

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3198

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p. 1

Talkeetna Air Taxi, Inc.

EXPEDITION AIR SUPPORT
 MT. MCKINLEY SCENIC FLIGHTS
 AERIAL PHOTOGRAPHY
 GLACIER LANDINGS
 CUSTOM SKI/BACKPACKING TRIPS
 WHITEWATER RAFTING & KAYAKING TRANSPORT
 AIRCRAFT ON WHEELS AND SKIS

March 23, 2007

Attention: Finance Committee & Economic Development Trade and Tourism Committee

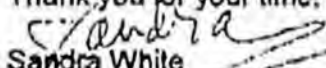
I firmly believe that tourism is one of the biggest brightest spots for the future economical health of our State of Alaska. My family has been earning a healthy living in tourism since 1968 and now my daughter is being trained in the essential real world skills of business, customer service and professionalism thanks to tourism. I have trained many young people in the upper Su-Valley and showed them a viable future in tourism enabling them to live and thrive in Alaska.

It is imperative that our State stand by the original intent of the Vehicle Rental Tax. House Bill #167 will remedy this oversight and fund the marketing of Alaska and benefit all the small mom and pop businesses that rely on the tourism season to sustain their families.

Also, House Bill #147 is vital to the tourism industry. Having been a member and past president of the Mat-Su Convention and Visitors Bureau as well as a lifetime resident of the Upper Susitna Valley I have watched the rural businesses fade and struggle. It seems that the beginning of the struggle matched the beginning of the steady decline in the State's contribution towards tourism marketing, while at the same time other "destinations" have increased their funding. The cruise ship industry has marketed our state very well and the numbers show it, they are the only reason the number of visitors to our state haven't bottomed out. My small company does not have a contract with a cruise company, however we know our clients and my estimate is that 45-70% of our clientele are the "disappearing cruiser" (pre or post cruisers who travel the interior on their own). Without their marketing efforts we would be almost out of business. With the new "head tax" we are in danger of losing those marketing dollars as the world market place becomes more and more competitive. Other "destinations" have been much quicker on the up-take in seeing the economic value of tourism dollars... or money flowing into state coffers (licences, fees, jobs, construction, infrastructure, taxes).

We have gone from being in the top ten to the 38th in rank for tourism marketing funds. Twenty five states spent more than double. Please support small business; have the vision to bring the benefits of this renewable industry home and add to the economic stability of our State.

Thank you for your time.


 Sandra White
 Talkeetna Air Taxi
 PO Box 73
 Talkeetna AK 99676
 (907)733-1861

Rex Shattuck

From: Lori Stepansky [lstepansky@haines.ak.us]
Sent: Thursday, March 08, 2007 1:42 PM
To: Rep. Mark Neuman
Subject: *****SPAM***** Please Support Tourism
Follow Up Flag: Follow up
Flag Status: Purple

Representative Neuman,

You are probably being inundated with the ATIA member emails to support tourism funding. I'll add my personal note that it is a no-brainer to see that promotion of Alaska as a destination will provide employment for people as well as bringing people here to spend money means more tax dollars for the state to work with. I know there are many issues to consider and no industry wants to deal with decreases in funding. I don't profess to be the most knowledgeable of all the realms of politics, but it has never made sense to me to cut back and add taxes in the areas which provide the sources of funding for many other areas.

I trust you will consider all the facts in making your decision.

Sincerely,

Lori Stepansky

WHERE DOES ALASKA RANK IN PUBLIC SECTOR TOURISM FUNDING?

- In **2005 we ranked 39th** in public sector funding for Tourism Marketing. That year, 25 states spent more than double Alaska's public sector funding.

The Alaska Travel Industry Association (ATIA) has consistently argued that the State's Tourism Marketing programs are essential to insure the visitor industry remains a strong, vibrant and growing sector of Alaska's economy. ATIA was established in 1999 and has accomplished a great deal in marketing Alaska as a destination for both domestic and international travelers.

Alaska now ranks 38th among the 50 states in public sector funding for tourism. We have rapidly lost much of our voice in the marketplace, while other states (and even many cities) as well as competing international destinations continually increase their investments in promotion. With current levels of funding for visitor marketing, Alaska's visibility in our extremely competitive industry will continue to decline.

Alaska has not only lost ground against competing destinations, but in the costs associated with our marketing efforts. Postage, TV airtime, Magazine ad space and even the simple cost of the paper have more than doubled since 1990 - in that same timespan the State's contribution to marketing has dropped from over \$14 million (over 22 million in 2006 dollars) to only \$5 million last year. Simply put, Alaska's marketing budget (a combined \$10 million last year) buys only a fraction of what it used to.

Since starting up in 1999, ATIA's financial participation in Alaska's tourism marketing program has grown from \$2 million to over \$5 million. The state's participation has dropped from over \$15 million in the early 90s to \$5 million in FY06. No other state has been as successful in raising marketing funds through voluntary private-sector contributions.

3/10/2007

ATIA raised over \$5 million in marketing funds in FY07. The State's operating budget reached parity with the industry at \$5 million each. However, taxes targeted at the industry will increase again this year and it is unrealistic to expect the same level of voluntary participation by heavily taxed sectors of the industry - therefore ATIA expects to reach only \$2 million in funds from our cooperative marketing programs. Some of the additional taxes received by the State in the next fiscal year should be re-invested to replace lost voluntary marketing contributions.

Tourism is not a drain on the State's resources. In fact, a 2006 report by the State's Department of Commerce, Community & Economic Development showed that Tourism had a net benefit to the State's coffers of \$20 million in FY05 - nearly as much as the combined net benefit of the Timber, Mining and Commercial Fishing industries.

Alaska's visitor industry continues to be one of the state's largest employers and one of the bright spots in Alaska's economy during the past decade. The latest statistics from the Alaska Department of Labor show almost 40,000 annual jobs in the leisure and hospitality industry, more than 13% of the state's total job force. The industry represents \$1.15 Billion in wages & benefits to Alaskan workers.

Alaska's visitor industry is also an important economic engine that reaches out to many other industries and creates even more jobs for Alaskans. When you add in retail trade, transportation and service jobs, anyone can see why the tourism industry is so important to Alaska's economy.

For those who complain that tourism marketing is only for big business, they should look at ATIA's membership list. The majority of ATIA members have five or fewer employees. Over 90% have fewer than 50 employees. If it wasn't for ATIA's cooperative marketing programs, most wouldn't be able to afford to reach national and international audiences.

We understand the hard decisions facing the legislature as they plan each year's budget. However, as legislators consider the budget for Alaska's Tourism Marketing program we hope they'll keep in mind that this is an investment in Alaska's most vibrant and growing economic sector - and unlike many other sectors, one that is matched by the industry itself.

ATIA strongly believes that the \$18 million funding requested from State (matched by a private sector contribution of \$2 million) toward the ATIA administered Alaska Tourism marketing campaign should come from funding source(s) other than the State's vehicle rental tax.

ATIA urges the legislature to follow through on the original intent of the legislation that established the statewide vehicle rental tax, by depositing vehicle rental tax collections into a separate account and reinvesting 100% of the revenues (estimated at \$8.5 million in FY08) toward the funding of an Independent Traveler Marketing Campaign.

Lori Stepansky
Executive Director, Haines CVB
PO Box 530
Haines, AK 99827
907-766-2234
Fax 907-766-3155
Cell 907-314-0067
www.haines.ak.us
lstepansky@haines.ak.us

Haines...everything you dreamed Alaska would be.

Beth Schneider

From: Mark Miller [tourpl@hotmail.com]
Sent: Tuesday, February 27, 2007 10:10 AM
To: Rep. Mark Neuman
Subject: Legislative Request

Dear Representative Neuman:

It was a pleasure to meet you at the Big Lake forum the other Saturday and talking to you and your staff member about issues important to the tourism industry in Alaska. As a resident of Meadow Lakes, I appreciate the leadership you and Senator Huggins have exhibited in the early part of this session and look forward to working with you both throughout this session and future sessions.

As the State's Tourism Planner working at the Alaska Travel Industry Association (ATIA), I have the opportunity to work next to those that market the State. Their \$10 million annual budget is funded from membership contributions and some money from the State as a qualified trade association within the Department of Community, Commerce and Economic Development,

In years past the split between state and membership funds has been 50-50 and the total allocation has been about \$5.0 million.

This year you have the opportunity to forge a lasting and positive impact on tourism marketing in Alaska, and it's your participation in making that happen that brings me to you today.

In your position as Chairman of the House Committee for Commerce, Trade and Economic Development, I am asking for your support of recently submitted legislation by request of representative Harris, HB 147, that changes the State-ATIA split from 50-50 to 90 (State)-10 (ATIA).

This change is needed to maximize the funding that ATIA will receive from membership with State funds in light of potential decreased contributions from the Cruise Ship sector. As you know, once the Cruise Ship Initiative was passed last year by the electorate in a very close vote, the Cruise Ship contribution directly to the state went to possibly over \$100 million. It is my own opinion that the Cruise Ship industry, who has been a leading contributor to ATIA, will limit their contributions to ATIA in the future, therefore the 50-50 split is no longer valid and failure to change it may jeopardize the excellent marketing program conducted by ATIA.

Please support HB 147.

Additionally, ATIA is requesting that the marketing budget contribution from the State be increased from \$5.0 million to \$28.5 million.

Some \$8.5 million should come from the rental car tax passed in 2005, whose legislation states clearly that the tax collected was to be allocated to tourism marketing. Unfortunately, that has not yet happened.

Another \$20 million could come from part of the Cruise Ship allocation that will start flowing into the state general fund starting this spring. As a member of the Commerce, Community and Economic Development House Finance Sub-committee, you have the opportunity to make this happen. Based on the CPI increases between the Alaska tourism marketing budget in 1990 compared to 2006, the State contribution in 2006 should have been \$23 million, just to keep pace. The move to \$28.5 million for the total State contribution for the coming year is more than justified if the State wants to continue one of its strongest economic engines called tourism.

Thank you for considering my request. I believe you will find very strong support for these requests in the many members of the tourism industry in your District.

Take Care

Rex Shattuck

From: Bruce Bustamante [bbustamante@anchorage.net]
Sent: Friday, March 09, 2007 2:32 PM
To: Rep. Mark Neuman
Subject: HB 147 and HB 167

Dear Representative Neuman:

Alaska's visitor industry is also an important economic engine that reaches out to many other industries and creates even more jobs for Alaskans. When you add in retail trade, transportation and service jobs, anyone can see why the tourism industry is so important to Alaska's economy. The Alaska Travel Industry Association (ATIA) also urges the legislature to follow through on the original intent of the legislation that established the statewide vehicle rental tax, by depositing vehicle rental tax collections into a separate account and reinvesting 100% of the revenues (estimated at \$8.5 million in FY08) toward the funding of a separate marketing campaign targeting independent travelers most affected by this tax.

ATIA's request for the State to appropriate \$18 million to fund a Statewide Tourism Marketing program will be matched by \$2 million generated from the industry in cooperative marketing programs to achieve a \$20 million marketing campaign. The state's re-investment, even at \$18 million, will be a fraction of the conservatively estimated \$130 million the State will receive in revenues.

We understand the hard decisions facing the legislature as they plan each year's budget. As legislators consider the budget for Alaska's Tourism Marketing program we hope they'll keep in mind that this is an investment in Alaska's most vibrant and growing economy. With that, I ask for your support of HB 147 and HB 167.

Thank you.

Bruce Bustamante
President/CEO
Anchorage Convention & Visitors Bureau
524 W Fourth Avenue
Anchorage, Alaska 99501-2212
Ph: (907) 276-4118
Fax: (907) 278-5559

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3/10/2007

Rex Shattuck

From: director@silka.org
Sent: Thursday, March 08, 2007 2:17 PM
To: Rep. Mark Neuman
Subject: Bills HB147 and HB167

Follow Up Flag: Follow up
Flag Status: Purple

March 7, 2007

Representative Mark Neuman,
Chair of the House Special Committee on Economic Development, Trade and Tourism State
Capitol, Room 432 Juneau, Alaska 99801

Dear Representative Neuman:

I urge you to realize the importance of Bills HB147 and HB167, which will affect the
State's tourism marketing formula and core marketing program.

Our agency relies heavily upon the Alaska Travel Industry Association's marketing efforts
to assist in reaching world-wide audiences. By their programs that offer co-operative
efforts, we have been able to participate within our budget means for much needed
additional exposure. Cuts to any of ATIA's marketing programs would strongly affect our
promotion.

The decisions facing the legislature are difficult and I hope you will realize the state's
marketing budget is an investment in Alaska's most vibrant and growing economic sector,
tourism! ATIA members and partners have all invested in this worthwhile industry which
has almost 40,000 annual jobs in leisure and hospitality, representing
1.15 billion in wages and benefits to Alaskan workers (according to the latest statistics
from the AK Dept. of Labor)!

Out of the 50 U.S. States, Alaska ranks 38th in public sector funding for tourism. The
state has lost much of its momentum in the extremely competitive marketplace. With
current levels of funding for visitor marketing, Alaska's visibility in our extremely
competitive industry will continue to decline. I thank you in advance for looking
seriously at the importance of the bills HB147 and HB167.

Respectfully,
Sandy Lorrigan
Sitka Convention and Visitors Bureau
(907) 747-5940
PO Box 1226, Sitka, AK 99835
Sitka, Alaska - The Natural Place to Visit!



KETCHIKAN

Our lifestyle, your reward

March 9, 2007

The Honorable Mark Neuman
State Capitol, Room 432
Juneau, AK 99801
Rep_Mark_Neuman@legis.state.ak.us

Dear Representative Neuman,

The Ketchikan Visitors Bureau represents 300 businesses, organizations and individuals who support our efforts to market Ketchikan and the southern southeast region of the state as a visitor destination. Approximately 81% of our members employ 20 or fewer people. The visitor industry is vitally important to Ketchikan and to our members located in Saxman, on Prince of Wales Island, Hyder, Wrangell and Metlakatla. While the Ketchikan Visitors Bureau prides itself on executing and delivering a cost effective and results based marketing program, we cannot do it alone. That's why I am writing you to let you know how important the Alaska Travel Industry Association's marketing programs are to our organization and our membership.

The KVB simply doesn't have the resources to launch a full scale national and international marketing program. Television, national and international magazine ads, direct mail and public relations campaigns are critical to promoting a destination- which is why you will see so many states and large cities using these techniques to attract visitors. The fact that ATIA has a presence in the national media to promote Alaska, gives the Ketchikan Visitors Bureau a place there too. A percentage of my annual budget is contributed to ATIA each year towards the match required by the legislature. I participate in many ATIA advertising and marketing programs at additional cost because they are effective in my efforts to promote Ketchikan.

The tourism industry is a critical component of the economy in my community, generating \$152,000,000 in local spending and revenue to city and borough governments annually and accounting for 1,500 FTE jobs (*The Economic and Employment Impacts of the Visitor Industry in Ketchikan, 2004*: McDowell Group). The request before you and other legislators this year to increase funding of and lessen the match requirements for ATIA destination marketing dollars really does matter and must be viewed as an investment that returns many times over revenues to the state and local communities. We have already lost ground in the competition with other states to attract visitors but you have the opportunity now to grow the industry by increasing ATIA's ability to market Alaska to the world. I urge your support of HB147 and HB167. It's vital to Ketchikan, it's vital to Alaska.

Sincerely,

Patti Mackey
Executive Director

C: Representative Kyle Johansen
Representative Bill Thomas
Representative Peggy Wilson

KETCHIKAN VISITORS BUREAU • 131 Front Street Ketchikan, Alaska 99901 • 907-225-6166
E-mail: pmackey@visit-ketchikan.com • www.visit-ketchikan.com

20 March 2007

House Economic Development, Tourism, and Trade Committee
Public Hearing: HB147 & HB167

PUBLIC TESTIMONY

Brett Carlson
Northern Alaska Tour Company
Coldfoot, Alaska
ATIA, Vice-Chair

Thank you for choosing to serve on the Economic Development, Trade, and Tourism Committee --- and by doing so implicitly communicating that you believe the private sector economy in Alaska does matter.

In a State where state and federal government play such a significant role in the economy --- it is probably too easy to forget that private industry still exists as an economic engine that on a daily basis injects critical new dollars into Alaska's economy --- and in doing so --- balances the budget for thousands of Alaskan families --- plays a large role in balancing budgets for local governments across Alaska --- and plays a small but growing role in helping state government balance its budget.

Sooooo --- A big thank to each of you for your service on this committee and for not forgetting the importance of the private sector economy.

I am guessing that your service on this committee has given each of you a 30,000 foot view of Alaska's private sector economy --- a view I would assume comes with the somewhat uneasy and discomfoting realization that Alaska's private sector economy, like private sector economies worldwide, is dependent, an increasingly so, on forces that are much larger than, and beyond the direct influence of any state or local government ----

Sure --- local and state governments --- can work to create the right "investment climate" --- and government leaders can declare themselves "open for business" ---

But there is no escaping the truth that the global economy is for real --- and it is the global consumer that now runs the show --- this global economic reality dictates that the global consumer's relentless pursuit of those goods and services that provide the greatest value at the lowest cost --- drives global capital markets that logically allocate investments to those locales that offer the greatest relative competitive advantages --- and, end of day --- dictate whether or not

Brett Carlson has a private sector economic future in Coldfoot, Alaska --- or any other Alaskan has a private sector economic future in Anywhere, Alaska.

Yet ---

There are times when state government does have an opportunity to positively influence the future of Alaska's private sector economy ---

I would respectfully submit that the two bills before this committee today --- HB147 and HB 167 --- represent exactly such an opportunity ---

I encourage this committee to view these two bills as an economic development proposal --- you are the investment committee for Alaska, Inc. --- we, the proposers, are Alaska Travel Industry Inc. --- over 1,100 primarily small Alaska travel industry businesses, that together, are a big business --- this year our big business will take in over 1.6 billion in annual revenues and employ over 40,000 Alaskans.

I further encourage this committee to carefully scrutinize our economic development proposal carefully to ensure that it provides an adequate return on investment for Alaska and Alaskans ---

And --- this committee, and all legislators --- have a commitment from Alaska's travel industry to spare no effort in rolling-up our sleeves and making a case for the reinvestment of travel industry tax dollars into destination marketing that is grounded in solid facts and hard evidence.

