

**7-27-09**

**Presentation:  
Status of  
Federal Stimulus  
Energy Funds**

<target><bill></bill><subject>7-27-09 Presentation Status of  
Federal Stimulus Energy  
Funds</subject><comm>HENE26</comm></target>

**Alaska Legislature**  
**House and Senate Special Committees on Energy**



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**AGENDA**

**Monday, July 27<sup>th</sup> 2009**  
**11:30 a.m. – 1:00 p.m.**

1. Presentation by Larry Persily, House Finance Committee aide – status of federal energy funds

###

**House and Senate Energy Committees, July 27, 2009 – Anchorage**  
**Presentation by Larry Persily, Aide to Rep. Mike Hawker**  
**Federal Economic Stimulus Funds for Energy-Efficiency Programs**

**Recap of federal stimulus funding for energy-efficiency improvements in Alaska**

**\$18 million for home weatherization**

- Continuation of existing program administered by Alaska Housing Finance Corp.

**\$9.6 million for Energy Efficiency and Conservation Block Grants**

- 60% to communities; 40% for state to spend.
- Alaska Energy Authority and AHFC to split the 40%.
- AEA likely to administer grants to communities for the 60%. AEA and AHFC are working to develop criteria for the grants and selection process.
- The \$9.6 million can go to retrofits of commercial, public and residential structures; heating systems; energy-efficiency audits; lighting upgrades; landfill gas recovery; public transportation; public outreach; most anything to reduce energy costs.
- In addition to the \$9.6 million, there is \$4.5 million that goes directly to the Top 10 cities and Top 10 boroughs in Alaska by population. (The 60% of the state's \$9.6 million must go to communities that did not receive a direct federal allocation.)
- An additional \$12.2 million goes directly to 241 tribal governments in Alaska (ranging from a minimum \$34,000 to CIRI's \$939,000; average is \$51,000).

**\$28 million for State Energy Program**

- Not new program; started in 1996 (precursor dates to 1976); state received \$392,000 in FY2007 and \$258,000 in FY2008.
- Money goes to designated state energy office; in Alaska, that is AHFC.
- 1996 memorandum of understanding amended in 2001 to share funds 50-50 between AHFC and AEA.
- Department of Energy objectives for State Energy Program are: Increase energy efficiency to reduce costs for consumers, businesses and government; reduce reliance on imported energy; improve the reliability of electricity and fuel supplies; and reduce the effects of energy production and use on the environment.
- Money can go toward building retrofits and weatherization, loans and grants for energy-efficiency projects, distribution to municipalities for local efforts, promotion and public education of energy-efficiency standards, street lighting upgrades — almost anything to improve energy efficiency and save energy costs.
- The money cannot go toward land purchases or research.
- Required 20% state match of past years waived for stimulus funds.

### Status of \$28 million appropriation

- Legislature appropriated \$28 million (HB199); Gov. Palin vetoed the budget item.
- If the Legislature fails to override the veto, the money would revert to the U.S. Treasury; it would not go to other states.
- Application deadline was May 12; AHFC met the deadline but governor declined to provide required assurances (in addition to vetoing the appropriation). The Department of Energy agreed to accept a late, complete application from Alaska.
- The department considered an extension to January 2010 but decided against waiting that long and set Sept. 30 deadline for full application with assurances.
- Legislature can override the veto but cannot direct the funding.
- If lawmakers override the veto, the funding would remain a line item \$28 million to AHFC; spending decisions would be up to the governor.
- AHFC and AEA in March submitted proposals to the governor's Office of Management and Budget to spend their 50% shares. The governor's office never adopted the proposals, which were never presented to the Legislature. The state can amend the spending plan in its application to the Department of Energy.
- AHFC proposed \$4.5 million for community building weatherization, \$2 million for weatherization and rebate support (software and expanded energy audit program), \$4 million for home-based renewable energy program, \$1.8 million for consumer education, \$2 million to write statewide energy-efficiency standards.
- AEA proposed \$7 million to its Renewable Energy Fund, \$2.5 million for research and development of renewable energy, \$3.9 million for energy-efficient equipment rebates and incentives, \$750,000 for energy-efficiency training and education, and \$100,000 for commercial facility energy audits.

### Federal rules for State Energy Program funds

- Department requires each governor to certify the state will promote and encourage improved energy efficiency for residential and commercial buildings.
- State law is a controlling factor in each governor's assurances to promote and encourage improved energy-efficient construction. The Department of Energy is not demanding and does not expect those states without statewide energy code authority to take over code jurisdiction from municipalities.
- In those cases the department will accept a governor's assurances that the state will assist those municipalities that want to consider improved energy-efficiency standards, while the state helps to promote energy-saving construction methods.
- Alaska is the only state not approved for State Energy Program stimulus funding.
- Missouri governor's assurance accepted by the department: "The state is committed to working with communities to create model energy-efficiency standards that, if local units of government chose to implement, should reduce energy costs for Missourians. I and my staff will also work with the Missouri General Assembly to pursue incentives to assist communities in promoting improved energy efficiency consistent with the goals of ARRA."

