

12085

HOUSE C&RA

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HB101-DOA-DMV-2-8-07
 Bill Version: HB101
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title "An Act relating to uniform traffic laws" RDU Division of Motor Vehicles
 Component Motor Vehicles
 Sponsor Rep. Gara
 Requester (H) CRA Component No. 2348

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Travel | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Contractual | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Supplies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equipment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Land & Structures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Grants & Claims | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Miscellaneous | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|-----|-----|-----|-----|-----|-----|
| CAPITAL EXPENDITURES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|-----------------------------|-----|-----|-----|-----|-----|-----|

| | | | | | | |
|-------------------------------|-----|-----|-----|-----|-----|-----|
| CHANGE IN REVENUES () | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|-------------------------------|-----|-----|-----|-----|-----|-----|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1003 GF Match | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1004 GF | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1005 GF/Program Receipts | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1037 GF/Mental Health | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other (Specify Type—Do not abbreviate) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2007) cost: 0.0

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

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Part-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Temporary | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

This bill does not impact the Division of Motor Vehicles

Prepared by: Duane Bannock, director
 Division: Motor Vehicles
 Approved by: Kevin Brooks, Deputy Commissioner
 Agency: Department of Administration

Phone: 465-2200
 Date/Time: 2/8/07 12:00 PM
 Date: 2/8/2007

CS FOR HOUSE BILL NO. 101()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES GATTO, Lynn

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to uniform traffic laws and to operating a vehicle while under the**
2 **influence of an alcoholic beverage, inhalant, or controlled substance."**

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

4 *** Section 1.** AS 28.01.010(a) is amended to read:

5 (a) The provisions of this title and the regulations adopted under this title are
6 applicable within all municipalities of the state. A municipality may not enact or
7 enforce an ordinance that is inconsistent with the provisions of this title or the
8 regulations adopted under this title. A municipality may not incorporate into a
9 publication of traffic ordinances a provision of this title or the regulations adopted
10 under this title without specifically identifying the provision or regulation as a state
11 statute or regulation.

12 *** Sec. 2.** AS 28.35.030(r) is amended to read:

13 (r) If a person is convicted under (a) of this section and at sentencing the
14 court determines by a preponderance of the evidence [IT IS DETERMINED BY

1 THE TRIER OF FACT] that, as determined by a chemical test taken within four hours
2 after the offense was committed,

3 (1) there was at least 0.16 percent by weight of alcohol in the person's
4 blood but less than 0.24 percent by weight of alcohol in the person's blood or at least
5 160 milligrams of alcohol per 100 milliliters of blood, but less than 240 milligrams of
6 alcohol per 100 milliliters of blood, or when there was at least 0.16 grams of alcohol
7 per 210 liters of the person's breath, but less than 0.24 grams of alcohol per 210 liters
8 of the person's breath, the court shall require the person to use an ignition interlock
9 device as provided in AS 12.55.102 for a minimum of six months after the person
10 regains the privilege, including any limited privilege, to operate a motor vehicle;

11 (2) there was 0.24 percent or more by weight of alcohol in the person's
12 blood or 240 milligrams or more of alcohol per 100 milliliters of blood, or when there
13 was 0.24 grams or more of alcohol per 210 liters of the person's breath, the court shall
14 require the person to use an ignition interlock device as provided in AS 12.55.102 for
15 a minimum of one year after the person regains the privilege, including any limited
16 privilege, to operate a motor vehicle.

**Municipality
of
Anchorage**



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Mark Begich, Mayor

CRA-

DEPARTMENT OF LAW
Criminal Division
632 W 6th Avenue, Suite 210

February 26, 2007

The Honorable Gabriel LeDoux
Co-Chair House Community and Regional Affairs Committee
State Capitol, Room 412
Juneau, AK 99801-182

RE: HB 101 - Ignition Interlock Devices

Dear Representative LeDoux:

Thank you for the opportunity to follow up the telephonic contact I had with your committee on Feb. 15, 2007, regarding HB101.

We are troubled that some legislators are under the mistaken impression that Anchorage takes the issue of driving under the influence of alcohol less than seriously. Nothing could be further from the truth. I can assure you and the committee that this community takes the prosecution of alcohol-related offenses deadly seriously. We aggressively prosecute DUI and other cases where the abuse of alcohol has such a devastating effect on our community.

As for HB101, I believe there is considerable confusion about this measure and the law which prompted it, subsection (r) of AS 28.35.030(r). That subsection begins with a reference to convictions under the state DUI statute. Based on that wording, my office does not believe AS 28.35.030(r) applies to Municipal cases. Mary Ann Henry, who supervised our trial attorneys at the time, reached the same conclusion.

Simply put, the Municipality does not refuse to enforce state law. This state law, as written, does not apply in our cases. We can't enforce it as we have no authority to do so.

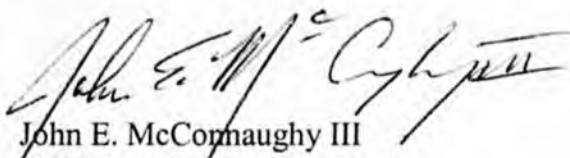
The Municipality is well aware of the requirement that its laws be consistent with state law. Our Code tracks state law closely. As the state has changed its laws, we have enacted parallel ordinances to follow suit. After concluding that AS 28.35.030(r) did not apply in Municipal cases, I intended to ask the Assembly to amend the Municipal code by enacting parallel requirements. However, when I looked at the statute, I found it puzzling and problematic. I have discussed my substantive concerns about it with a number of legislative staffers, and summarized them in an e-mail to Cody Rice, a staffer working for a member of the committee. I understood from him that the legislature was working on revising the statute.

I could ask the Assembly to enact an ordinance paralleling AS 28.35.030(r). However, I believe I have an obligation to explain the problems I see with the statute. In my view, the goal is laudable, but the procedure it requires is unclear, it imposes additional burdens on the prosecution while leaving the burden of proof unclear, and it muddies settled Alaska law that has been helpful to the prosecution of criminal cases.

My concerns may be misplaced, but no one has contacted me to point out the fault in my analysis. I spent a good deal of time considering and researching this legislation and the legal issues involved in order to provide helpful information to the legislature as it revised the law. I was taken aback to find that this was being interpreted as a refusal to enforce a state law.

I have provided below a summary of my concerns for the Committee's consideration.

Sincerely,



John E. McConaughy III
Municipal Prosecutor
Anchorage

Summary :

- 1) AS 12.35.030(r) applies "if the trier of fact finds" that the breath test is over .16 or .24. "Trier of fact" means the jury in cases that go to trial. But under Alaska law juries are asked to find the offender is under the influence, not the breath test level. They use the breath test in making that decision. The statute appears to add a new element.
- 2) Juries can decide whether the defendant is under the influence based on the breath test and/or on other evidence of intoxication, like driving behavior and symptoms of intoxication. They don't have to be unanimous about why they decide he or she is under the influence, as long as they are unanimous he is under the influence. That law is well settled and very useful, and has been incorporated into a standard jury instruction. It prevents a miscarriage of justice when some jurors trust the breath test, but others are uncomfortable basing their verdicts on a technology they don't fully understand. It also focuses jurors' attention on the evidence as a whole, and blunts defense arguments focusing on the breath test. The statute seems to muddy this law.
- 3) The statute doesn't make the procedure clear. Do we use special verdict forms? Does the prosecution need to prove the breath test result by the standard of beyond a reasonable doubt?
- 4) For many years, the policy embodied in DUI sentencing has been to discourage refusal to submit to a breath test by requiring identical sentences. This provision applies in DUIs, but not refusals, so it contradicts that policy.