Five quick points related to this investment proposal:

- 1) Travel is a natural resource industry --- fortunately, the Alaska travel product brings significant competitive advantages to the global marketplace --- natural beauty and cultural heritage that cannot be manufactured by other destinations --- and, that will become more scarce in the global travel marketplace over time.
- 2) Great product means nothing if it can't be brought to market --- in the global travel marketplace ALASKA is a brand --- brand is a very real asset, a little bit of a consumer's mindshare that is built upon firsthand experience, word-of-mouth, unpaid media, and paid advertising --- Alaskans are very fortunate to collectively own a strong and powerful brand --- but we cannot take its existence for granted --- destination marketing plays an important role in keeping brand ALASKA strong and vibrant --- the decreased funding for Alaska's destination marketing efforts since 1990 has begun to have a negative effect --- a new marketing study indicates that the number of high potential Alaska travelers in the United States has recently declined for the first time in twenty years.

- 3) A strong brand creates a strong market but we still have to make the sale --- if we do not ask people to visit, they will NOT come anyway --- each of us have destinations on our personal B4UDIE lists – none of us will make it to each of the places on our list --- we are most likely to visit those destination that invite us --- the 70 million dollars cruise companies spend inviting people to Alaska each year certainly has shown us that which we already knew --- **MARKETING WORKS**
- 4) The dollars proposed for reinvestment back into destination marketing are dollars coming into state government from the travel industry --- they represent a sustainable funding source --- the state receives a net return of over 20 million from the travel industry ---- that money can either be spent on growing state government or reinvested into growing the private sector.
- 5) Our proposal's ROI --- IF you choose to reinvest travel industry tax dollars into destination marketing --- the return will be a substantial dividend for Alaska --- for the private sector economy --- for the quality of life --- for local governments --- AND for state government --- the term reinvestment is not used as a euphemism for "spending" --- the difference between a budget increment for destination marketing and thousands of other competing priorities is that reinvesting in destination marketing today will bring more travel industry tax dollars into state government tomorrow --- our investment proposal will help not hurt the state's future ability to balance its budget.

Having a great Alaska travel industry is not a matter of chance, it is a matter of choice --- but for good or for bad, it must be realized that it is not a choice that the thousands of Alaskan small business entrepreneurs can make on their own - --- the laws of economics and the global marketplace dictate that it is a choice that must be made in partnership with you, the elected representatives of the State's public sector --- Alaska's entrepreneurs CAN provide the great ideas and the 24/7 energy required to produce great travel product --- but it will require private industry, the Legislature, and the Governor all working together if we are to find a way to overhaul and upgrade the destination marketing pipeline that must exist if Alaska's travel resource is to continue to be brought to market --- the reward for success in this effort will be great --- a balanced, sustainable, and growing Alaska travel industry that will continue to deliver its significant economic and quality of life benefits to Alaskan's for decades to come.

Rex Shattuck

From: Karen Hess [riveradventures@aptalaska.net]

Sent: Sunday, March 18, 2007 10:17 AM

To: Rep. Mark Neuman

Subject: *****SPAM***** Support HB147 & HB 167

I am sending this e-mail to let all of you know that I am in support of the following bills: HB 147 & HB 167

My husband and I own and operate a tour company in Haines and have been in business since 1991. During those years we have grown our company from the simple Mom & Pop (literally) operation, to a business that owns property, has infrastructure in place to accommodate our customers, feed lunches and provide a wilderness experience to our visitor's. We work with the cruise ships but also try our best to attract the independent clients that can spend more time in Alaska. I would encourage the State of Alaska to increase funding for marketing Alaska as a destination. It amazes me that we can see commercials advertising states like Idaho, Iowa, Nebraska and countries like Ireland and yet our own State of Alaska, the most beautiful State in the Union cuts funding each year for marketing. Although the cruise lines do a great job of advertising Alaska for us, that does not bring the "rubber tired" traffic that we are losing. We need it all, cruise ships, air traffic, rubber tire traffic and visitors that spend time and money. We need to grow our economy and the only way to do that is to advertise that we are "open for business".

As a business owner and a member of ATIA I am very actively involved in promoting our state but we need more funding from the State level. Please consider funding the Alaska Marketing Program as requested. When AVA and ATMC combined in 1999 it lifted employee burden from the state and reduced expenses. I believe this was a good move but continuing to reduce funding and expecting the private sector to pick up that slack is not adequate.

Thank you for your consideration.

Karen M. Hess
Chilkat River Adventures, Inc.
Haines, Ak.
(907) 766-2050

3/18/2007



Alaska State Legislature

Please enter into the record my testimony to the House Special Committee on Economic Development, Trade and Tourism, dated 3/13/07.

We would like to add our voice to the chorus asking that the funding for Alaska Tourism be maintained at the highest level possible. We have had the advantage of true wilderness authenticity for 50 years but as new worldwide adventure destinations multiply Alaska will be forced to compete----via elevated advertising and promotion---for the traveler dollars.

Without aggressive financial support from our government, our industry can possibly hold our own---- for awhile. But the state needs, not status quo, but a growth industry that benefits all Alaskans.

Thanks you for maximum financial support of an important economic engine.

Laurence

Laurence John
Great Alaska Adventure lodge
www.greatalaska.com

800 544 2261

HB

152

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 152 (FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____
 Title Renewable Energy Fund
 Sponsor Harris and Thomas
 Requester _____

Dept. Affected: Commerce
 RDU AIDEA (125)
 Component AIDEA Operations
 Component No. 1234

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts	.	.	.	.	.	.
TOTAL	.	.	.	.	.	.

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation creates a renewable energy fund to be administered by the Alaska Energy Authority (AEA) and establishes a seven member advisory committee. AIDEA provides staff support to AEA programs. The fiscal note is indeterminate at this time.

If an appropriation is made to capitalize the renewable energy fund created under HB 152 (FIN), AIDEA will provide staff support to promulgate regulations for the grant program as well as establish the seven member advisory committee. AIDEA anticipates that \$100.0 will be needed in personal service costs, which will be funded through interagency receipts from AEA.

Prepared by: House Finance Committee
 Division: _____
 Approved by: Representative Moyer
Representative Chonault

Phone 465-4945
 Date/Time 04/16/07 10:37 A.M.
 Date 4/16/2007

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CS HB 152 (FIN)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title Renewable Energy Fund RDU Alaska Energy Authority (453)
Component AEA Rural Energy Operations
Sponsor Harris and Thomas
Requester _____ Component No. 2600

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel
Contractual
Supplies
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
New Renewable Energy Fund
TOTAL

Estimate of any current year (FY2007) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
This legislation creates a renewable energy fund to be administered by the Alaska Energy Authority (AEA) and establishes a seven member advisory committee. This legislation requires AEA, in consultation with the advisory committee, to establish regulations to 1) develop a methodology for determining the order of projects that receive assistance; 2) determine grant and loan eligibility; 3) identify criteria to evaluate the benefit and feasibility of potential projects; 4) develop a methodology for distributing funds to finance various studies and construction projects; and 5) provide for power production incentives to reduce principal balances of loans.

Prepared by: House Finance Committee Phone 465-6875
Division _____ Date/Time 04/16/07 11:07 A.M.
Approved by: Representative Kevin Meyer Date 4/16/2007
Agency Representative Miko Chonault

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

BILL NO. _____

ANALYSIS CONTINUATION

In consultation with the advisory committee, AEA shall make grants and loans to eligible applicants to finance feasibility studies, reconnaissance studies, energy resource monitoring, and construction of renewable energy projects, natural gas projects, or transmission or distribution infrastructure located in Alaska. AEA shall annually solicit funding recommendations from the advisory committee for all grants and loans.

This legislation establishes project eligibility criteria for a renewable energy project, a natural gas project, and a transmission or distribution infrastructure project.

The costs associated with the program start up will be as follows:

New project manager responsible for developing the regulations in consultation with the advisory committee: \$100.0, one-time supply costs of \$6.0, and estimated travel costs for the seven member committee to meet four times for the initial development phase of regulations and annually to solicit funding recommendations of \$20.0.

The funding source is assumed to be the fund created under HB 152 (FIN), assuming the legislation becomes law and an appropriation is made to capitalize the fund. Until this time, the fiscal note is indeterminate.

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 152(CRA)
(H) Publish Date: 3/27/07

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title Renewable Energy Fund RDU AIDEA (125)
Component AIDEA Operations
Sponsor Harris and Thomas
Requester House Community and Regional Affairs Component No. 1234

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	100.0	100.0	100.0	100.0	100.0	100.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	100.0	100.0	100.0	100.0	100.0	100.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match	100					
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Estimate of any current year (FY2007) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

This legislation creates a renewable energy fund to be administered by the Alaska Energy Authority (AEA) and establishes a seven member advisory committee. AIDEA provides staff support for AEA programs.

Indeterminate

Prepared by: Sara Fishor-Goad, Deputy Director - Operations Phone 907.269.4623
Division Alaska Industrial Development and Export Authority Date/Time 3/5/07 1:50 PM
Approved by: Emil Notti, Commissioner Date 3/5/2007
Agency Commerce, Community, and Economic Development

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 152(CRA)
(H) Publish Date: 3/27/07

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title: Renewable Energy Fund RDU: Alaska Energy Authority (453)
Sponsor: Harris and Thomas Component: AEA Rural Energy Operations
Requester: House Community and Regional Affairs Component No.: 2600

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel	20.0	5.0	5.0	5.0	5.0	5.0
Contractual	100.0	100.0	100.0	100.0	100.0	100.0
Supplies	6.0					
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	126.0	105.0	105.0	105.0	105.0	105.0

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	126					
1005 GF/Program Receipts						
1037 GF/Mental Health						
New Renewable Energy Fund	126.0	105.0	105.0	105.0	105.0	105.0
TOTAL	126.0	105.0	105.0	105.0	105.0	105.0

Estimate of any current year (FY2007) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation creates a renewable energy fund to be administered by the Alaska Energy Authority (AEA) and establishes a seven member advisory committee. This legislation requires AEA, in consultation with the advisory committee, to establish regulations to 1) develop a methodology for determining the order of projects that receive assistance; 2) determine grant and loan eligibility; 3) identify criteria to evaluate the benefit and feasibility of potential projects; 4) develop a methodology for distributing funds to finance various studies and construction projects; and 5) provide for power production incentives to reduce principal balances of loans.

Prepared by: Sara Fisher-Goad, Deputy Director - Operations Phone: 907 269 4623
Division: Alaska Energy Authority Date/Time: 3/5/07 1:50 PM
Approved by: Emil Notti, Commissioner Date: 3/5/2007
Agency: Commerce, Community, and Economic Development

indefinite

FISCAL NOTE #2

STATE OF ALASKA
2007 LEGISLATIVE SESSION

BILL NO. CSHB 152(CRA)

ANALYSIS CONTINUATION

In consultation with the advisory committee, AEA shall make grants and loans to eligible applicants to finance feasibility studies, reconnaissance studies, energy resource monitoring, and construction of renewable energy projects, natural gas projects, or transmission or distribution infrastructure located in Alaska. AEA shall annually solicit funding recommendations from the advisory committee for all grants and loans.

This legislation establishes project eligibility criteria for a renewable energy project, a natural gas project and a transmission or distribution infrastructure project.

This fiscal note represents costs associated with a new project manager who will be responsible for developing the regulations in consultation with the advisory committee: \$100.0 in contractual costs for AIDEA and one-time \$6.0 supply costs associated with the position. The fiscal note also provides estimated travel costs for the seven member committee to meet four times in FY 2008 for the initial development phase of regulations and annually to solicit funding recommendations.

The funding source is assumed to be the newly established Renewable Energy Fund, assuming this legislation becomes law and an appropriation to the newly established fund is provided.

adopted

Amendment #4

Offered in House Finance By: Thomas
To CSHB 152 (CRA)

Page 3, Line 9

Add: (4) investments to be managed by the Department of
Revenue

adopted

Amendment #3

Offered In House Finance By: Thomas

To CSHB 152 (CRA)

Page 5, line 14 - 17

Delete after (g): [as applicable to licensing water-power development projects, unless the authority adopts a different definition based on a determination made by a nationally recognized independent nonprofit corporation that considers the environmental effects of hydropower practices;]

adopted

25-LS0413W.1
Kane
4/12/07

AMENDMENT 2

OFFERED IN THE HOUSE

BY REPRESENTATIVE CRAWFORD

Thomas

TO: CSHB 152(CRA), Draft Version "N"

1 Page 3, line 17:

2 Delete "and"

3

4 Page 3, line 20, following "section":

5 Insert "; and

6 (4) apply for and be able to receive contributions from other sources for

7 distribution as grants to eligible applicants"

Withdrawn Adopted

CONCEPTUAL AMENDMENT 1

OFFERED IN THE HOUSE FINANCE COMMITTEE
TO: CS HB 152 (CRA)

BY REP. MEYER

- 1 Page 3, line 19
- 2 After "balance"
- 3 Insert "of"
- 4
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Alaska State Legislature

Session: (Jan-May)
State Capitol, Room 708
Juneau, AK 99801-1182
(907) 465-4859
Fax (907) 465-3799



Interim: (June-Dec)
716 West 4th Avenue, Suite 300
Anchorage, AK 99501-2133
(907) 269-0129
Fax (907) 269-0128

John Harris
Speaker of the House

SECTIONAL ANALYSIS HOUSE BILL 152

“An Act establishing a renewable energy fund and describing its uses and purposes.”

SECTION 1: Provides legislative findings stating the many reasons why renewable energy is important and in the public interest, including the economic, environmental and security benefits. The findings point out that this legislation is consistent with the recommendation made by the Legislative Energy Policy Task Force in 2004 to “increase the proportion of renewables in long term fuel sources.” The section also mentions natural gas, and states that it is considered a last alternative for possible funding from the Fund if a community does not have any viable renewable energy resources available.

SECTION 2: (New in CS) Adds a new subsection in AS 42.45, the Rural and Statewide Energy Programs Act, to establish the Renewable Energy Project Account within the Power Project Fund in consultation with the advisory committee will make funding recommendations.

SECTION 3: Adds a new section to AS 42.45 to create the Renewable Energy Fund consisting of funds appropriated by the Legislature, gifts, bequests, contributions from other sources, federal funds, and interest earned on the money in the Fund (subsection: (a) and (b).

Subsection (c) provides that the Fund is not a dedicated fund.

Subsection (d) provides that Alaska Energy Authority, in consultation with the advisory committee (established later in the bill), will develop appropriate methodologies to determine priority projects for receive assistance, for allocating money from the fund, and for renewable power production debt reimbursement grants.

These provisions describing how the fund is managed are new in the proposed CS.

Unchanged in the CS is subsection (e), directing the authority to make grants under the program for feasibility studies, reconnaissance studies, energy resource monitoring, and

construction of projects, including renewable energy, natural gas, or transmission and distribution projects.

Subsection (f) provides criteria under which proposed renewable energy projects could qualify under the program. Such a project would have to be new, and either a hydroelectric project, a project employing direct use of renewable energy resources, a fuel cell project using renewable energy or natural gas, a project generating energy from in-stream kinetic turbines, or one using renewable energy resources. In this section, the CS drops a requirement that a hydro project be a minimum of 50 kilowatts and serve a minimum of 20 end users.

Subsection (g) requires that for a natural gas project to be eligible under this section, it must serve fewer than 10,000 and the community has no viable renewable energy resources it can develop.

Subsection (h) requires that to qualify under this section, a transmission or distribution project must connect a renewable energy or natural gas project to transmission or distribution infrastructure.

Subsection (i) provides a percent of market value-type mechanism allowing not more than five percent of the value of the Fund to be used each year for grants. In the CS, this provision replaces a more complicated funding mechanism.

Subsection (j) creates a citizen advisory committee made up of seven diverse renewable energy stakeholders who are appointed by the governor to staggered terms. The intent is to include those stakeholders in the use of the Fund. The existence of the advisory committee gives the Authority a group of experts to help the Authority get the program established also providing input on funding decisions.

Subsection (k) provides boilerplate language consistent with other boards and commissions relating to compensation for members of the advisory board.

Subsection (l) provides definitions for some of the terms used in the statute.

SECTION 4: Adds a new section to uncodified law to accommodate the initial appointments by the governor to the advisory committee created by sec. 2 of this Act.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

- P.O. BOX 111000
JUNEAU, ALASKA 99811-1000
PHONE: (907) 465-2400
FAX: (907) 465-3886
- 550 WEST 7TH AVENUE, SUITE 1400
ANCHORAGE, ALASKA 99501-3650
PHONE: (907) 269-8431
FAX: (907) 269-8918

March 9, 2007

Speaker of the House, John Harris
House of Representatives
State Capitol Room 208
Juneau, Alaska 99801

Dear Speaker Harris:

I appreciate the opportunity for DNR to offer comments and suggestions regarding HB 152. DNR understands that the intent of HB 152 is to provide financial assistance for development of renewable energy sources that will supplement, or possibly replace current local energy systems. We look forward to working with you and the rest of the legislature to help diversify the energy picture in Alaska and provide a clean and sustainable energy base for future generations.

As an important part of that base, DNR fully supports developing all energy resources that are technically developable, economically and operationally feasible, and limit the impact on the local environment. As you know, it is vitally important that an energy consumer have current and reliable data on all possible energy sources for a given location so that informed decisions can be made. It is equally important that economics, long-term maintenance requirements, reliability, sustainability, and relative environmental impact be fully considered during the development of an energy-source portfolio. As is the case for any energy policy, it should likewise include incentives for taking advantage of efficiencies (such as waste-heat from generators) and conservation efforts that will help decrease overall consumption.

With respect to the "renewable energy fund" set out in Sec. 2 of HB 152, DNR understands that the Alaska Energy Authority already has a similar fund. However, should you retain some aspect of the "renewable energy fund" in the bill, we have the following recommendations.

First, the advisory committee set out in AS 42.45.045(b) should include at least one professional staff member from the Department of Natural Resources that has expertise in energy resources and permitting of energy exploration and development. We would also recommend that if natural gas is to be kept as a

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

3/9/07

Page 2 of 3

possible energy source in this bill, that you consider adding a representative from the oil and gas industry and that "nonprofit environmental groups" be replaced with "an environmental scientist."

In addition, the advisory board should be expanded to include at least one Alaska Energy Authority member and one member from the Department of Community and Economic Development.

