

HB

296

<target><bill>HB 296</bill><subject>HB
296</subject><comm>HENE26</comm></target>



Headquarters
4300 Boniface Parkway
Anchorage, Alaska 99504
(907) 338-6100

Mailing Address
P.O. Box 101020
Anchorage, AK 99510-1020

Internet Web Site
<http://www.ahfc.state.ak.us>

MEMORANDUM

Date: January 21, 2010

To: Representative Bryce Edgmon, Co-Chair
Representative Charisse Millett, Co-Chair
House Special Committee on Energy

From: Dan Fauske, Executive Director/CEO
Alaska Housing Finance Corporation

Re: HB 296, AHFC Energy Efficiency Bonds

This is a request for the scheduling of House Bill 296, An Act authorizing and relating to the issuance of bonds by the Alaska Housing Finance Corporation; establishing the Alaska energy efficiency revolving loan fund and relating to the fund; authorizing municipalities and the State of Alaska to borrow money from the Alaska Housing Finance Corporation for the purposes of the Alaska energy efficiency revolving loan fund; and providing for an effective date.

HB 296 will establish an Alaska energy efficiency loan fund in the Alaska Housing Finance Corporation to work with state and municipal governments as well as school districts to make their buildings more energy efficient, not only reducing energy usage but also saving money.

The bill will also allow the Corporation to use \$18 million in federal State Energy Program funds to leverage up to \$250 million in bonds to fund the program.

The way the program will work is that a government or school district would hire an energy performance contractor to give an estimate on what needed to be done to make their buildings more energy efficient and what the annual savings would be. The government or school district would then borrow the funds from the energy efficiency loan program to get the suggested work done to the building. The annual savings as a result of the work would then be used to pay back



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the loan. Once the loan is paid back, the annual savings as a result of the energy efficiency work could then be used for other purposes or to reduce their budget.

I would appreciate the scheduling of HB 296 in the House Special Committee on Energy at your earliest possible convenience. If you have any questions or need any further information about the bill, please contact Bryan Butcher in my office at 330-8445.

AMENDMENT (

OFFERED IN THE HOUSE
TO: HB 296

BY REPRESENTATIVE PETERSEN

1 Page 1, line 3:

2 Delete "**municipalities**"

3 Insert "**regional educational attendance areas, municipalities,**"

4

5 Page 2, line 7, following "to":

6 Insert "regional educational attendance areas,"

7

8 Page 2, line 9:

9 Delete "the state or by municipalities in"

10 Insert "the regional educational attendance areas, municipalities or their subdivisions,
11 or"

12

13 Page 2, line 15, following "Before":

14 Insert "a regional educational attendance area, a"

15

16 Page 2, line 16, following "section, the":

17 Insert "regional educational attendance area"

18

19 Page 2, line 24, following "All":

20 Insert "regional educational attendance areas and"

21

22 Page 2, line 25, following "section.":

23 Insert "The corporation shall set out the terms of a loan to a regional educational

1 attendance area in a loan agreement or similar document."

2

3 Page 3, line 5, following "to":

4 Insert "a regional educational attendance area or to"

5

6 Page 3, line 7, following "that the":

7 Insert "regional educational attendance area or"

8

9 Page 3, line 9, following "and":

10 Insert "a regional educational attendance area or"

11

12 Page 3, line 10, following "from that":

13 Insert "regional educational attendance area or"

14

15 Page 3, line 19, following "state.":

16 Insert "The superintendent of a regional educational attendance area, at the direction
17 of the regional educational attendance school board, may borrow from the corporation under
18 this section for buildings owned by the regional educational area."

19

20 Page 3, line 23, following "A":

21 Insert "regional educational attendance area or"

22

23 Page 4, lines 15 - 16:

24 Delete "for energy efficiency improvements to state and municipal buildings in the
25 state"

26

27 Page 4, line 16, following "finance the":

28 Delete "other"

AMENDMENT 2

OFFERED IN THE HOUSE
TO: HB 296

BY REPRESENTATIVE PETERSEN

1 Page 1, line 3:

2 Delete "**municipalities**"

3 Insert "**Native organizations, municipalities,**"

4

5 Page 2, line 7, following "to":

6 Insert "Native organizations,"

7

8 Page 2, line 9:

9 Delete "state or by municipalities in"

10 Insert "Native organizations, municipalities or their subdivisions, or"

11

12 Page 2, line 15, following "Before":

13 Insert "a Native organization,"

14

15 Page 2, line 16, following the second occurrence of "the":

16 Insert "Native organization or"

17

18 Page 2, line 24, following "All":

19 Insert "Native organizations and"

20

21 Page 2, line 25, following "section.":

22 Insert "The corporation shall set out the terms of a loan to a Native organization in a
23 loan agreement or similar document."

1

2 Page 3, line 5, following "to":

3 Insert "a Native organization or to"

4

5 Page 3, line 7, following the first occurrence of "the":

6 Insert "Native organization or"

7

8 Page 3, line 9, following "and":

9 Insert "a Native organization or"

10

11 Page 3, line 10, following the second occurrence of "that":

12 Insert "Native organization or"

13

14 Page 3, line 19, following "state.":

15 Insert "The board of directors or council of a Native organization may borrow from
16 the corporation under this section for buildings owned by the Native organization."
17

17

18 Page 3, line 23, following "A":

19 Insert "Native organization or"

20

21 Page 3, line 27, following "section,":

22 Insert "(1)"

23

24 Page 3, line 28:

25 Delete "(1)"

26 Insert "(A)"

27

28 Page 3, line 30:

29 Delete "(2)"

30 Insert "(B)"

31

1 Page 4, line 1:

2 Delete "(3)"

3 Insert "(C)"

4

5 Page 4, line 2:

6 Delete "(4)"

7 Insert "(D)"

8

9 Page 4, line 5:

10 Delete "(5)"

11 Insert "(E)"

12

13 Page 4, lines 4 - 5:

14 Delete "(1) - (4) of this subsection."

15 Insert "(A) - (D) of this paragraph;

16 (2) "council" or "Native council" means a council organized under
17 federal law to represent an Alaska Native community or Indian reserve in the state;

18 (3) "Native organization" means a Native council or nonprofit
19 corporation organized by a Native council."

20

21 Page 4, lines 15 - 16:

22 Delete "for energy efficiency improvements to state and municipal buildings in the
23 state"



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House Bill 296 Sponsor Statement

House Bill 296 will establish an energy efficiency revolving loan fund in the Alaska Housing Finance Corporation and authorize the Corporation to sell up to \$250 million in bonds to fund the program.