When HB 342 was introduced in 2004, it required doubled and quadrupled fines where the breath test results were over .16 and .24, which would make some fines higher than the maximum for a class A misdemeanor. In the original bill, the language requiring a finding by the trier of fact was necessary in the light of United States Supreme Court rulings requiring that facts requiring the court to exceed the maximum sentence applicable to an offense be decided by a jury, using the beyond a reasonable doubt standard, as an additional element of the offense. The original drafter of HB 342 very properly placed this language into the bill in order to meet these constitutional requirements. Since that was the purpose of the procedural language, and the procedural language stayed in the bill, our appellate courts are likely to interpret it to mean the procedure still applies: decision by a jury, beyond a reasonable doubt. See: *Apprendi v. New Jersey*, 530 U.S. 466 (2000) and its more recent progeny, *Blakely v. Washington*, 542 U.S. 296 (2004).

The bill was later amended to replace the enhanced fines with ignition interlock requirements, but the language requiring a finding by the trier of fact remained. I don't know whether any thought had been given to the question of whether it was necessary. *Apprendi* and *Blakely* are not the most popular Supreme Court decisions among prosecutors. They complicate criminal trials and impose additional burdens on the Prosecution. It is one thing to use more complicated procedures in serious felony cases where the prosecution may be seeking sentence enhancements that may amount to many years of imprisonment. It is quite another to introduce it into a high volume misdemeanor caseload which is generally handled by less experienced attorneys.

Ignition interlocks appear to be useful tools in the fight against drunk driving. According to Mothers Against Drunk Driving, studies have shown reductions in recidivism while the devices are on vehicles belonging to convicted drunk drivers. I support a requirement that drunk drivers install such devices on their vehicles. However, I don't know of any authority suggesting that mandatory ignition interlocks are the sort of sentence enhancement that would require compliance with *Apprendi* or *Blakely*. They are remedial devices which help to protect the public when an offender resumes driving. I can think of no reason they could not be required administratively – a remedial condition imposed upon an offender when he is given back his privilege to drive. Nor do I see any reason why breath test results (or refusal) could not be used to trigger the requirement either. An offender can be administratively deprived of his privilege to drive based on a breath test result, and I see no reason why restoration of the privilege shouldn't have conditions attached based on a breath test result.

I should note that I have spoken with the person who administers the driver's licensing section at the Anchorage DMV. She advised that she saw no problem with dealing with the requirement administratively. She said the DMV already imposes such requirements in certain cases involving limited licenses. She also described to me ways in which imposition of ignition interlocks as an administrative requirement would permit more effective enforcement and monitoring than is possible for prosecutors.

Alaska State Legislature

Rep. Sharon Cissna
Rep. Nancy Dahlstrom
Rep. Mark Neuman
Rep. Kurt Olson
Rep. Woodie Salmon



State Capitol, Room 124
Juneau, AK 99801-1182
Co-Chairs
Rep. Gabrielle LeDoux
(907) 465-3882 FAX 465-4956
Rep. Anna Fairclough
(907) 465-3777 FAX 465-2819

COMMUNITY & REGIONAL AFFAIRS COMMITTEE

February 27, 2007

Mark Begich, Mayor
Municipality of Anchorage
PO Box 196650
Anchorage, Alaska 99519

Dan Sullivan, Chair
Anchorage Assembly
PO Box 196650
Anchorage, AK 99519

Dear Mayor Begich & Chair Sullivan,

The House Community & Regional Affairs Committee (C&RA) held a public hearing February 15, 2007 on HB 101, "An act relating to uniform traffic laws," sponsored by Representative Carl Gatto (R-Palmer). Representative Gatto informed our committee that the Municipality of Anchorage is not in compliance with the State of Alaska's ignition interlock law and has proposed language to require the municipality's compliance.

During the hearing, Deputy Anchorage Municipal Attorney John McConnaughy joined the meeting via teleconference and expressed the Municipality's belief that the law (AS 28.35.030) from his analysis is inconsistent and acknowledged the Municipality is "not requiring interlocks when there's a violation of a municipal ordinance." This is a violation of state statute and requires immediate resolution.

Mr. McConnaughy further stated he believes "there are some problems with the way the current subsection of AS 28.35.030 is written and I think it creates legal problems that would be a problem for the municipality or for anybody else that was trying to enforce it."

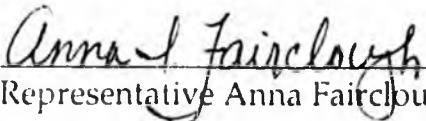
It is the Municipality's responsibility to comply with state statutes. Our committee is asking for your cooperation in identifying and if necessary proposing a solution to the inconsistencies alluded to by your Deputy Municipal Attorney in bringing Anchorage into compliance with state law requiring the ignition interlock.

The evening prior (February 14, 2007) to the public hearing of HB 101, Representative Fairclough contacted Assistant Municipal Manager Mike Abbott in an effort to learn the Municipality's position on HB 101, but unfortunately, they were unable to connect before the hearing. Representative Fairclough followed up with a phone call (February 15, 2007) to Mr. Abbot after C&RA met and requested a formal response from the administration addressing why Anchorage is in not complying with the state's ignition interlock law and what language your legal department proposes to meet the intent of the law.

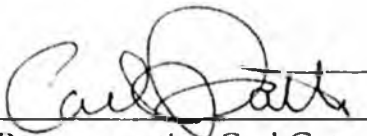
Attached, please find a recent letter from Municipal Prosecutor John E. McConnaughy III, received by House C&RA Co-Chair Gabrielle LeDoux. While his opinion is noted, and we appreciate his response, he does not adequately address the reasoning behind the Municipality's reluctance to comply.

We hope we can all agree that getting drunk drivers off the roads is a priority, not just on a state level, but on a local level as well. We await your response to this letter.

Sincerely,


Representative Anna Fairclough


Representative Gabrielle LeDoux


Representative Carl Gatto

CC: Anchorage Assembly
John McConnaughy III, Municipal Prosecutor

Alaska State Legislature

Interim:

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Session:

State Capitol, Room 108
Juneau, AK 99801-1182
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Representative Carl Gatto District 13

FOR IMMEDIATE RELEASE: Feb. 28, 2007

CONTACT: Heath Hilyard, (907) 465-3743
Staff to Rep. Carl Gatto

Gatto Bill Aims at MOA's Refusal to Enforce Ignition Interlocks **HB 101 Would Close Municipal Uniform Traffic Law Loophole**

(Juneau) – Representative Carl Gatto (R-Palmer) introduced HB 101 earlier this session to close a highly debatable legal loophole that Anchorage Municipal attorneys have been using to avoid enforcing the mandatory use of ignition interlock devices in certain DUI cases within the municipality.