### What the Department of Energy does and does not require

- Initial reports were that states would have to show compliance with model energy-efficiency standards for 90% of new and renovated square footage between 2009 and 2017.
- Department officials later reported — confirmed in a May 14 meeting in Washington, D.C., and in subsequent phone calls and e-mails — that while such compliance in eight years is a goal it is not a mandate. The Department of Energy will not measure or count square footage, nor will it demand or expect states to count square footage.
- The department merely wants each state to prepare a plan for how it intends to promote and encourage improved energy-efficiency standards. The plan is not due at the time of application for the funds; it can be submitted later. An acceptable plan could include outreach and education efforts among homeowners, commercial property owners and builders, lenders and others in the industry; assisting municipalities in their energy-efficiency efforts; providing state guidance and assistance; pretty much a general plan to promote energy efficiency and savings.
- Compliance guidelines being drafted by the Pacific Northwest National Laboratory under contract to the Department of Energy are just that — voluntary guidelines for states that want to measure and monitor their success at improving energy efficiency for buildings.
- The national laboratory, in Richland, Wash., issued its second revision of the compliance guidelines in June. Staff is reviewing the comments received and expects to issue the final report as soon as next month.
- The intent of the guidelines is to provide states with common criteria for measuring and comparing improvements in energy efficiency. For example, the final guidelines may suggest that each state select X number of residential structures and X number of commercial structures for energy audits to track energy-efficiency improvements over time. The agency expects its final guidance to provide states with a shortened and realistic checklist to judge compliance with energy-efficiency standards in buildings.

### Cost-effectiveness of energy-efficiency construction

- I was unable to find any nationwide report that precisely quantified an average economic value for energy-efficiency upgrades, such as: For each dollar spent on improvements, the property owner would realize X dollars of savings over the life of the building. Too much depends on the size of the house, the climate, the quality of original construction, and building costs.
- However, there is a lot of city-, state- and industry-specific data:
  - ✓ The Home Energy Saver Calculator project, sponsored by the U.S. Department of Energy, Department of Housing and Urban Development and others, determined that 10 energy-efficiency improvements in an average home would produce annual savings of \$600 in energy costs — a 16% return on investment.
  - ✓ The Florida Legislature passed the Energy Act of 2008, directing the Florida Building Commission to develop rules for determining the cost effectiveness of energy-conservation measures. A February 2009 report provided the rate of return on investments in several energy-conservation improvements such as R-38 ceiling insulation, 22%, and attic radiant barrier, 35%.
  - ✓ Austin, Texas, which has adopted progressively stronger energy codes since 1985, has seen in that time the annual average energy use for homes per square foot drop from 9 kilowatt hours to 6.5 kilowatt hours.
  - ✓ A July 2008 report from the National Action Plan for Energy Efficiency, led by the Department of Energy and EPA and including state utility regulators and private utility operators, cited a 2005 Nevada study: "... upgrading the energy efficiency of commercial buildings to comply with the code would cost about \$1.60 per square foot but would result in \$0.68 per square foot of energy savings per year, meaning a simple payback of about 2.4 years."
  - ✓ The same national report quoted from a 2003 Southwest Energy-Efficiency Project that a new home in Phoenix built to energy-efficient standards would cost \$1,500 more than a home not up to the same standards, with a payback in energy savings within four years.
  - ✓ Puget Sound Energy, which serves more than 1 million electrical customers and nearly 750,000 natural gas customers in Puget Sound, reported in February 2009 that a complete home weatherization could save homeowners 25% on their heating costs.
  - ✓ A January 2008 report by the Western Governors' Association — Policy Recommendations for Energy-Efficient Buildings — stated that energy-efficiency upgrades to the Colorado State Capitol Complex produced a 25% to 30% drop in energy costs. The savings come to \$800,000 a year on a \$13.6 million investment in new lighting, heating, cooling and energy-management systems.

**Planned Activities List for SEP Recovery Act Funds**  
**Alaska Housing Finance Corporation**  
 Updated March 20, 2009