Second, if the goal of this legislation is to provide a source of renewable energy, we recommend that you delete references to natural gas throughout the bill, including AS 42.45.045(g). If the goal is rural energy, then we recommend that in AS 42.45.045(f) you add a population restriction, such as 10,000 or less. Regardless, we would point out that AS 42.45.045(g)(2) and (3) are problematic both economically and environmentally.

AS 42.45.045(g)(2) forces a rural community or utility (or smaller communities) to rule out renewable energy sources before it can consider a local natural gas source, regardless of the cost of developing the renewable energy source. Likewise, AS 42.45.045(g)(3) makes an assumption that harvesting renewable energy has no adverse environmental impacts. This assumption is incorrect. For example, both hydroelectric and wind farms can have adverse impacts, particularly on fish and wildlife. In effect, AS 42.45.045(g) sets a higher standard environmentally and economically for natural gas than for renewable energy sources.

In the opinion of DNR, including reference to and limiting the assistance options in relation to natural gas will create a situation that disadvantages some rural communities that may have such a local undeveloped resource, and could result in a negative economic impact by discouraging development of the most feasible alternative. It is DNR's recommendation that both AS 42.45.045(g)(2) and (3) (Page 4, lines 26-29) be deleted.

DNR also recommends language be added requiring that before a loan or grant is given, the recipient obtain authorization for the use of any state lands that might be needed for the project. This site control may include authorizations from several state agencies and may include the need for survey. There is no guarantee that permission will be granted to use state land just because a grant is issued. It has been our experience that some recipients of grants and loans begin projects on state lands and have already expended funds before obtaining authorization from the state for use of its lands.

In addition to the comments above, DNR offers the following specific suggestions:

Pg. 1, line 9: DNR suggests that you include a finding suggesting that conservation should play a significant part in any energy policy.

3/9/07

Page 3 of 3

Pg. 2, line 5: This statement is misleading. It may be better to state that the primary cost of renewable energy systems is exploration, development, and long-term maintenance, rather than purchase of the resource. Given there are tangible costs to develop any kind of energy resource, we would recommend deleting this statement.

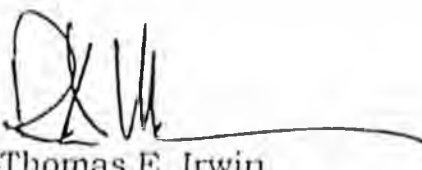
Page 2, Line 16: We would recommend that the descriptive phrase "zero fuel cost" be deleted as this is not necessarily accurate. For example, biofuels and geothermal sources can have costs associated with leasing activity, purchase, or royalties.

Pg. 2, line 18-19: (15) This broad statement should be deleted. It does not seem reasonable to suggest that a community should develop a renewable resource regardless of long-term cost or environmental impact, especially in a community that may have an undeveloped conventional resource available. The statement fails to take into account the particular location as well as the particular source of energy, either renewable or nonrenewable, that might be available. It also overlooks the economics and particular environmental factors of a particular location. For example, building a dam on a critical salmon migration river to produce hydroelectric energy may not be the better alternative to natural gas. We recommend deleting this sentence.

Page 5, Line 1 "electric grid" should be defined.

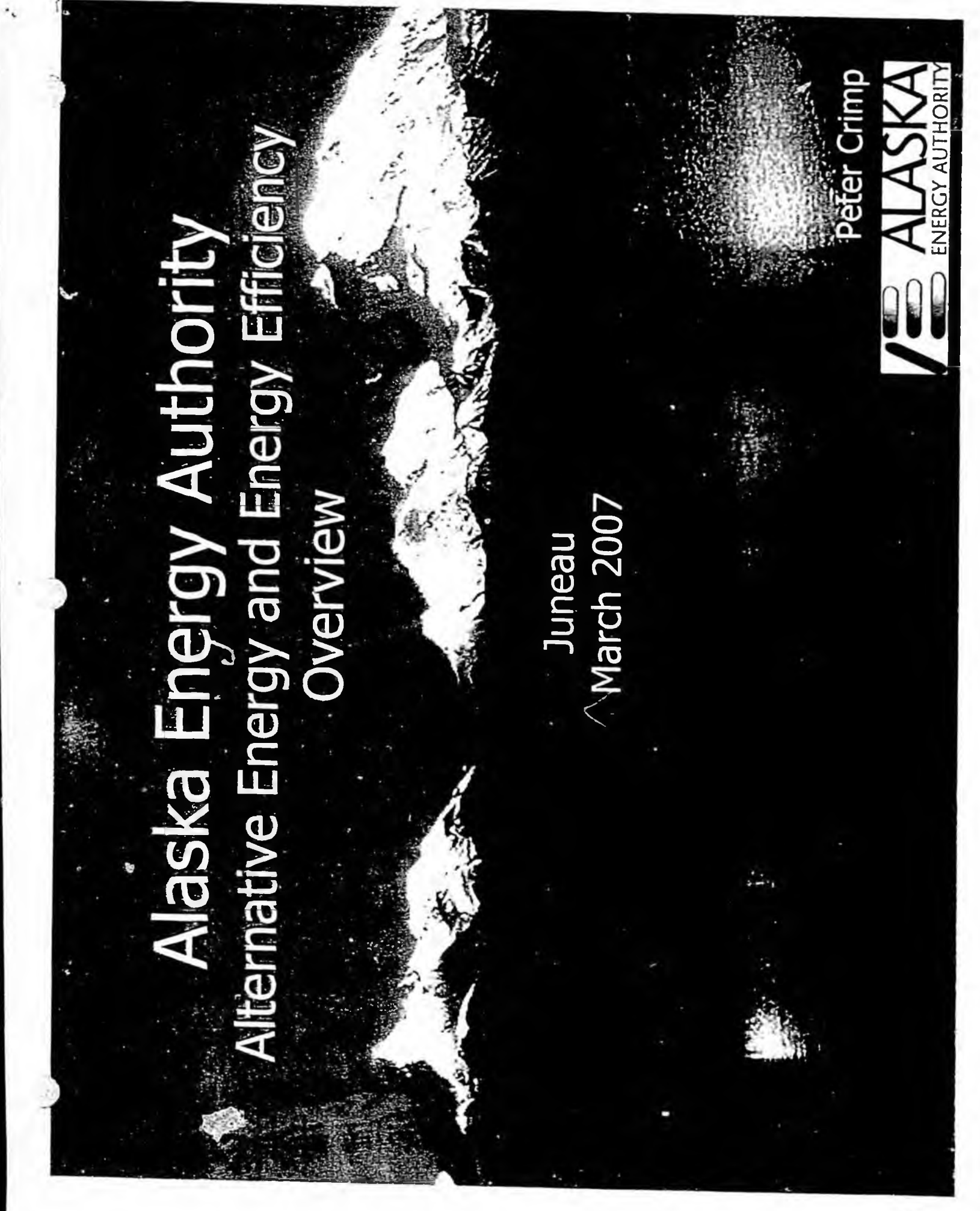
My staff would be happy to speak with you further about these concerns. Again, I appreciate the opportunity to submit comments and look forward to working with you during the session.

Sincerely,



Thomas E. Irwin
Commissioner

cc: Representative Bill Thomas
Robert Swenson, Acting Director, DNR, Division of Geological &
Geophysical Surveys
Kevin Banks, Acting Director, DNR, Division of Oil & Gas
Wyn Menefee, DNR, Division of Mining, Land & Water
Melanie Lesh, Legislative Liaison, DNR
Marie Crosley, DNR, Division of Oil & Gas



Alaska Energy Authority

Alternative Energy and Energy Efficiency Overview

Juneau
March 2007

Peter Crimp

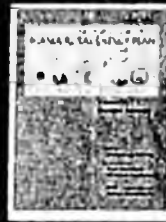


AEA Programs

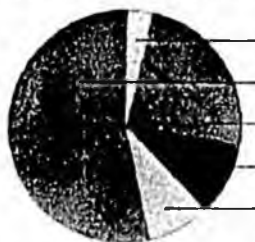
- Statewide Energy Planning
- Infrastructure owner—Bradley Lake Hydro, Willow-Healy intertie
- Bulk Fuel Upgrades
- Rural Power System Upgrades
- Alternative Energy and Energy Efficiency
- Power Cost Equalization (PCE)
- Project Financing
- Training

Statewide Energy Planning

- Rural Energy Plan
- Energy Policy Task Force
 - Railbelt
 - Non-Railbelt
- Rural Energy Action Council
- RE Atlas of Alaska
- Alaska Power Statistics



**Statewide Electrical Generation
in Alaska by Energy Source**



Wind, solar, and biomass account for 0.2% of Alaska's energy generation.

ARCTIC OCEAN

Infrastructure

Average Electrical Generation

MW	Gas	Oil	Coal	Hydro	Wind	Bio-mass	Solar	Geo-thermal
<0.1	▲			✖	—	—	—	—
0.1-1	▲	—	▲	✖	▲	—	—	—
1-10	▲	▲	▲	✖	▲	—	—	—
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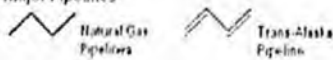
Electric Transmission



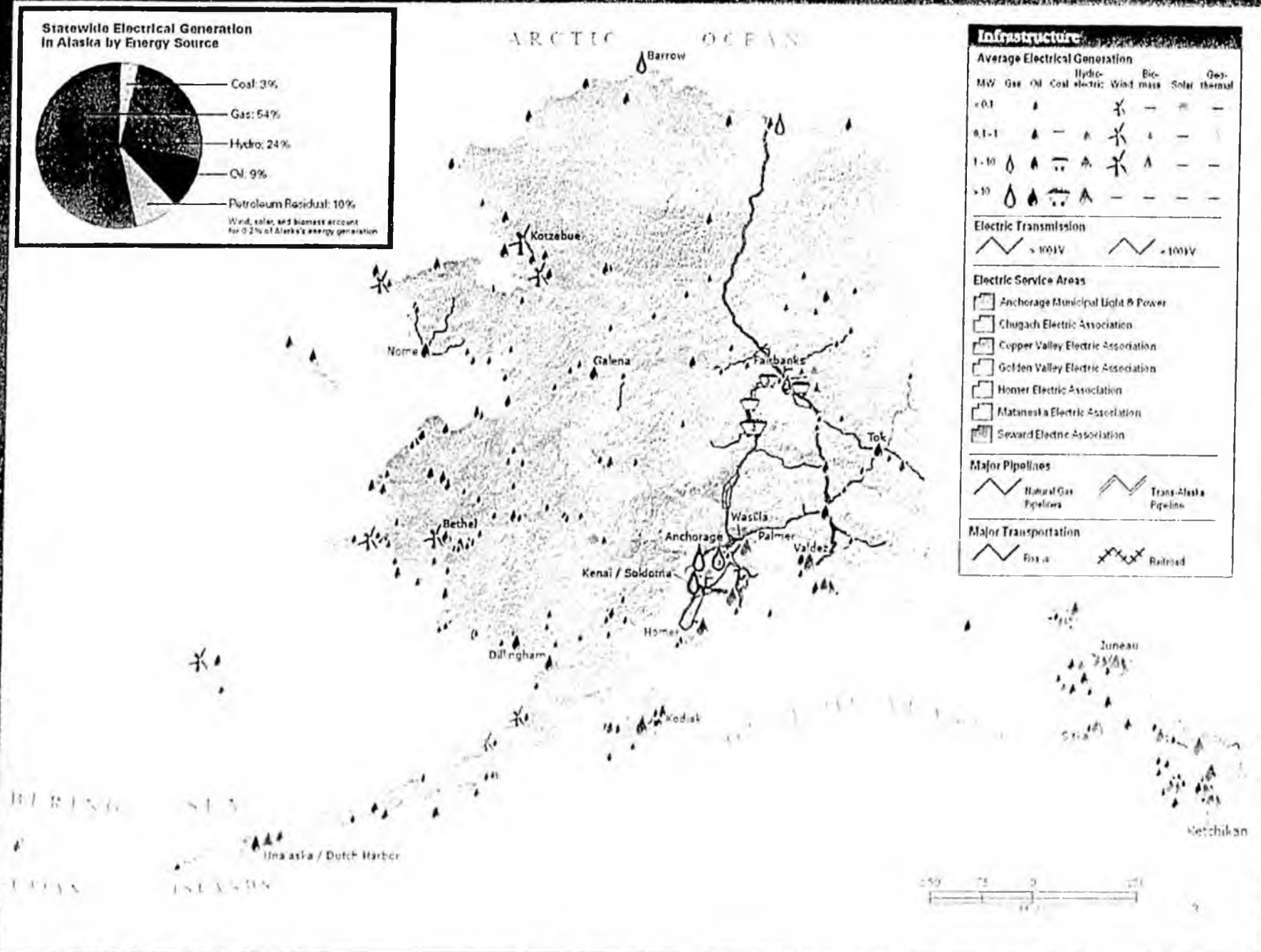
Electric Service Areas

- Anchorage Municipal Light & Power
- Chugach Electric Association
- Copper Valley Electric Association
- Golden Valley Electric Association
- Homer Electric Association
- Matanuska Electric Association
- Seward Electric Association



Major Pipelines



Major Transportation



Alternative Energy and EE: **Hydroelectric**

Cordova Electric: Power Creek 6 MW

AEA: Akutan Controls Upgrade

• Program Manager:

AEA: Chuniisax (Atka) 270 kW

AP&T: South Fork 2 MW

Potential Hydro Projects*

Community	Planning Area	Project	IC (M - Energy W) (MWh/yr)
Valdez	Four Dam Pool/SE	Allison Creek	7.0 29,000
Juneau	Four Dam Pool/SE	Lake-3160	7.0 56,800
Hyder	Four Dam Pool/SE	Soule Cr	50.0 187,000
Sitka	Four Dam Pool/SE	Takatz Lake	20.0 98,000
Eagle River	Railbelt	South Fork Eagle	1.2 6,000
Mat-Su	Railbelt	Archangel Cr.	1.2 5,000
Mat-Su	Railbelt	Fishhook Cr.	1.2 5,000
Tyonok	Railbelt	Chakachanna	430.0 1,301,000

* Provisional list—not comprehensive. Other potential projects to be identified through public solicitations and further research.

Potential Hydro Projects* (cont.)

Community	Planning Area	Project	IC (MW)	Energy (MWh/yr)
Angoon	Rural	Thayer	10.0	60,000
Chignik Lagoon	Rural	Chignik Lagoon	0.2	600
Chitina	Rural	Chitina RPSU		
Eagle	Rural	Eagle UEK Demo		
Hydaburg	Rural	Reynolds Cr	5.0	20,000
Pelican	Rural	Pelican Hydro Flume		
Unalaska	Rural	Pyramid Creek	5	20,000
Tanacross	Rural	Yerrick Cr.	1.5	3,000
Tenakee	Rural	Tenakee	0.15	500

* Provisional list—not comprehensive. Other potential projects to be identified through public solicitations and further research.

Alternative Energy and EE

Biomass

- **Wood Energy Program:**
 - Alaska Wood Energy Dev Task Group
 - Craig District Heating project
- **Fish Oil Biodiesel Program:**
 - Engine and handling tests at UAF and NPS
 - Develop fish oil rendering module
- **Municipal Waste:**
 - Anchorage Landfill Gas feasibility analysis

• **Prog Mgr: Peter Crimp** (wood, waste)
James Jensen (biodiesel) JJensen@aidea.org



Potential Biomass Projects

Community	Planning Area	Project	IC (MW)	Energy (MWh/yr)
Anchorage	Railbelt	Anchorage Landfill GTE	2.4	21,000
Fairbanks	Railbelt	Chena Power Biomass	0.2	1,300*
Delta Junction	Railbelt	Delta-Greeley SD Wood Boiler		
Delta Junction	Railbelt	Jarvis Creek Biomass-Coal Co-fire	4	
Craig	Rural	Craig Biomass DH		
Tok	Rural	Gateway SD Wood Boiler		
Haines	Rural	Haines SD Wood Boiler		
Tanana	Rural	Tanana SD Wood Boiler		
Statewide		Fish Oil Rendering Module		

* Provisional list—not comprehensive. Other potential projects to be identified through public solicitations and further research.

Alternative Energy and EE

Wind

- **Anemometer Loan Program:**
 - Provide met towers and project siting assistance
 - Wind resource data analysis
- **Project Feasibility Assessment:**
 - Training and use of HOMER model for project optimization
- **Project Financing:**
 - RFP 1: TDY Sand Point Wind (1MW)
 - RFP 2: Release in late October
- **Program Manager: Martina Dabo,**
MDabo@aldea.org



Potential Wind Projects*

Community	Planning Area	Project	IC (MW)	Energy (MWh/yr)
Kodiak	Four Dam Pool/SE	Kodiak	2 to 8	
Healy	Railbelt	Eva Creek Wind	40	112,128
Anchorage	Railbelt	Fire Island	50	148,044
Aleutian Islands	Rural	Aleutian Regional		
Bethel	Rural	Bethel		
Chevak	Rural	Chevak	0.4	1,200
Northwest Region	Rural	Northwest Regional		
Nome	Rural	Nome- Energy Planning		
Sand Point II	Rural	Sand Point	0.5	
Unalakleet	Rural	Unalakleet	1 to 2	
Y-K Delta	Rural	Y-K Regional		
Statewide	Statewide	Wind-Training Program		

* Provisional list—not comprehensive. Other potential projects to be identified through public solicitations and further research.

Alternative Energy and EE

Geothermal

- Alaska Geothermal Working Group: 47 participants with REAP assistance.
- Chena Hot Springs Project: \$846k total grant and loan participation.
- Project Development: Mt. Spurr, Manley Hot Springs, Bell Island, Akutan, Pilgrim Hot Springs, etc.
- Program Manager: David Lockard, DLockard@aidea.org



Potential Geothermal Projects*

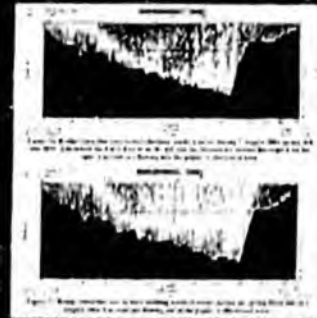
Community	Planning Area	Project
Tyonek	Railbelt	Mt Spurr
Akutan	Rural	Akutan Geothermal
Unalaska	Rural	Makushin Geothermal
Pilgrim Hot Springs	Rural	Pilgrim HS Geothermal

* Provisional list—not comprehensive. Other potential projects to be identified through public solicitations and further research.