Gatto was the author of Alaska's ignition interlock law, HB 342, which was signed into law in June of 2004. That law stipulates that people convicted of DUI who registered a high blood alcohol content (BAC) at the time of arrest are required to have an ignition interlock device installed in their vehicle for no less than six months after the person regains their driving privilege.

During 2006, Rep. Gatto's office was made aware that the Municipality of Anchorage was failing to enforce this requirement. In a legal memorandum prepared by a member of the Legislature's legal counsel, Deputy Anchorage Municipal Attorney John McConaughy argued that Anchorage is not violating the law because "[w]e asked the courts to order the use of ignition interlock devices pursuant to AS 28.35.030(r), but they ruled that the subsection does not apply in Municipal cases."

The new bill makes a simple change to the existing law, stipulating that municipalities may not enact or enforce traffic ordinances inconsistent with Alaska's uniform traffic laws. HB 101 was heard in the House Community and Regional Affairs Committee (C&RA) on February 15th. That committee is co-chaired by Reps. Anna Fairclough (R-Eagle River) and Gabrielle LeDoux (R-Kodiak). As a result of that hearing Rep. Fairclough, Gatto, and LeDoux are drafting a letter addressed to the Anchorage Assembly encouraging them to address the Municipality's lack of enforcement of the ignition interlock law.

"It is unfortunate that either the courts or the Municipal attorney have chosen not enforce state law duly passed by the legislature," Gatto said. "I hope that the Anchorage Assembly will choose to rectify this failure on its own. However, I do appreciate that this situation has identified an area in statute that requires greater clarity."

HB 101 is currently in the House Community and Regional Affairs Committee, pending a hearing.

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Municipality of Anchorage

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Mayor Mark Begich

Office of the Mayor

March 5, 2007

The Honorable Carl Gatto
Alaska State House of Representatives
State Capitol, Room 108
Juneau, AK 99801-1182

Dear Representative Gatto:

I received a copy of your Feb. 28, 2007, news release charging the Municipality of Anchorage with refusing to enforce a state statute providing for the use of ignition interlock devices by people convicted of operating vehicles under the influence. This is simply incorrect.

My administration and the municipal prosecutor strongly support the use of the ignition interlock device and favor laws that require judges to order these devices be installed on vehicles owned by persons convicted of such offenses. Ignition interlocks are frequently mandated in Anchorage DUI cases and the city's prosecutor often insists that their use be imposed as a condition of sentencing.

However, there is a technical legal problem with the ignition interlock law the Legislature passed in 2004. That statute does not authorize the courts to impose this requirement when the conviction is for a municipal traffic offense, as distinguished from a state offense. The municipal prosecutor alerted the Legislature to this technical legal problem and encouraged the Legislature to fix it by amending the deficient statute.

We believe there are two potential solutions to this oversight in the 2004 law.

Judicial imposition of ignition interlock requirement:

Probably the quickest and easiest solution is for the Legislature to amend AS 12.55.102 by adding a language providing that: "If the court in imposing sentence under AS 28.35.030, or another ordinance with similar elements, finds that the defendant's alcohol level was .16 or more, but less than .24, the court shall impose as a condition of probation or generally as part of the sentence, a requirement that the defendant may not operate a motor vehicle unless it is equipped with a properly functioning, maintained and monitored ignition interlock device for a minimum of six months after the person regains the privilege to operate a motor vehicle."

The next subsection should say the same thing, but specify a minimum of one year if the alcohol level is over .24. An additional subsection should require the same thing, with a one-year minimum, if the defendant is convicted of a violation of AS 28.32.032 (refusal to submit to chemical test) or another ordinance with similar elements). The section should also provide that if the defendant disputes the breath alcohol result, the issue shall be heard by the sentencing court without a jury.

Community, Security, Prosperity

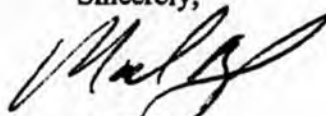
The Honorable Carl Gatto
Page 2
March 5, 2007

Division of Motor Vehicles imposition of ignition interlock requirement:

The second alternative fix, which is preferred by the municipal prosecutor, is to amend AS 28.15.211, the section that governs issuance of a license a revocation, to require the Division of Motor Vehicles to require an ignition interlock device when the driver gets his or her license back after a license revocation based on a DUI. If the alcohol level was .16 or more, but less than .24, the requirement would be for six months, and if the alcohol result is over .24, or the person refused to take a chemical test, the license revocation would be for one year.

Anchorage takes very seriously our obligation to crack down on drunk drivers and I agree that use of the ignition interlock device is often a useful tool to remove these offenders from our streets. We remain ready to work with you and other legislators to correct the oversight in the 2004 statute.

Sincerely,



Mark Begich
Mayor

CC: Representative Gabrielle LeDoux
Representative Anna Fairclough

LEGAL SERVICES

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Juneau, Alaska 99801-1182
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MEMORANDUM

March 14, 2007

SUBJECT: Uniform Traffic Code, Ignition Interlock Devices, and the Municipality of Anchorage (HB 101, Work Order No. 25-LS0262VA)

TO: Representative Anna Fairclough
Attn: Renee Limoge

FROM: Gerald P. Luckhaupt 
Legislative Counsel

You have asked me to review letters from John McConnaughy, Anchorage Municipal Prosecutor, dated February 26, 2007, and the Honorable Mark Begich, Mayor of Anchorage, dated March 5, 2007, and their comments regarding AS 28.35.030(r) and the reach of that statute vis-a-vis the Municipality of Anchorage.

AS 28.35.030(r) provides that the court must require a person who is convicted of driving under the influence under AS 28.35.030(a) to use an ignition interlock device when the "trier of fact" finds that the person had a blood alcohol level of greater than .16. This subsection was added by a bill¹ sponsored by Representative Carl Gatto. The bill went through many changes as it progressed through its scheduled committees and eventually was enacted into law. Despite this provision being part of the Alaska Uniform Traffic Laws Act,² the Municipality of Anchorage has never implemented this provision.

Mr. McConnaughy asserts that AS 28.35.030(r) does not apply to municipal prosecutions, and when he considered approaching the Anchorage Assembly to amend municipal code to bring the code into compliance with this statute he found AS 28.35.030(r) "puzzling and problematic." He states "he could ask the Assembly to enact an ordinance paralleling AS 28.35.030(r). However, I believe I have an obligation to explain the problems I see with the statute." Mr. McConnaughy then points out in a summary at the end of the letter various problems he sees with the statute, including that "trier of fact" appears to involve juries in making this decision, that the provision does clearly spell out the procedure he must use before the trier of fact, and that the provision applies only to driving under the influence cases and not to refusal to submit to chemical

¹ CSHB 342(FIN)am (23rd Legislature).

² AS 28.

Representative Anna Fairclough

March 14, 2007

Page 2

test cases.³ Mayor Begich adds that AS 28.35.030(r) has a technical legal problem and offers a solution to this "oversight in the 2004 law." The Mayor proposes changing the reference to the "trier of fact" to the "sentencing court" or requiring the Division of Motor Vehicles to implement this requirement and entirely remove the ignition interlock provisions from the sentencing process.