Program	Task Area	Budget Request SEP	AHFC Receipts and State General Funding	Total per Program Area	Details
<b>Projects through the Alaska Housing Finance Corporation (AHFC)</b>					
Weatherization and Home Energy Rebate Support	software enhancement, data tracking and	\$ 1,500,000.00	\$ 153,000,000.00	\$ 156,500,000.00	AHFC will also use these funds to support data tracking on weatherization, home energy rebate program, and continue software development of energy rating and weatherization assessment software (AKWarm)
Statewide Energy Standards	Energy Code & Greenbuilding Standards	\$ 2,500,000.00	\$ 250,000.00	\$ 2,750,000.00	AHFC is developing greenbuilding standards to be included in energy ratings. A bill has been introduced in the legislature to implement a statewide energy code. Implementation, enforcement and training will be done with these funds.
Energy Efficiency Education	Residential Energy Efficiency training.	\$ 1,500,000.00	\$ 4,750,000.00	\$ 6,250,000.00	Workshops for consumers, energy auditors, contractors and other housing professionals in energy efficiency education
Residential Renewable Energy Rebate	Rebates for residential renewable energy systems	\$ 4,116,000.00	\$ -	\$ 4,116,000.00	Establish a renewable energy rebate program for residential systems
Weatherization Whole Community Retrofit	Wx Supplement to look at other energy efficiency projects in a community	\$ 4,500,000.00	\$ 200,000,000.00	\$ 204,500,000.00	Allow the WAP to weatherize buildings outside the WAP eligibility guidelines while crews are active in remote communities
Subtotal		\$ 14,116,000.00	\$ 360,000,000.00	\$ 374,116,000.00	
<b>Projects through the Alaska Energy Authority, (AEA) under contract</b>					
End Use Efficiency: Commercial, Industrial and Institutional (CI&I)	Commercial Facility Energy Audit Cost Share	\$ 100,000.00		\$ 100,000.00	AEA will share the cost of an energy audit with any commercial facility in the state, up to a maximum dollar limit while funds are available.
	New & Remodeled School Design Assessments for EE			\$ -	AEA will pay for engineering reviews of any new or to-be-remodeled rural schools, focusing exclusively on proper energy efficient design and equipment.
	EE Training, Education, and Resource Building (CI&I)	\$ 750,000.00		\$ 750,000.00	AEA (and/or contractors) will provide education and trainings, and will build EE resources, such as energy auditors, funding opportunities, and other information relating to commercial, industrial and institutional energy efficiency and conservation.
	Energy Efficient Equipment Rebates/Incentives (CI&I)	\$ 3,910,000.00		\$ 3,910,000.00	AEA will provide rebates, incentives, or payment matching for the installation of energy efficient equipment at commercial, industrial and institutional facilities, while funds last, to spur the rapid change to energy efficient equipment in these sectors.
	Emerging EE Technologies (CI&I)			\$ -	AEA will partially fund the installation and research costs associated with installing and testing emerging energy efficiency technologies, especially as they relate to northern climate performance to assist commercial, industrial or institutional facilities.
	Subtotal EE	\$ 4,760,000.00	\$ -	\$ 4,760,000.00	
Renewable Energy	Renewable Energy Fund	\$ 7,020,000.00	\$ 5,896,700.00	\$ 12,916,700.00	AEA will fund recommended yet unfunded renewable energy projects above and beyond the State of Alaska's funding through the 2009 legislative session's House Bill 152.
	Applied R&D for Renewable Energy	\$ 2,500,000.00		\$ 2,500,000.00	AEA will fund applied research and development on integrating energy systems for communities to possibly provide both electrical and heat needs for the community through renewable energy, thereby reducing diesel use, using local fuels, reducing the cost of energy and reducing the community carbon footprint.
	Subtotal RE	\$ 9,520,000.00	\$ 5,896,700.00	\$ 15,416,700.00	
Subtotal Alaska Energy Authority		\$ 14,280,000.00	\$ 5,896,700.00	\$ 20,176,700.00	
Total SEP Project Costs		\$ 28,396,000.00	\$ 365,896,700.00	\$ 394,292,700.00	

**Proposed Programs and Activities for SEP and Energy Efficiency Block Grants  
Associated with the Economic Stimulus Bill  
Alaska Energy Authority  
Updated March 10, 2009**

<b>Program</b>	<b>Task Area</b>	<b>Budget Request SEP (thousands)</b>	<b>Budget Request EE Block Grant, incl competitive grants* (thousands)</b>	<b>Total per Program Area (thousands)</b>
End Use Efficiency: Commercial, Industrial and Institutional (CI&I)	Commercial Facility Energy Audit Cost Share	\$100.0		\$100.0
	New & Remodeled School Design Assessments for EE		\$50.0	\$50.0
	EE Training, Education, and Resource Building (CI&I)	\$750.0		\$750.0
	Energy Efficient Equipment Rebates/ Incentives (CI&I)	\$3,910.0	\$2,798.3	\$6,708.3
	Emerging EE Technologies (CI&I)		\$100.0	\$100.0
	<b>Total EE</b>	<b>\$4,760.0</b>	<b>\$2,948.3</b>	<b>\$7,708.3</b>
				\$0.0
Renewable Energy	Renewable Energy Fund	\$7,020.0	\$5,896.7	\$12,916.7
	Applied R&D for Renewable Energy	\$2,500.0		\$2,500.0
	<b>Total RE</b>	<b>\$9,520.0</b>	<b>\$5,896.7</b>	<b>\$15,416.7</b>
				\$0.0
<b>TOTAL</b>		<b>\$14,280.0</b>	<b>\$8,845.0</b>	<b>\$23,125.0</b>

\* The EE Block Grant funds listed here includes the 28% to states and the 2% for competitive grants.



**Department of Energy**  
Washington, DC 20585

July 24, 2009

The Honorable Mike Chenault  
Speaker of the State House of Representatives  
of the State of Alaska  
State Capitol  
Juneau, Alaska 99801

Dear Mr. Chenault:

This letter is in response to communications between your office and the Department of Energy over the last several months regarding Alaska's share to State Energy Program funding as provided under the American Recovery and Reinvestment Act of 2009 (Recovery Act; Pub. L. No. 111-5).

We have carefully weighed the concerns expressed by your office, together with the overarching goals of the Recovery Act to stimulate the economy and create jobs quickly. The Department has decided to extend the deadline for submission of the required assurances under Section 410 of the Recovery Act to September 30, 2009, to afford the State an opportunity to address the issues that have arisen.