Alternative Energy and EE

Ocean Energy

- EPRI study on tidal energy potential of Knik Arm completed in May 2006
- new preliminary FERC tidal energy applications filed this year
- Tidal energy conference Ketchikan, January 2007
- Program Manager: David Lockard, DLockard@aidea.org

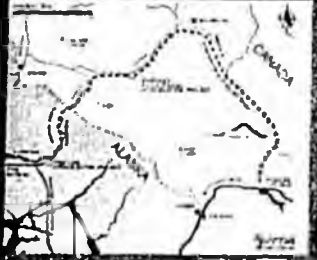


Alternative Energy and EE

Interties

- Construction Financing through grants and loans
- Intertie Feasibility Assessment
 - Alaska-BC RFP proposals due 10/13

• Program Manager: Jim Strandberg,
JStrandberg@aidea.org



Alternative Energy and EE

End Use Efficiency


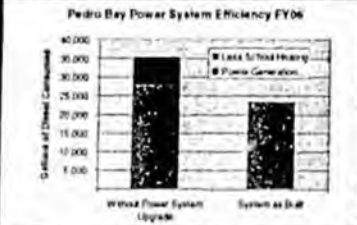
- EE Tech Asst Program: Facility and power system energy audits,
- Village EUE Measures: Upgrades in 100+ facilities in 30 communities,
- State Building Effic Program: Help DOTPF establish energy services contract
- Program Manager: Rebecca Garrett, RGarrett@aidea.org





Construction

Generation Efficiency

Tuluksak: Before and After

ALASKA ENERGY AUTHORITY

Potential Efficiency Projects*

Community	Planning Area	Category	Project
Anchorage	Railbelt	End Use Efficiency	Anchorage School District ECMs
Statewide	Rural	End Use Efficiency	Village End Use Efficiency
Akiak	Rural	Generation Efficiency	Akiak RPSU
Akutan	Rural	Generation Efficiency	Akutan RPSU Distribution
Chignik Bay	Rural	Generation Efficiency	Chignik Bay RPSU Distribution
Elfin Cove	Rural	Generation Efficiency	Elfin Cove RPSU Distribution
Iglood	Rural	Generation Efficiency	Iglood RPSU
Ruby	Rural	Generation Efficiency	Ruby RPSU
Tenakee Springs	Rural	Generation Efficiency	Tenakee Springs RPSU Distribution
Unalakleet	Rural	Generation Efficiency	Unalakleet RPSU
Katag	Rural	Heat Recovery	Katag HRI upgrade
Statewide	Rural	Heat Recovery	AEA HRI Database (20 projects)

** Provisional list—not comprehensive. Other potential projects to be identified through public solicitations and further research.*

Training and Education

Training Program

- Advanced Powerplant Operator
- Bulk Fuel Operator
- Bulk Fuel Bookkeeper
- Bulk Fuel Manager
- Electrical Utility Bookkeeper
- Electrical Utility Manager
- Hydro Operator
- On Site Bulk Fuel
- Power Plant Operator
- PCE Utility Clerk

- Program Manager: Monica Moore, MMoore@aidea.org

RE Conference: 4/24-26
Fairbanks



Workshops

- HOMER training
- Wind, Ocean, Biomass, Geothermal...



Project Finance

- Energy Cost Reduction RFP
 - Selection based on life-cycle cost, ranked by B/C ratio
 - 1.4 million gal/year savings in diesel and natural gas
- Bulk Fuel Revolving Loan Fund
- Power Project Fund
- Program specific



Conclusion

- In rural areas continue to support reliable energy delivery through PCE and bulk fuel loans.
- But long-term sustainability will require actions that avoid exporting cash for imported fuels.
- Statewide: Need significant capital investment for cost-effective projects that stabilize long-term energy costs.

Alaska Energy Authority
813 W. Northern Lights Blvd.
Anchorage, AK 99503
(907) 269-3000
1-888-300-8534 (toll free in Alaska)

www.akenergyauthority.org



California Clean Energy Fund

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About Us

Overview:

The California Clean Energy Fund (CalCEF), formed in 2004, will make equity investments totaling at least \$30 million in emerging clean energy technology companies. The Fund arises from the PG&E bankruptcy settlement negotiated by the California Public Utilities Commission (CPUC). CalCEF will invest in companies located in PG&E's service territory and in companies located elsewhere that are developing technology and/or products that could be of benefit in that region.

CalCEF is a non-profit entity but will make for-profit investments in commercially viable companies; profits will be reinvested in the Fund. Funds will be invested in private companies creating technologies or products that will lead directly or indirectly to decreased reliance on non-renewable fuels. This can include companies focusing on renewable energy, energy efficiency, energy storage, and other areas. It can also include companies providing products and services, such as software, that are designed to enhance a particular aspect of the clean energy sector.

CalCEF is governed by a nine-member Board of Directors and recently hired two staff, a President and a Director of Technology and Policy Development. The Board has also retained a team of private equity firms to serve as investment managers for CalCEF.

[UPDATE \(12/9/05\): Efficiency Challenge Grant Instructions](#)

[We've moved - click for CalCEF's new contact info](#)

[Response to Challenge Grant Questions](#)

[Challenge Grant Update: Call for Questions](#)

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Source of Funds



PG&E: CalCEF's initial funding of \$30 million comes from PG&E shareholders. The funding schedule extends over a five-year period as follows: \$2 million in 2004, \$4 million in 2005, \$6 million in 2006, \$8 million in 2007, and \$10 million in 2008. PG&E's role in CalCEF is limited to providing the initial \$30 million in funding and appointing three of the initial nine Board members. PG&E has no control over CalCEF operations or investments, will not profit from positive returns on CalCEF investments, and does not have the ability to remove the directors it appointed or to designate the replacement of any directors it appointed who leave the Board for any reason.



Berkeley Lab and the Clean Energy States Alliance

CASE STUDIES OF STATE SUPPORT FOR RENEWABLE ENERGY

Northern Exposure: An Overview of Canadian Clean Energy Funds

Garrett Fitzgerald, Ryan Wiser, and Mark Bolinger
Lawrence Berkeley National Laboratory

Allison Schumacher, Clean Energy Group

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CASE SUMMARY

The Canadian federal government is an active proponent of renewable energy and supports a variety of funding mechanisms for clean energy projects and programs. In addition to federal climate change funding aimed at reducing greenhouse gas emissions and other federal, provincial and municipal incentives to finance renewable energy projects, several clean energy funds¹ also exist in Canada.

This case study profiles the activities of the following clean energy funds: the Green Municipals Funds (GMEF and GMIF), the Climate Change Action Fund (CCAF), the Toronto Atmospheric Fund (TAF), and Sustainable Development Technology Canada (SDTC). It

also explores other federal and provincial incentives that have a significant impact on Canada's renewable energy market. While there are numerous energy efficiency programs and funding mechanisms in Canada, the scope of this case is limited to funding for clean energy production technologies in Canada.²

Though they share many similarities to their U.S. counterparts, some of the key distinguishing characteristics of the Canadian funds include:

- Unlike in the United States, the major Canadian clean energy funds tend to operate nationally, with division of responsibility between them lying in the type of projects that they support

¹It should be noted that many of the funds profiled in this case provide funding for more than clean energy projects and are often referred to as "sustainability" funds or "green" funds. In continuing the focus of this case study series, this paper will use the term "clean energy funds" to describe the renewable energy, hydrogen and fuel cell activities of the various Canadian funds.

²Canada also has a \$12 million Climate Change Development Fund for greening gas reducing technologies in developing countries, and \$6 million allocated through its Clean Development Mechanism and Joint Implementation Office for investments in projects in developed and developing countries that reduce greenhouse gas emissions and generate carbon credits.

(e.g., technology development vs. feasibility studies, vs. investments), rather than along geographic boundaries. Table 1 shows the type of support each fund offers. The national reach of most of the Canadian funds allows them to capitalize on local opportunities and partners in many different areas, yielding a broad cross-section of projects.

- Also unlike in the United States, where clean energy funds have typically been financed by electric ratepayers, the Canadian clean energy funds are endowed with large sums of taxpayer money and other federal revenue sources from the federal or provincial governments, but are

often kept at arms length to prevent reallocating the funds to other governmental priorities.³

- In general, the Canadian funds are driven by broad climate and technology development goals, while U.S. funds typically have a somewhat more narrow focus and consequent range of projects eligible for support.
- Canadian funds rely heavily on projects created through innovative partnerships (e.g., between federal and municipal government, and/or private sector and academic partnerships).

Table 1. Canadian Clean Energy Fund Offerings

Fund	Support for Feasibility Studies	Support for Technology R&D	Support for Technology Implementation	Support for Hydrogen or Fuel Cell Technology	Support for Consumer Education
GMEF	X			X	
GMIF			X	X	
CCAF		X			X
SDTC		X*		X	
TAF	X		X		

* pre-venture capital funding beyond R&D phase

CASE STUDY DETAILS

Introduction

While the non-hydro renewable energy market in Canada remains small, the Canadian federal government has played a significant role in developing the country's renewable energy market, providing support for research and development, commercialization, and implementation of new technologies. Concern over climate change is a major driver of this

support: Canada has committed to reducing its greenhouse gas emissions by 6 percent below 1990 levels between 2008 and 2012 under the Kyoto Protocol. To achieve these reductions, the federal government has made funding available through various programs and projects, many of which directly support the increased use of qualifying clean energy technologies. Provincial and local governments have further bolstered this assistance through contributions of their own. A significant portion of this support has been provided through nationally and locally operating clean energy funds, each playing a distinct role in the promotion of renewable energy.

Much like their U.S. counterparts, Canadian clean energy funds play an important role in driving the development of renewable energy in Canada. However, they exhibit a set of

³ In March 2004, the federal government announced it would use the proceeds from the sale of federal shares in Petro-Canada to invest approximately \$1 billion in clean energy technologies. \$200 million was allocated for that year to Sustainable Development Technology Canada. The remaining \$800 million has yet to be allocated, and could possibly go toward the creation of a nationwide Canadian Clean Energy Trust, pending the outcome of Canada's elections on June 28, 2004. [Note: All monetary units in this document are provided in Canadian dollars. For comparison, the exchange rate between U.S. and Canadian currency is generally between 1.2 and 1.3 Canadian dollars per U.S. dollar.]

interesting differences from U.S. models, including a division of responsibility not based geographically on provincial boundaries, but rather on areas of commercialization support focus such as research and development, feasibility studies, and direct implementation of new technologies. In addition, while clean energy funds in the United States are typically financed through small surcharges on electricity rates, their Canadian counterparts are typically financed through federal or provincial tax dollars, and are often operated at "arms length" to prevent reallocating the funds to other governmental priorities later. This case examines the purpose, structure, and activities of the major Canadian clean energy funds, and seeks to extract lessons applicable to clean energy funds elsewhere.⁴ It then proceeds to discuss other forms of federal and local support from which lessons may also be drawn.

The Federation of Canadian Municipalities Green Municipal Funds

In 2000, the Government of Canada established the Federation of Canadian Municipalities (FCM) Green Municipal Funds to stimulate investment in innovative environmental infrastructure projects among Canadian municipal governments and their public or private-sector partners. The Government of Canada's initial \$125 million endowment to FCM for the two complementary the Green Municipal Enabling Fund (GMEF) which provides grants) and the Green Municipal Investment Fund (GMIF) which provides interest-bearing loans, loan guarantees and grants toward larger projects) was doubled to \$250 million in 2001 to encourage projects and studies in more communities. As of April 2004, the FCM Green Municipal Funds have approved support for 320 projects with more than \$154 million invested by FCM, leveraging more

than \$1.15 billion in project investments. Of the 320 projects, approximately 56.5% of grant funding and 36.4% of loans (from GMEF and GMIF combined) have been allocated for energy projects.

Green Municipal Enabling Fund

The \$50 million Green Municipal Enabling Fund offers support to Canadian municipalities and their public- or private-sector partners for feasibility studies and field tests of new renewable energy projects. Studies of the technical, environmental, and/or economic feasibility of proposed municipal projects are eligible for grants covering up to 50 percent of project costs to a maximum of \$350,000 per project. Applications to GMEF are accepted year-round. The fund is slated to expire in March 2007.

Eligible renewable energy projects include:

- on-site energy generation and co-generation technologies;
- landfill gas capture to generate electricity and/or heat, or to produce liquid fuels;
- installation of renewable energy technologies/building elements (e.g., solar walls, solar thermal heating);
- micro-hydro, wind, solar thermal, solar photovoltaic or biomass projects used to meet community energy needs; and,
- community energy planning (for greenhouse gas reductions, sustainable community development, and brownfields redevelopment).

Other project types are also eligible for funding through GMEF, including those with the potential to improve environmental performance in the following areas: energy, water, solid waste management, sustainable transportation services and technologies, and sustainable community planning.

Renewable energy projects receiving support have covered a wide range of technologies (e.g., wind, solar, geothermal, biomass, landfill gas) and applications (e.g., solar water

⁴ For further information on clean energy programs and policies in Canada, see "Low-impact Renewable Energy Policy in Canada: Strengths, Gaps and a Path Forward," by Andrew Pape-Salmon et al., of the Pembina Institute, February 2003.

heating, large-scale grid-connected wind farm).

GMEF will support up to 65 feasibility studies in 2004, and has approved support for a total of 273 projects to date, including 55 studies/field tests/feasibility assessments for renewable energy/supply and 30 studies/field tests/feasibility assessments for sustainable community planning. Examples of previously supported projects include:

- *Wastewater Treatment Plant Biogas Cogeneration Evaluation* – The GMEF provided a grant of \$60,000 to the City of Red Deer, Alberta, to assess the feasibility of installing a cogeneration facility at the city's wastewater treatment plant. The proposed facility would be fueled by biogas produced in digester tanks, eliminating the need to flare off excess digester gas at the plant, and replacing the natural gas currently used to meet process and space heating requirements.
- *Wind Power Feasibility Study* – Uniterre Resources Limited and the Village of Masset partnered to receive a grant of \$100,000 covering half of the cost of a study to assess the wind resource available and viability of harnessing wind energy on Graham Island, British Columbia. The study will include a review of turbine technology, community consultation, site identification, and an environmental impact assessment. Graham Island is currently served by a polluting and expensive diesel-fueled electricity generating system.
- *Municipal Solar Swimming Pool Heating Retrofits* – The Greater Vancouver Regional District's Air Quality Department, in partnership with member municipalities, received a grant of \$47,500 to study the potential cost and energy savings and greenhouse gas emission reductions that would result from installing solar-thermal heating systems at 19 municipal swimming pools currently heated by natural gas.
- *Small Wind Farm Feasibility* – The GMEF provided a grant of \$67,570 to the town of Canso, Nova Scotia, covering half the cost of analyzing the technical and economic potential of constructing a wind farm in or near the town. The study, to be carried out by project partner Renewable Energy Services Limited, will include a business plan and a comprehensive community consultation process, as well as consideration of opportunities to market green power locally and through grid sales in the province.
- *Large Wind Farm Feasibility* – The city of Greater Sudbury, Ontario, received a grant of \$100,000 toward the production of a business plan for the development of a major wind farm with a capacity of at least 50 MW. The study will include consideration of wind turbine technology, long-term economic development potential, and research and development opportunities.
- *Landfill Gas Evaluation* – The Regional Municipality of Halton, Ontario, received a \$64,500 grant to test the viability of collecting and utilizing the methane gas from its small to medium-sized landfill sites. The study will examine the feasibility of using the collected gas as fuel for nearby industries, or as a fuel source for electricity production.
- *Ground Source Energy in Municipal Buildings* – GMEF provided a grant of \$85,000 to Les de la Madeleine, Quebec for a feasibility study of the potential to use ground source heat pumps to replace the use of fuel oils.

Green Municipal Investment Fund

A sister fund to GMEF, the \$200 million Green Municipal Investment Fund is a permanent revolving loan fund that offers

interest-bearing loans, loan guarantees, and grants toward the implementation of a similar range of municipal environmental projects as those funded by GMEF, including projects involving renewable energy technologies. GMIF lends to municipalities at the Government of Canada bond yield minus 1.5% per annum, with terms of four to ten years. The reference bond term matches the loan term (e.g., if the loan is for seven years, GMIF will lend at 1.5% less than the 7-year Government of Canada bond yield). GMIF also lends to private sector partners of municipalities. In these cases, GMIF assumes a high risk debt position, providing subordinated debt, non-recourse loans or structured financing to leverage additional funds from private sector lenders and investors. The interest rate is typically above or equal to the Government of Canada bond yield for private sector loans.

Through GMIF, eligible projects may apply for loans covering up to 15 percent of project costs (25 percent in exceptional cases).

Projects must have an investment return of 10 years or less, except in cases where GMIF provides grant funding for select environmental pilot projects that are highly innovative but that have an investment payback in excess of 10 years. Such pilot projects must have the potential for significant impact and replication on a regional or national basis. In the case of pilot projects, GMIF can provide up to 50 percent of the capital cost of a pilot project as a combination of grant and/or long-term loan (in excess of a 10-year term) or loan guarantees. Applications for financing through GMIF are accepted year-round.

GMIF can also act as a financial advisor or financial arranger for municipalities for large projects with complex financial requirements, or for projects involving private sector partners. Services include flexible repayment options and no brokerage fees, and may be made available free of charge to municipal borrowers.

Supported renewable energy projects cover a similarly wide range of technologies (e.g., wind, solar, geothermal, biomass, landfill gas) and applications (e.g., solar water heating, large-scale grid-connected wind farm) to those supported by GMEF. GMIF also supports integrated community projects, such as community-wide sustainable energy and environmental management projects.

To date, GMIF has approved support for a total of 47 projects, including 12 renewable energy/supply projects or pilots, and 10 energy projects/pilots for buildings or facilities. Examples of supported projects include:

- *Town of Okotoks Solar Seasonal Storage District Heating Project* – GMIF recently approved a grant for approximately \$2.48 million and a loan of \$450,000 for a 74-home subdivision pilot project to demonstrate the concept of solar seasonal storage technology, which will serve as the first demonstration of the technology in North America. Solar collectors will collect heat during the spring, summer and fall and store the thermal energy in underground boreholes for extraction during the winter. A district-heating network will distribute the thermal energy. With approximately 90% of energy consumption provided by solar energy, the project should result in a reduction of 2.4 tons of greenhouse gas emissions per home per year, or 72% below a business-as-usual scenario. The project also includes water conservation measures and an R-2000 standard for home construction, significantly reducing thermal load.
- *Hydroelectric Generation Improvements* – GMIF provided a loan of \$2.6 million covering one quarter of the cost of upgrades to PowerGen Corporation's hydroelectric facilities in the town of Parry Sound, Ontario. The project will increase the hydroelectric generating

capacity of PowerGen's facilities from 1.2 MW to 2.5MW through the installation of new technologies and structural upgrades. This project will also produce significant performance improvements over the existing facilities, resulting in a product expected to qualify for EcoLogo⁵ certification as "green power." The new generation facility is expected to produce an estimated 11.4 million kWh per year, 15 percent of the total power used by the ratepayers of Parry Sound.