The federal ARRA bill appropriated \$28.3 million to Alaska for the State Energy Program. Of that, Governor Parnell recommended spending \$18 million to make energy efficiency improvements to public buildings. Of this, \$10 million would go for energy efficient improvements to state facilities and \$8 million would go for energy efficient improvements to school and municipal facilities.

HB 296 will use this \$18 million to leverage up to \$250 million in bonds to fund the program. The bill also establishes an energy efficiency revolving loan fund in AHFC.

As an example, a municipal government or school district would have an energy audit done on their building. Let's say the building needs \$120,000 to make it more energy efficient and that those improvements would reduce their energy costs by \$20,000 a year. They would take a loan out with AHFC to do the work and then pay the loan back with the funds available due to the savings achieved through the energy efficiency improvements. After the loan is paid back those funds would be available to that government for other purposes or to reduce the size of its budget. This would result in less energy used by public buildings as well as ultimately saving public money.

This type of program has proven to be successful in other states as well as by the Alaska state Department of Transportation and Public Facilities.



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FROM A SUMMARY OF HOW THE FEDERAL ARRA STATE ENERGY PROGRAM FUNDS, THAT WILL BE USED TO LEVERAGE BONDS FOR THE ENERGY EFFICIENCY REVOLVING LOAN FUND IN SB 223, WILL BE ADMINISTERED:

State facilities energy efficiency projects -- \$10,000,000: This program will continue and expand DOT/PF's successful energy performance contracting project to further reduce energy costs in State facilities. The list of buildings and specific projects to be included will be determined based on energy audits. High profile buildings that will be included if cost effective are: the Atwood Building, the Governor's residence, and the Fairbanks Regional Office Building.

The \$10 million in ARRA energy funds allocated for this program will be leveraged with debt financing to accomplish the maximum number of energy efficiency projects and corresponding energy cost savings to the State. This is similar to the approach the State of Arizona is using for its ARRA energy funds and State buildings. Up to \$150 million in energy efficiency projects can be funded, using a combination of the \$10 million in ARRA funds and \$140 million in debt financing. The debt service will be paid entirely through the cost savings from the energy efficiency projects, and the savings will be guaranteed by the contractor, so there is no financial risk to the State.

Schools and municipal facilities energy efficiency projects -- \$8,000,000: Under this program, every school district and municipality in the State will be offered the ability to use the State's energy performance master contract to reduce their energy costs. The suggested approach is that DOT/PF manage the actual contracts, and AHFC provide project management support and outreach efforts to provide a turn-key energy savings program. This approach will avoid the need for school districts and municipalities to reinvent the wheel. As with the State building program described above, the ARRA energy funds will be leveraged with borrowed funds – either private financing or AHFC bonds – to increase the number of projects that can be funded. Using the same ratio as for State buildings, the \$8 million in ARRA funds could pay for \$118 million in energy projects for schools and municipal facilities. The emphasis in expending the \$8 million will be on schools.



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FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 296
 (H) Publish Date: 1/19/10

Identifier (file name): 0903-DOR-AHFC-1-6-10 Dept. Affected: Revenue
 Title AHFC Energy Efficiency Bonds/Revolving Loan RDU Alaska Housing Finance Corp.
 Component Operations
 Sponsor Rules
 Requester Request of Governor Component Number 110

Expenditures/Revenues (Thousands of Dollars)

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

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

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								
AHFC Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill will set up an energy efficiency revolving loan fund and authorize AHFC to sell up to \$250 million in bonds to fund the program.

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

Prepared by: Bryan Butcher, Director, Gov't Relations/Public Affairs Phone 330-8445
 Division Alaska Housing Finance Corporation Date/Time 12/30/09 12:00 AM
 Approved by: Ginger Blaisdell, Director Date 1/6/10; 11:37am
Administrative Services Division

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 296
 (H) Publish Date: 1/19/10

Identifier (file name): 09030-DOT-SPF-01-04-10 Dept. Affected: DOT&P
 Title Establishing Alaska Energy Revolving Loan Fund etc RDU Design, engineering & construction
 Component Statewide Public Facilities
 Sponsor _____
 Requester _____ Component Number 2882

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

Since all this bill does is create the ability for DOT&PF to participate in loan a program, there is no fiscal impact.

Prepared by: Mary Siroky, Legislative Liaison Phone 465-4772
 Division DOT&PF, Commissioner's Office Date/Time 1/4/10 4:00 PM
 Approved by: Frank Richards Date 1/4/2010
Deputy Commissioner, DOT&PF



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4300 Boniface Parkway
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The way the program will work is that a government or school district would hire an energy performance contractor to give an estimate on what needed to be done to make their buildings more energy efficient and what the annual savings would be. The government or school district would then borrow the funds from the energy efficiency loan program to get the suggested work done to the building. The annual savings as a result of the work would then be used to pay back



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the loan. Once the loan is paid back, the annual savings as a result of the energy efficiency work could then be used for other purposes or to reduce their budget.

I would appreciate the scheduling of HB 296 in the House Special Committee on Energy at your earliest possible convenience. If you have any questions or need any further information about the bill, please contact Bryan Butcher in my office at 330-8445.

Home Energy Rebate Frequently Asked Questions (FAQ)

1. What is the rebate program?
2. What's the difference between the Home Energy Rebate program and the Weatherization program?
3. Can I participate in both the Home Energy Rebate program and the Weatherization program?
4. Do I have to be a homeowner to apply for a rebate?
5. Will the Home Energy Rebate program be available for rentals or businesses?
6. Are mobile homes eligible for a rebate?
7. Are condos eligible for the Home Energy Rebate program?
8. How much time do I have to apply for the rebate program?
9. How do I get a Home Energy Rebate?
10. Where can I get a homeowner Home Energy Rebate application?
11. Who pays for the energy ratings for the Home Energy Rebate program?
12. Who pays the up front cost for the energy-efficiency improvements in the Home Energy Rebate program?
13. What if I don't have the money up front to pay for the energy improvements in the Home Energy Rebate?
14. Where do I get more information on how to make energy efficiency improvements?
15. Should I get an energy rating on my home now so I can participate in the Home Energy Rebate program?
16. If I start working now on my house to make it more energy efficient, will I get a Home Energy Rebate?
17. How long will it take to get my Home Energy Rebate after I submit an application to AHFC?
18. I heard there will be a rebate for buying a new 5 Star Plus home. How do I apply?
19. Are energy-efficient appliances and lighting eligible for the rebate program?
20. I want to become an energy rater for the Home Energy Rebate program. Who do I contact?
21. What is the difference between an "As-Is" rating and a "Post" rating?