We appreciate the concern that the Alaska State legislature is not in regular session until January 19, 2010, and note that certain actions may be taken by the legislature prior to this date in order to fully benefit from the energy provisions of the Recovery Act. Among them, Section 1607(b) of the Recovery Act states that:

If funds provided to any State in any division of this Act are not accepted for use by the Governor, then acceptance by the State legislature, by means of the adoption of a concurrent resolution, shall be sufficient to provide funding to such State.

Therefore, the Department will accept a concurrent resolution or equivalent action from the Alaska legislature providing the assurances required under Section 410 in lieu of a communication from the Governor.

Consistent with the assurances required by the Governor, to the extent that the necessary assurances listed in section 410 require action that is outside the authority of the State legislature, the State legislature will need to indicate that it is taking action that is within its authority to promote those actions.



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We understand the State legislature may also poll its members and call a special session. We also understand that the deadline of September 30, 2009, should provide sufficient time for the Alaska legislature to provide the assurances required under Section 410 of the Recovery Act, as well as any other required materials and submissions.

The Department will conclude that Alaska has elected to reject the State Energy Program funding provided under the Recovery Act if we have not received the necessary communication by 5:00 p.m., Eastern Daylight Time on September 30, 2009.

We welcome your continued engagement in these matters. If you need additional information, please contact me or Ms. Sky Gallegos, Deputy Assistant Secretary for Intergovernmental and External Affairs, at (202) 586-2032.

Sincerely,



Steven G. Chalk  
Chief Operating Officer  
Energy Efficiency and Renewable Energy

cc: The Honorable Lisa Murkowski  
United States Senate  
Washington, DC 20510

The Honorable Mark Begich  
United States Senate  
Washington, DC 20510

The Honorable Don Young  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Sarah Palin  
Governor of Alaska  
State Capitol  
Juneau, Alaska 99801

The Honorable Gary Stevens  
President of the Senate of the State of Alaska  
State Capitol  
Juneau, Alaska 99801



COMMONWEALTH  
NORTH

**Resolution 2009-4**

**In support of accepting Stimulus Package energy efficiency funding  
July 21, 2009**

**WHEREAS**, COMMONWEALTH NORTH, Alaska's public policy forum, recognizes that Alaska's level of health care should be improved for all of its citizens, as described in the 2005 Commonwealth North study entitled "Alaska Primary Health Care: Opportunities and Challenges."

**WHEREAS**, COMMONWEALTH NORTH acknowledges and supports the Governor's efforts to improve energy efficiency in Alaska through programs sponsored by the Alaska Housing Finance Corporation and other State programs, and to promote policies to reach the goal of Alaska becoming a national leader in renewable energy.

**WHEREAS**, COMMONWEALTH NORTH acknowledges and supports the Governor's leadership in maintaining State's rights.

**WHEREAS**, accepting the Energy Efficiency Community Block Grant funds under the American Recovery and Reinvestment Act of 2009 will help Alaska achieve its objective of moving closer to energy independence and:

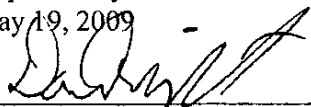
1. These funds could be made available for community centers, including health clinics.
2. Over the past several years community health centers have become even more important in providing medical treatment to our aging population.
3. Some of the energy efficiency funds could be used for weatherization of many of the older clinics. Rather than simply providing assistance with payment of energy bills, it would be good public policy to reduce those bills through energy efficient weatherization and retrofitting.

**WHEREFORE, BE IT RESOLVED AS FOLLOWS:**

COMMONWEALTH NORTH encourages the Legislature to accept the Energy Efficiency Community Block Grant funds under the American Recovery and Reinvestment Act of 2009, to support the work of our community health centers.

This resolution to be forwarded to Lieutenant Governor Sean Parnell and all members of the Alaska State Legislature.

Approved by the Commonwealth North Board of Directors  
May 19, 2009

  
\_\_\_\_\_  
David Wight, President

We share the goal of having Alaska a national leader in renewable energy. AARP feels that accepting the State Energy Program funds will help us achieve this objective and get us closer to energy independence.

We sincerely hope you will consider accepting these funds.

If you have any questions or need more information, please do not hesitate to have your staff contact me. Thank you for your consideration.

Sincerely,



J. Patrick Luby  
Advocacy Director  
907-762-3314 (work, direct)  
907-599-0839 (cell, 24 hours)  
jluby@aarp.org

CC: Members of the Alaska Senate and House of Representatives



**AARP Alaska**  
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[www.aarp.org/ak](http://www.aarp.org/ak)

July 9, 2009

The Honorable Sean Parnell  
Lieutenant Governor of Alaska  
550 West 7<sup>th</sup> Avenue  
Anchorage, Alaska 99501

Dear Lieutenant Governor Parnell:

On behalf of the 97,000 members of AARP in Alaska, we respectfully request that, as one of your first acts as our new Governor, you consider accepting the State Energy Program funds allocated to Alaska in the federal "stimulus package."

We understand that these funds could be made available for community centers, including health clinics. Over the past several years, more and more AARP members have relied on community health centers as they have been turned away by their physicians who will no longer accept them as Medicare patients. As the situation has grown worse, AARP has worked more closely with the community health centers.

