek, typically do not have permafrost issues. c) Thermal issues such as frazil ice are very real engineering concerns in Northern climates, however it is an issue with the Susitna project just as it would be with Jackson Creek. There are hundreds of traditional hydro electric projects above the Arctic Circle, just look at Norway. So while "thermal issues" are real concerns in Northern climates it is not a show stopper, there are a lot of examples of hydro electric systems operating above the Arctic Circle without problems.
- 3) AEA pursuit of biomass is a good idea at face value but really needs some on the ground study which has not been done before it is pursued. As a result of the biomass project at the Tanana laundrymat residents of Tanana have already seen an increase in the cost of wood for heat. The installation of three more systems in the community will only put a greater demand on the resource causing wood for residential heating to go up in price and become less plentiful. We already have an example of the use of biomass in Tanana from the 1900s. Jetté (1910) records the Koyukon Athabascan name for the village as Hohudodetlaatl Denh, literally, 'where the area has been chopped" The forest around Tanana is still recovering from the days of Fort Gibbon, local trees in the Tanana area are typically at most 6-8" in diameter, it has taken almost 100 years for the trees to get this big. So for AEA to aid in the development of biomass development without a though long term study of the implications, is irresponsible.
 - 4) Tanana Power has actually developed a kinetic hydro energy conversion device that works. The device in one summer season has produced and put more electrical energy on the grid than all the other devices in Alaska combined throughout their entire existence. AEA has failed even to provide even minor assistance to Tanana Power for this project, instead spends money pursuing things like nuclear energy for rural applications a non starter at face value.

My goal is not to bash AEA, however, AEA has provided multiple examples of incompetence within the organization and the rewarding of incompetence through the organization. Given that this is unfair to my customers and the state as a whole I see no other alternative but to take this fight to the legislature but am providing AEA one last chance to explain themselves before doing so. I look forward to your thoughtful response.

Sincerely,

Don Eller

From: Sara Fisher-Goad [<mailto:SFisherGoad@aidea.org>]

Sent: Monday, March 21, 2011 1:15 PM

To: nalaska@yukontel.com

Cc: Mike Harper; David Lockard; Douglas Ott; Barbara Triplett; Ronald Brown; Shauna Howell; Peter Crimp

Subject: RE: AEA and rural power

Dear Mr. Eller-

Thank you for your e-mail. I appreciate hearing from people as familiar as you are with rural Alaskan energy issues. Be assured, AEA project staff have in-depth rural Alaska experience. Our engineering staff includes people born in Alakanuk and McGrath. We also have employees who have worked for a decade or more in Kotzebue, the Lake Iliamna region, and Barrow. In my experience, AEA employees have gained their knowledge of rural Alaska with hands-on years of experience, not one or two-day trips in a community.

AEA has energy programs and projects that run the gamut from energy efficiency to bulk fuel tank farm construction, from PCE to the study of advanced small nuclear reactors, and from loans for rural bulk fuel purchases to investigating hydropower potential on the Susitna River. AEA's website www.akenergyauthority.org provides a great deal of information regarding how AEA allocates its resources to lower the cost of energy in Alaska. The "Program and Project Fact Sheets" link on our web page provides specific information on various AEA programs. I also invite you to come to our offices and meet with me and Mike Harper, Deputy Director - Rural Energy to discuss your concerns about AEA programs.

I do want to address a couple of specifics from your email:

Your points regarding the value of nuclear power in Alaska are valuable, and I have shared them with the authors of that study. AEA was appropriated funds last year to partner with ACEP to develop a feasibility study of potential nuclear power in Alaska. The summary you referenced is draft only and several of your comments and concerns are shared by AEA staff. Last year, legislation also passed allowing the state to consider nuclear power projects as potential energy projects in Alaska. As a key agency for energy project planning and financing, AEA supports analyzing all energy technologies. Since the Nuclear Regulatory Commission has not approved a small modular nuclear reactor design, this technology's potential use in Alaska is many years away.

The biomass resource is a critical concern when AEA considers wood boiler projects. Our grant process requires a resource assessment as an early part of project development. In Tanana, AEA staff met recently with Tanana Chiefs Resource Specialist Will Putnam and State Forester Doug Hanson to plan for these projects. If you would like to be added to the stakeholder list for that process, please contact Ron Brown, AEA biomass project manager (rbrown@aidea.org).

Your comments on the wind resource around Tanana are in agreement with recent wind data AEA has gathered using a high resolution wind model. With only a class 2 wind resource, Tanana does not appear to be a promising site for wind development.

Unfortunately, it appears the hydro resource near Tanana is not conducive to development either. Mr. Douglas Ott is AEA's hydropower program manager. (no relation to Ron Ott, principal of the former Ott Water Engineers, whose firm prepared the 1978 hydropower reconnaissance report on Jackson Creek.) Mr. Ott has prepared the following summary of the hydro prospects for Jackson Creek :

The creek is seasonally intermittent and located in a flat valley with steep hillsides. The scheme studied in 1978 report included a dam and reservoir on Jackson Creek and a 5 mile long penstock to a 850kW powerhouse. Regulations and licensing requirements for hydropower projects have become much more stringent since 1978. Environmental issues associated with licensing a dam are very significant today.

Building a dam and creating a reservoir on permafrost is a significant challenge from an engineering perspective. Further, a 5 mile long penstock is beyond the range of that considered economic for intermittent hydro operation. Lastly, thermal issues associated with hydro projects restrict their development in the Interior and lands north of there. For all these reasons, AEA does not recommend further consideration of hydro development on Jackson Creek.

The Yukon River at Ruby was the site of the first hydrokinetic demonstration in Alaska. However, this technology is several years from commercialization, would only provide seasonal power, and has significant technological and environmental hurdles to cross. I understand that you have invested significant resources into a prototype hydrokinetic device. Ms. Barbara Triplett, AEA's ocean and river energy program manager, can add you to AEA's hydrokinetic working group list if you are interested (bttriplett@aidea.org).

I understand you have worked with a number of AEA program managers to gather information regarding wind, geothermal, river in-stream and hydropower; the City of Tanana has also received a grant from AEA for a street lighting retrofit to LED lamps.

I applaud your efforts to pursue alternative energy sources for Tanana. I agree, rural residents know best what their needs are and how to meet them; please consider AEA a resource to help you in your efforts.