Q1. What is the rebate program?

The rebate program assists homeowners in making the best energy-efficiency improvements for their home. The program requires a certified home energy rater to evaluate homes before and after the improvements. The more a home's energy efficiency improves, the greater the possible rebate.

Q2. What's the difference between the Home Energy Rebate program and the Weatherization program?

The Home Energy Rebate program has no income requirements and focuses on owner-occupied homes. Homeowners pay for certain energy-efficiency improvements and are rebated a portion of the cost for doing so. The Weatherization program has income requirements, and the weatherization work is provided for free by specific weatherization agencies and housing authorities.

Q3. Can I participate in both the Home Energy Rebate program and the Weatherization program?

No. You may participate in one or the other program, but not both.

Q4. Do I have to be a homeowner to apply for a rebate?

Yes. The rebate program is only for owner-occupied housing.

Q5. Will the Home Energy Rebate program be available for rentals or businesses?

The Home Energy Rebate program is focused on owner-occupied homes. AHFC intends to make the rebate program available to as wide a range of housing as practical. Condos may qualify.

Currently the rebate program does not include rentals or businesses (such as a Bed and Breakfast).

Q6. Are mobile homes eligible for a rebate?

Yes.

Q7. Are condos eligible for the Home Energy Rebate program?

Yes. Click [here for the Condo Factsheet](#) for details. *New!*

Q8. How much time do I have to apply for the rebate program?

The time limit to apply for the rebate has been extended to 18 months from the date of the initial As-Is energy rating.

Q9. How do I get a Home Energy Rebate?

You can [sign up](#) for a rater for the energy rebate program via this site or by calling the rebate call center at 1-877-AKRebate (1-877-257-3228). You will be assigned to a certified energy rater who will follow up with you directly and perform your initial As-Is energy rating. The rater will provide you with a list of possible energy improvements, choose from that list the improvements you want to make, do the improvements yourself or hire a contractor, have the rater return to verify the work and provide a new rating showing how much the home's energy efficiency has improved, and apply for the rebate. For more details about the program, rebate amounts, and requirements, [click here for the home energy rebate program guidelines](#).

Q10. Where can I get a homeowner Home Energy Rebate application?

An application is not needed until after you have the required initial energy rating performed and received copies of the recommended energy improvements, which will be provided by the rater. [Click here for application form](#).

Q11. Who pays for the energy ratings for the Home Energy Rebate program?

The homeowner will be reimbursed directly by AHFC a total of \$500 for the combined ratings: Up to \$325 is allowed for the initial As-Is rating and up to \$175 for the Post Improvement rating. Any rating costs over these amounts are the responsibility of the homeowner. The actual cost of ratings may vary by rater and individual house characteristics. We recommend that you ask for price quote before your rater begins work on your As-Is or Post-improvement rating. If you would like a different rater, contact the AKRebate call center and you will be put back at the top of the list.

Q12. Who pays the up front cost for the energy-efficiency improvements in the Home Energy Rebate program?

The homeowner. However, AHFC is offering loans to qualified borrowers up to \$30,000 through the Second Mortgage for Energy Conservation. [Click here for details](#).

Q13. What if I don't have the money up front to pay for the energy improvements in the Home Energy Rebate?

AHFC is offering loans to qualified borrowers up to \$30,000 through the Second Mortgage for Energy Conservation. [Click here for details](#).

Q14. Where do I get more information on how to make energy efficiency improvements?

Visit the [AHFC Research Information Center web page](#). Please note: only items listed in the AkWarm[®] Improvement Options Report following your home energy rating will be eligible for the Home Energy Rebate. Talking with your energy rater about the best improvements and what you should do is critical.

Q15. Should I get an energy rating on my home now so I can participate in the Home Energy Rebate program?

An "As-Is" energy rating performed between April 5, 2008, and May 15, 2008, will be accepted as the initial rating for the Home Energy Rebate Program. However, the costs of these ratings are paid by the homeowner and will not be reimbursed by AHFC. The cost of ratings done after May 15, 2008, will be reimbursed by AHFC directly to the homeowner, up to \$325 for the As-Is rating and \$175 for the Post-improvement rating. You will have 18 months from the date of the As-Is rating to make improvements, have the Post-improvement rating completed, and submit your application to AHFC for a rebate.

Q16. If I start working now on my house to make it more energy efficient, will I get a Home Energy Rebate?

The Home Energy Rebate program requires an AkWarm® energy rating prior to any work. Only items listed in the AkWarm® Improvement Options Report will be eligible for the program.

Q17. How long will it take to get my Home Energy Rebate after I submit an application to AHFC?

It's estimated that there will be a 60-day turnaround time.

Q18. I heard there will be a rebate for buying a new 5 Star Plus home. How do I apply?

There will be a \$7,500 rebate available for home buyers purchasing certain 5 Star Plus homes. [Click here for the application and guidelines.](#)

Q19. Are energy-efficient appliances and lighting eligible for the rebate program?

Energy Star appliances and lighting are a great idea when upgrading your home and can help reduce your energy bills. However, appliances and lighting are not eligible for a rebate at the present time.

Q20. I want to become an energy rater for the Home Energy Rebate program. Who do I contact?

AHFC trains raters through contracts with other training entities. There have been more than 1,000 requests, and more than 400 applications from people wishing to become energy raters. We anticipate the need at about 50 to 60, most of whom will be trained by the end of July. We have two additional rater training classes scheduled for September and October, although those are wait listed. Unless the legislature allocates additional money, we anticipate that the ratings for the rebate program will be completed in Anchorage, Mat-Su, and Fairbanks by November.

Q21. What is the difference between an "As-Is" and a "Post" rating?

The As-Is rating is the initial rating of your home. The Post-improvement rating is the second rating of your home after you have made some or all of the recommended improvements. You can [sign up for both ratings here](#) or call 1-877-akrebate (1-877-257-3228).



Home Energy Rebate Program Guidelines

The Home Energy Rebate Program for existing homes will rebate *up to* \$10,000 to a homeowner, who improves the energy efficiency of his or her home. A qualified homeowner must improve the energy efficiency of the home at least **1 step** using the energy rating system described below in **Energy Rating and Rating Points**. (See also **Additional Requirements**.)

A final rating of a 1 Star Plus (1★+) or greater must be achieved to qualify for a rebate. This is a one-time rebate, for any one family, borrower, or home.

Rebate funds are subject to appropriation by the Alaska Legislature, and are subject to funding availability. If or when funding becomes limited, the Alaska Housing Finance Corporation may terminate the program. Public notice shall be provided on the AHFC website www.ahfc.us.