We appreciate the funds that the Legislature has provided to these critical "safety net" health centers. However, the more we have dealt with them about senior health care issues, we have also heard them express concerns about their growing utility bills and energy costs.

If you will accept the State Energy Program funds for Alaska, some of these funds could be used for weatherization of some of the older clinics. Rather than simply providing assistance with payment of energy bills, it would be good public policy to reduce those bills through energy efficient weatherization and retrofitting.

One other issue to consider is the reductions that have been initiated by the Denali Commission. This will have significant impact on funding for our rural clinics.

Just think if we rebuilt all the public buildings, including the clinics, that were destroyed in the recent flooding along the Yukon but the new buildings were state-of-the-art models of energy efficiency. They could inspire new public construction and weatherization retrofitting throughout Alaska.

**Planned Activities List for SEP Recovery Act Funds**  
**Alaska Housing Finance Corporation**  
 Updated March 20, 2009

Program	Task Area	Budget Request SEP	AHFC Receipts and State General Funding	Total per Program Area	Details
<b>Projects through the Alaska Housing Finance Corporation (AHFC)</b>					
Weatherization and Home Energy Rebate Support	software enhancement, data tracking and	\$ 1,500,000.00	\$ 155,000,000.00	\$ 156,500,000.00	AHFC will also use these funds to support data tracking on weatherization, home energy rebate program, and continue software development of energy rating and weatherization assessment software (AKWarm)
Statewide Energy Standards	Energy Code & Greenbuilding Standards	\$ 2,500,000.00	\$ 250,000.00	\$ 2,750,000.00	AHFC is developing greenbuilding standards to be included in energy ratings. A bill has been introduced in the legislature to implement a statewide energy code. Implementation, enforcement and training will be done with these funds.
Energy Efficiency Education	Residential Energy Efficiency training.	\$ 1,500,000.00	\$ 4,750,000.00	\$ 6,250,000.00	Workshops for consumers, energy auditors, contractors and other housing professionals in energy efficiency education
Residential Renewable Energy Rebate	Rebates for residential renewable energy systems	\$ 4,116,000.00	\$ -	\$ 4,116,000.00	Establish a renewable energy rebate program for residential systems
Weatherization Whole Community Retrofit	Wx Supplement to look at other energy efficiency projects in a community	\$ 4,500,000.00	\$ 200,000,000.00	\$ 204,500,000.00	Allow the WAP to weatherize buildings outside the WAP eligibility guidelines while crews are active in remote communities
<b>Subtotal</b>		<b>\$ 14,116,000.00</b>	<b>\$ 360,000,000.00</b>	<b>\$ 374,116,000.00</b>	
<b>Projects through the Alaska Energy Authority, (AEA) under contract</b>					
End Use Efficiency: Commercial, Industrial and Institutional (CI&I)	Commercial Facility Energy Audit Cost Share	\$ 100,000.00		\$ 100,000.00	AEA will share the cost of an energy audit with any commercial facility in the state, up to a maximum dollar limit while funds are available.
	New & Remodeled School Design Assessments for EE			\$ -	AEA will pay for engineering reviews of any new or to-be-remodeled rural schools, focusing exclusively on proper energy efficient design and equipment.
	EE Training, Education, and Resource Building (CI&I)	\$ 750,000.00		\$ 750,000.00	AEA (and/or contractors) will provide education and trainings, and will build EE resources, such as energy auditors, funding opportunities, and other information relating to commercial, industrial and institutional energy efficiency and conservation.
	Energy Efficient Equipment Rebates/Incentives (CI&I)	\$ 3,910,000.00		\$ 3,910,000.00	AEA will provide rebates, incentives, or payment matching for the installation of energy efficient equipment at commercial, industrial and institutional facilities, while funds last, to spur the rapid change to energy efficient equipment in these sectors.
	Emerging EE Technologies (CI&I)			\$ -	AEA will partially fund the installation and research costs associated with installing and testing emerging energy efficiency technologies, especially as they relate to northern climate performance to assist commercial, industrial or institutional facilities.
	<b>Subtotal EE</b>	<b>\$ 4,760,000.00</b>	<b>\$ -</b>	<b>\$ 4,760,000.00</b>	
Renewable Energy	Renewable Energy Fund	\$ 7,020,000.00	\$ 5,896,700.00	\$ 12,916,700.00	AEA will fund recommended yet unfunded renewable energy projects above and beyond the State of Alaska's funding through the 2009 legislative session's House Bill 152.
	Applied R&D for Renewable Energy	\$ 2,500,000.00		\$ 2,500,000.00	AEA will fund applied research and development on integrating energy systems for communities to possibly provide both electrical and heat needs for the community through renewable energy, thereby reducing diesel use, using local fuels, reducing the cost of energy and reducing the community carbon footprint.
	<b>Subtotal RE</b>	<b>\$ 9,520,000.00</b>	<b>\$ 5,896,700.00</b>	<b>\$ 15,416,700.00</b>	
<b>Subtotal Alaska Energy Authority</b>		<b>\$ 14,280,000.00</b>	<b>\$ 5,896,700.00</b>	<b>\$ 20,176,700.00</b>	
<b>Total SEP Project Costs</b>		<b>\$ 28,396,000.00</b>	<b>\$ 365,896,700.00</b>	<b>\$ 394,292,700.00</b>	