- *Deep Lake Cooling Water* - Enwave and the City of Toronto have received a loan of \$10 million toward a \$176 million project allowing Enwave to make use of cold water from deep within Lake Ontario to offset the need for conventional electric chillers at Enwave's cooling plant. Enwave will then distribute the water to its customers – commercial buildings in Toronto's downtown core – for air conditioning. While providing an equivalent level of cooling to conventional chillers, the Enwave system is projected to reduce the use of electricity and steam by 75 percent.
- *Waste Wood Biomass Utilization* – The City of Revelstoke, British Columbia, received both a loan and a grant, each worth \$1,348,000, covering in aggregate half of the cost of the construction of a new heating plant and district heating system. The plant will feature a state-of-the-art boiler designed to combust approximately 7,000 tons of wood biomass residue annually. The project will displace approximately 1.5 MW of fossil fuel use, primarily propane, using wood waste with no identified alternative use, and is estimated to produce a net 40 to 60 percent process

efficiency improvement (counting energy capture, transmission and delivery).

Climate Change Action Fund

Established by the Canadian federal government in 1998 to help Canada meet its commitments under the Kyoto Protocol, the Climate Change Action Fund (CCAF) has supported a variety of projects that research climate change issues, raise public awareness and understanding, and promote actions to reduce greenhouse gas emissions. Operating from a \$150 million endowment, CCAF has supported a number of projects related to renewable energy (e.g., a green power public awareness campaign and a demonstration of building-integrated photovoltaics), though the vast majority of its support has gone to other climate change-related impact studies and education efforts. CCAF is now in its final year of operation, with no plans at present for any future solicitations.⁶

One distinct component of CCAF continues to offer support to renewable energy projects, however. The Technology Early Action Measures (TEAM) initiative offers investment support to accelerate the demonstration and deployment of new technologies with potential to reduce greenhouse gas emissions. TEAM was launched with \$60 million from CCAF in 1998 and has received an additional \$35 million since to extend its operation through 2008.

Total federal funding for TEAM projects may not exceed 50% of project costs. If TEAM funding is stacked with other federal funding, TEAM support may not exceed 85% of federal funding per project.

Since its inception, TEAM has committed almost \$73 million toward 82 projects with a total cost of \$780 million (through 2001).

⁵ For further information on Canada's EcoLogo program, see www.environmental.ca/eco.

⁶ Additional funding for the program was not announced by the Martin government during the Budget Speech in March 2004, which outlined major fiscal initiatives and policies for the new administration.

Roughly 30 of these projects have involved renewable energy technologies, with TEAM support accounting for approximately \$30 million of their \$260 million total price tag. Renewable energy projects supported by TEAM have ranged from the development of 10kW and 60kW wind turbines to the demonstration of building integrated PV, and have also included an array of research related to fuel cells. TEAM has also provided support to a variety of renewable energy projects located outside of Canada, including the use of PV in China, solar drying in Panama, landfill methane recovery in Egypt, and small hydro development in Nepal. Non-renewable energy projects supported by TEAM have also spanned a variety of market areas, including coal bed methane use, natural gas-powered vehicles, and composting.

Sustainable Development Technology Canada

Sustainable Development Technology Canada (SDTC) is a \$350 million fund for the development, demonstration and pre-commercialization of sustainable development technologies that address climate change and clean air issues in Canada. SDTC was initiated in 2002 as a non-profit corporation with an initial \$100 million endowment from the Canadian government for allocation between 2002 and 2006. The government renewed its commitment to the fund with additional contributions of \$250 million in 2003.⁷

Eligible projects may include energy exploration, production, transmission and distribution, and utilization, as well as waste management, transportation, emissions controls and enabling technologies (e.g., communication software, sensors and controls). Renewable energy and hydrogen technologies are eligible within each stage where applicable.

SDTC increases clean technology deal flow in the Canadian marketplace by providing pre-venture capital funding to entrepreneurs beyond the research and development phase. SDTC does not take an equity position in projects.

SDTC may fund up to 50 percent of eligible costs for a particular project, although they aim to fund approximately 33 percent of project costs across the entire range of projects, with additional funding leveraged through project consortia. If SDTC contributes funding along with other Canadian federal and provincial entities, total federal and provincial support may not exceed 75 percent of project costs.

As of June 2004, 38 projects totaling \$72 million in investment from SDTC had been approved, leveraging \$206 million from project consortia members. SDTC will launch its sixth funding round in July 2004.

SDTC has provided funding to a number of renewable/clean energy projects including:

- *Biogas Utilization* – Bio-Terre Systems received support for a series of process improvements designed to more effectively capture and treat methane gas from hog manure and convert it into usable energy to meet site-specific energy demands.
- *Solar-Powered Lighting* – Canamath Technologies is developing low energy consumption, solar powered LED lighting technology for edge lit signage for commercial mainstream applications.
- *Solar Thermal Building Technology* – The Commercial Group received support to continue its work to enable greater utilization of building surfaces for capturing solar energy and converting it to warm air.

⁷ It was announced in March 2004 that SDTC would receive an additional \$200 million in 2004/2005 – increasing the total size of the fund to \$550 million – to expand its mandate to include water and soil quality issues.

- *Fuel Cells* - Hydrogenics and a consortium of technology and end-user partners will develop, demonstrate and pre-commercialize fuel cell-powered forklifts.

Toronto Atmospheric Fund

The Toronto Atmospheric Fund (TAF), established by the Toronto City Council in 1991 with a \$23 million endowment, offers support for projects with the potential to mitigate global climate change and improve Toronto's air quality. City of Toronto agencies and departments, non-profit organizations, registered charities, and public institutions and schools are eligible to apply for grants and loans in the areas of renewable energy, energy conservation and efficiency, and reduced fossil fuel content of energy sources. Individuals, for-profit organizations, and applicants from outside Toronto are not eligible.

In 2003, TAF provided approximately \$526,000 to support 19 projects selected competitively through two separate initiatives. The Business Development Program offers short-term grants that are generally less than \$10,000 each for the development of business plans. The Incubation Program offers support in loans of up to \$100,000 per year for up to three years for projects that mitigate potential climate change and its impacts in Toronto. Recent renewable/clean energy projects supported have included approval in 2003 for \$300,000 in contingent debt financing to the Toronto Renewable Energy Cooperative (TREC) for the Lakewind Power Generation Project (debt will be converted to equity in the project if and when equity becomes available); \$50,000 grant to TREC for the development of North America's first utility scale urban wind turbine (2000-2001) and a \$425,000 loan for this project (issued in 1998 and repaid as of 2003); \$15,000 for the development of a guide for wind power development in Ontario (2003), and \$15,000 for a fuel cell demonstration project at Toronto's Exhibition Place (2003).

Other Forms of Federal Support

In addition to providing resources through the clean energy funds described above, the Canadian federal government has supported renewable energy technologies in other ways as well. For example, the government is seeking to purchase 20 percent of the electricity used in federal buildings from green power sources. Several other federal programs have also had an impact on Canada's renewable energy market, including:⁸

- Wind Power Production Incentive (WPPI) – The federal WPPI offers support to electric utilities and independent power producers for the construction of new wind projects in Canada. The WPPI, established with \$260 million in 2001, aims to provide support for the installation of 1000 MW of new wind capacity by 2008. Incentive payments decline from 1.2 cents/kWh to 0.8 cents/kWh by 2007, and are available for the first ten years of a project's operating life on a first-constructed, first-served basis. Payments are designed to cover approximately half of the cost premium associated with new wind projects over conventional electricity sources.
- Market Incentive Program (MIP) for Distributors of Emerging Renewable Electricity Sources – The MIP, which is managed by Natural Resources Canada (NRCan), is designed to encourage electricity distributors to explore new ways of stimulating sales of electricity generated from low-impact renewable sources by offering incentives covering up to 40% of distributors' costs associated with increasing bulk green power sales to

⁸ Other large federal funding programs that provide support for clean energy and environmental technologies include project funding and R&D funding from the Natural Sciences and Engineering Research Council, Natural Resources Canada Program of Energy Research and Development (PERD), Office of Infrastructure (demonstration projects) and National Research Council (RD&D). The Canadian Foundation for Innovation (an independent foundation established by the federal government) also provides support for research and technology development.

residential and small business customers. This program offers \$25 million of funding through March 31, 2006.⁹

- Renewable Energy Technologies Program (RETP) – NRCan's RETP offers support for the development and commercialization of advanced renewable energy technologies. In addition to providing funds for R&D efforts, the RETP has also supported organizations such as the Canadian Wind Energy Association and Canadian Solar Industries Association.
- Community Energy Technology Centre (CETC) – Also managed by Natural Resources Canada, CETC is a revolving fund that supports project feasibility studies. Project developers must pay back the cost of the feasibility study if the project moves forward.
- Renewable Energy Deployment Initiative (REDI) – Begun in 1998, the REDI is a six-year \$24 million program offering incentives toward the installation of renewable energy systems used for space and water heating and cooling. Eligible technologies include solar air- and water-heating systems and small biomass combustion systems. Businesses are eligible for a rebate of up to 25 percent (30 percent in remote communities) of the purchase and installation cost of qualifying systems, up to \$80,000 per project. In 2000, nine businesses received a total of \$119,910 through the REDI.
- Pilot Emission Reductions, Removals and Learnings Initiatives (PERRLI) – Through the PERRLI, the Canadian federal government offers to purchase emissions reduction credits generated from renewable energy projects.
- Technology Partnerships Canada (TPC) – TPC is a program of Industry Canada, a federal agency whose mission is to foster a growing competitive, knowledge-based

Canadian economy. TPC manages two programs that fund clean energy technologies: 1) The TPC R&D program is geared to pre-competitive projects across a wide spectrum of technological development, including environmental technologies, life sciences, information and communications technologies and advanced manufacturing. Support for small to medium-sized companies with projects valued under \$3 million is provided through the TPC Industrial Research Assistance Program; and 2) The H₂ Early Adopters Program (H2EA), a partnership program between Canadian government and industry stakeholders to build a Canadian hydrogen economy. H2EA partnerships are designed to foster the development and early introduction into the market place of hydrogen and hydrogen-compatible technologies, such as fuel cells and those used to produce, store and distribute hydrogen. H2EA is currently reviewing proposals for projects such as Vancouver's Hydrogen Highway, and the Hydrogen Village Partnership proposal for a community model based on the dynamic and synergistic deployment of hydrogen and fuel cell technologies driven by an end-user community within a defined geographic area.¹⁰ As of March 2003, TPC had invested \$357 million in climate-change related projects.

Other Provincial and Municipal Initiatives

Provincial and municipal governments have also played an important role in advancing renewable energy in Canada. Like the federal government, multiple Canadian provincial governments have released their own climate

⁹ While the MIP runs through March 2006, the last round of proposals under this program closed in January 2004.

¹⁰ The Hydrogen Village Partnership is a public-private initiative to accelerate and sustain the application and commercialization of hydrogen and fuel cell technologies in Canada, facilitated by Fuel Cells Canada, an organization with nearly 30 members including end-users, technology providers and technology integrators. The first Hydrogen Village is planned for the Greater Toronto Area in 2004.

change action plans, and some have directly supported demonstration projects or provided other incentives for renewable energy technologies.

- Alberta Climate Change Central (CCC) -- Climate Change Central is a not-for-profit corporation supported by public and private funding that provides analysis, engagement and policy advice; promotes innovation through the exchange of knowledge, ideas and best practices and focuses attention on Alberta's successes in addressing climate change. In 2002, it contributed approximately \$4 million to co-funding projects, leveraging its funding by nearly five to one.
- British Columbia Renewable Energy Technology Program (BCRETP) -- Through the BCRETP, the B.C. government provided \$850,000 over three years starting in the fall of 2000 to support a variety of renewable energy projects. Support was provided primarily to research and development and early demonstration projects.
- Manitoba Climate Change Action Fund -- This fund was set up in 2001 to allocate \$1 million over 4 years toward technological innovation (research and commercialization), alternative or "green" energy, projects focusing on public education and outreach, and the scientific understanding of climate change impacts and potential adaptation practices. 37 projects totaling \$732,300 were funded in the first three years of the program.
- Quebec Private Investment and Job Creation Promotion Fund ("FAIRE") -- Quebec's Private Investment and Job Creation Promotion Fund was established not to advance clean energy technologies, but rather to promote job creation and economic growth in the province. The fund provides grants, loans and loan guarantees to new projects of various

types, requiring each project to involve an investment of at least \$2 million and create at least 50 jobs over its first two years. Quebec's November 2001 provincial budget made wind power projects eligible for FAIRE support.¹¹

- Yukon Green Power Initiative (YGPI) -- The YGPI is a \$3 million pilot project designed to advance research and development, technology implementation, and education and training related to new renewable electricity generating technologies. The GPI includes a production incentive of between two and five cents per kWh for new green power projects.

While these last two initiatives are both technically funds, they differ substantially in size, duration and structure from the major Canadian clean energy funds described in more detail above, and their U.S. counterparts.

Lessons Learned

Several lessons emerge from this summary of the Canadian clean energy funds:

- Many of the clean energy funds in Canada obtain their funds from federal and (to a lesser extent) provincial government tax revenue, while U.S. clean energy funds typically operate at the state level and are funded through surcharges on electricity rates.
- Support from Canadian funds is structured to foster innovative partnerships. The national reach of the various Canadian funds allows them to capitalize on local opportunities and partners in many different locations, yielding a broad cross-section of projects.

¹¹ It was announced in March 2004 that FAIRE would be suspended and replaced by a new Strategic Support for Investment Program (PASI), the terms of which have not been established as of publication of this case study. It is not known at this time if the support for wind power will carry through to the new program.

- Climate change and greenhouse gas emissions reductions are primary drivers behind government support, as is increased investment in Canadian technology companies.
- Emerging models for community energy systems that integrate city planning with green buildings, renewable energy technologies and other sustainable practices, may provide useful new models for municipal clean energy programs in the U.S. and elsewhere.
- The strength of municipal funding of programs in Canada through the Federation of Canadian Municipalities could potentially be replicated through a U.S. federal endorsement to a sister organization in the United States, such as the Conference of Mayors.
- Funds such as SDTC have been inundated with proposals, signaling a potentially large, untapped need for funding sustainable development innovation in Canada.
- The types of projects and funding mechanisms used by the Canadian funds are not very different from those used by their American state counterparts (e.g., grants for feasibility studies and small projects, loans for large projects), though the sources of Canadian funds tend to come from federal budgets rather than from ratepayer funded system benefits charges.
- At present, Canadian clean energy funds have no direct mandate or mechanism to collaborate, resulting in a fragmented policymaking approach that has not yielded a systematic strategy map for clean energy development in Canada. Proposals to create a more robust collaboration among funds are being developed as part of a new Canadian climate action plan to be proposed in fall 2004.

ORGANIZATION AND CONTACT INFORMATION

Michele Allaire and Doug Salloun
Green Municipal Enabling Fund
Green Municipal Investment Fund
Federation of Canadian Municipalities
<http://kn.fcm.ca/ev.php>
greenfunds@fcm.ca
(613) 241-5221

Louise Comeau
Centre for Sustainable Community Development
Federation of Canadian Municipalities
<http://kn.fcm.ca/ev.php>
lcomeau@fcm.ca
(613) 241-5221

Dany Drouin
Climate Change Action Fund
<http://climatechange.gc.ca/english/CCAF/>
dany.drouin@ec.gc.ca
(819) 953-6879

Phil Jessup
Toronto Atmospheric Fund
www.city.toronto.on.ca/taf/
pjessup@tafund.org
(416) 392-0271

Vicki Sharpe
Sustainable Development Technology Canada
www.sdtc.ca
vj_sharpe@sdtc.ca
(416) 257-6588

H2 Early Adopters Program
Technology Partnerships Canada
www.tpe.gc.ca/h2/en
h2ea@tc.gc.ca
(800) 391-3363

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Sustainable Development Technology Canada. "Mandate." <http://www.sdtc.ca/en/mandate/index.htm>. Viewed February 2004.

Personal Communications with Louise Comeau (Centre for Sustainable Community Development), Phil Jessup (Toronto Atmospheric Fund), and Andree Mongeon (Sustainable Development Technology Canada)

ABOUT THIS CASE STUDY SERIES

A number of U.S. states have recently established clean energy funds to support renewable and clean forms of electricity production. This represents a new trend towards aggressive state support for clean energy, but few efforts have been made to report and share the early experiences of these funds.

This paper is part of a series of clean energy fund case studies prepared by Lawrence Berkeley National Laboratory and the Clean Energy States Alliance. The primary purpose of this case study series is to report on the innovative programs and administrative practices of state (and some international) clean energy funds, to highlight additional sources of information, and to identify contacts. Our hope is that these brief case studies will be useful for clean energy funds and other stakeholders that are interested in learning about the pioneering renewable energy efforts of newly established clean energy funds.

Twenty-five total case studies have now been completed. Additional case studies will be distributed in the future. For copies of all of the case studies, see:

<http://eetd.lbl.gov/ca/eins/cases/> or <http://www.cleanenergystates.org/>

ABOUT THE CLEAN ENERGY STATES ALLIANCE

The Clean Energy States Alliance (CESA) is a non-profit initiative funded by members and foundations to support the state clean energy funds. CESA collects and disseminates information and analysis, conducts original research, and helps to coordinate activities of the state funds. The main purpose of CESA is to help states increase the quality and quantity of clean energy investments and to expand the clean energy market. The Clean Energy Group manages CESA, while Berkeley Lab provides CESA with analytic support.