While the letters from the Municipality clearly indicate their displeasure with the statute, I disagree with the assumption that the legislature erred when it adopted AS 28.35.030(r). While HB 342 (and AS 28.35.030(r)) went through many changes as it progressed through the legislature, I cannot say that the legislature did not intend what it finally passed. HB 342 was amended many times as it proceeded through the legislature and compromises were probably made; that this occurred and that the legislature enacted a law that a municipality now thinks is unwise or confusing, does not in any way affect the validity of the law and its application under the Alaska Uniform Traffic Laws Act to the municipality. That the legislature chose to require that the "trier of fact" make the decision as to whether the defendant's blood alcohol level is sufficient to invoke these requirements, is not an error or an oversight but rather a choice by the legislature. It is correct that the legislature could have provided that a judge make this finding⁴ at sentencing but it is equally correct that the legislature could choose to only impose this requirement when the "trier of fact" who has decided the guilt of the defendant has also decided that the defendant had the requisite blood alcohol level. Perhaps members of the legislature were disclosing their own biases against breathalyzers and accordingly only wanted this penalty imposed when the proof was clear beyond a reasonable doubt. I do not know. I do know that the law the legislature enacted, while maybe not what a prosecutor would have chosen, is what the legislature decided to require as a matter of uniform state law and is what the legislature expected the municipality to adopt and enforce.

As for the complaint that the legislature did not "make the procedure clear," the legislature typically does not specify purely procedural matters.⁵ I would assume under

³ It is hard to dispute that any provision that increases penalties or sanctions based upon blood alcohol level may result in some refusing the test unless the same penalties and sanctions are applied to refusals. Here, the legislature did not want to impose these requirements on all refusals but the legislature had previously provided an incentive for persons to submit to blood alcohol testing by providing that persons who refuse a blood test are ineligible for limited license privileges under AS 28.15.201(d). The legislature could legitimately conclude that the bar provided in AS 28.15.201(d) might offset the disincentive to testing provided in HB 342.

⁴ And utilized a lesser standard of proof.

⁵ If the legislature chooses to change procedural court rules then the legislature must specify that it is changing procedural court rules under Art. IV, § 15, Constitution of the State of Alaska, and the change must receive a two-thirds majority vote.

AS 28.35.030(r) in a case tried before a jury that the court would use special verdict forms that would only be submitted to the jury when there has been some evidence presented that the defendant's blood alcohol level is above .16 as determined by a chemical test taken within four hours of the commission of the offense and would only be utilized by the jury once they had found the defendant guilty of the offense. Criticism of the legislature for failing to set forth the procedure to be utilized in court is unwarranted as this is not normally within the legislature's purview. The municipality's concerns should have been addressed to the legislature when HB 342 was being heard or to the Anchorage Assembly once HB 342 became law. The Anchorage Assembly conceivably could have addressed Mr. McConnaughy's concerns and made some changes to the ordinance implementing AS 28.35.030(r), provided those changes did not frustrate or impede the general state policy set by the legislature requiring the use of ignition interlock devices for this class of drivers when the jury or the court, as appropriate, has found that the defendant possessed the requisite blood alcohol level as determined by a chemical test taken within four hours of the offense.

I also disagree with the view presented in the letters that the legislature must specifically refer to municipal ordinances if we want a provision like AS 28.35.030(r) to apply to municipalities. In fact exactly the opposite is true. To exclude a municipality from a particular requirement or to allow a municipality to traffic ordinances that are different from state law requires a specific statute authorizing that inconsistency. See, e.g., AS 28.01.015. The legislature has **never** been required to refer specifically to municipal ordinances when enacting state statutes as part of AS 28, the Alaska Uniform Traffic Laws Act. Merely enacting a state law as part of AS 28 is sufficient to have the state law applicable within the municipality and to require the municipality to enact a similar ordinance. The view that the legislature must specifically refer to municipal enactments in order for AS 28 to apply can only be occasioned by a misapprehension of AS 28, the Alaska Uniform Traffic Laws Act. AS 28.01.010(a) of that Act provides:

The provisions of this title and the regulations adopted under this title are applicable within all municipalities of the state. A municipality may not enact an ordinance that is inconsistent with the provisions of this title or the regulations adopted under this title. A municipality may not incorporate into a publication of traffic ordinances a provision of this title or the regulations adopted under this title without specifically identifying the provision or regulation as a state statute or regulation.
[Emphasis added.]

Notwithstanding AS 28.01.010(a), municipalities are given the authority under state law to "enact necessary ordinances to meet specific local requirements." Municipalities are required to forward copies of their traffic ordinances to the commissioner of public safety and must provide specific notice of any inconsistent ordinance. That a particular municipality is a home rule municipality has no bearing on whether an ordinance is inconsistent with a state traffic law, as the Act operates as a limitation on the powers of

home rule cities and an inconsistent traffic ordinance is an exercise of home rule power that is expressly prohibited by the legislature. *Adkins v. Lester*, 530 P.2d 11 (Alaska 1974).⁶

A concern that the state law makes it harder to prosecute is irrelevant to deciding whether or not a local ordinance is inconsistent with a state traffic law. For example, in *Simpson v. Municipality of Anchorage*, 635 P.2d 1197, 1204 (Alaska App. 1981) Anchorage's .10 per se under the influence law was found to be inconsistent with state drunk driving laws that required a finding that a driver actually be under the influence of an intoxicating liquor. Anchorage argued that home rule authority and the high number of alcohol-related accidents in Anchorage authorized the use of this expediency (which necessarily would result in an ease in prosecution as we have subsequently found) as a deviation from state law. The court rejected Anchorage's arguments. The court found that the Anchorage ordinance was inconsistent with state law as it tended to frustrate a statewide policy enacted by the legislature. In examining a case where an inconsistency was not found (*Cremer v. Anchorage*, 575 P.2d 306 (Alaska 1978)) with a case where an ordinance was found to be inconsistent (*Adkins, supra*) the *Simpson* court said:

The holding of the court in *Cremer* is especially helpful, for it articulates specific standards by which the issue of inconsistency under AS 28.01.010(a) may be evaluated. The court stated, first, that an ordinance could be deemed inconsistent only if it was 'found that it directly or indirectly impeded implementation of a statute which sought to further a specific statewide policy.' 575 P.2d at 307 (footnote omitted). Second, in distinguishing its holding from the holding of *Adkins v. Lester*, the court indicated that an essential criterion of inconsistency under 28.01.010(a) is whether the ordinance in question seeks to proscribe conduct which, by statute, 'the legislature intended, as a matter of policy, to permit' 575 P.2d at 308 n.5. From these statements we infer that, when the question of inconsistency under AS 28.01.010(a) is raised, the issue is not whether there is a mere discrepancy between state law and local ordinance; rather, the inquiry must focus on whether any discrepancy in the ordinance impedes or frustrates policy expressed by state law.

In AS 28.35.030(r) the legislature has expressed the statewide policy that drunk drivers with a blood alcohol level of at least double the legal limit as found by the trier of fact must use an ignition interlock device for a minimum period of time when regaining the privilege to drive. The Anchorage ordinance that is being applied does not include this requirement and "impedes and frustrates" this statewide policy set by the legislature. That the Municipality of Anchorage believes that there is an "oversight" in AS 28.35.030(r) or that the statute is "confusing" is completely irrelevant to the requirement that the municipality adopt and enforce ordinances that are consistent with

⁶ See AS 28.01.015; *McCormick v. Anchorage*, 999 P.2d 155 (Alaska App. 2000).