**Proposed Programs and Activities for SEP and Energy Efficiency Block Grants**  
**Associated with the Economic Stimulus Bill**  
**Alaska Energy Authority**  
 Updated March 10, 2009

Program	Task Area	Budget Request SEP (thousands)	Budget Request EE Block Grant, incl competitive grants* (thousands)	Total per Program Area (thousands)
End Use Efficiency: Commercial, Industrial and Institutional (CI&I)	Commercial Facility Energy Audit Cost Share	\$100.0		\$100.0
	New & Remodeled School Design Assessments for EE		\$50.0	\$50.0
	EE Training, Education, and Resource Building (CI&I)	\$750.0		\$750.0
	Energy Efficient Equipment Rebates/ Incentives (CI&I)	\$3,910.0	\$2,798.3	\$6,708.3
	Emerging EE Technologies (CI&I)		\$100.0	\$100.0
	<b>Total EE</b>	<b>\$4,760.0</b>	<b>\$2,948.3</b>	<b>\$7,708.3</b>
				\$0.0
Renewable Energy	Renewable Energy Fund	\$7,020.0	\$5,896.7	\$12,916.7
	Applied R&D for Renewable Energy	\$2,500.0		\$2,500.0
	<b>Total RE</b>	<b>\$9,520.0</b>	<b>\$5,896.7</b>	<b>\$15,416.7</b>
				\$0.0
<b>TOTAL</b>		<b>\$14,280.0</b>	<b>\$8,845.0</b>	<b>\$23,125.0</b>

\* The EE Block Grant funds listed here includes the 28% to states and the 2% for competitive grants.

**Proposed Programs and Activities for SEP and Energy Efficiency Block Grants  
Associated with the Economic Stimulus Bill  
Alaska Energy Authority  
Updated March 10, 2009**

<b>Program</b>	<b>Task Area</b>	<b>Budget Request SEP (thousands)</b>	<b>Budget Request EE Block Grant, incl competitive grants* (thousands)</b>	<b>Total per Program Area (thousands)</b>
End Use Efficiency: Commercial, Industrial and Institutional (CI&I)	Commercial Facility Energy Audit Cost Share	\$100.0		\$100.0
	New & Remodeled School Design Assessments for EE		\$50.0	\$50.0
	EE Training, Education, and Resource Building (CI&I)	\$750.0		\$750.0
	Energy Efficient Equipment Rebates/ Incentives (CI&I)	\$3,910.0	\$2,798.3	\$6,708.3
	Emerging EE Technologies (CI&I)		\$100.0	\$100.0
	<b>Total EE</b>	<b>\$4,760.0</b>	<b>\$2,948.3</b>	<b>\$7,708.3</b>
				\$0.0
Renewable Energy	Renewable Energy Fund	\$7,020.0	\$5,896.7	\$12,916.7
	Applied R&D for Renewable Energy	\$2,500.0		\$2,500.0
	<b>Total RE</b>	<b>\$9,520.0</b>	<b>\$5,896.7</b>	<b>\$15,416.7</b>
				\$0.0
<b>TOTAL</b>		<b>\$14,280.0</b>	<b>\$8,845.0</b>	<b>\$23,125.0</b>

\* The EE Block Grant funds listed here includes the 28% to states and the 2% for competitive grants.



COMMONWEALTH  
NORTH

**Resolution 2009-4**

**In support of accepting Stimulus Package energy efficiency funding  
July 21, 2009**

**WHEREAS**, COMMONWEALTH NORTH, Alaska's public policy forum, recognizes that Alaska's level of health care should be improved for all of its citizens, as described in the 2005 Commonwealth North study entitled "Alaska Primary Health Care: Opportunities and Challenges."

**WHEREAS**, COMMONWEALTH NORTH acknowledges and supports the Governor's efforts to improve energy efficiency in Alaska through programs sponsored by the Alaska Housing Finance Corporation and other State programs, and to promote policies to reach the goal of Alaska becoming a national leader in renewable energy.

**WHEREAS**, COMMONWEALTH NORTH acknowledges and supports the Governor's leadership in maintaining State's rights.

**WHEREAS**, accepting the Energy Efficiency Community Block Grant funds under the American Recovery and Reinvestment Act of 2009 will help Alaska achieve its objective of moving closer to energy independence and:

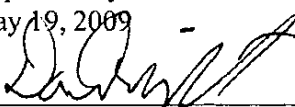
1. These funds could be made available for community centers, including health clinics.
2. Over the past several years community health centers have become even more important in providing medical treatment to our aging population.
3. Some of the energy efficiency funds could be used for weatherization of many of the older clinics. Rather than simply providing assistance with payment of energy bills, it would be good public policy to reduce those bills through energy efficient weatherization and retrofitting.

**WHEREFORE, BE IT RESOLVED AS FOLLOWS:**

COMMONWEALTH NORTH encourages the Legislature to accept the Energy Efficiency Community Block Grant funds under the American Recovery and Reinvestment Act of 2009, to support the work of our community health centers.