Sincerely,

Sara Fisher-Goad

AEA Executive Director

From: Don Eller [nalaska@yukontel.com]
Sent: Wednesday, March 16, 2011 1:23 PM

There are real and practical solutions for rural power, traditional hydro-electric is one such solution but is immediately discounted by AEA as are coal fired boilers. Attached is the Jackson Creek hydro study and the recommendation to AEA that the best energy alternatives for Tanana is the development of Jackson Creek Hydro. Yet anytime suggestions are made to AEA to develop the hydro resources around Tanana, AEA immediately discounts them pushing for much higher cost energy fads of the day like wind and biomass development. It is interesting to note that much of the early work on hydro in Alaska was done by Mr. Ott. Douglas Ott is also the project manager for traditional hydro projects at AEA. I am unsure if they are the same person but if they are the change in attitude from when Mr. Ott was a consultant making money of rural hydro development and now that he is a program manager for AEA amounts to an about face.

It is always easy to tear down and criticize others actions, this is communication with you is not meant to do that. This communication is an attempt to bring about structural changes of the way the State of Alaska handles rural energy by demonstrating the problem areas and providing logical alternatives the state has proposed in the past. I understand your job is dealing with energy throughout the state of Alaska so the specifics of Tanana are not on the top of your priority list.. Affordable energy in Tanana however is my priority and having been born and raised in Tanana and worked there throughout my life, no one knows more about what is the best energy resource for Tanana, than me. Unfortunately I cannot get those who have control of the purse strings to listen.

As always you and anyone at AEA staff are welcome in Tanana any time to review and inspect what an efficient power generation system installed in rural Alaska with private dollars should look like.

Don

Don Eller
Yukon Tech. Inc.
6270 Beechcraft Rd.
Wasilla, Alaska 99654

907 745-5363

!DSPAM:16,4d87c05a40044646080157!

No virus found in this message.

Checked by AVG - www.avg.com

Version: 10.0.1153 / Virus Database: 1498/3520 - Release Date: 03/21/11



Ruby Electric
P.O BOX 90
Ruby, Alaska 99768
PH# (907)468-4401
FAX# (907)468-4443

RECEIVED JUL : 3 2010

June 30, 2010

Ruby Electric Customer:

Due to the increase in fuel costs we had to increase the KW charge from .76 to .84.
This will be effective on the next billing cycle, next month.

Reminder, at the conclusion of the next month we will have our first \$100.00 drawing for current electrical customers. I have hi-lited overdue amounts due that will need to be paid in addition any amounts in your 1-30 will need to be paid so it does not move over to 31-60 days . Any current residential customers (no balances in 31-60 or over) with no overdue city charges will be eligible.

Sincerely,

Jennie Peter
City Clerk



RUBY ELECTRIC CO.

P.O BOX 90
Ruby, Alaska 99768
PH# (907)468-4401
FAX# (907)468-4443

RECEIVED AUG 1 1 2011

July 31, 2011

Ruby Electric Customers:

In receiving our fuel this summer there was a substantial price increase on the price of fuel that directly effects our KW rate. With our fuel increase it would generate an increase of KW rate to \$1.13.

The City Council has decided to wait until the fall fuel shipment is delivered to make any adjustments to the KW rate. We are in hopes the cost will be less so that our increase will not be so high. Therefore, at this time there will be no increase.

Unfortunately, there will have to be an increase to the KW rate this fall based on the price of fuel however the rate is unknown at this time.

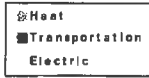
This letter however will serve as notice to our customers notifying you of the rate increase.