To participate in this program:

- Request an AkWarm energy rating by signing-up on the waiting list at www.akrebate.com or calling 1-877-AKREBATE (1-877-257-3228).
- The As-Is energy rating generates an *Energy-Efficiency Improvement Options Report* that serves as a guideline for AHFC and the homeowner regarding the energy savings, cost of the improvement and return on the energy improvement investment.
- Submit to AHFC copies of the Home Energy Rating certificate (As-Is), Energy Efficiency Improvement Options report (As-Is), proof of ownership (tax parcel notice, transfer deed or deed of trust, that matches property address on the rating and confirms the homeowners name), energy rater's receipt or check copy, and the As-Is Energy Rating Reimbursement Form, (HER-1 Invoice) signed by the rater and the homeowner. Within 60 days of receipt, AHFC will reimburse the homeowner for the As-Is rating. Submitting this paperwork indicates to AHFC that a homeowner is participating in the rebate program and funds for a possible rebate are encumbered for 18 months from the date of the As-Is rating.
- Make improvements selected from the *Energy-Efficiency Improvement Options Report* (within 18 months, see **Additional Requirements** below). Rating points are listed for each improvement option. Choose the improvements that will gain enough points to increase the energy rating. Homeowners may complete the improvements (rebate is applicable to materials only) or hire a contractor (rebate applicable to materials and labor). Only those items relating to energy efficiency and recommended in the *Energy-Efficiency Improvement Options Report* are eligible for the rebate.
- After the work is completed, request an AkWarm Post-Improvement energy rating by signing-up on the waiting list at www.akrebate.com or calling 1-877-AKREBATE (1-877-257-3228). The rater will verify the improvements and provide the homeowner with a new energy rating certificate. The rebate amount is determined by the increase in the

Post-Improvement rating. (For example, if the As-Is rating was 3 Star+ and the Post-Improvement rating is 4 Star that is a One Step increase, eligible for a rebate of up to \$4,000.00).

Maximum Rebate Amounts:

One Step	Up to \$4,000
Two Steps	Up to \$5,500
Three Steps	Up to \$7,000
Four Steps	Up to \$8,500
Five Steps	Up to \$10,000

- A homeowner is only eligible to receive a rebate of **actual expenses**. For example: A homeowner spends \$3,500 on energy efficient improvements and the home's energy rating increases Two Steps. The homeowner will only receive a rebate of the **actual expenses** or \$3,500, not \$5,500 as a Two Step improvement would indicate above. Submit to AHFC copies of the Post-Improvement Home Energy Rating certificate, the energy rater's receipt or check copy for Post-Improvement energy rating, proof of payment for the eligible improvements completed, and the Post-Improvement Rating Reimbursement & Rebate Form (HER-2 Invoice) within 18 months from the date of the As-Is energy rating. Within 60 days of receipt, AHFC will reimburse the homeowner for the Post-Improvement rating and provide the rebate.

You are not eligible for the Home Energy Rebate for existing homes if:

- You participated in the Weatherization Assistance Program after May 1, 2008.
- You received a Home Energy Rebate after May 1, 2008.
- Your As-Is rating was done before April 5, 2008*.
- Your As-Is rating is more than 18 months old.
- You fail to provide the requested information with your application for a rebate.
- You participated in the 5 Star Plus New Construction Energy Rebate program.

AHFC will reimburse the homeowner for the cost of ratings done after May 15, 2008, up to \$500 for the combined cost of the pre-improvement (As-Is) and the Post-Improvement rating. A homeowner is reimbursed up to \$325 for the As-Is rating, and up to \$175 of the Post Improvement rating.

The homeowner is responsible for submitting all requested paper work for reimbursements & rebates.

**An energy rating done between April 5 and May 15, 2008, can qualify a homeowner for rebate purposes; however, AHFC does not reimburse homeowners for the cost of ratings performed during this period.*

Energy Rating and Rating Points

The amount of the rebate is determined by the increase in the number of steps between the As-Is and Post-Improvement energy ratings.

This chart can help you understand the correlation between your energy rating points and the energy rating stars for your home's energy rating. There are 10 steps between rating levels:

Points	Rating	Points	Rating
0-39	1 Star	73-77	3 Star +
40-49	1 Star +	78-82	4 Star
50-59	2 Star	83-87	4 Star+
60-67	2 Star +	88-91	5 Star
68-72	3 Star	92-100	5 Star+

For example:

A 2 Star Plus (60-67 points) rating, increased to 3 Star (68-72 points) after making energy improvements, would equal one step. A 2 Star (2★) rating, increased to 3 Star (3★) after making energy improvements, would equal two steps.

Additional Requirements:

To be eligible for a rebate, the final energy rating must be at least 1 Star Plus (1★+), and have increased one step and at least five points. This is applicable to all homes with a final rating of 3 Stars (< 3★) or less. For homes with a final rating of 3 Star plus (> 3★+) or more, at least one step and three points increase is required.

The home energy rebate reimbursement & rebate applications must be submitted to the Alaska Housing Finance Corporation at:

Alaska Housing Finance Corporation
ATTN: R2D2
PO Box 101020
Anchorage, AK 99510-1020

The homeowner must be the year-round occupant of the upgraded home and submit the rebate application and required documents within eighteen months of the date on the As-Is rating. Each family and property is eligible for one rebate only. The person to whom the rebate is paid will be required to submit a Social Security number, and the amount of the rebate will be reported to the United States Internal Revenue Service. An IRS Form 1099 will be mailed to the homeowner at the end of the year in which the homeowner received the rebate.

Rebate funds are subject to appropriation by the Alaska Legislature, and are subject to funding availability. If or when funding becomes limited, the Alaska Housing Finance Corporation may terminate the program. Public notice shall be provided on the AHFC website www.ahfc.us.

5 Star Plus New Construction Energy Rebate Program

Requirements for the 5 Star Plus New Construction Energy Rebate program may be found in the "5 Star Plus New Construction Energy Rebate Encumbrance Request (HER-50 Form)" and the "5 Star Plus New Construction Energy Rebate Form (HER-51 Invoice)" available at www.ahfc.us/energy.