CONTACT THE MANAGERS OF THE CASE STUDY SERIES

Ryan Wiser
Berkeley Lab
1 Cyclotron Rd., MS90-4000
Berkeley, CA 94720
510-486-5474
rwiser@lbl.gov

Mark Bolinger
Berkeley Lab
105 North Thetford Road
Lyme, NH 03768
603-795-4937
mabolinger@lbl.gov

Lewis Milford
Clean Energy Group
50 State Street
Montpelier, VT 05602
802-223-2554
lmilford@cleanenergy.org

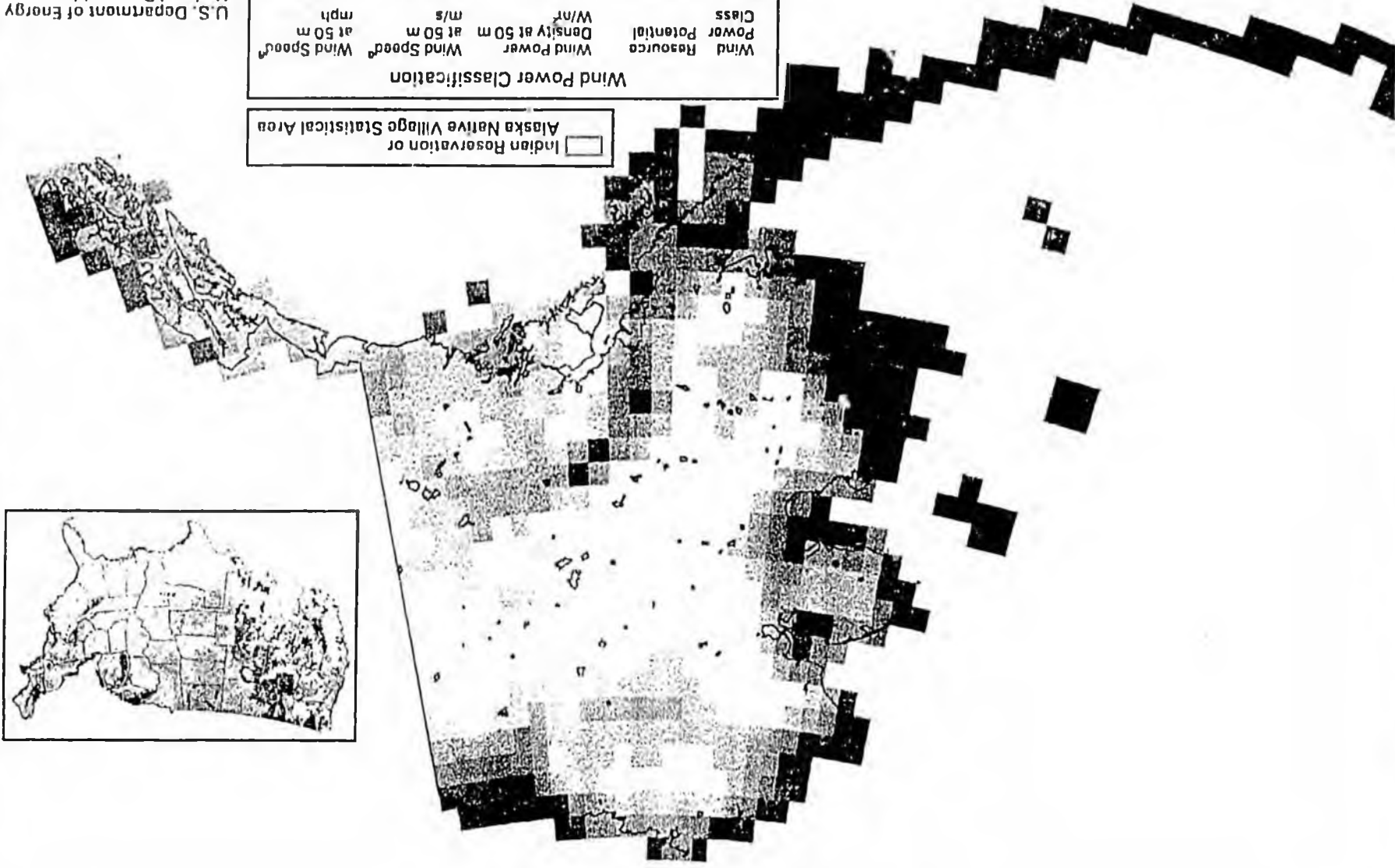
FUNDING ACKNOWLEDGEMENTS

Berkeley Lab's contributions to this case study series are funded by the Clean Energy States Alliance, and by the U.S. Department of Energy (the Assistant Secretary of Energy Efficiency and Renewable Energy, as well as the Office of Electric Transmission and Distribution, Electric Markets Technical Assistance Program) under Contract No. DE-AC03-76SF00098. The Clean Energy Group's efforts in connection with this work and related activities are funded by the Clean Energy States Alliance, and by the Surdna Foundation, the Rockefeller Brothers Fund, the Oak Foundation, the John Merck Fund, and the Emily Hall Tremain Foundation.

DISCLAIMER

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Alaska - Wind Resource Map



Wind speeds are based on a Weibull k value of 2.0

Wind Resource Class	Wind Power Density at 50 m W/m ²	Wind Speed at 50 m m/s	Wind Speed at 50 m mph
7 Superb	800 - 1600	8.8 - 11.1	19.7 - 24.8
6 Outstanding	600 - 800	8.0 - 8.8	17.9 - 19.7
5 Excellent	500 - 600	7.5 - 8.0	16.8 - 17.9
4 Good	400 - 500	7.0 - 7.5	15.7 - 16.8
3 Fair	300 - 400	6.4 - 7.0	14.3 - 15.7
2 Marginal	200 - 300	5.6 - 6.4	12.5 - 14.3

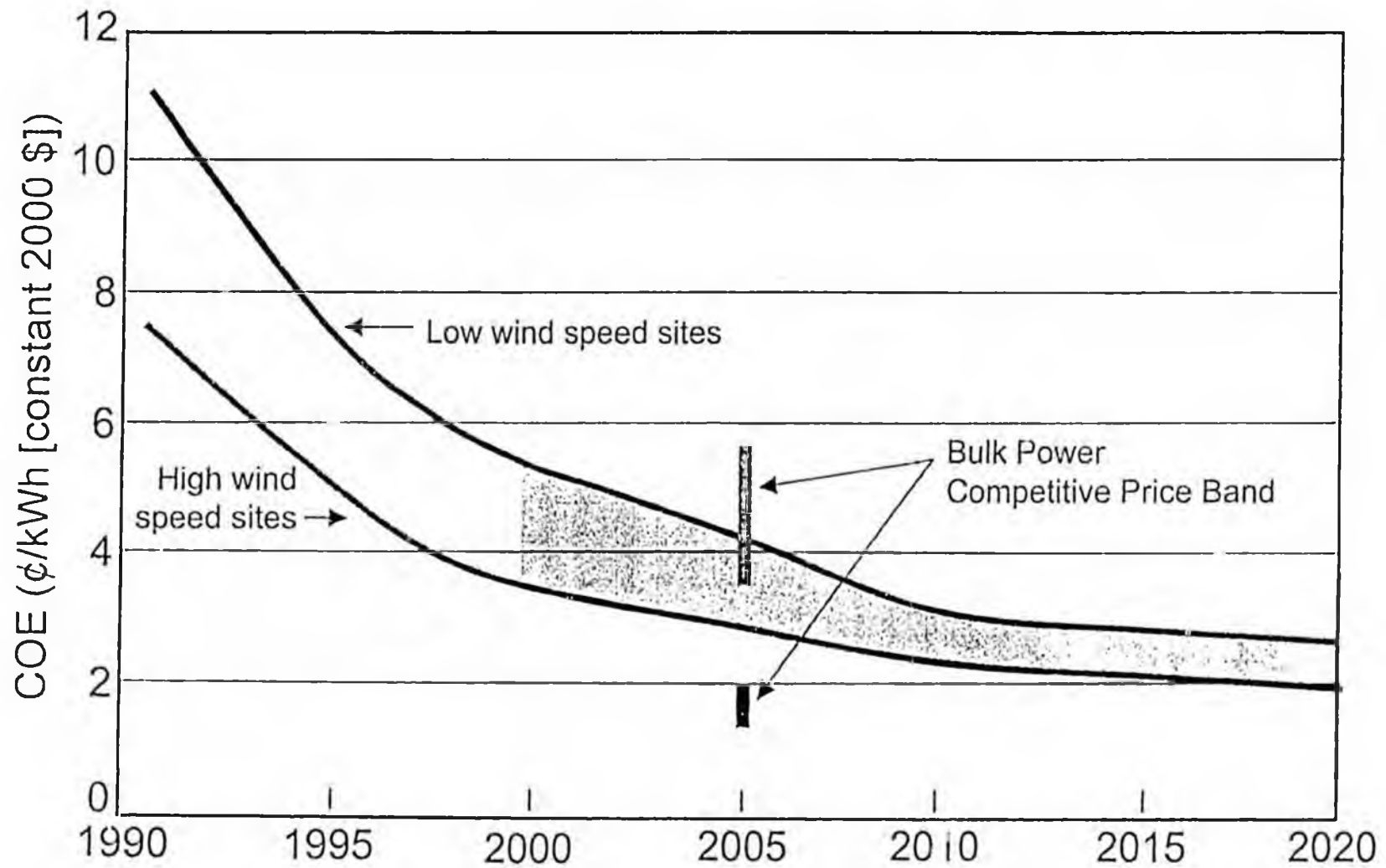
□ Indian Reservation or Alaska Native Village Statistical Area

U.S. Department of Energy
National Renewable Energy Laboratory
DM Helmiller 01-MAY-2001 1.1.9

Source: Pacific Northwest National Laboratory - DOE, 1987.



Wind Cost of Energy



March 5, 2006

Representative John Harris, Speaker
House of Representatives
State Capital, Room 404
Juneau, AK 99801-1182

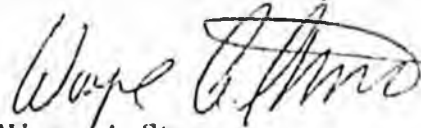
Representative Harris,

The Alaska State Chamber of Commerce strongly supports sustainable energy solutions for Alaska. Alaska's vast geography and isolated communities create energy problems, energy shortages, and high-energy costs unparalleled by any other state. Thank you for sponsoring HB 152 and for your work with Rep. Bill Thomas. We appreciate your diligent work in searching for cheaper and alternative energy solutions for Alaska.

Existing and new businesses in Alaska must often jump through high-energy hurdles in order to prosper and maintain any level of sustainability. Finding solutions to Alaska's energy problems should be paramount for Alaska's political leaders. Especially in rural Alaska where transportation of energy creates additional costs, Alaska's businesses will continue to struggle as crude prices continue to escalate. HB 152 attempts to address Alaska's unique energy problems by creating an alternative energy fund, by studying and recommending energy solutions that will ultimately help all Alaskans and Alaska's businesses.

The Alaska State Chamber of Commerce strongly supports HB 152. We believe the bill will ultimately help the state configure alternative energy solutions that will help lower the cost of energy in Alaska's remotest regions allowing all Alaskans to prosper.

Yours in economic prosperity,



Wayne A. Stevens
President/CEO
Alaska State Chamber of Commerce

cc: Rep. Bill Thomas



ALASKA STATE
CHAMBER
OF COMMERCE

Headquarters

117 2nd Street
Suite 204
Juneau
Alaska 99801
907/586-1313
FAX 907/586-1315

Regional Office

601 W 5th Ave
Suite 700
Anchorage
Alaska 99501
907/278-2700
FAX 278-6043

www.alaskachamber.com



AKPIRG

A ALASKA ALASKA PUBLIC INTEREST RES ALASKA PUBLIC INTEREST RESEARCH
PO Box 101093 ♦ Anchorage, Alaska 99510-1093 ♦ Ph: (907) 278-3661 ♦ Fax: (907) 278-9300 ♦ email: akpirg@akpirg.org

To: House Committee on Community and Regional Affairs

AkPIRG urges your support for HB 152 - ESTABLISHING A RENEWABLE ENERGY FUND.

Energy costs are on the rise across Alaska. Consumers are facing increasing costs for electricity, particularly in rural areas. Alaska's vast renewable energy resources can provide a cost-effective alternative to these rising prices. Communities like Kotzebue, Wales, St. Paul, Selawik, Port Heiden and Toksook Bay have projects on the ground that are doing just that. HB 152 will expand the amount of money available to build more projects in Alaska.

More state support of renewable energy development in Alaska is a good thing. Senator Murkowski stressed that in her speech to the Alaska Legislature. She emphasized the need for legislators to support renewable energy development. HB 152 can serve as the first step toward more energy produced in Alaska.

Most states have one or more of the following three policies: a renewable portfolio standard – mandating a certain percentage of renewable power by a date certain, net-metering – which enables customers to use their own generation to offset their consumption, and renewable energy funds – like that in HB 152. A compilation of state energy policies shows that 21 states and the District of Columbia (DC) now have renewable portfolio standards. Thirty-nine state and DC have net-metering policies. Fifteen states and DC have renewable energy funds like that of HB 152.

Energy efficiency is also a money saver and worth the investment. Whether it needs to be dealt with in this bill or whether it should be in a separate bill can be determined in committee. No matter how we are producing electric power or heating our homes, we should be doing it in the most energy-efficient manner. Consumers need to be rewarded and encouraged to start saving energy now.

With the ever-increasing cost of fossil fuel generated power, consumers deserved a diversified energy supply that will help keep costs down. HB 152 is a step in that direction.

Thank you for your support of this legislation.
Sincerely,

Steve Cleary
AkPIRG Director

Founded in 1974, the Alaska Public Interest Research Group (AkPIRG) is a non-profit, non-partisan, citizen-oriented statewide organization researching, educating and advocating on behalf of the public interest. AkPIRG has 1,000 Alaskan members.

ALASKA MUNICIPAL LEAGUE
Resolution No. 2007-14

A RESOLUTION ESTABLISHING A RENEWABLE ENERGY FUND

WHEREAS, Alaska possesses vast amounts of renewable energy resources in the form of wind, geothermal, biomass, solar, tidal, wave and hydro power; and

WHEREAS, the Alaska Legislature established the Alaska Energy Policy Task Force in 2003 to review and analyze the state's current and long-term energy needs. The Task Force found that one of Alaska's long-term energy needs is to "identify and evaluate long-term fuel resources; and recommends that the state "increase the proportion of renewables in long-term fuel sources"; and

WHEREAS, there is virtually no fuel costs associated with renewable energy resources; and

WHEREAS, renewable energy technology development promotes both industry and job creation; and

WHEREAS, ISER's December 2005 Research Summary states, "Diesel is the main energy source in remote communities....and in 2004, diesel outside the rail belt cost about 5 times as much per unit of energy as natural gas." Community facilities such as electrical plants, water & sewer services and health clinics use diesel fuel; and

WHEREAS, there are numerous agencies dealing with energy assistance, both federal, state and international specialists. We urge the State to appoint a cabinet level position to coordinate and centralize resources to effectively solve the long-term energy crisis; and

NOW, THEREFORE BE IT RESOLVED, by the Alaska Municipal League, that we request our Alaska State Legislature and Alaska Congressional Delegation to address the energy needs by:

1. Creating a Renewable Energy Fund to finance new utility scale renewable energy projects in Alaska. The Fund shall be funded by general appropriations. The Fund shall be distinct from funds administered by the Alaska Energy Authority.
2. The Fund will conduct a program of energy research, development, demonstration and application.
3. Create a cabinet level position to coordinate efforts and centralize state and federal resources to solve the long-term energy crisis.
4. Creating a revolving loan and grant program to assist individuals, organizations, and businesses in purchasing and installing alternative and renewable energy products.

PASSED AND APPROVED BY THE ALASKA MUNICIPAL LEAGUE on the 17th day of November 2006.

Signed: _____

Tim Bourey, President
Alaska Municipal League

Attest:

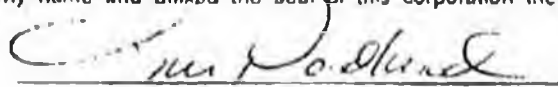
Resolution in Support of a Renewable Energy Fund

WHEREAS, the Chugach Electric Association Board of Directors recognizes that renewable energy will play an important role in Alaska's future energy supply:

BE IT RESOLVED that the Chugach Electric Association Board of Directors supports the establishment of a renewable energy fund where the funding comes from the Alaska State Legislature in the form of appropriations, general funds, or through an endowment.

I, Jim Nordlund, do hereby certify that I am that I am Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 21st day of February, 2007, that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.


IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 21st day of February, 2007


Secretary



Golden Valley Electric Association

PO Box 71249, Fairbanks, AK 99707-1249 • (907) 452-1151 • www.gvea.com

Your Touch - our Energy Cooperative 

**RESOLUTION NO. 102-07
GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.
SUPPORTING THE CONCEPT OF A RENEWABLE ENERGY FUND**

WHEREAS, the GVEA Board recognizes that renewable energy will play an important role in Alaska's future energy supply;

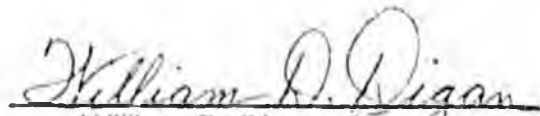
BE IT FURTHER RESOLVED that the Golden Valley Electric Association Board of Directors supports the concept of a renewable energy fund where the funding comes from an appropriation, general funds or through an endowment.

CERTIFICATION

I, William D. Digan, do hereby certify that I am the Secretary of Golden Valley Electric Association, Inc., an electric not-for-profit cooperative membership corporation organized and existing under the laws of the State of Alaska; that the foregoing is a complete and correct copy of a resolution adopted at a regular meeting of the Board of Directors of this corporation, duly and properly called and held on the 29th day of January 2007; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the corporation this 29th day of January, 2007.