Representative Anna Fairclough

March 14, 2007

Page 5

the Alaska Uniform Traffic Laws Act. AS 28.35.030(r) took effect January 1, 2005. The lack of compliance with the Alaska Uniform Traffic Laws Act appears to me to be a larger issue than any possible confusion resulting from the wording of the statute.

GPL:lmb

07-054.lmb

HB

152

Alaska State Legislature

Session: (Jan-May)
State Capitol, Room 208
Juneau, AK 99801-1182
(907) 465-4859
Fax (907) 465-3799



Interim: (June-Dec)
716 West 4th Avenue, Suite 300
Anchorage, AK 99501-2133
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John Harris

Speaker of the House

SPONSOR STATEMENT

HOUSE BILL 152:

“An Act Establishing a Renewable Energy Fund and Describing its Uses and Purposes”

The high cost of fuel in Alaska has made it increasingly difficult for Alaskan residents to prosper. Home heating fuel and gasoline prices have skyrocketed in recent years leaving some Alaska families, who already struggle to make ends meet, left to prioritize between basic necessities of life: heat, food, or health care. This has a direct impact on Alaska's economy and Alaskans way of life.

This problem promises to worsen as the supplies of Alaska's most precious nonrenewable resources dwindle. With the decline in production in Alaska's oil fields and the prospect for a gasoline years away other sources of energy are imperative. The time has come to seriously explore other renewable sources of energy. Alaska is widely known for its nonrenewable resources; however, Alaska also has excellent sources of renewable energy such as wind, geothermal, solar and hydropower.

Many of our communities have already been researching ways to secure cleaner and more cost effective energy. These Alaskans need funding to help harness these renewable sources of power. House Bill 152 establishes a renewable energy fund, which will be administered by the Alaska Energy Authority (AEA). AEA will take advice from an advisory committee with members appointed by the Governor from various utilities, environmental, business, state, and Native stakeholders groups. The Fund will offer both loan and grant options for Alaskans to develop alternative energy projects throughout our State.

These renewable energy projects will not only move Alaska's communities into the future, but they will also assist those completely crippled by the rising costs of fuel. By reducing the cost of power in some areas with renewable energy projects, Alaskans can become more self-sufficient.

Alaska has been an energy state for decades. House Bill 152 is a logical progression toward developing our inexhaustible energy resources. Alaska's communities have waited long enough and are poised to take control of their future energy needs. We urge your support for this crucial piece of legislation.

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John Harris
Speaker of the House

SECTIONAL ANALYSIS HOUSE BILL 152

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Alaska State Legislature

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John Harris
Speaker of the House

SECTIONAL ANALYSIS

HOUSE BILL 152

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

SECTION 1: LEGISLATIVE FINDINGS. The legislature finds that

- (1) An adequate, reliable, reasonably priced and safe supply of electrical energy is necessary for Alaska's basic infrastructure, and economic and technological development; and
- (2) Alaska possesses vast amounts of renewable energy resources in the form of wind, geothermal, biomass, solar, tidal, wave, and hydro power; and
- (3) the Alaska Legislature established the Alaska Energy Policy Task Force in 2003 to review and analyze the state's current and long term energy needs; and
- (4) the Task Force found that one of Alaska's long term energy needs is to “identify and evaluate long term fuel resources,” and recommended that the state should “increase the proportion of renewables in long term fuel sources;” and
- (5) the cost of fuels such as natural gas and diesel that Alaskans rely on in large part to generate electric power is steadily rising; and
- (6) residents of rural Alaska pay far more electricity than residents who live on the Railbelt energy grid; and
- (7) there is virtually no fuel cost associated with renewable energy resources; and
- (8) other states and nations are working successfully to develop their renewable energy resources; and
- (9) the continued competitiveness and stability of the state's economy requires that the legislature consider national trends toward renewable energy development; and
- (10) renewable energy technology development promotes both industry and job creation; and
- (11) clean renewable energy has many environmental and health benefits; and

- (12) locally produced renewable energy has many security benefits; and
- (13) modern, affordable, and efficient renewable energy technologies now exist;
- (14) it is in the public's interest for Alaska to develop its zero fuel cost renewable energy resources.
- (15) natural gas should be considered as a last alternative for communities with no other reasonable renewable resources.

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

SECTION 2: Adds a new section to AS 42.45. Creation of a Renewable Energy Fund.

- (a) A renewable energy fund is established as a separate fund to finance new utility scale renewable energy projects in Alaska. The fund consists of money appropriated to it, including appropriations of interest earned by the fund, and appropriations of repayments of loans.

This section creates the Fund and states that it will be financed by general appropriations. It also states that all interest earned from the Fund principal accrues to the Fund, as does all repayments of loans made by the Fund. The section contemplates that any legislature is free to make additional appropriations to the Fund.

The creation of a renewable energy fund signals the state's recognition that energy is the backbone of any economy and that there is a need to elevate renewable energy development by creating separate loan and grant funds that are dedicated to renewable energy.

(b) The fund shall be administered by the Alaska Energy Authority with the advice of an advisory committee as provided for in sections (d) and (e) of this section. The committee consists of seven members, with one representative appointed by the Governor to staggered three year terms from each of the following groups:

- (1) small Alaska rural utilities that serve less than 10,000 people;
- (2) large Alaska urban utilities;
- (3) non-profit environmental groups;
- (4) non-profit consumer groups;

- (5) Alaska Native organizations;
- (6) businesses engaged in the renewable energy sector; and
- (7) state government.

This section creates a citizen advisory committee made up of seven diverse renewable energy stakeholders that are appointed by the governor to staggered terms. The intent is to include those stakeholders in the formation of the Fund, including the regulations that govern the Fund. The existence of the advisory committee gives the Authority a group of experts to help the Authority get the Fund started, as well as help it make funding decisions.

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

This section is consistent with other state boards and commissions.

(d) The authority shall

(1) in consultation with the advisory committee, establish regulations to develop a methodology for determining the order of projects that receive assistance, including separate criteria for grant and loan eligibility, and establish criteria to evaluate the benefit and feasibility of projects applying for support from the fund. Significant weight shall be given to the amount of matching funds a project is able to make available;

This subsection states that the advisory committee will assist the Authority in establishing regulations that govern the order and priority of projects that will be eligible for funding. The committee and Authority are meant to work together to establish these regulations before any funding decisions are made. The section states that the committee and Authority shall establish criteria for funding both grant and loans (the amount of each is further restricted by sections (d)(2)(A) and (B)).

This section contemplates that criteria be established to demonstrate that a project is feasible and has a positive benefit-cost ratio before it is funded. It also contemplates that criteria be established that give some advantage to projects that already have some funding source that will be matched by a grant or loan from the Fund.