For more information contact:

Alaska Housing Finance Corporation
PO Box 101020
Anchorage, AK 99510-1020
907-338-6100 (Anchorage)
1-800-478-2432 (toll free statewide)
www.ahfc.us

Phase One

Facility	Agency	Location
1 State Office Building	Administration	Juneau
2 Alaska Office Building	Administration	Juneau
3 Court Plaza Building	Administration	Juneau
4 Dimond Courthouse	Administration	Juneau
5 Douglass Island Building	Administration	Juneau
6 Aviation Building	Transportation and Public Facilities	Anchorage
7 Annex Building	Transportation and Public Facilities	Anchorage
8 Public Safety Building	Transportation and Public Facilities	Anchorage

Phase Two

Facility	Agency	Location
9 Anchorage Correctional Center	Corrections	Anchorage
10 Spring Creek Correctional Facility	Corrections	Seward
11 Fairbanks Correctional Center	Corrections	Fairbanks
12 Wildwood Correctional Center	Corrections	Kenai
13 Lemon Creek Correctional Center	Corrections	Juneau
14 Hiland Mt Correctional Center	Corrections	Eagle River
15 Anvil Mt. Correctional Center	Corrections	Nome
16 Yukon-Kushokwim Correctional Center	Corrections	Bethel
17 Anchorage Pioneer Home	Health and Social Services	Anchorage
18 McLaughlin Youth Facility	Health and Social Services	Anchorage
19 Sitka Pioneer Home	Health and Social Services	Sitka
20 Palmer Pioneer Home	Health and Social Services	Palmer
21 Fairbanks Pioneer Home	Health and Social Services	Fairbanks
22 Fairbanks Youth Facility	Health and Social Services	Fairbanks
23 Juneau Pioneer Home	Health and Social Services	Juneau
24 Anchorage Public Health Lab	Health and Social Services	Anchorage

Note: For DHSS projects, only audits completed; DHSS is implementing the energy savings measures itself.

6.9 GUARANTEED ENERGY SAVINGS SUMMARY

Siemens Building Technologies guarantees energy unit savings. Quantities of guaranteed energy unit savings are shown as follows:

The utility rates of Section 6.6 are used to calculate the annual avoided cost dollar savings. Refer to Section 1 (Executive Summary) and Section 5 for the total annual avoided cost dollar saving amounts.

The measured energy and water savings for the Facility Improvement Measures (FIM's) installed provide \$576,956 in actual cost avoidance savings in the third annual year report.

The total guaranteed annual energy savings and the measured energy savings are summarized in Tables A & B below:

Table A

	Original Contract Guaranteed Annual Energy Savings	Reported Measured Savings (Year 3)
Electrical Consumption (kWh)	2,211,605	2,722,793
Electrical Demand (kW)	322	437
Natural Gas (Therms)	11,168	15,820
Fuel Oil (Gal)	70,216	93,453
Water (Gal)	2,409,000	2,923,000

The annual cost avoidance and operational savings from the water fixture replacements as defined in the original contract guarantee is reported in the table below:

Table B

	Original Annual Energy Savings (Cost Avoidance) *	Reported Cost Avoidance (Year 3)**
Energy & Utility Savings	\$284,228	\$563,922
Operational Savings	\$13,034	\$13,034
Total	\$297,262	\$576,956

*Cost Avoidance calculated using the escalated 2003-2005 base year utility rates

**Reported Cost Avoidance calculated using the 2008-2009 3rd year utility performance period rates.

Per the contract, the utility rate used for savings calculations was based on the utility rate currently in effect or the baseline utility rate escalated per the contract whichever is greater. An escalation rate of 3.5% per annual period was applied to the utility rates and an escalation rate of 2.0% per annual period was applied to the operational savings.

Attachment A
State of Alaska ESPC Summary

2817

Phase One

Facility	Agency	Location	Square Footage	ESPC Contract Value	Payback Term	Guaranteed Year One Monetized Savings	Reported Year One Monetized Savings	Reported Year Two Monetized Savings	Reported Year Three Monetized Savings
1 State Office Building	DOA	Juneau	214426						
2 Alaska Office Building	DOA	Juneau	57652						
3 Court Plaza Building	DOA	Juneau	40128						
4 Douglass Island Building	DOA	Juneau	41974						
5 Dimond Courthouse	DOA	Juneau	79116						
6 Aviation Building	DOT&PF	Anchorage	63000						
7 Annex Building	DOT&PF	Anchorage	24000						
8 Public Safety Building	DOT&PF	Anchorage	43000						
Summary				\$ 4,030,116.00	12 years	\$ 277,857.00	\$ 365,991.00	\$ 561,935.00	\$ 570,797.00

Phase Two

Facility	Agency	Location	Square Footage	ESPC Contract Value	Payback Term	Guaranteed Year One Monetized Savings	Reported Year One Monetized Savings	Reported Year Two Monetized Savings	Reported Year Three Monetized Savings
9 Anchorage Correctional Center	DOC	Anchorage	296,089						
10 Spring Creek Correctional Facility	DOC	Seward	205,952						
11 Fairbanks CC	DOC	Fairbanks	93,700						
12 Wildwood CC	DOC	Kenai	174,153						
13 Lemon Creek CC	DOC	Juneau	83,368						
14 Hiland Mt/Meadow Creek CC	DOC	Eagle River	147,191						
15 Anvil Mt. CC	DOC	Nome	33,475						
16 Yukon-Kushokwim CC	DOC	Bethel	25,320						
Summary				\$ 9,010,700.00	15 years	\$ 660,000.00	TBD		
17 Anchorage Pioneer Home	DH&SS	Anchorage	150,366						
18 McLaughlin Youth Facility	DH&SS	Anchorage	145,113						
19 Sitka Pioneer Home	DH&SS	Sitka	83,121						
20 Palmer Pioneer Home	DH&SS	Palmer	70,066						
21 Fairbanks Pioneer Home	DH&SS	Fairbanks	59,361						
22 Fairbanks Youth Facility	DH&SS	Fairbanks	55,015						
23 Juneau Pioneer Home	DH&SS	Juneau	42,444						
24 Anchorage Public Health Lab	DH&SS	Anchorage	37,000						
Summary				\$ 128,500.00	N/A*				

*DHSS elected to end the ESPC contract after the energy audit was completed. They believed that they could implement the ECM's through traditional contracting methods for less than the ESCO's proposed cost.

**Alaska Legislature
House Special Committee on Energy**



Rep. Charisse Millett
Capitol Building, Room 412
Juneau, AK 99501
Phone (907) 465-3879
Fax (907) 465-2069
Rep_Charisse_Millet@legis.state.ak.us

Rep. Bryce Edgmon
Capitol Building, Room 416
Juneau, AK 99801
Phone (907) 465-4451
Fax (907) 465-3445
Rep_Bryce_Edgmon@legis.state.ak.us

February 23, 2010

Co-chair Rep. Mike Hawker
Co-chair Rep. Bill Stoltze
House Finance Committee
Alaska Legislature
State Capitol Building
Juneau, Alaska 99801

Reps. Hawker and Stoltze,

The House Special Committee on Energy moved House Bill 296 out of committee on Tuesday, February 23, 2010.