Thank you,

Jennie Peter
City Clerk

Tanana

Energy Used



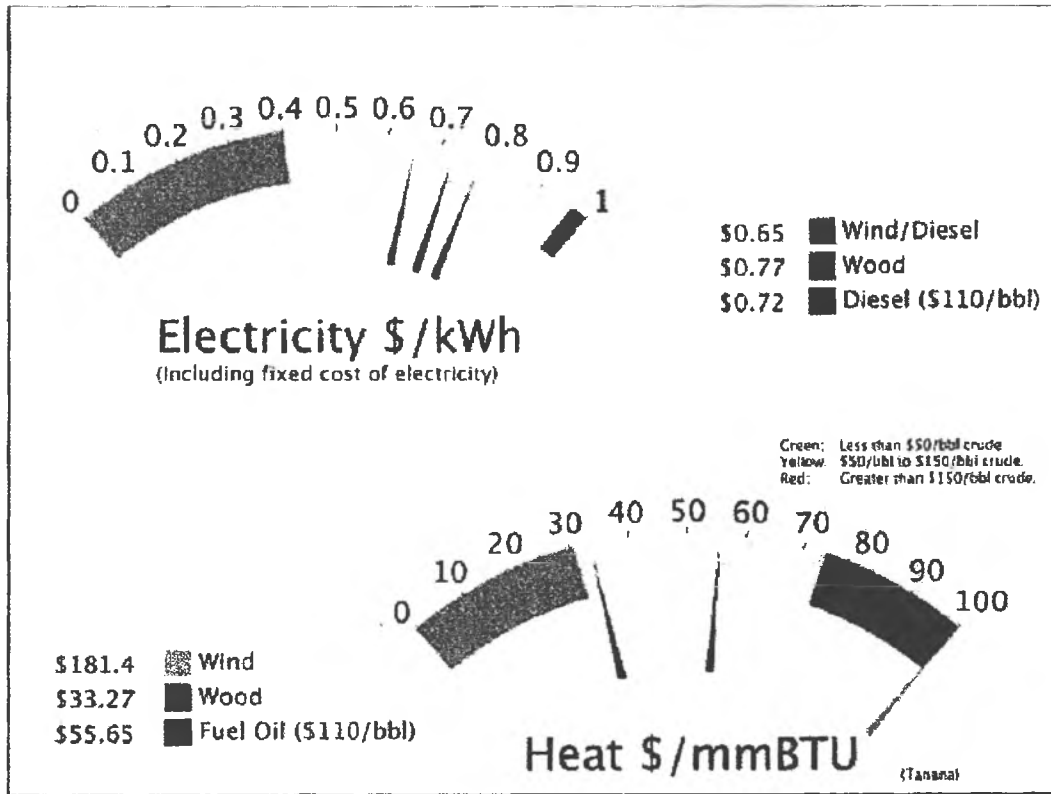
POPULATION: 258

Total: **\$5,309** Per capita

Heat **\$1,632** Per capita

Transportation **\$590** Per capita

Electricity: **\$3,087** Per capita



Tanana

Regional Corporation
Doyon, Limited

House 6
Senate : C

POPULATION	258	LATITUDE: 65d 10m N	LONGITUDE: 152d 04m	Unorganized
LOCATION	Tanana is located in Interior Alaska about two miles west of the junction of the Tanana and Yukon Rivers, 130 air miles west of Fairbanks.			
ECONOMY	Two-thirds of the full-time jobs in Tanana are with the city, school district or native council. There are a number of positions with local businesses and services. BLM firefighting, trapping, construction work and commercial fishing are important seasonal cash sources. 17 residents hold commercial fishing permits. Subsistence foods include salmon, whitefish, moose, bear, ptarmigan, waterfowl and berries.			
HISTORY	Due to its location at the confluence of the Tanana and Yukon Rivers, Tanana was a traditional trading settlement for Koyukon and Tanana Athabascans long before European contact. In 1880, Harper's Station, an Alaska Commercial Company Trading Post, was established 13 miles downriver from the present site. In 1881, Church of England missionaries from Canada built a mission 8 miles downriver. Between 1887 and 1900, an elaborate school and hospital complex, the St. James Mission, was constructed. It became an important source of services and social change along both rivers. In 1898, Fort Gibbon was founded at Tanana to maintain the telegraph line between Fairbanks and Nome. A post office was also established, and several other trading posts developed around the turn of the century. Gold seekers left the Yukon after 1906. Ft. Gibbon was abandoned in 1923. The St. James Hospital was transferred to the BIA administration in the 1920s. During World War II, an air base was established near Tanana as a refueling stop for the lend-lease aircraft program. New hospital facilities were built in 1949, and during the 1950s, hospital administration was transferred to the U.S. Public Health Service. The City of Tanana was incorporated in 1961. The hospital complex was a major employer during this period, employing 54 persons with a payroll of \$1.6 million, but was closed in 1982. During 1982, Tanana incorporated as a First Class City in order to assume control of the local school system. The hospital facilities were remodeled for use as a health clinic, counseling center, tribal office, and Regional Elders's Residence.			

Current Energy Status PCE

Electric (Estimates based on PCE)

				Estimated Local Fuel cost @ \$110/bbl \$5.15	
				/kw-hr	
Current efficiency	13.41	kW-hr/gal	Fuel COE	\$0.40	/kw-hr
Consumption in 200	93,988	gal	Est OM	\$0.02	/kw-hr
Average Load	137	kW	NF COE:	\$0.30	/kw-hr
Estimated peak loa	274.31	kW	Total	\$0.73	
Average Sales	1,201,487	kW-hours			Total Electric
					\$873,079

Space Heating (Estimated)

2000 Census Data	2008 Estimated Heating Fuel used:	68,484	gal	
Fuel Oil: 41%	Estimated heating fuel cost/gallon	\$6.15		
Wood: 59%	\$/MMBtu delivered to user	\$55.77		Total Heating Oil
Electricity: 0.0%	Community heat needs in MMBtu	8,218		\$421,125

Transportation (Estimated)

Estimated Diesel: 24,742	gal	Estimated cost \$6.15	Total Transportation
			\$152,141

Energy Total \$1,446,344

Possible Upgrades to Current Power Plant

Power Plant - Performance Improvement to higher efficiency

Upgrade needed:	Capital cost	\$100,000	
Powerhouse Upgrade	Annual Capital cost	\$8,377	\$0.01 /kw-hr
Status: Pending	Estimated Diesel OM	\$24,030	\$0.02
Achievable efficiency 14	New fuel cost	\$463,511	\$0.39
	Avg Non-Fuel Costs:	\$389,116	\$0.30
New Fuel use 90,016	New cost of electricity	\$0.70	\$12,076
			per kW-hr

Diesel Engine Heat Recovery

Heat Recovery System Installed? Y	Capital cost	\$384,037	
Is it working now? Y	Annual ID	\$32,169	
BLDGs connected and working:	Annual OM	\$7,681	
Powerhouse Only	Total Annual costs	\$39,850	Savings
	Value		
Water Jacket 14,098	gal	\$86,693	
Stack Heat 0	gal	\$0	\$46,842
	Heat cost	\$25.58	\$/MMBtu

Alternative Energy Resources

Wind Diesel Hybrid

Installed KW	400	Capital cost	\$3,071,563	per kW-hr	Heat Cost \$/MMBtu:
kW-hr/year	830746	Annual Capital	\$206,457	\$0.25	\$72.82
Met Tower?	no	Annual OM	\$38,976	\$0.05	\$13.75
Homer Data?	yes	Fuel cost:	\$0	\$0.00	
Wind Class	7	Total Annual Cost	\$245,433	\$0.30	\$86.56
Avg wind speed	8.50 m/s	Non-Fuel Costs		\$0.32	
		Alternative COE:	\$0.62		
		% Community energy	69%		Savings
		New Community COE	\$0.64		\$105,808
		<small>(includes non-fuel and diesel costs)</small>			

Alternative Energy Resources

Wood

Installed KW	164	Capital cost	\$2,425,756	per kW-hr	Heat Cost \$/MMBtu:
kW-hr/year	1219094	Annual Capital	\$163,049	\$0.13	
Installation Type	Wood ORC	Annual OM	\$153,774	\$0.13	
Electric Wood cost	\$150/cd	Fuel cost:	\$231,086	\$0.19	-90
Wood Required	1541 Cd/Y	Total Annual Cost	\$547,908	\$0.45	\$29.76
Stove Wood cost	250.00 \$/Cd	Non-Fuel Costs		\$0.32	
		Alternative COE:	\$0.77		
		% Community energy	101%		Savings
		New Community COE	\$0.78		\$325,170
		<small>(Includes non-fuel and diesel costs)</small>			

Biomass For Heat

Garn heater installed cost	\$500,000
Heat Delivered:	425000 BTU/hr
Annual ID	\$33,608
Cords/day:	1.8
Capital per MMBt	\$13.18
Hours per year	6000
Fuel cost per MMBtu	\$20.09
Wood (cordwood or willows)	\$225 \$/cord
Total per MMBT	\$33.27
Annual Heat	31.0%

Other Resources

Tanana

Tidal:
Wave:
Coal Bed Methane:
Natural Gas:
Coal:
Propane:

Renewable Fund Project List:

For detailed information, consult the AEA web site. akenergyauthority.org

A project titled: Tanana Alternative Energy Assessment _Tanana Power has been submitted by: Tanana Power Company for a Other project. The total project budget is: \$393,298 with \$303,060 requested in grant funding and \$90,238 as matching funds.