(2) In consultation with the advisory committee, establish regulations to develop a methodology for distributing a proportionate share of funds under this section to finance feasibility studies, reconnaissance studies, renewable energy resource monitoring and construction of new utility scale renewable energy projects in Alaska using the following guidelines:

(A) not more than 10 percent of the annual average amount of the fund shall be used for feasibility studies, reconnaissance studies, and renewable energy resource monitoring and;

(B) not less than 90 percent of the average annual amount of the fund shall be used for design and construction of new utility scale renewable energy projects that qualify under (f) of this section, natural gas projects that qualify under (g) of this

section, and distribution and transmission infrastructure that qualifies under (h) of this section.

This section states that the committee and Authority must work together to establish regulations that outline in greater detail the amounts that will be made available under both the grant and loan programs, and whether or not applicants may apply for both. However, the regulations must follow the overall goal of this section, which is to spend the lion's share (at least 90%) of the Fund on actual design and construction of projects. Three types of projects, which are further defined later, are eligible for that design and construction money: renewable energy projects, natural gas projects, and transmission projects that link a renewable energy or natural gas project to the electric grid. This heavy emphasis on actual design and construction is intended to construct projects that have already been demonstrated to be viable.

The section also contemplates that grants and loans can be made from the Fund to finance activities that are necessary to determining whether a renewable energy or natural gas exist in sufficient quantity and quality to warrant further development. Those activities include feasibility studies, reconnaissance studies, and renewable energy resource monitoring. A much smaller percentage of the fund (no more than 10%) may go toward these activities.

The concept of "annual average amount of the fund" is introduced in this section. It is important because, in order to follow mandates in the statute to spend certain percentages on certain things, the Authority must first have some baseline number from which to calculate those percentages. The concept of the "annual average amount of the fund" contemplates that the Authority would determine one date each year to measure what the Fund balance was, and use that number to define percentages for that year. It would make the most sense to make a date sometime after the legislative session was over, and near the beginning of the fiscal year. That would allow the Authority to account for any new appropriations that may have been made to the Fund, and to mesh the accounting for the Fund with the general accounting for the fiscal year. The result would be the establishment of a loan and grant year that the Authority would operate under.

(3) in consultation with the advisory committee, establish regulations to provide for power production incentives to help reduce the principal balance on loans made from the fund;

This subsection directs the advisory committee and the Authority to establish production credits for entities that borrow money from the fund to build renewable energy projects. Those credits would lower the principal balance on a loan for every kilowatt-hour of renewable energy that is produced. The committee and authority will need to decide how much credit every kilowatt-hour is worth and for how long the credits can be taken. The federal production tax credit (PTC) is just one benchmark that the committee and Authority make look at. The PTC currently gives a tax credit of 1.9 cents per kilowatt-hour to the owners of qualifying projects for the first ten years of the project. Other examples of production credits that exist

the advisory committee and Authority may look at include New Mexico, which has a corporate production tax credit of 1.0 cent per kilowatt-hour for 10 years.

The production credits are designed to give a borrower an added incentive to keep its renewable energy project running at maximum efficiency because the more electricity that is produced, the less the borrower has to repay on the loan. It is the intent that all loans be entitled to receive production credits.

(e) The Authority shall, in consultation with the advisory committee, make grants and loans to eligible applicants to finance feasibility studies, reconnaissance studies, renewable energy resource monitoring and construction of new utility scale renewable energy projects, natural gas projects, or transmission or distribution infrastructure located in Alaska that meet the requirements of (f), (g), or (h) of this section, as applicable, and, at least once each year, solicit from the advisory committee funding recommendations for all loans and grants.

This subsection simply restates that the Fund shall make grants and loans, for the type of projects named (renewable energy projects, natural gas projects, and transmission projects to link those to the electric grid). It also states that the Authority must solicit funding recommendation for all grants and loans from the advisory committee. The recommendation by the advisory committee is considered advisory only, and the final decision to make a loan or grant shall remain with the Authority.

(f) For a renewable energy project to qualify for a grant or loan under (e) of this section, the project must

(1) be a new renewable energy project not in operation on the effective date of the Act or an addition to an existing project made after the effective date of this Act;

(2) generate more than 50 kilowatts of electricity and distribute the electricity to more than twenty end users; and

(3) be

(A) a hydroelectric facility;

(B) a direct use of renewable energy resources;

(C) a facility that generates energy from fuel cells that run on renewable energy resources or natural gas;

(D) a facility that generates energy from in-stream kinetic turbines;

or

(E) a facility that generates energy from renewable energy resources.

This subsection sets out the qualifications necessary for renewable energy projects to be eligible for grants or loans from the Fund. First, the project must either be new and not in operation when the legislation passes or an addition to an existing project that is made after passage of the bill.

Second, the project must generate at least 50 kilowatts of electricity. This cutoff is deemed to be the smallest sized project that would be for community, rather than individual use. To be certain that the use is a community use, there is an added qualification that the power be distributed to at least twenty households. The 50 kilowatts and twenty household benchmarks are intended to cover the smallest village.

Finally, the section sets out the types of renewable energy projects that can qualify for loans and grants.

- * Hydroelectric facilities are further defined below.
- * "Direct use" of renewable energy refers primarily to the direct use of a geothermal resource to heat a space. Examples include using geothermal heat to heat a greenhouse, pool or a building.
- * A fuel cell project or facility qualifies for assistance from the Fund whether the hydrogen used to operate the fuel cell is obtained from the steam reformation of natural gas, or from the electrolysis of water using a renewable energy resource such as wind to generate the electricity.
- * In-stream kinetic turbines specifically include turbines that are placed in a river or tidal stream and generate power without impounding or diverting water.
- * "Renewable energy resources" is a catch all category that is further defined below.

(g) To qualify for a grant or loan under (e) of this section, a natural gas project must benefit a community that

- (1) has a population of 10,000 or less;
- (2) not have viable renewable energy resources that it can develop; and
- (3) can demonstrate that development of the natural gas project

will have no local adverse environmental impacts.

This section allows for loans and grants to be made from the Fund for natural gas projects other than methane that is captured at a landfill or from a methane digester. It contemplates small, local sources of natural gas rather than large, deep conventional gas resources. Funds are only available if all three stated conditions are met. First, the community must be less than 10,000 people. The intent is to help small, stand-alone communities rather than suburbs of large cities. For example, a remote village of 5,000 people would qualify while an area with less than 10,000 people that is part of larger town or city would not. Second, the community must not have a viable renewable energy resource that can be developed. So, if a community has no renewable energy resource with a favorable benefit-cost ratio, but does have local supplies of natural gas, it may apply for assistance under the Fund. This section also contemplates the possibility that a community near a future gas transmission pipeline may apply for assistance to build a small spur line to connect itself to the larger line. Third, the community must be able to show that

there will be no local adverse environmental impacts from the natural gas project. The section specifically states *local* because it may be argued that any combustion of natural gas that releases CO₂ has adverse *global* environmental impacts. Adverse local impacts that the section intends to prevent include decreases in water quality and quantity that may result from certain processes involved with developing coal bed methane, or shallow natural gas.

(h) To be eligible for a grant or loan under (e) of this section, transmission or distribution infrastructure must link a renewable energy project or natural gas project to the electric grid. A grant or loan may be made under this subsection even if the grant or loan is not itself financing the construction of the renewable energy project or natural gas project.