This resolution to be forwarded to Lieutenant Governor Sean Parnell and all members of the Alaska State Legislature.

Approved by the Commonwealth North Board of Directors  
May 19, 2009

  
\_\_\_\_\_  
David Wight, President

## House Energy Committee, Aug. 7, 2009 – Kenai

*Presentation by Larry Persily, Aide to Rep. Mike Hawker*

### **Recap of federal stimulus funding for energy-efficiency improvements in Alaska**

#### \$18 million, home weatherization

- Continuation of existing program administered by Alaska Housing Finance Corp.

#### \$9.6 million, Energy Efficiency & Conservation Block Grants (+\$4.5 million + \$12.2 million)

- 60% of \$9.6 million to communities; 40% for state to spend.
- Alaska Energy Authority and Alaska Housing Finance to split the 40%.
- AEA likely to administer grants to communities for the 60%. AEA and AHFC are working to develop criteria for the grants and selection process.
- The \$9.6 million can go to retrofits of commercial, public and residential structures; heating systems; energy-efficiency audits; lighting upgrades; landfill gas recovery; public transit; outreach; most anything to reduce energy costs.
- In addition to the \$9.6 million, \$4.5 million will go directly to the Top 10 cities and Top 10 boroughs in Alaska by population. The Kenai Peninsula Borough will receive \$192,200; the city of Kenai, \$50,000. (The 60% of the state's \$9.6 million must go to communities that did not receive a direct federal allocation.)
- An additional \$12.2 million goes directly to 241 tribal governments in Alaska (ranging from a minimum \$34,000 to CIRI's \$939,000; the average is \$51,000).

#### \$28 million, State Energy Program

- Not new program; started in 1996 (precursor dates to 1976); state received \$392,000 in FY2007 and \$258,000 in FY2008.
- Money goes to designated state energy office; in Alaska, that is AHFC.
- 1996 memorandum of understanding amended in 2001 to share funds 50-50 between AHFC and AEA.
- Department of Energy objectives for State Energy Program are: Increase energy efficiency to reduce costs for consumers, businesses and government; reduce reliance on imported energy; improve the reliability of electricity and fuel supplies; and reduce the effects of energy production and use on the environment.
- Money can go toward building retrofits and weatherization, loans and grants for energy-efficiency projects, distribution to municipalities for local efforts, promotion and public education of energy-efficiency standards, street lighting upgrades — almost anything to improve energy efficiency and save energy costs.
- The money cannot go toward land purchases or research.
- Required 20% state match of past years waived for stimulus funds.

### Status of \$28 million appropriation

- Legislature appropriated \$28 million (HB199); Gov. Palin vetoed the budget item.
- If the Legislature fails to override the veto, the money would stay with the U.S. Treasury (it would not go to other states).
- Application deadline was May 12; AHFC met the deadline but governor declined to provide required assurances (in addition to vetoing the appropriation). The Department of Energy agreed to accept a late, complete application from Alaska.
- The department considered an extension to January 2010 but decided against waiting that long and set Sept. 30 deadline for full application with assurances.
- Legislature can override the veto but cannot direct the funding.
- If lawmakers override the veto, the funding would remain a line item \$28 million to AHFC; spending decisions would be up to the governor.
- AHFC and AEA in March submitted proposals to the governor's Office of Management and Budget to spend their 50% shares. The governor's office never adopted the proposals, which were never presented to the Legislature. The state can amend the spending plan in its final application to the Department of Energy.
- AHFC proposed \$4.5 million for community building weatherization, \$2 million for weatherization and rebate support (software and expanded energy audit program), \$4 million for home-based renewable energy program, \$1.8 million for consumer education, \$2 million to write statewide energy-efficiency standards.
- AEA proposed \$7 million to its Renewable Energy Fund, \$2.5 million for research and development of renewable energy, \$3.9 million for energy-efficient equipment rebates and incentives, \$750,000 for energy-efficiency training and education, and \$100,000 for commercial facility energy audits.

### Federal rules for State Energy Program funds

- Department merely requires the governor to pledge that the state will promote and encourage improved energy efficiency for residential and commercial buildings.
- **The Department of Energy confirmed in an Aug. 5 letter: "The Legislature ... does not need to adopt, impose or enforce a statewide building code in order to qualify for State Energy Program funds."**
- The letter further explained: "Rather, the state must provide assurances to DOE ... that the state will encourage, promote and assist municipalities that choose to adopt their own energy-efficiency codes to achieve the goals of (the State Energy Program) ... reduced energy consumption in public and private buildings."
- Alaska is the only state not approved for State Energy Program stimulus funding.
- The department accepted the following assurances from the governor of Missouri: "The state is committed to working with communities to create model energy-efficiency standards that, if local units of government chose to implement, should reduce energy costs for Missourians. I and my staff will also work with the Missouri General Assembly to pursue incentives to assist communities in promoting improved energy efficiency consistent with the goals of ARRA."