A project titled: Tanana Biomass Feasibility has been submitted by: Tanana Tribal Council for a Biomass project. The total project budget is: \$39,868 with \$30,668 requested in grant funding and \$9,200 as matching funds.

App #281 Tanana Alternative Energy Assessment Tanana Power

Resource: Other

Proposed Project Phase: Feasibility
Recon

Proposer: Tanana Power Company

AEA Program Manager: Lenny Landis

Applicant Type: Utility

Project Description

The Tanana area is blessed with a multitude of possible alternative energy resources including:

- 1) Wind Energy at is T. 5 N., R. 21 W. Sec. 10 located approximately 10 miles from downtown Tanana proper.
- 2) Wind Energy at T. 4 N., R 20 W. This resource was eliminated as a possible because of transmission line costs from the site to Tanana. The transmission line would have to cross the Yukon River.
- 3) Wind and Kinetic Hydro at T. 6 N., R 17 W. commonly referred to as "The Rapids". This has both wind and water energy available however transmission line costs from The Rapids to Tanana, given the terrain, would be very costly.
- 4) Geothermal at Little Melozitna Hot Springs (65.459, 153.312). There has been cursory analysis done on this resource using chalcedony geo-thermometer methods by Kolker. These results are encouraging. However, the magnitude of the resource needs to be defined better to determine if it would be economically prudent to develop.
- 5) Traditional Hydro at Jackson Creek located at T. 5 N., R. 21 W. and T. 6 N., R 21 W. The project has been studied before by the APA in the 1980s. Information regarding the study can be found in "Reconnaissance Study of Energy Requirements and Alternatives for Tanana" Report Summary.
- 6) Kinetic Hydro Energy production using the Yukon River at Tanana using drag turbines. Grant funds would be used to do engineering assessments of resources 4 and 5 with the contributed funds and in kind resources of Tanana Power and the community of Tanana devoted to quantifying the resources 1 and 6.

The ultimate goal being to determine "the best" resource to develop of the community to meet the community of Tanana's long term energy needs most cost effectively.

Funding & Cost

Cost of Power:	\$0.57 /kWh
Requested Grant Funds:	\$303,060
Matched Funds Provided:	\$90,238.5
Total Potential Grant Amount:	\$393,298.5
Existing RE Fund Grant Offer:	
AEA Funding Recommendation: (Not Constrained by Available Funding)	

AEA Recommendation

- Full Funding
- Partial Funding
- Special Provision
- Not Recommended
- Did Not Pass Stage 1
- Withdrawn

AEA Funding Recommendation:

App #281 Tanana Alternative Energy Assessment _Tanana Power

Resource: Other

Proposed Project Phase: Feasibility Recon

Proposer: Tanana Power Company

AEA Program Manager: Lenny Landis

Applicant Type: Utility

Scoring & Location



Overall Rank
(out of 60)



Stage 3 Total Score
(out of 100)

Energy Region: Yukon-Koyukuk/Upper Tanana

Election District: 6, Interior Villages



Rank within Region
(out of)

Stage 3 Scoring Summary

<u>Criterion (Weight)</u>	<u>Score</u>
1) Cost of Energy (Max 30)	21
2) Funding Resources (Max 25)	
3) Project Feasibility from Stage 2 (Max 20)	
4) Project Readiness (Max 5)	
5) Benefits (Max 10)	
6) Local Support (Max 5)	
7) Sustainability (Max 5)	

AEA Review Comments

Applicant proposes to assess alternative energy resources of Tanana.

The work that the applicant proposes, while potentially valuable to Tanana, is more effectively accomplished using standard methodology on a statewide and regionwide basis that builds on the work already done in the statewide energy report that was released after this application.

Recommend no funding.

App #281 Tanana Alternative Energy Assessment Tanana Power

Resource: Other

Proposed Project Phase: Feasibility
Recon

Proposer: Tanana Power Company

AEA Program Manager: Lenny Landis

Applicant Type: Utility

Economic Analysis

Benefit/Cost Ratio
(Applicant)



Benefit/Cost Ratio
(AEA)



Mr. Eller,

I have consulted with AEA and they agree that saying "energy costs" is more accurate than "power rates." I have changed the sponsor statement to reflect that and it should be posted online shortly. Thank you for pointing that out.

Kaci Schroeder Hotch

Chief of Staff
Office of Representative Thomas
State Capitol, Rm 505
Juneau, Alaska 99801
(907) 465-3732
fax: (907) 465-2652

"A certain amount of opposition is of great help to a man.
Kites rise against, not with the wind."
-John Neal

From: Don Eller [<mailto:nalaska@yukontel.com>]

Sent: Friday, March 02, 2012 5:19 PM

To: Kaci Schroeder

Cc: Rebecca Rooney; Rep. Charisse Millett; Erin Harrington; Adam Berg; Rob Earl; Rep. Bob Miller; Rep. Pete Petersen; Rep. Les Gara; Rep. Chris Tuck; Rep. Sharon Cissna

Subject: HB 250

Hi Kaci Schroeder,

In reading the sponsor statement, "In 2008, the Alaska Legislature passed HB 152 which established an energy fund for renewable projects across the state.. Since then, the program has gone through four rounds of grant applications and issued grants for 200 renewable energy projects across the state. With an emphasis towards issuing grants for those who see the highest power costs, these grants have made huge differences in the power rates of many small communities who otherwise would be totally dependent on diesel fuel. " I have not been able to substantiate the statement "these grants have made huge differences in the power rates of many small communities who otherwise would be totally dependent on diesel fuel. " with any factual evidence.

If this truly is the case and I have overlooked the information proving this, would you please provide me with all cases where Renewable Energy Grant Funding has made huge differences in the power rates.