William D. Digan, Secretary

ML&P Resolution 01-07
A Resolution Supporting the Establishment of a Renewable
Energy Fund for Alaska

WHEREAS: An adequate, reliable, reasonably priced and safe supply of electrical energy is necessary for Alaska's basic infrastructure, economic and technological development; and

WHEREAS: Alaska possesses vast amounts of potential renewable energy resources including wind, geothermal, biomass, solar, tidal, wave, and hydro power; and

WHEREAS: The Alaska Legislature established the Alaska Energy Policy Task Force in 2003 to review and analyze the state's current and long term energy needs; and

WHEREAS: The Task Force found that one of Alaska's long term energy needs is to "identify and evaluate long term fuel resources", and recommended that the state should "increase the proportion of renewable in long term fuel sources"; and

WHEREAS: There is virtually no fuel cost associated with renewable energy resources; and

WHEREAS: Other states and nations are working successfully to develop their renewable energy resources; and

WHEREAS: The continued competitiveness and stability of the state's economy requires that the legislature consider national and international trends toward renewable energy development; and

WHEREAS: Renewable energy technology development promotes both industry investment and job creation; and

WHEREAS: Clean, renewable energy has many environmental and health benefits; and

WHEREAS: Locally produced renewable energy has many security benefits; and

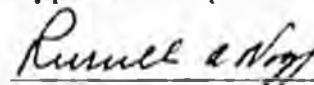
WHEREAS: Modern, affordable, and efficient renewable energy technologies now exist; and

WHEREAS: It is in the public's interest for Alaska to develop its renewable energy resources

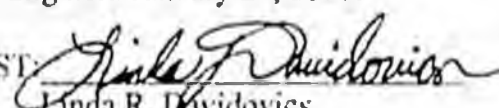
NOW THEREFORE BE IT RESOLVED: That the Anchorage Municipal Light & Power Advisory Commission finds that a Renewable Energy Fund for Alaska should be established as a separate fund to finance new utility scale renewable energy projects in Alaska with grants and/or loans; and

BE IT FURTHER RESOLVED: That the Fund should be funded by general appropriations so that Alaska can leverage a portion of today's oil and gas wealth into a renewable energy industry that can and will provide perpetual benefits to Alaskans.

Approved and passed in the ML&P Commission meeting held January 24, 2007.



Russell Nogg, Chairman
ML&P Advisory Commission

ATTEST: 
Linda R. Davidovics
ML&P Commission Secretary



Southwest Alaska Municipal Conference
3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p:
907.562.7380 f: 907.562.0438 www.swamc.org

Alaska
Peninsula
Aleutian
Bristol
Kodiak Isl
Pribilof
Islands

Resolution 07 - 07

A resolution of the Southwest Alaska Municipal Conference in support of the Establishment of a Renewable Energy Fund for Alaska.

- WHEREAS, an adequate, reliable, reasonably priced and safe supply of electrical energy is necessary for Alaska's basic infrastructure, and economic and technological development; and
- WHEREAS, Alaska possesses vast amounts of renewable energy resources in the form of wind, geothermal, biomass, solar, tidal, wave and hydro power; and
- WHEREAS, the Alaska Legislature established the Alaska Energy Policy Task Force in 2003 to review and analyze the state's current and long term energy needs; and
- WHEREAS, the Task Force found that one of Alaska's long term energy needs is to "identify and evaluate long term fuel resources," and recommended that the state should "increase the proportion of renewable in long term fuel sources;" and
- WHEREAS, the cost of fuels such as natural gas and diesel that Alaskans rely on in large part to generate electric power and heat is steadily rising; and
- WHEREAS, residents in rural Alaska pay far more for electricity than residents who live on the Rail belt energy grid; and
- WHEREAS, there is virtually no fuel cost associated with renewable energy resources; and
- WHEREAS, other states and nations are working successfully to develop their renewable energy resources; and

- m o r e -

- WHEREAS, the continued competitiveness and stability of the state's economy requires that the legislature consider national and international trends towards renewable energy development; and
- WHEREAS, renewable energy technology development promotes both industry investment and job creation; and
- WHEREAS, clean, renewable energy has many environmental and health benefits; and
- WHEREAS, locally produced renewable energy has many security benefits; and
- WHEREAS, modern, affordable, and efficient renewable energy technologies now exist; and
- WHEREAS, It is in the public's interest for Alaska to develop its zero fuel cost renewable energy resources.

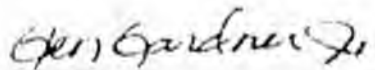
NOW THEREFORE BE IT RESOLVED that the Board of Directors of the Southwest Alaska Municipal Conference support a Renewable Energy Fund for Alaska to be established as a separate fund to finance new utility-scale renewable energy projects in Alaska with grants and loans; and

BE IT FURTHER RESOLVED that the Fund should be funded by general appropriations so that Alaska can leverage a portion of today's oil and gas wealth into a renewable energy industry that can and will provide perpetual benefits to Alaskans.


PASSED AND ADOPTED by a duly constituted quorum of the Southwest Alaska Municipal Conference membership this 26th day of January, 2007.

Signed:

Attest:



Glen Gardner
President


Wanetta Ayers
Executive Director

ALASKA FEDERATION OF NATIVES INC.

2006 ANNUAL CONVENTION

RESOLUTION 06-34

- TITLE:** CALLING FOR THE ESTABLISHMENT OF A RENEWABLE ENERGY FUND
- WHEREAS:** Alaska possesses vast amounts of renewable energy resources in the form of wind, geothermal, biomass, solar, tidal, wave and hydro power; and
- WHEREAS:** The Alaska Legislature established the Alaska Energy Policy Task force in 2003 to review and analyze the state's current and long term energy needs; and
- WHEREAS:** The Task Force found that one of Alaska's long term energy needs is to "identify and evaluate long term fuel resources" and recommends that the state "increase the proportion of renewable energy in long term fuel sources"; and
- WHEREAS:** There is virtually no fuel costs associated with renewable energy resources; and
- WHEREAS:** Renewable energy technology development promotes both industry and job creation; and
- WHEREAS:** The Institute of Social and Economic Research's December 2005 research summary states "Diesel is the main energy source in remote communities--and in 2004 diesel outside the rail belt cost about 5 times as much per unit of energy as natural gas;"and
- WHEREAS:** Community facilities such as electrical plants, water & sewer services and health clinics use diesel fuel; and
- WHEREAS:** Rural Alaskan residents are dependent on diesel fuel to generate heat for homes and the high cost of energy seriously impacts economic conditions in rural Alaska. The average price of diesel fuel in the Bering Straits Region is \$4.39 a gallon; and
- WHEREAS:** There are numerous agencies dealing with energy assistance, both federal state and international specialists. We urge the State to appoint a cabinet level position to coordinate and centralize resources to provide leadership and begin to develop a solution to the long term energy crisis; and

NOW THEREFORE BE IT RESOLVED by the Delegates to the 2006 Annual Convention of the Alaska Federation of Natives that President Bush is urged to include in his budget for FY 2008, more funding for alternative fuel projects; and

BE IT FURTHER RESOLVED, that the Alaska Congressional Delegation and the State Administration is urged to address the energy needs of rural Alaska families by:

1. Creating a Renewable Energy Fund to finance new utility scale renewable energy projects in Alaska funded by general appropriations. The fund shall be distinct from funds administered by Alaska Energy Authority and will conduct programs of energy research, development, demonstration and application; and
2. Creating a cabinet level position to coordinate efforts and centralize state and federal resources to solve the long term energy crisis; and
3. Creating a revolving loan fund to allow individuals and businesses to purchase and install alternative energy products.

SUBMITTED BY: KAWERAK, INC.; NAPAKIAK CORPORATION

COMMITTEE ACTION: DO PASS

CONVENTION ACTION: AMENDED AND PASSED



TO: HOUSE COMMUNITY & REGIONAL AFFAIRS Standing Committee

- CO-CHAIR: Representative Fairclough
- CO-CHAIR: Representative LeDoux
- Representative Dahlstrom
- Representative Neuman
- Representative Olson
- Representative Cissna
- Representative Salmon

Good morning Madam Chair and members of the committee,

My name is Todd Hoener. I am the Energy Efficiency Specialist for Golden Valley Electric Association here in Fairbanks. I am also the Sustainable Natural Alternative Power (SNAP) program administrator for GVEA.

(Unrecorded NOTE not provided in testimony but for full disclosure: I am, also, chair of the State of Alaska's (Alaska Housing Finance Corporation's) Policy Advisory Council for the Low-Income Weatherization Assistance Program – as required under the U.S. Department of Energy's regulations, 10 CFR Part 440.17)

Thank you for this opportunity to testify on HB 152, a bill to establish a renewable energy fund. The GVEA board of directors has passed a resolution supporting HB 152. On Monday night, however, I talked with GVEA's CEO & president informing him that I would be giving this testimony with suggested inclusions into this bill.

I am 100 percent in support of this bill, but it only represents 50 percent of the renewable energy equation. The other 50 percent of this the renewable energy equation is energy efficiency and energy conservation, and this bill does not address these inseparable and integrated energy resources necessary for renewable energy to be fully cost effective.

To make this connection between energy efficiency and renewable energy as simple and succinct as possible for the committee members, I ask that members take a few minutes of their day and simply open up any of the U.S. Department of Energy web pages that distribute the public information on renewable energy. If one were simply to surf to the National Renewable Energy Laboratory web site, or to the Office of Energy Efficiency and Renewable Energy web pages, one would learn that renewable energy is joined-at-the-hip with energy efficiency practices.

HB 152 is only half of the equation; it only deals – once again – with supplying more energy, not demanding that the energy is used efficiently and cost-effectively.

Energy efficiency, or demand side management (both have the same meaning), has been treated as an important energy source – a fuel source – by utilities for decades. It is treated as a clean energy source and the cheapest fuel source available. For example, last week two significant news items appeared that clearly demonstrate the over-due recognition, the growing trend and the significant importance that energy efficiency has in addressing the energy needs, the security benefits and environmental and health benefits of the world.

One news item was that Australian officials and European lighting manufacturers have announced plans to phase-out the incandescent bulb. The incandescent bulb is just one example of our continued use of old and inefficient technologies, but it is an energy hog. Just 5 percent of the electricity it uses goes to light the bulb; the other 95 percent is electric heat (the most expensive BTU in Alaska). The energy that these countries purchase is just too valuable to waste, as is the energy purchased by Alaskans.

The other news was that Texas electric utility giant, TXU Corporation, was reducing its planned construction of 11 coal-fueled power plants down to 3 and that it intended to meet its customers growing demand for electricity by investing \$400 million into demand-side management initiatives – that is, energy efficiency – and by investing in alternative energy technologies, including renewable energy.

These are just two very recent examples of the global trends to increase energy independence, reduce environmental and health risks associated with greenhouse gases, and produce energy security benefits while reducing volatile energy costs that exist in continually using fossil fuels. As HB 152 suggests, such national trends should be required to be considered by the legislature.

I am not asking that HB 152 be rewritten, although I wish it had been more carefully deliberated while being drafted. What I am suggesting is that language be inserted into this bill that addresses the need to integrate energy efficiency technologies and energy conservation practices into funding renewable energy projects.

First I recommend that the proposed advisory committee consist of at least one member from a non-profit agency or for-profit business that is engaged in the energy efficiency sector and there are many to choose from in Alaska. This energy efficiency-oriented committee member would oversee the assurance that renewable energy projects include energy efficiency (for example, inclusion of ENERGY STAR appliances, energy efficiency practices and client education, etc) in their planning, development and as a condition for funds.

Second, I recommend that the bill's designated administrator, the Alaska Energy Authority, in consultation with this revised advisory committee, establish methodology and

regulations for determining projects that include the need to address energy efficiency issues, demand-side management issues, in the consideration of any and all such projects.

If these concerns are not addressed, then this bill is just another supply-side energy bill, albeit a better energy supply bill that contributes to the competitiveness and stability of the states economy, creates new jobs and has many environmental, health and security benefits.

These are small but important changes to the language of HB 152. However, if this concern is not met, and energy efficiency requirements and issues are not addressed and included with renewable energy projects, then the state is, again, wasting the precious energy and money resources of Alaskan citizens.

I am sure this time we can work to get our energy priorities on the right path and create a bill that addresses 100 % of the energy concerns. We deserve it for our future.

Thank you very much. I would be glad to answer any questions from committee members.

Todd Hoener
GVEA Energy Efficiency Specialist
Sustainable Natural Alternative Power program administrator
907 451 5607

References:

- National Renewable Energy Laboratory: <http://www.nrel.gov/learning/>
- Office of Energy Efficiency and Renewable Energy: <http://www.eere.energy.gov/>
- GVEA's EnergySense programs: <http://www.gvea.com/members/energysense/>
- GVEA's SNAP program: <http://www.gvea.com/alternative-energy/snap/>

Suggested language to be inserted into HB 152:

Page 2

Line 5: (7) there is virtually no fuel cost associated with renewable energy resources or energy efficiency or conservation;

Line 10: (10) renewable energy and energy efficiency technology development promotes industry and creates jobs;

Line 12: (11) clean renewable energy and energy efficiency have many environmental and health benefits;

Line 14: (13) modern, affordable, and efficient renewable energy and energy efficient technologies now exist;

Line 25: *subsection (b) should include either substituting one of the seven advisory committee members for an energy efficiency specialist or increasing the advisory committee to nine (9) members, which ever is best.*

Page 3

Line 13: ...applying for support from the fund, with significant weight being given to energy efficiency criteria included in the project and to the amount of matching...

Line 18: ...resource monitoring, energy efficiency determination within the end-users that would benefit from such a project, and construction of renewable energy projects...

Line 2: ...reconnaissance studies, energy efficiency criteria determination, and energy resource...

Page 4

Line 23: (4) be a project that is certified by the authority as its end-user meeting the standards and criteria for energy efficiency or demand-side management practices.

Page 5

Line 15: (2) "energy efficiency, energy conservation, demand side management practices or criteria" means ... (TBD)

6th March 2007

TO: The Committee for Community and Regional Affairs

RE: House Bill 152

The following is an attempt at transcribing what I said verbally on March 6th at the hearing on this bill from the Fairbanks Legislative Information Office.

My name is Richard Seifert and I am the Energy and Housing Specialist for Cooperative Extension Service. Much of what I do everyday involves applications of renewable energy and energy conservation. I teach a course on integrating solar energy into the building of new homes and a course on cold or marine climate homebuilding techniques customized to regions of Alaska, to enable people to build with the best technology they have for energy conservation.

I was really pleased to follow in my testimony the excellent points made by Mr. Todd Hoener of Golden Valley Electric Association and personal comments by him and Mr. Brad Reed of Kotzebue Electric. I wanted to particularly emphasize my endorsement of Todd's points regarding a match for the investment in renewables, which generally I support in this bill, with a benefits match for conservation as well. By doing this I'm suggesting a sort of double benefit/double incentive system to reward people for doing the wisest things.

As I mentioned in my testimony, I undertook this myself to be an example through my work and retrofitted my 1975 prepipeline house with insulation and \$10,000 worth of new windows in the summer of 2005. By doing this I have learned a great deal about my house and with the present weather we're having I'm very grateful that I insulated against the rising costs of fossil fuels.

It is very important that we provide some kind of incentive, which will work for everyone. For that reason I do not appreciate the limit of 50 kilowatts for investing in these power projects. The problem of just supplying power doesn't give people an incentive to do the right things and lower their power use. People don't need energy, they need the services that energy provides. If it can be done much more comfortably with a better housing stock that's more durable and serves the people in the state better. We should provide incentives to get there first and then provide the double benefit of lower cost, renewable energy. The price of the fuel is zero: we pay for the equipment, the house, and the insulation. That's what this bill should achieve.

I also mentioned that the important thing to consider about both of these options, both energy conservation and renewable energy, is that all the costs are upfront, capital costs. And if you're going to provide funding, it should at least be made equitable to both reduce the need for energy and to reduce the cost for energy infrastructure. Doing both of these is the only sane way to approach this problem. Recall that we are the most energy consuming, most energy expensive people on earth. Alaskans live at a very high standard of living and consequently use a huge amount of fossil energy now. There is no reason we can't live at a very high standard of living but do it renewably with the resource base that we have, if we wisely invest the capital in renewable energy equipment and an energy efficient housing stock.

We have had many false starts in regard to renewable energy funding and it is very important that this funding mechanism and this incentive program for investing renewables works well. I submit that the energy trust concept (example: Energy Trust of Oregon) where much of the investment decision is made by a non-profit, depoliticized agency is a very good strategy. I also suggest that it might be good to somehow tie investment in renewables for communities to weatherization and retrofit of those communities through programs that are now administered by the Alaska Housing Finance Corporation.

Alaska Housing Finance Corporation deals with housing stock and should be encouraged to help finance retrofitting of communities and improving the existing housing stock to meet the future that I think we're going to be facing in energy costs. This will provide the incentive needed to get renewably off the power cost equalization money and the fossil fuel bind that Rural Alaska now finds itself in.

I think this would also work well for the urban areas of Alaska. Anything we can do to minimize our energy use for fossil fuels will pay huge benefits in being an example to the rest of the world and not contributing to global warming. All indications are we're doing ourselves future harm by "over-contributing" our share of fossil fuel emissions to the problem of global warming. We should at least be in a position to say, "We're doing our best to limit our own ultimate affects on global warming. The world should follow suit."

Sincerely,

Richard D. Seifert, Professor
Energy and Housing

UAF, Cooperative Extension Service
6th March 2007

Sonya Hymer

From: Rep. Gabrielle LeDoux
Sent: Tuesday, March 06, 2007 12:39 PM
To: sonya_hymer@legis.state.ak.us
Subject: FW: HB 152 comments from Greg Egan

more.....

Suzanne Hancock, Chief of Staff
Representative Gabrielle LeDoux
State Capitol
District 36
Juneau, AK 99801-1121
phone: (907) 465-2487 (office)
(907) 465-4230 (direct)
fax: (907) 465-4956

From: Greg Egan [mailto:greg@remotepowerinc.com]
Sent: Tuesday, March 06, 2007 12:14 PM
To: Rep. Gabrielle LeDoux; Rep. Anna Fairclough
Subject: HB 152 comments from Greg Egan

Hello again,

I spoke briefly in support of HB152 this morning from the LIO in Fairbanks. (I'm the one who designs and installs wind and solar power systems) After I spoke there was testimony regarding the inclusion of energy conservation and efficiency measures in the bill. I disagree – here's why.

Efficiency and conservation are very important concepts but I can't heat my office or run this computer on efficiency. For example, I drive a Toyota hybrid that gets ~ 45mpg. This is an improvement over the car I used to drive but it still needs fuel or it's not going anywhere – no matter how efficient it is.

I can how ever run my car on renewable energy. In the future I will be able to charge the batteries in my car at night from utility power. This could be power generated from wind blowing through Healy, tidal power from the coast, geothermal from Chena Hot Springs, hydro from Bradley Lake or another renewable energy source. This is actually being done today in California and parts of Canada.