This section makes it clear that transmission and distribution infrastructure to connect a renewable energy project or natural gas project may be funded, even if the Fund does not make any contributions to the underlying project. It is not uncommon for there to be a need for assistance to build transmission but no need for assistance for the underlying project. An example is where a renewable energy project is built by an independent power producer (IPP) who then sells the electricity back to a local utility via a power purchase agreement (PPA). In such an example, it may be that the renewable energy project itself can be built without any economic assistance but would be stranded from the power grid without the assistance necessary to build the transmission and/or distribution infrastructure.

(i) The authority may not loan or grant more than 5 percent of the annual average amount of the fund for natural gas projects under (g) of this section.

The intent of this section is to cap the total amount that can be granted and loaned for natural gas projects in any given loan and grant year. For example, if the annual average amount of the Fund was \$10 million in a given year, no more than \$500,000 could be directed towards natural gas projects. In such an example, it would be possible for the Authority to grant \$250,000 and loan \$250,000 toward natural gas projects.

(j) The authority may not loan more than 20 percent of the annual average amount of the fund without interest.

This section contemplates that zero interest loans may be given. However, no more than a total of 20% of the Fund in any given loan and grant year may be loaned at zero interest.

(k) The authority may not give more than 50 percent of the annual average amount of the fund in the form of grants.

This section caps the total amount of money that can be given in the form of grants in any given loan and grant year to half of the amount of the Fund in that year.

This is intended to preserve at least half of all appropriations made to the Fund for the purpose of making loans. This, in effect, will create a revolving loan Fund that is dedicated to renewable energy projects, natural gas projects as defined and restricted by this statute, and transmission and distribution infrastructure that connects either of them to the power grid. The size of this revolving loan fund will grow as the more appropriations are made to the Fund.

(l) In this section,

(1) "eligible applicant" means an electric utility holding a certificate of public convenience and necessity under AS 42.05, independent power producer, local government, and other government entities, including tribal councils and housing authorities.

(2) "Fund" means the renewable energy fund;

(3) "hydroelectric facilities" has the meaning given to the term "project" under AS 42.45.350(g) as applicable to licensing water-power development projects, unless the authority adopts a different definition based on a determination made by a nationally recognized independent nonprofit corporation that considers the environmental effects of hydropower practices;

(4) "natural gas project" means use or access of natural gas other than landfill gas or digester gas.

(5) "renewable energy resources" means

(A) wind, solar, geothermal, wave, or tidal power;

(B) low-emission nontoxic biomass based on solid or liquid organic fuels from wood, forest and field residues, or animal products;

(C) dedicated energy crops available on a renewable basis;

(D) landfill gas and digester gas.

This section defines some of the terms used in the statute.

Eligible applicants includes the entities listed, and excludes by implication individuals. The Fund, as currently designed, is not intended to be a source of financing for individuals.

*** Hydroelectric projects as defined by AS 42.45.350(g) refers to projects larger than 5 megawatts and governed by regulations promulgated by the Regulatory Commission of Alaska that protect the public interest to the same extent provided by the requirements for licensing and regulation by the Federal Energy Regulatory Commission under 16 U.S.C. 792 - 823c and other applicable federal laws. Projects under AS 42.45.350(g) must also protect other interests such as energy conservation, protection and enhancement of fish and wildlife, recreational opportunities, other aspects of environmental quality, and the interests of resident Alaska Natives and other Alaska residents.**

The definition also contemplates that the authority may adopt a different definition

that is based on determinations made by a nationally recognized independent nonprofit corporation that considers the environmental effects of hydropower practices. This refers to a body such as the Low Impact Hydro Institute of Maine that has adopted stricter environmental standards for hydro projects than FERC or the state of Alaska.

* Natural gas projects are intended to mean local and discrete supplies of natural gas. Those supplies will probably be in the form of shallow gas deposits rather than deep conventional supplies of large quantities of gas. The definition distinguishes such local supplies of gas from gas that is a product of landfills or methane digesters.

* Renewable energy resources includes wind, solar, geothermal, tidal and wave resources.

* Low-emission nontoxic biomass based on solid or liquid organic fuels from wood, forest and field residues, or animal products includes wood that is burned using the best available technology to mitigate emissions to generate either heat or electricity, and liquid fuels made from wood or forest residues, including ethanol. It also includes oils that may come from fish or other animals that are used to generate mechanical power, heat or electricity.

* Dedicated energy crops available on a renewable basis includes projects designed to utilize crops such as rapeseed to make oils to generate mechanical power, heat or electricity. It may also include the production of other organic material, such as willows, to make products such as ethanol that can generate mechanical power, heat or electricity.

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

TRANSITION. AS 39.05.055(5) applies to the initial appointments by the governor to the advisory committee under AS 42.45.045(b), added by sec. 2 of this Act.

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HB152-COM-AIDEA-03-05-07
 Bill Version: HB 152
 () Publish Date: _____

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

Expenditures/Revenues (Thousands of Dollars)

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

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

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|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2007) cost: 0.0

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

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

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

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HB152-COM-AEA-03-05-07
 Bill Version: HB 152
 () Publish Date: _____

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

Expenditures/Revenues (Thousands of Dollars)

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

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

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

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

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| New Renewable Energy Fund | 126.0 | 105.0 | 105.0 | 105.0 | 105.0 | 105.0 |
| TOTAL | 126.0 | 105.0 | 105.0 | 105.0 | 105.0 | 105.0 |

Estimate of any current year (FY2007) cost: 0.0

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

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

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

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

FISCAL NOTE

**STATE OF ALASKA
2007 LEGISLATIVE SESSION**

BILL NO. HB 152

ANALYSIS CONTINUATION

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

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

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

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

25-LS0413VO
Kane
3/16/07

CS FOR HOUSE BILL NO. 152()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

**Sponsor(s): REPRESENTATIVES HARRIS, Thomas, Crawford, Gara, Salmon, Johnson, Guttenberg,
Gardner, Nelson**

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing a renewable energy project account and a renewable energy fund**
2 **and describing their uses and purposes."**

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

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

6 **LEGISLATIVE FINDINGS.** The legislature finds that

7 (1) an adequate, reliable, reasonably priced, and safe supply of electrical
8 energy is necessary for Alaska's basic infrastructure, and economic and technological
9 development;

10 (2) Alaska possesses vast amounts of renewable energy resources in the form
11 of wind, solar, geothermal, wave, tidal, biomass, river and stream, and hydropower;

12 (3) the legislature established the Alaska Energy Policy Task Force in 2003 to
13 review and analyze the state's current and long-term energy needs;

14 (4) the task force found that one of Alaska's long-term energy needs is to

1 identify and evaluate long-term fuel resources, and recommended that the state should
2 increase the proportion of renewables in long term-fuel sources;

3 (5) the cost of fuels such as natural gas and diesel that Alaskans rely on in
4 large part to generate electric power is steadily rising;

5 (6) residents of rural Alaska pay far more for electricity than residents who
6 live on the Railbelt energy grid;

7 (7) there is virtually no fuel cost associated with renewable energy resources;

8 (8) other states and nations are working successfully to develop their
9 renewable energy resources;

10 (9) the continued competitiveness and stability of the state's economy requires
11 that the legislature consider national trends toward renewable energy development;

12 (10) renewable energy technology development promotes industry and creates
13 jobs;

14 (11) clean renewable energy has many environmental and health benefits;

15 (12) locally produced renewable energy has many security benefits;

16 (13) modern, affordable, and efficient renewable energy technologies now
17 exist;

18 (14) it is in the interest of the public for Alaska to develop its zero fuel cost
19 renewable energy resources; and

20 (15) natural gas should be considered as a last alternative for communities
21 with no other reasonable renewable resources.