Thanks,

Don

Don Eller
Yukon Tech. Inc.
6270 Beechcraft Rd.
Wasilla, Alaska 99654

Hi Peter,

A couple of things: 1) the purpose for the information requested is to correlate AEA's "investments" to lowered energy costs, AEA's mission statement. So I am looking for all money spent through AEA or any other governmental body on electrical energy projects in Alaska, not just the renewable energy fund. 2) Only looking at a few years of data is not adequate, all spending since APA would paint a much clearer picture as to the effects of governmental spending on energy projects on energy costs.

I am trying to gather this information to present to the legislature. As I have told Ms. Fisher-Goad I believe AEA is an enabler, providing resources to utilities who fail to properly maintain and manage their utility. While properly run utilities receive no recognition or assistance because they are self sufficient and doing it right. Case in point look at the state resources provided to Ruby Electric over time verses the 9.5% loan the state provided to Tanana Power, look at utility rates, reliability and facilities. Has the State "investment" really lowered the cost of energy in Ruby or has it allow a village to live off its power utility? Is it fair that my customer have to pay the full cost of electricity while others who are provided all the capital costs have power rates twice that of mine.

Combine this with what I perceive a incompetence at AEA: 1) Tanana Power's requests for funding being denied, not that they were bad projects but because we did not follow the centralized planning top down approach dictated by AEA to pursue wind. In AEA's energy model Tanana was classified as a class 7 wind zone, inspite of my protests and 50 of historical wind data showing it to be a class 1 wind zone. Tanana Power and my customer are overlooked for funding because AEA does not know what they were talking about and would not listen to those who do. 2) AEA staff promoting Susitna Hydro while saying Jackson Creek Hydro is unfeasible even though they are very similar, just many magnitudes difference in price both in capital cost and in the value of energy they are replacing. 3) I have numerous other items but there is no need for a long laundry list.

I have expressed my concerns to the executive director to no avail. So I see no alternative than to bring to the legislature AEA's report card. The money spent by AEA verses the impact on energy costs, lowering the cost of energy in Alaska being AEA's mission statement and then let the legislature make their own judgment as to the value of AEA based on the facts. I am requesting the amount spent by and through AEA (since inception) on all electrical projects in Alaska under AS 40.25.110.

Peter I have no desire to have conflict with AEA but when my company and customers are totally dismissed and not given a fair chance I see no alternative than raising the issue at a state level, letting the legislature make their own decision based on facts.

Thanks,

Don

From: Peter Crimp [<mailto:PCrimp@aidea.org>]

Sent: Tuesday, September 13, 2011 2:00 PM

To: Don Eller

Cc: Sara Fisher-Goad
Subject: RE: AEA expenditure information

Don,
I think the most applicable program area for you to consider is the RE Fund, which I manage. Here is a link to the status report for the first three rounds
ftp://ftp.aidea.org/ReFund_RoundIV_Recommendations/REFundRound4/4_Program_Update/StatusReport2011.pdf Suggest you look at fig 3 and table 3.

By the end of 2012 AEA expects that 45 construction projects will have been completed at a total cost of \$167 million—half funded by the RE Fund and half paid for by other sources. AEA estimates the annual fuel savings from these completed projects will be over 6 million gallons per year of diesel or equivalent.

AEA is planning to engage a consultant to prepare an independent review of the effectiveness and efficiency of the RE Fund (Oct-March timeline). Part of that will be an assessment of benefit (e.g. energy savings) vs cost. Cost will include the grants as well as AEA staff, etc. You are welcome to provide feedback.

Hope that helps.
Peter

From: Don Eller [<mailto:nalaska@yukontel.com>]
Sent: Tuesday, September 13, 2011 11:11 AM
To: Peter Crimp
Subject: AEA expenditure information

Hi Peter,

Given that AEA's mission statement is to lower the cost of energy in Alaska, I would like to do an impact analysis of AEA spending and the cost of energy. So I am looking for information regarding AEA and APA expenditures. Is there someone to work with at AEA to obtain this information, if so who, or a place this information is kept so that I can access the information.

Thanks for your help.

Don

Don Eller
Yukon Tech. Inc.
6270 Beechcraft Rd.
Wasilla, Alaska 99654

907 745-5363

!DSPAM:16,4e6fd27539707498024841!



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

February 27, 2012

House Finance
State Capitol Building
Juneau, Alaska 99811

Dear House Finance Members;

The Alaska Municipal League is in full support of HB 250. The expiration of a program that has been so successful would be very destructive to the State of Alaska, as over 200 renewable energy projects throughout the State of Alaska have been granted funds. The economic boon to those communities has been tremendous, as diesel fuel is no longer affordable by most small communities.

The Alaska Municipal League has closely watched those communities that have been fortunate enough to be awarded funds through this program. The continuation of HB 250 and the \$50 million per year until 2018 is necessary if small municipalities are to remain viable communities in which to live and carry on business.

Thank you for your interest and dedication to this issue.

Sincerely,

A handwritten signature in dark ink that reads 'Kathie Wasserman'. The signature is written in a cursive, slightly slanted style.

Kathie Wasserman
Executive Director

Kathy Morgan
Box 342
Tok, AK 99780-0342

March 8, 2012

Representative Bill Thomas
120 4th Street, State Capitol, Room 501
Juneau, AK 998011-1182

Re: HB 250

Dear Representative Thomas:

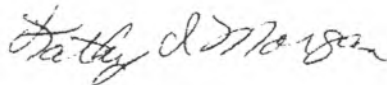
I strongly support House Bill 250, extending the renewable energy fund. This fund is critically important to the entire State of Alaska. We need that renewable energy fund to encourage renewable energy projects that can reduce our high cost of energy and help the State meet its renewable energy production goals.

My community of Tok has benefited from the program with the building of an efficient wood-fired boiler to heat the Tok School and eventually also power it electrically. Already the school is saving thousands of dollars per year in heating costs, using a carbon-neutral fuel that otherwise threatens our homes with wildfire—and produces less pollution than standard oil boilers. Extending the renewable energy grant fund so that other communities can enjoy similar benefits, using whatever appropriate resources are available in their local area, is the right thing to do.

Tok School's heating and electrical generation projects funded by the renewable energy fund prove that there are feasible renewable alternatives that reduce our dependence on petroleum fuels and in the long run save both State money and private money. In the case of Tok's projects, as an extra bonus, while the projects are saving money for the school they are providing new jobs that benefit the community's economy and reduce our air pollution levels.