Renewable energy is being used to generate hydrogen which is then used to fuel internal combustion engines for powering vehicles and generators. Hydrogen can also be used for heating, cooking, welding etc. Again, this is being done today. (Fuel cells on the other hand are not economical or reliable as of yet.)

So although energy conservation and efficiency are a step in the right direction, renewable energy can be the solution to high energy prices in Alaska and for that reason I believe HB152 should be passed into law in its present form. It should also, and this is very important, be adequately funded to do any good.

Conservation projects should continue to be funded through AIDEA via the Power Project Loan Fund.

Thank you very much,



Executive Director
Ron Miller 269-3000

Deputy Director - Rural Energy
Mike Harper 269-3025

Alternative Energy
Peter Crump 269-4633

Reuben Cowan 269-3077
Rebecca Garret 269-4622
Mia Devine 269-4602

Community Outreach
Bruce Tachman 269-3033

Managerial - RPSU
Chris Miller 269-3026

Bulk Fuel (BF)
David Lodge 269-4541

Bryan Carey 269-4688
Mark Schimscheimer 269-4682

Ron Brown 269-4698

Rural Power System Upgrades (RPSU)

Kris Noonan 269-4697
Lenny Landis 269-4684
Fintan Lyons 269-3001

Power Cost Equalization (PCE)

Terril Harper 269-4630
Cheryl Smith 269-4626

Training
Monica Moore 269-3026

HELP!
Front desk 269-3000

Fax 269-3044
Location

813 W. Northern Lights
Anchorage, AK 99503

Toll Free in Alaska only
1-888-300-8534

Alaska Energy Authority (AEA) update - Alternative Energy 2006

- Biomass Energy
- Diesel Efficiency
- End-use Efficiency
- Geothermal Energy
- Hydroelectric Power
- Tidal & Wave Power
- Transmission/Distribution
- Wind Energy
- Combined Heat / Power
- Solar

Alternative Energy Options



Dillingham - AEA sets up a "met tower" for monitoring the wind resource with help from the locals.



Don't be an Energy Hog!

AEA supports the national energy awareness campaign

Turn down the heat. Lower the temperature just 10 degrees in a building or home during unoccupied times to save 10% or more on heating fuel - - try a programmable thermostat.

Turn off the power. Purchase a quality power strip to plug in the T.V., stereo, microwave or coffee maker - flip the switch off when not in use.



Project highlight: GEOTHERMAL

Chena Hot Springs - This geothermal project is an AEA Energy Cost Reduction Project. The plan is to install a 400kW geothermal power plant at Chena Hot Springs in Interior Alaska. As a technology demonstration, this will be the first power plant operated by a geothermal resource in Alaska. The geothermal power plant will replace a 200kW diesel Caterpillar genset. The first unit will start qualifications testing February with actual installation in June and November for units one and two.

Projected savings: Based on October 2005 fuel costs of \$2.50/gallon, the Chena project is expected to displace 96,725 gallons of diesel fuel and save \$241,812 of diesel costs annually.

AEA Update: ALTERNATIVE ENERGY



Alaska Energy Authority (AEA) update

February 2006

Displacing diesel with alternatives

AEA's Alternative Energy and Energy Efficiency programs promote:

- Use of renewable energy resources and local sources of coal and natural gas as alternatives to diesel-based power, heat, and fuel production.
- Measures to improve the efficiency of energy production and end use.

Currently, AEA manages or funds 47 projects with state and federal funding totaling \$21.9 million in the areas of hydroelectric, wind, biomass, transmission and distribution, geothermal, diesel generation efficiency, and energy conservation. By displacing diesel fuel, projects also seek to lower the cost of power and heat to Alas-

kan communities while maintaining system safety and reliability.

AEA publishes the biennial Alternative Energy and Energy Efficiency Assistance Plan describing available funding, funding AEA plans to request, types of assistance that AEA provides or plans to provide, and criteria for allocating funds.

Special points of interest

- Does your office or home have an Energy Audit?



- Energy Awareness campaign reminder: No Idling

- NEW! AEA has a new web address!

akenergyauthority.org

Inside this issue:

Project highlight: HYDROELECTRIC	1
Project highlight: RETROFITS	1-2
FUNDING: Energy cost reduction loans and grants	2
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WIND Mapping	3
Project highlight: HEAT RECOVERY	3
Project highlight: GEOTHERMAL	4
AEA's Energy Group Staff Listing	4

Project highlight: HYDROELECTRIC

Prince of Wales Island - Alaska Power and Telephone Co. recently completed the 2 MW South Fork Hydroelectric Project with grant and loan funding under AEA's Energy Cost Reduction RFP. The \$3.97 million project is expected to displace 536,000 gallons of diesel fuel annually, used to provide power to Craig, Klawock, Viking Lumber sawmill, Thorne Bay, Kasaan, Hollis and Hydaburg.



South Fork Hydro - water diversion construction in late 2005.

Project highlight: RETROFITS

Ruby - The Merrelaine A. Kangas school, home of the Ruby Ravens, was retrofitted with more efficient compact fluorescent (T8) lighting by AEA in the summer of 2003.

saved over \$6,000 on electricity in the current year.



that the school was able to send two honor roll students on an otherwise unaffordable field trip. The school was also able to bring in a career counselor for the students. Besides the savings and direct student benefits,

The Principal, Tim Stathis, estimated that the school

Asked what the savings were used for, he replied

(Continued on page 3)

Hydroelectric power is one of



Alaska's most attractive alternative energy options. AEA owns Bradley Lake and Larsen Bay hydro projects, and is developing or upgrading hydro projects in Atka, Akutan, King Cove, and Pelican. AEA is investigating hydro potential in Elfin Cove, Chitina and assisting in Gustavus.

"Phantom" energy costs real money

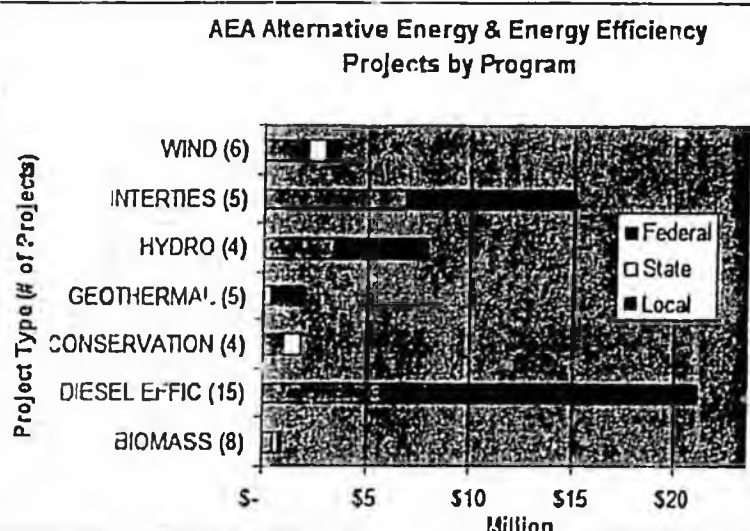
Many idle electronics, TVs, VCRs, DVD and CD players, cordless phones and microwaves, use energy even when switched off -- to keep display clocks lit and memory chips and remote controls working.

Nationally, these energy "vampires" use 5% of our domestic energy and cost consumers more than \$3 billion annually.

"Sleep" features that power down equipment and electronic devices that are turned on but not in use can save households up to \$70 annually.

Energy cost reduction loans and grants

AEA's Energy Cost Reduction (ECR) program offers opportunity for entities to apply for low interest loan and grant financing. A new ECR solicitation is expected in early 2006.



End use efficiency activities

The Alaska Rural Energy Plan identifies end use efficiency and widespread opportunities for reducing costs of power and heat.

AEA focuses its end use efficiency activities on larger facilities such as schools, community clinics, buildings and water treatment plants.

AEA has conducted state and federally-funded energy audits in 490 schools and other facilities in 143 rural communities over the last five years under the Re-

build America Program. Audits identify measures that can save an estimated \$2.3 million per year over the next decade at a one-time cost of \$4.1 million.

AEA is currently supporting lighting and other cost-effective upgrades in 55 schools and other facilities in 17 communities. Funding for 10 additional communities to be completed in FY07 is requested.

AEA also supports the Alaska DOT/PF's Facilities

Energy Efficiency Program, projected to save the state \$3.4 million in utility costs over ten years in eight facilities. In 2006, 16 more facilities may be added.

In 2005, AEA solicited proposals offering utilities and communities engineering assistance for power generation and end use efficiency upgrades.

All 14 communities that applied were awarded funding.

Project highlight: BIOMASS

City of Craig – Funded by AEA, the USDOE Regional Biomass Energy partnership, and the US Forest Service, the City of Craig is in the design stage for a planned wood-fired district heating system supplying two schools and the City pool facility. The clean-burning automated chip-fired system is expected to annually displace 39,000 gallons of propane and 16,000 gallons of fuel oil using local sawmill residues.

AEA and its partners are soliciting requests to assess feasibility of other wood-fired facilities in Alaska. See www.akenergyauthority.org for more details and an application.

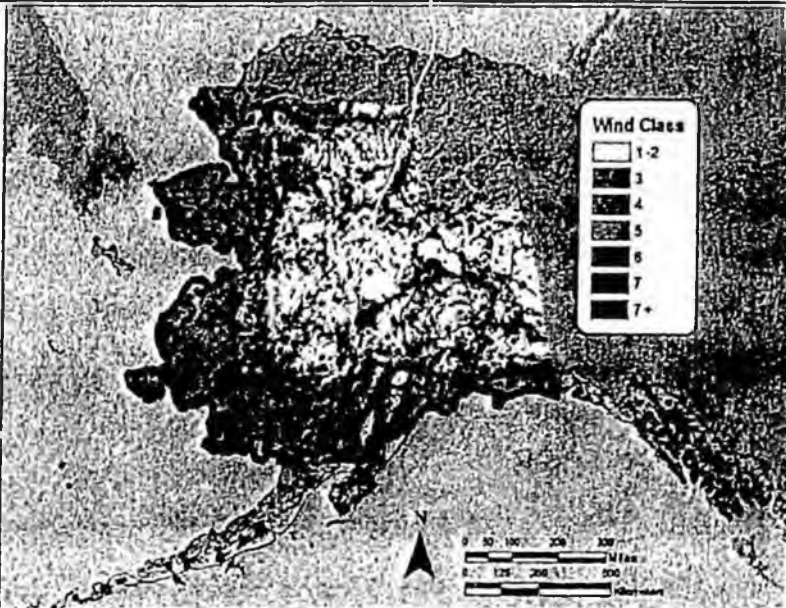
Opportunity might be in the WIND

Wind Energy Construction RFP

NEW! AEA's wind energy development initiative will provide approximately \$3,000,000 for construction of wind generation systems in rural Alaska through a competitive solicitation. Federal funds will be matched with state capital funds and local contributions. The first Request for Proposals (RFP) is expected to be issued this February.

Anemometer Loan Program

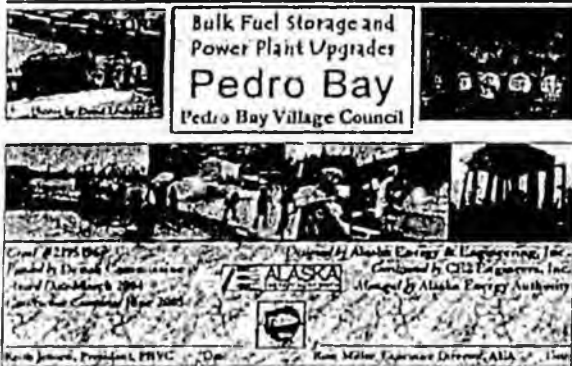
NOW! Over 35 communities are participating in AEA's wind resource monitoring program to assess the viability of wind energy in their power systems.



Go online to see AEA's high resolution wind map, Anemometer Loan Program details, wind resource reports and more! For wind in Alaska go to: www.akenergyauthority.org

Project highlight: HEAT RECOVERY

Certificate of Construction Completion



Pedro Bay - Lake and Peninsula Borough School District is enjoying the heat recovery rewards from the recently completed bulk fuel storage and power plant upgrades in **Pedro Bay**. Commissioned last summer, the **AEA** project included an expansion of the school powerhouse to meet the entire community's needs and an agreement between the District and the Pedro Bay Village Council to provide heat from the new powerhouse to the school. The District previously had a heat recovery system, but it was only from the school's powerhouse, so there was not enough heat to minimize fuel consumption at the school. Based on fuel data from the District, heating fuel consumption at the

school has decreased by approximately 80% since the new systems were installed. At the 2005 price of \$2.72/gallon, the District will save over \$10,000 in fuel costs annually.

(Continued from page 1) Project highlight: RETROFITS light the Ruby gym

"the gym lighting is phenomena!" according to principal Stathis. "We have been able to use it with the minimal lighting levels for lunch and other activities. Full lighting during activities such as games, assemblies and school photographs is easy to achieve, as there is no 'warm up' time in turning lights on. This also allows us to turn lights off completely when the gym is not in use."

Don Honea, the maintenance man for the school, said he felt the lighting upgrade had been a major improvement. The cages for the gym fixtures seemed to be quite substantial and had already been 'well tested' by the students. He thought the new lamps were better and he had not needed to replace any yet. Teachers and staff both commented on the improvements in lighting levels. Ronda McCarty, the administrative assistant, said the lights were better and brighter and Holly, the Kindergarten teacher, said she often uses a quarter of the lights she did before.

April 12, 2007

Representative Kevin Meyer, Co-Chair
Representative Mike Chenault, Co-Chair
House Finance Committee
State Capital
Juneau, AK 99801-1182

Members of the House Finance Committee,

The Alaska State Chamber of Commerce strongly supports sustainable energy solutions for Alaska. Alaska's vast geography and isolated communities create energy problems, energy shortages, and high-energy costs unparalleled by any other state. Thank you for sponsoring HB 152 and for your work with Rep. Bill Thomas. We appreciate your diligent work in searching for cheaper and alternative energy solutions for Alaska.

Existing and new businesses in Alaska must often jump through high-energy hurdles in order to prosper and maintain any level of sustainability. Finding solutions to Alaska's energy problems should be paramount for Alaska's political leaders. Especially in rural Alaska where transportation of energy creates additional costs, Alaska's businesses will continue to struggle as crude prices continue to escalate. HB 152 attempts to address Alaska's unique energy problems by creating an alternative energy fund, by studying and recommending energy solutions that will ultimately help all Alaskans and Alaska's businesses.

The Alaska State Chamber of Commerce strongly supports HB 152. We believe the bill will ultimately help the state configure alternative energy solutions that will help lower the cost of energy in Alaska's remotest regions allowing all Alaskan's to prosper.

Yours in economic prosperity,



Wayne A. Stevens
President/CEO
Alaska State Chamber of Commerce

ALASKA STATE
CHAMBER
OF COMMERCE

Headquarters

117 1/2nd Street
Juneau, Alaska
99801-1182
907-586-1182
FAX 907-586-1182

Regional Office

601 W 4th Ave
Juneau, Alaska
99801-1182
FAX 907-586-1182



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

Thursday, April 12, 2007

Co-Chairman Mike Chenault
Co-Chairman Kevin Meyer
Members of the House Finance Committee
State Capitol
Juneau, Alaska 99801-1182

Dear Co-Chairman Chenault, Co-Chairman Meyer, and members of the committee,

We are writing in support of HB 152 – ESTABLISHING A RENEWABLE ENERGY FUND.

The Alaska Municipal League supports renewable energy because it has the potential to lower energy costs in Alaska. This is due to the fact that there are virtually no fuel costs associated with renewable energy. Renewable energy also promotes industry and job creation because it allows for lower operating costs for industry. In addition, communities and citizens (particularly in rural areas) are being crippled by high fossil fuel costs.

As our State addresses Climate Change, it seems only wise for us to also spend time and money finding ways to “do our part” to curb the emissions produced by diesel fuel, which is the primary means of energy in smaller communities in this state.

AML passed a resolution in support of establishment of a renewable energy fund at our annual meeting on November 17, 2006. That resolution is attached to this letter.

We urge your support of HB 152.

Sincerely,

Kathie Wasserman, Executive Director
Alaska Municipal League
217 Second Street, Suite 200
Juneau, Alaska 99801
(907) 586-1325

ALASKA MUNICIPAL LEAGUE
Resolution No. 2007-14

A RESOLUTION ESTABLISHING A RENEWABLE ENERGY FUND

WHEREAS, Alaska possesses vast amounts of renewable energy resources in the form of wind, geothermal, biomass, solar, tidal, wave and hydro power; and

WHEREAS, the Alaska Legislature established the Alaska Energy Policy Task Force in 2003 to review and analyze the state's current and long-term energy needs. The Task Force found that one of Alaska's long-term energy needs is to "identify and evaluate long-term fuel resources; and recommends that the state "increase the proportion of renewables in long-term fuel sources"; and

WHEREAS, there is virtually no fuel costs associated with renewable energy resources; and

WHEREAS, renewable energy technology development promotes both industry and job creation; and

WHEREAS, ISER's December 2005 Research Summary states, "Diesel is the main energy source in remote communities ...and in 2004, diesel outside the rail belt cost about 5 times as much per unit of energy as natural gas." Community facilities such as electrical plants, water & sewer services and health clinics use diesel fuel; and

WHEREAS, there are numerous agencies dealing with energy assistance, both federal, state and international specialists. We urge the State to appoint a cabinet level position to coordinate and centralize resources to effectively solve the long-term energy crisis; and

NOW, THEREFORE BE IT RESOLVED, by the Alaska Municipal League, that we request our Alaska State Legislature and Alaska Congressional Delegation to address the energy needs by:

1. Creating a Renewable Energy Fund to finance new utility scale renewable energy projects in Alaska. The Fund shall be funded by general appropriations. The Fund shall be distinct from funds administered by the Alaska Energy Authority.
2. The Fund will conduct a program of energy research, development, demonstration and application.
3. Create a cabinet level position to coordinate efforts and centralize state and federal resources to solve the long-term energy crisis.
4. Creating a revolving loan and grant program to assist individuals, organizations, and businesses in purchasing and installing alternative and renewable energy products.

PASSED AND APPROVED BY THE ALASKA MUNICIPAL LEAGUE on the 17th day of November 2006.

Signed: 

Tim Bourey, President
Alaska Municipal League

Attest:


WWW.AKML.ORG