### What the Department of Energy does and does not require

- Initial reports were that states would have to show compliance with model energy-efficiency standards for 90% of new and renovated square footage between 2009 and 2017.
- Department officials later reported — confirmed in a May 14 meeting in Washington, D.C., in subsequent phone calls and e-mails, and in the Aug. 5 letter — that meeting up-to-date energy-efficiency standards is a goal, not a mandate. The Department of Energy will not measure or count square footage, nor will it demand or expect states to count square footage.
- The department merely wants each state to prepare a plan for how it intends to promote and encourage improved energy-efficiency standards. The plan is not due at the time of application for the funds; it can be submitted later. An acceptable plan could include outreach and education efforts among homeowners, commercial property owners and builders, lenders and others in the industry; assisting municipalities in their energy-efficiency efforts; providing state guidance and assistance; pretty much a general plan to promote energy efficiency and savings. State will need to report results of their plan.
- Compliance guidelines being drafted by the Pacific Northwest National Laboratory under contract to the Department of Energy are just that — voluntary guidelines for states that want to uniformly measure and monitor their success at improving energy efficiency for buildings.
- The national laboratory, in Richland, Wash., issued its second revision of the compliance guidelines in June. Staff is reviewing the comments received and expects to issue the final report as soon as late this month.
- The intent of the guidelines is to provide states with common criteria for measuring and comparing improvements in energy efficiency. For example, the final guidelines will suggest that each state select X number of residential structures and X number of commercial structures for energy audits to track energy-efficiency improvements over time. The agency expects its final guidance to provide states with a shortened and realistic checklist to judge compliance with energy-efficiency standards in buildings.

### Cost-effectiveness of energy-efficiency construction

- I was unable to find any nationwide report that precisely quantified an average economic value for energy-efficiency upgrades, such as: For each dollar spent on improvements, the property owner would realize X dollars of savings over the life of the building. Too much depends on the size of the house, the climate, the quality of original construction, and building costs.
- However, there is a lot of city-, state- and industry-specific data:
  - ✓ The Home Energy Saver Calculator project, sponsored by the U.S. Department of Energy, Department of Housing and Urban Development and others, determined that 10 energy-efficiency improvements in an average home would produce annual savings of \$600 in energy costs — a 16% return on investment.
  - ✓ The Florida Legislature passed the Energy Act of 2008, directing the Florida Building Commission to develop rules for determining the cost effectiveness of energy-conservation measures. A February 2009 report provided the rate of return on investments in several energy-conservation improvements such as R-38 ceiling insulation, 22%, and attic radiant barrier, 35%.
  - ✓ Austin, Texas, which has adopted progressively stronger energy codes since 1985, has seen in that time the annual average energy use for homes per square foot drop from 9 kilowatt hours to 6.5 kilowatt hours.
  - ✓ A July 2008 report from the National Action Plan for Energy Efficiency, led by the Department of Energy and EPA and including state utility regulators and private utility operators, cited a 2005 Nevada study: "... upgrading the energy efficiency of commercial buildings to comply with the code would cost about \$1.60 per square foot but would result in \$0.68 per square foot of energy savings per year, meaning a simple payback of about 2.4 years."
  - ✓ The same national report quoted from a 2003 Southwest Energy-Efficiency Project that a new home in Phoenix built to energy-efficient standards would cost \$1,500 more than a home not up to the same standards, with a payback in energy savings within four years.
  - ✓ Puget Sound Energy, which serves more than 1 million electrical customers and nearly 750,000 natural gas customers in Puget Sound, reported in February 2009 that a complete home weatherization could save homeowners 25% on their heating costs.
  - ✓ A January 2008 report by the Western Governors' Association — Policy Recommendations for Energy-Efficient Buildings — stated that energy-efficiency upgrades to the Colorado State Capitol Complex produced a 25% to 30% drop in energy costs. The savings come to \$800,000 a year on a \$13.6 million investment in new lighting, heating, cooling and energy-management systems.



## Department of Energy

Washington, DC 20585

August 5, 2009

Larry Persily  
Legislative Aide  
Office of Alaska House Finance Committee Co-Chair Rep. Mike Hawker  
State Capitol, Room 505  
Juneau, AK 99801

Dear Mr. Persily,

Thank you for the opportunity to clarify what is required for compliance with the building codes requirements contained in Section 410 of the American Recovery and Reinvestment Act of 2009 (ARRA), which would enable DOE to release the \$28,232,000 allocated to Alaska under ARRA for the State Energy Program.

The Department recognizes that all or some of the actions specified in Section 410 may not be within the authority of the Alaska State Governor or the State Legislature. For that reason, we have accepted Section 410 letters in which Governors have given us assurance that they have requested the appropriate authorities in their states to adopt the specified measures. The Legislature, because it has not adopted the authority for overall residential and commercial building code and energy-efficiency code enforcement in the past and instead leaves that to the discretion of municipalities, does not need to adopt, impose and enforce a statewide building code in order to qualify for SEP funds.

Rather, the state must provide assurances to DOE (either through gubernatorial certification or legislative resolution), that the state will encourage, promote and assist municipalities that choose to adopt their own energy-efficiency codes to achieve the goals of SEP – reduced energy consumption in public and private buildings.

If you have any further questions regarding this issue, please let me know.

Sincerely,

Gilbert P. Sperling  
Program Manager  
Weatherization and Intergovernmental Program  
Office of Energy Efficiency and Renewable Energy  
US Department of Energy



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