To turn renewable resource potential into reality, we need funding for projects to prove the validity and reliability of alternate energy projects in the unique conditions that we face in our state, with the wide variation and extremes of climate and ecology and the challenges of transportation and technology in remote areas. Different areas of the state have different resources that call for different solutions. Thank you for sponsoring HB 250.

Sincerely,



Kathy I. Morgan



Tok Community Umbrella Corporation
Box 547
Tok, AK 99780-0547



MARCH 8, 2012

Representative Bill Thomas
120 4th Street, State Capitol, Room 501
Juneau, AK 998011-1182

Re: HB 250

Dear Representative Thomas:

This letter is in support of House Bill 250, extending the renewable energy fund. This fund is critically important to the entire State of Alaska and is needed to encourage renewable energy projects that can reduce our high cost of energy and help the State meet its renewable energy production goals.

The cost of petroleum-based energy is high and increasing throughout the world, but particularly in Alaska. It has reached crisis proportion in some of the rural areas. There are feasible renewable alternatives that are carbon-neutral or add no carbon to the atmosphere, reduce our dependence of foreign fuels, in some cases make our homes safer, and in the long run save both State money and private money.

To turn renewable resource potential into reality, we need funding for projects to prove the validity and reliability of alternate energy projects in the unique conditions that we face in our state, with the wide variation and extremes of climate and ecology and the challenges of transportation and technology in remote areas. We also need funding to build projects that involve proven technology with an up-front capital cost that our smaller communities can't fund through local resources.

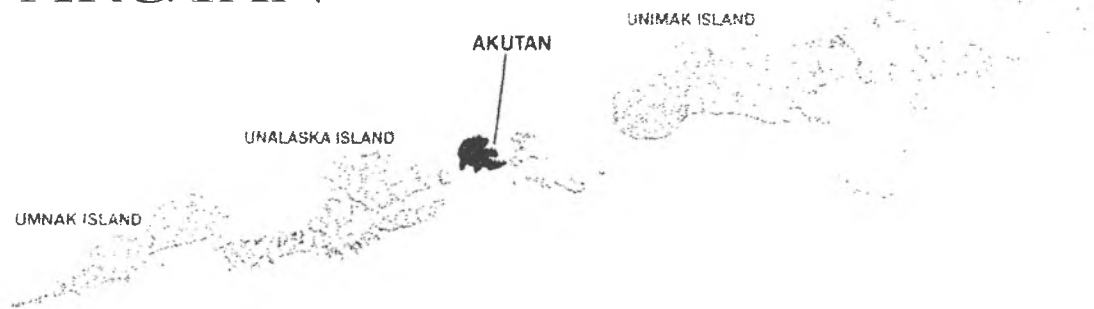
My community of Tok has benefited from the program with the building of an efficient wood-fired boiler to heat the Tok School and eventually also power it electrically. Already the school is saving thousands of dollars per year in heating costs, using a carbon-neutral fuel that otherwise threatens our homes with wildfire—and produces less pollution than standard oil boilers. Extending the renewable energy grant fund so that other communities can enjoy similar benefits is the right thing to do.

Sincerely,

A handwritten signature in cursive script that reads "Kathy I. Morgan".

Kathy I. Morgan, President

AKUTAN



March 8, 2012

The Honorable Representative Bill Thomas
Alaska State Capital
Room 505
Juneau, AK 99801-1182

Re: HB 250

Dear Representative Thomas:

The City of Akutan is writing to express its support for passage of House Bill No. 250, An Act Relating to the Renewable Energy Grant Fund. We support an extension of at least five years, and suggest making it a longer period.

As a result of the grant fund, the City of Akutan and Alaska Energy Authority (AEA) have jointly funded the exploration of a geothermal power resource located in the Hot Springs Bay Valley of Akutan Island, approximately five miles from the City and Native Village of Akutan. Our feasibility work is very promising as we work to bring the project to fruition. Continuation of the grant fund will be instrumental in helping communities to pursue a wide range of renewable energy projects.

Thank you for your leadership in sponsoring this bill.

Sincerely,

/s/

Mayor Joe Bereskin

cc: Hermann Scanlan, City Administrator
Representative Bryce Edgmon



REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: Representative.Bill.Thomas@legis.state.ak.us

webpage: www.akrepublicans.org/thomas/

State Capitol

Juneau AK, 99801-1182

907-465-3732

888-461-3732

FAX 907-465-2652

Sponsor Statement for HB 250

Relating to the Renewable Energy Fund and Recommendation Program

In 2008, the Alaska Legislature passed HB 152 which established an energy fund for renewable projects across the state. Since then, the program has gone through four rounds of grant applications and issued grants for 200 renewable energy projects across the state. With an emphasis towards issuing grants for those who see the highest power costs, these grants have made huge differences in the power rates of many small communities who otherwise would be totally dependent on diesel fuel.

AEA, along with the Renewable Energy Fund Advisory Committee, evaluates each grant application based on various criteria including the current cost of energy in the area, availability of matching funds, and the overall feasibility of the project. By 2013 it is estimated that the Renewable Energy Grant Fund will displace six million gallons of diesel fuel each year.

The program is set to expire in 2013. HB 250 reauthorizes the program until 2018. It also continues the legislative intent that was made in 2008 to fund the program at \$50,000,000 a year.

I urge your support of HB 250.



REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: Representative.Bill.Thomas@legis.state.ak.us

webpage: www.akrepublicans.org/thomas/

State Capitol

Juneau AK, 99801-1182

907-465-3732

888-461-3732

FAX 907-465-2652

AS 44.99.115. Declaration of state energy policy.