After a lengthy debate, committee members decided that it would be a good idea to include language in the bill permitting state owned universities to participate in the Alaska Energy Efficiency Loan Fund.

We respectfully request that this language be inserted into the bill when it comes before the committee this session. Please call one of us if you need additional information.

Sincerely,

Handwritten signature of Bryce Edgmon in black ink.

Rep. Bryce Edgmon

Handwritten signature of Charisse Millett in black ink.

Rep. Charisse Millett

Energy Savings Performance Contracting Summary

Prepared by DOT/PF

- Under an Energy Savings Performance Contract (ESPC), an Energy Savings Contractor (ESCO) is selected through a competitive Request for Proposal process to complete an energy audit, recommend, design and implement Energy Conservation Measures (ECM's), and guarantee energy savings.
- The contractor will first complete an investment grade energy audit that identifies conservation measures, along with their payback periods, and present it to the facilities owner or manager. The manager will select a set of conservation measures that meets their desired financial goals, and will negotiate the implementation cost with the ESCO.
- When selecting the ECM's to be implemented, it is critical to avoid "cherry picking" quick payback measures, such as lighting upgrades, and ignoring longer payback items such as heating and ventilation system upgrades. Since lighting upgrades are typically the quickest payback for an ECM, they can help to offset the cost of a longer payback ECM, such as a boiler upgrade, when accomplished under an ESPC.
- Example: Lighting Upgrade will pay back in 3 years. Boiler Upgrade will pay back in 12 years. Combined the payback will be 7 years. It is also common for an owner to package several buildings together under one agreement to leverage savings in one facility towards another, providing that the buildings have the same funding source. This allows for a greater amount of work to be accomplished.
- Capital funding can be used to fund the entire contract; however, more typically, financing is obtained from either the ESCO or third party financing. The amount financed, plus the interest charges, are paid back over time from the dollar savings that are realized from the reduction in energy consumption. The financing period may range from 8 to 25 years, depending upon the ECM's chosen and the owner's financial requirements (our contract with Siemens utilized third party financing with a payback ranging from 12 to 15 years).
- A combination of capital funding – such as the ARRA energy funds – and financing may be chosen to fund the project. Arizona is leveraging \$10 million in ARRA energy funds with about \$40 million in private financing to accomplish \$50 million in energy efficiency projects in state facilities. This approach will also work for Alaska. Under any of these scenarios, a limited amount of capital or operating funding is required to pay personnel cost to implement the contract.
- The ESCO guarantees that the ECM's will reduce the energy consumption in the facility. If the energy savings are less than what the ESCO guarantees, the ESCO will monetize the difference in guaranteed versus actual savings and will reimburse the owner this amount. Example: ESCO guarantees a savings of 30,000 Btu's, but only 25,000 Btu's are saved, the ESCO will write a check for the cost of the missing

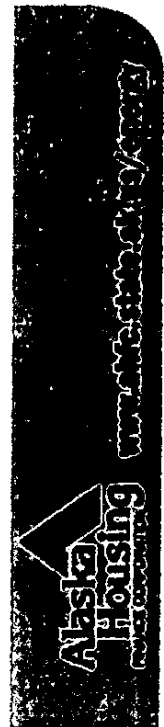
5,000 Btu's. Under some performance contracts, if the energy savings are greater than that which the ESCO guaranteed, the owner is required to share the monetized cost of the excess savings with the ESCO. Our contract with Siemens did not have this language, i.e. excess savings belong to the State.

- The U.S. Department of Energy guidance regarding the ARRA energy funds specifically encourages the use of these funds for energy performance contracting, as a method of leveraging and extending the life of the funds.

AHFC Rebate & Weatherization Programs

LEGISLATIVE REPORT

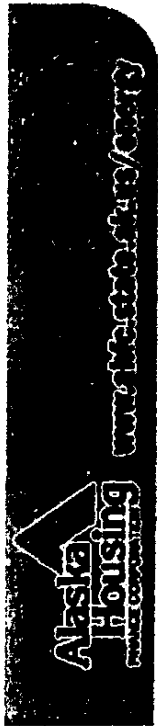
2/9/2010



Weatherization **PROGRAM**

\$200 Million

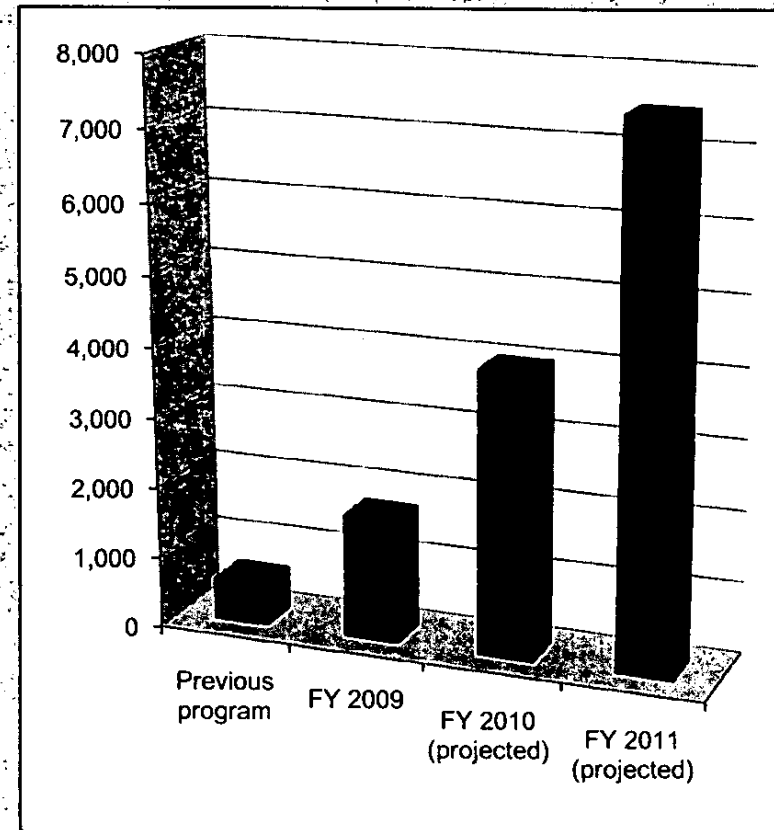
Encumbered: \$70 million



Weatherization PROGRAM

Homes Weatherized

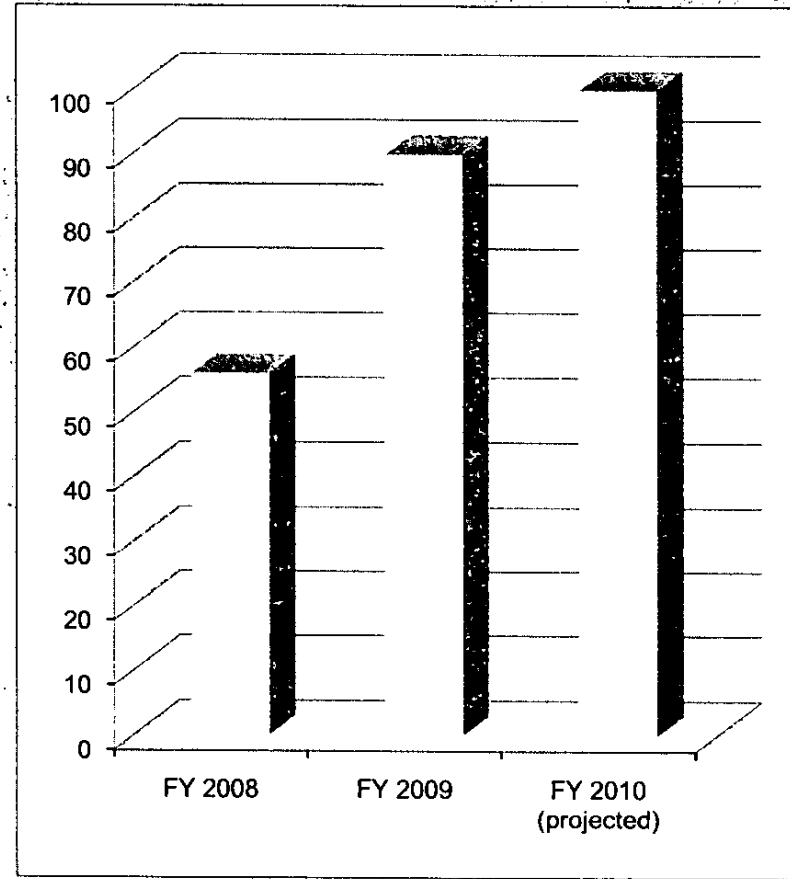
- Previous program: **600**
- FY 2009: **1740**
- FY 2010: **4000**
- FY 2011: **7500**
- Statewide weatherization providers and housing authorities continue ramping up.



Weatherization PROGRAM

Communities/Areas Served

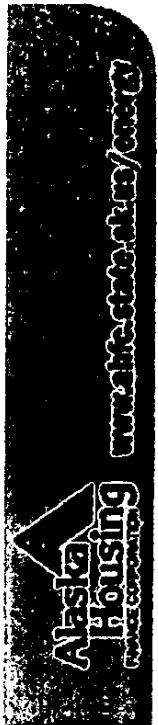
- **FY 2008: 56**
- **FY 2009: 90**
- **FY 2010: 100+**



Home Energy Rebate PROGRAM

\$160 Million

Funds Fully Encumbered
Expended: \$32 million



Home Energy Rebate PROGRAM

Rebate Rating Activity: 20,281*

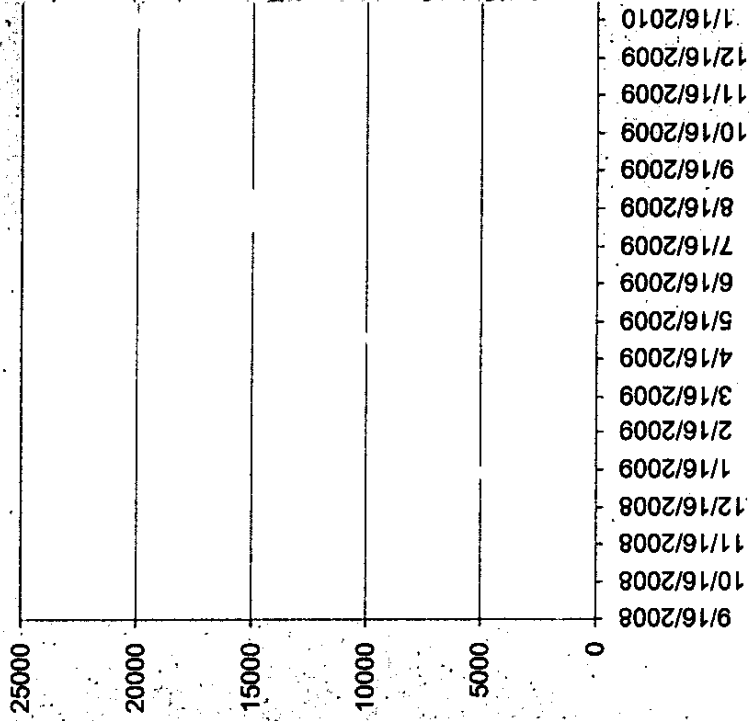
Existing Homes*

- 3,418 rebates paid
- \$6,173 average
- 18 month deadline
- 72% participation rate