The State of Alaska recognizes that the state's economic prosperity is dependent on available, reliable, and affordable residential, commercial, and industrial energy to supply the state's electric, heating, and transportation needs. The state also recognizes that worldwide supply and demand for fossil fuels and concerns about global climate change will affect the price of fossil fuels consumed by Alaskans and exported from the state to other markets. In establishing a state energy policy, the state further recognizes the immense diversity of the state's geography, cultures, and resource availability. Therefore, it is the policy of the state to

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

(A) encouraging statewide energy efficiency codes for new and renovated residential, commercial, and public buildings;

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

(C) initiating and supporting a program to educate state residents on the benefits of energy efficiency and conservation, including dissemination of information on state and federal programs that reward energy efficiency;

(2) encourage economic development by

(A) **promoting the development of renewable and alternative energy resources, including geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, and biomass energy, for use by Alaskans;**

(B) promoting the development, transport, and efficient use of nonrenewable and alternative energy resources, including natural gas, coal, oil, gas hydrates, heavy oil, and nuclear energy, for use by Alaskans and for export;

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

(D) creating and maintaining a state fiscal regime and permitting and regulatory processes that encourage private sector development of the state's energy resources; and

(E) promoting the efficiency of energy used for transportation;

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

(A) training and education programs that will help create jobs for Alaskans and that address energy conservation, efficiency, and availability, including programs that address workforce development and workforce transition; and

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

(4) coordinate governmental functions

(A) by reviewing and streamlining regulatory processes and balancing the economic costs of review with the level of regulation necessary to protect the public interest;

(B) by using one office or agency, as may be specified by law, to serve as a clearinghouse in managing the state's energy-related functions to avoid fragmentation and duplication and to increase effectiveness; and

(C) by actively collaborating with federal agencies to achieve the state's energy goals and to meet emissions, renewable and alternative energy, and energy production targets.



Alaska Power Association
703 West Tudor Road, Suite 200
Anchorage, Alaska 99503-6650
907-561-6103
Fax: 907-561-5547
www.alaskapower.org

January 27, 2012

Representative Neal Foster, Co-Chairman, House Special Committee on Energy
Representative Lance Pruitt, Co-Chairman, House Special Committee on Energy
Representative Bob Lynn
Representative Kurt Olson
Representative Pete Petersen
Representative Dan Saddler
Representative Chris Tuck

Honorable Members of the House Special Committee on Energy:

Alaska Power Association respectfully requests your support for House Bill 250. Since its creation in 2008, the Alaska Renewable Energy Fund has provided \$80 million in funding for projects that utilize renewable energy resources in communities throughout the state.

Many electric utility members of our statewide trade association are recipients of this funding, and they have several success stories of how their renewable energy projects have significantly reduced reliance on diesel fuel.

The Alaska Renewable Energy Fund is one of the most successful policy mechanisms in the nation for stimulating rapid renewable energy development.

- By the end of 2011, 58 projects (Rounds I-IV) were completed.
- Eleven of the projects in operation at the end of 2011 produce power for Power Cost Equalization utilities.
- By the end of 2012, 120 projects are expected to have been completed.
- By the end of 2013, 184 projects are expected to have been completed and fuel displacement is expected to be approximately 3.4 million gallons equivalent per year.
- By the end of 2016, fuel displacement is anticipated to be 11.6 million gallons per year.

(Source: Alaska Renewable Energy Fund Status Report, January 21, 2012)

Thank you for your dedication to ensuring that all Alaskans have access to safe, reliable and affordable energy. We believe that continued funding of the Alaska Renewable Energy Fund will keep us moving in this direction.

Sincerely,

Marilyn Leland
Executive Director

cc: Representative Bill Thomas



ALASKA POWER ASSOCIATION R E S O L U T I O N

A Resolution Urging Capital Funding in Support of Alaska Energy Policy (12-2)

In light of the ambitious and aggressive goals set forth in the Alaska Sustainable Energy Act (SB 220) and State Energy Policy (HB 306), the Alaska electric utility sector needs sources of capital for infrastructure and transmission.

Alaska Power Association urges the Alaska Legislature to fully support the following funding mechanisms:

- Extend the authorizing language for the Renewable Energy Grant Fund, which supports the intent of the legislature to provide funds annually for projects recommended by the Renewable Energy Fund Advisory Committee;
- Properly capitalize the Power Project Loan Fund, enabling meaningful funding for infrastructure projects; and
- Establish a State of Alaska-funded and administered revolving loan fund for the sustainable financing of infrastructure projects.

(Adopted Dec. 2010, updated Dec. 2011)

Association Members:

Alaska Electric and Energy Co-op
Alaska Electric Light & Power
Alaska Power & Telephone
Alaska Rabbit Energy Authority JAA
Alaska Village Electric Cooperative
Anchorage Municipal Light & Power
Aurora Energy
Barrow Utilities & Electric Co-op
Cnugach Electric Association
Copper Valley Electric Association
Copper Valley Telephone Co-op
Cordova Electric Cooperative
Doyon Utilities
City of Garena
Golden Valley Electric Association
Homer Electric Association
INN Electric Cooperative
Inside Passage Electric Co-op
Kodiak Electric Association
Kotzebue Electric Association
Kwaan Electric Transmission
Interite Cooperative
Matanuska Electric Association
McGrath Light and Power
Metlakatla Power & Light
Middle Kuskokwim Electric Co-op
Naknek Electric Association
Nome Joint Utility System
North Slope Borough
Nushagak Cooperative
OTZ Telephone Cooperative
City of Seward
Southeast Alaska Power Agency
Tanalian Electric Cooperative
Tanana Power Company
TDX Power
Unalakleet Valley Electric Co-op
Yakutat Power

Anchorage office

1000 W. Northern Road
Anchorage, AK 99503
Phone: 907.562.1000
Fax: 907.562.1001
www.alaska-power.org

Juneau office

1000 S. Franklin St.
Juneau, AK 99801
Phone: 907.586.1000
Fax: 907.586.1001
www.alaska-power.org

1000 W. Northern Road



MUNICIPAL
LIGHT & POWER

January 27, 2012

faxed / mailed
907-465-2652

The Honorable Bill Thomas
House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

Subject: HB 250

Dear Representative Thomas:

Mr. Chair

- Municipal Light and Power Supports HB 250, the time extension of the Alaska Renewal Energy Grant Fund until 2023. Dozens of projects currently in the reconnaissance, feasibility and design stage will be put into limbo if the program is not extended this year.
- So far 21 projects have been constructed under the program, which have cumulatively displaced over \$7 million in fuel since 2009. By the end of 2016, AEA estimates that diesel fuel displacement from Fund projects will be approximately 11.6 million gallons per year.
- The program has so far leveraged over \$100 million federal and other dollars in matching funds for projects funded.

Sincerely,

James M. Posey
General Manager

Dated
JAN 30 2012
& mailed



Homer Electric Association, Inc.

Corporate Office
3977 Lake Street
Homer, Alaska 99603-7680
Phone (907) 235-8551
FAX (907) 235-3313

Central Peninsula Service Center
280 Airport Way
Kenai, Alaska 99611-5280
Phone (907) 283-5831
FAX (907) 283-7122

January 30, 2012

Representative Bill Thomas, Jr.
State Capitol, Room 505
Juneau AK, 99801

Dear Representative Thomas:

Homer Electric Association, Inc. (HEA) strongly supports HB 250, extending the sunset clause of the renewable energy grant program to 2023. This bill will allow the state to continue to support a wide variety of renewable energy technologies that holds great promise for Alaska such as wind, hydroelectric, biomass, and geothermal.

HEA has been fortunate to receive two grants from the renewable energy program that have allowed us to proceed with field work and scoping for a hydroelectric project on the Kenai Peninsula. This renewable energy project would not be possible without the support of the renewable energy grant program.

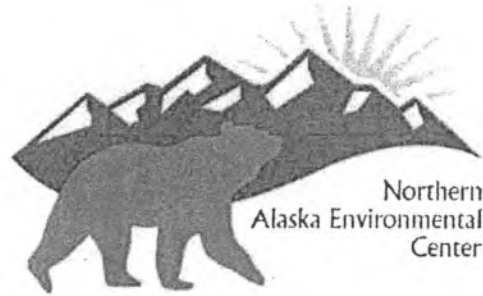
On behalf of Homer Electric Association, thank you very much for your unwavering commitment to renewable energy.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bradley P. Janorschke', is written over a light blue horizontal line.

Bradley P. Janorschke
General Manager

Memo



To: Representative Bill Thomas
via FAX, 907-465-2652

From: Karen Kelly, Executive Director

Cc: The House Energy Committee via e-mail:

- Representative Foster Co-Chair
- Representative Pruitt Co-Chair
- Representative Lynn
- Representative Olson
- Representative Saddler
- Representative Petersen
- Representative Tuck

Date: January 30, 2012

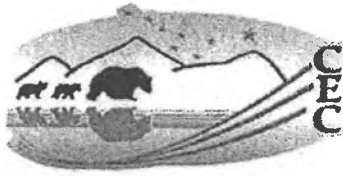
Re: Support for HB 250

The Northern Alaska Environmental Center (NAEC) Board of Directors and staff extend our thanks and appreciation for your support and consideration of HB 250, "An Act relating to the renewable energy grant fund and recommendation program; and providing for an effective date"

The NAEC is also dedicated to supporting renewable energy projects that promote the health, wealth and sustainability of our Interior Alaskan communities, while maintaining the integrity of the wild places in which we live. Extending the Renewable Energy Grant Fund for another 10 years through HB 250 will help provide opportunities for renewable energy projects that we need to meet the economic demands of the present and future. The Interior's unique geography, remote rural communities and incredible diversity of abundant renewable energy resources provides an excellent opportunity to become a world leader in energy technology development. Renewable technologies like wind, geothermal, biomass, solar, tidal or small scale hydropower, have the potential to impart significant environmental, health and economic benefits to communities throughout Alaska.

We are honored to be among those in support of your ongoing efforts to encourage renewable energy. If there is anything the NAEC can do to further this legislation, please do not hesitate to contact us.

Page 1 of 1



CORDOVA
ELECTRIC
COOPERATIVE, INC

P.O. Box 20, 705 Second Street, Cordova, Alaska 99574-0020 * (907) 424-5555 * Fax (907) 424-5527

January 31, 2012

The Honorable Bill Thomas, Neal Foster, Lance Pruitt, and
House Special Energy Committee Members

RE: HB 250 Extension

Dear Representative Thomas and Committee,

Cordova Electric Cooperative (CEC) strongly supports HB 250 reauthorization to "Extend the Renewable Energy Grant Fund". CEC was a recipient of renewable energy grant funds for the Humpback Creek Hydroelectric Project, which was matched with Federal and CEC funds. Since the project went into operation on July 13, 2011 just over 6 months ago, it has produced over 1,500,000 kWh of energy or 110,000 gallons of diesel fuel savings despite a dry 2011 and low fall production. The project is designed to save 370,000 gallons of diesel a year average for at least 50 years.

The program benefits both rural and railbelt utilities, large and small. The application, review, and award process is straightforward, fair, and accountable. It has been touted as the most successful renewable energy grant incentive program in the world and I am inclined to agree.

This program is an excellent investment of State resources that will pay dividends for generations. While it would be nice to commit to this successful program for ten years, the State of Alaska has other priorities and a five year commitment is appropriate.

CEC urges reauthorization of this important bill and thanks you for your colleagues' efforts to support and cosponsor the original bill and this extension.

Sincerely,

Clay Koplun, CEO

January 31, 2012

Representative Bill Thomas
State Capitol, Room 505
Juneau, Alaska 99801

Subject: Support for HB 250

Dear Representative Bill Thomas:

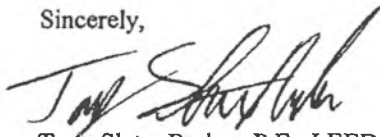
Myself and Coffman Engineers is in support of HB 250. The Alaska Renewable Energy Grant Fund allows alternative energy projects to be funded throughout the state. The communities benefit from this in many ways:

- By creating local jobs maintaining and operating equipment (wind turbines, wood fired boilers, etc)
- By creating local jobs to provide fuel that is locally created (wood/pellets)
- Reduce the impact of high fuel prices and fuel price volatility
- Reducing the overall cost of energy and increasing energy security
- Taking advantage of locally renewable energy sources
- Reduces environmental pollution

Additionally, so far 21 projects have been constructed under the program, which have cumulatively displaced over \$7 million in fuel since 2009. By the end of 2016, AEA estimates that diesel fuel displacement from Fund projects will be approximately *11.6 million gallons per year*. The program has so far leveraged over \$100 million federal and other dollars in matching funds for projects funded. Dozens of projects currently in the reconnaissance, feasibility and design stage will be put into limbo if the program is not extended this year.

Please take what steps you can so this program does not lapse. Thank you

Sincerely,



Tony SlatonBarker, P.E., LEED AP
Program Manager, Alternative Energy and Sustainability
Coffman Engineers

cc: House Energy Committee Members