New 5 Star Plus Homes

- 532 rebates paid

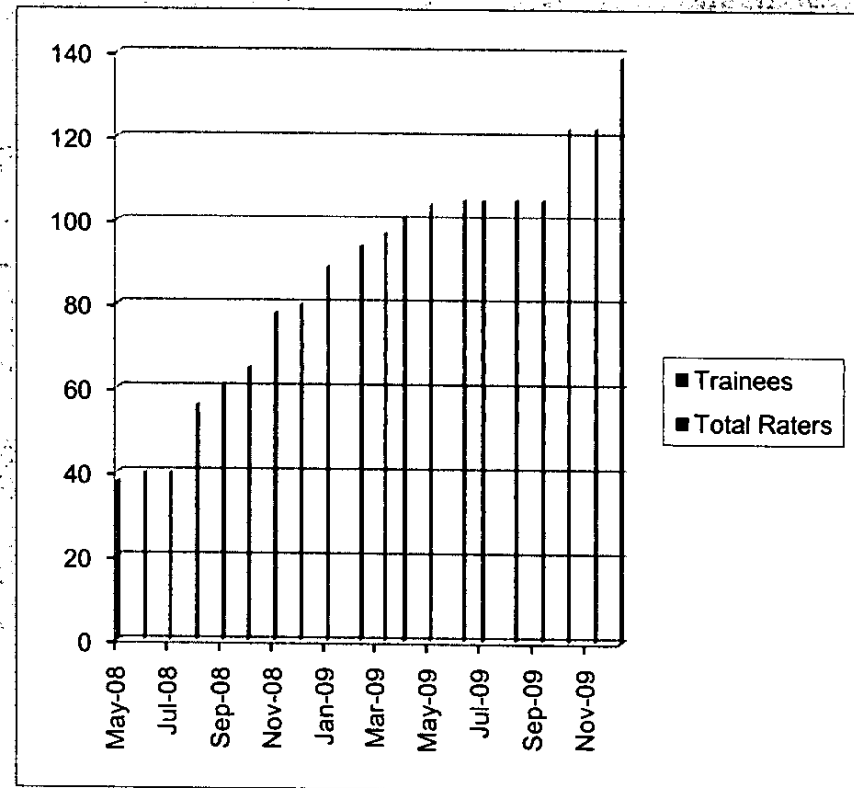
Total Ratings Processed



Home Energy Rebate PROGRAM

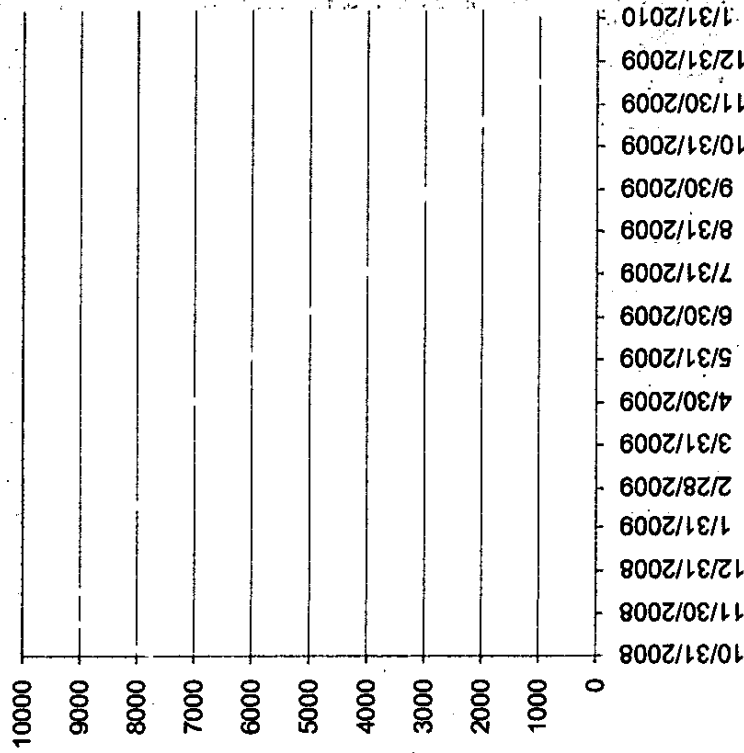
Rater Availability

- Raters
 - 38 at program start
 - 123 at present
 - 16 in training status
- Roving rater program
- Centralized sign-up list
 - www.akrebate.com or call 1-877-AK-REBATE
 - Ability to check place on waiting list



Home Energy Rebate PROGRAM

Wait List

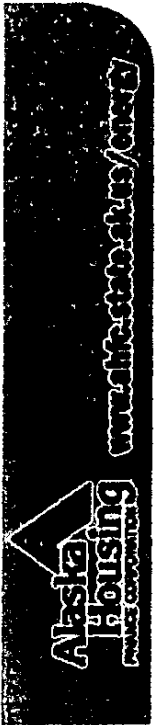


Statewide: 1008

Anchorage: 491

Total Ratings Dispatched

Statewide : 27,743



Home Energy Rebate PROGRAM

Program Snapshot

Approximate Costs of Sampled Homeowners

AHFC Rebate Amount

\$6100 average rebate

Homeowner Paid Costs

\$10,500 average spent

-\$6100 average rebate

=\$4400 homeowner investment

\$1499 annual energy savings

3 year payback



Home Energy Rebate PROGRAM

Energy & CO2 Impacts

Program	Before	After	Total Savings	Per Home
3129				
Energy Cost	\$17,497,879	\$12,808,396	\$4,689,483	\$1,499 /year
CO2 lbs/year	140,980,134	102,342,552	38,637,581	12,352 lbs/yr
Rating Stars	3	4		2 steps

Average energy use reduced 31.9%

Total energy saved in BTUs = 297 billion

Equivalent energy savings: 51,213 barrels of crude oil

2.14 million gallons of fuel oil



Home Energy Rebate PROGRAM

Average Savings per Home by Fuel Type

Electric	711 kwh
Natural Gas	931 ccf
#2 Oil	692 gallons
Propane	96 gallons
Wood	2.4 cords

3192 sampled homes

Projected average energy cost reduced 26.8%



Second Mortgage for Energy Conservation

- 2nd Mortgage up to \$30,000
 - 15 Year Loan at the Taxable Rate
 - Current loan activity: **104**

Training Progress Report

2009*

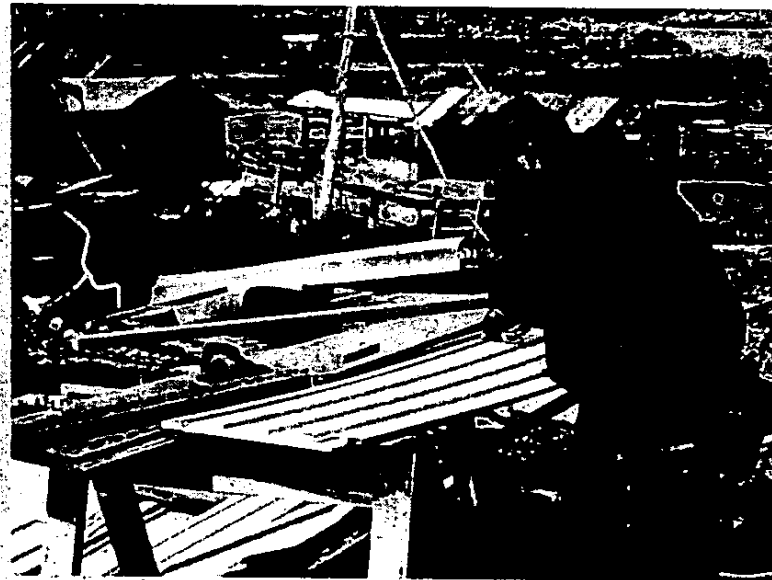
Professional Classes: 98

Professional Students: 1384

Consumer Classes: 317

Consumer Students: 3908

23 regional communities



Weatherization
PROGRAM
Home Energy Rebate
PROGRAM