22 * **Sec. 2.** AS 42.45.010 is amended by adding a new subsection to read:

23 (k) The renewable energy project account is established as a special account
24 within the power project fund. The renewable energy project account consists of
25 appropriations to the account, loan repayments, and interest earned by loans from the
26 account, and money from the power project fund allocated to the account by the
27 authority. The authority may make loans from the renewable energy project account
28 for renewable energy projects described in AS 42.45.045(f).

29 * **Sec. 3.** AS 42.45 is amended by adding a new section to read:

30 **Sec. 42.45.045. Renewable energy fund.** (a) A renewable energy fund is
31 established as a separate fund to finance certain energy projects in Alaska.

1 (b) The authority shall administer the fund as a fund distinct from other funds
2 of the authority. The fund consists of

3 (1) money appropriated to the fund by the legislature to provide grants
4 for certain energy projects;

5 (2) gifts, bequests, contributions from other sources, and federal
6 money; and

7 (3) interest earned on the fund balance.

8 (c) The fund is not a dedicated fund.

9 (d) The authority shall, in consultation with the advisory committee
10 established under (j) of this section,

11 (1) develop a methodology for determining the order of projects that
12 receive assistance, including separate requirements for grant and loan eligibility, and
13 adopt regulations identifying criteria to evaluate the benefit and feasibility of projects
14 for which an applicant applies for support from the fund, with significant weight being
15 given to the amount of matching funds an applicant is able to make available;

16 (2) develop a methodology for allocating money from the fund; and

17 (3) provide for renewable power production debt reimbursement grants
18 to help reduce the principal balance loans for projects meeting the requirements of (f),
19 (g), or (h) of this section.

20 (e) In consultation with the advisory committee established in (j) of this
21 section, the authority shall make grants to eligible applicants to finance feasibility
22 studies, reconnaissance studies, energy resource monitoring, and construction of
23 renewable energy projects, natural gas projects, or transmission or distribution
24 infrastructure located in Alaska that meet the requirements of (f), (g), or (h) of this
25 section, as applicable, and shall at least once each year, solicit from the advisory
26 committee funding recommendations for all loans and grants.

27 (f) For a renewable energy project to qualify for a grant or loan under (e) of
28 this section, the project must

29 (1) be a new project not in operation on the effective date of this Act or
30 an addition to an existing project made after the effective date of this Act; and

31 (2) be

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- (A) a hydroelectric facility;
- (B) a direct use of renewable energy resources;
- (C) a facility that generates energy from fuel cells that run on renewable energy resources or natural gas;
- (D) a facility that generates energy from in-stream kinetic turbines; or
- (E) a facility that generates energy from renewable energy resources.

(g) To qualify for a grant under (e) of this section, a project that is a natural gas project must benefit a community that

- (1) has a population of 10,000 or less; and
- (2) does not have viable renewable energy resources it can develop.

(h) To qualify for a grant under (e) of this section, transmission or distribution infrastructure must link a renewable energy project or natural gas project to the transmission or distribution infrastructure. A grant or loan may be made under this subsection even if the grant or loan applicant is not itself financing the construction of the renewable energy project or natural gas project.

(i) Not more than five percent of the market value of the fund on June 30 of the preceding fiscal year may be used for grants under this section in a fiscal year. The authority may not loan or grant more than five percent of the amount of the fund available on June 30 of the preceding fiscal year for natural gas projects under (g) of this section.

(j) An advisory committee is established and consists of seven members appointed by the governor to staggered three-year terms, with one representative to be appointed from each of the following groups:

- (1) small Alaska rural utilities serving not more than 10,000 people;
- (2) large Alaska urban utilities;
- (3) nonprofit environmental groups;
- (4) nonprofit consumer groups;
- (5) Alaska Native organizations;
- (6) businesses engaged in the renewable energy sector; and

L

1 (7) state government.

2 (k) A member of the advisory committee appointed under (j) of this section
3 serves without compensation but is entitled to travel and per diem expenses as
4 provided in AS 39.20.180.

5 (l) In this section,

6 (1) "eligible applicant" means an electric utility holding a certificate of
7 public convenience and necessity under AS 42.05, independent power producer, local
8 government, or other governmental utility, including a tribal council and housing
9 authority;

10 (2) "fund" means the renewable energy fund;

11 (3) "hydroelectric facility" has the meaning given to the term "project"
12 under AS 42.45.350(g) as applicable to licensing water-power development projects,
13 unless the authority adopts a different definition based on a determination made by a
14 nationally recognized independent nonprofit corporation that considers the
15 environmental effects of hydropower practices;

16 (4) "natural gas project" means use or access of natural gas other than
17 landfill or digester gas;

18 (5) "renewable energy resources" means

19 (A) wind, solar, geothermal, wave, tidal, river and stream, or
20 hydropower;

21 (B) low-emission nontoxic biomass based on solid or liquid
22 organic fuels from wood, forest and field residues, or animal products;

23 (C) dedicated energy crops available on a renewable basis; or

24 (D) landfill gas and digester gas.

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

27 TRANSITION. AS 39.05.055(5) applies to the initial appointments by the governor to
28 the advisory committee under AS 42.45.045(j), added by sec. 3 of this Act.

25-LS04131V
Kane
3/20/07

CS FOR HOUSE BILL NO. 152()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

**Sponsor(s): REPRESENTATIVES HARRIS, Thomas, Crawford, Gara, Salmon, Johnson, Guttenberg,
Gardner, Nelson, Edgmon**

A BILL

FOR AN ACT ENTITLED

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2 **and describing their uses and purposes."**

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

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7 (1) an adequate, reliable, reasonably priced, and safe supply of electrical
8 energy is necessary for Alaska's basic infrastructure, and economic and technological
9 development;

10 (2) Alaska possesses vast amounts of renewable energy resources in the form
11 of wind, solar, geothermal, wave, tidal, biomass, river, in-stream, and hydropower;

12 (3) the legislature established the Alaska Energy Policy Task Force in 2003 to
13 review and analyze the state's current and long-term energy needs;

14 (4) the task force found that one of Alaska's long-term energy needs is to

1 identify and evaluate long-term fuel resources, and recommended that the state should
2 increase the proportion of renewables in long term-fuel sources;

3 (5) the cost of fuels such as natural gas and diesel that Alaskans rely on in
4 large part to generate electric power is steadily rising;

5 (6) residents of rural Alaska pay far more for electricity than residents who
6 live on the Railbelt energy grid;

7 (7) there is virtually no fuel cost associated with renewable energy resources;

8 (8) other states and nations are working successfully to develop their
9 renewable energy resources;

10 (9) the continued competitiveness and stability of the state's economy requires
11 that the legislature consider national trends toward renewable energy development;

12 (10) renewable energy technology development promotes industry and creates
13 jobs;

14 (11) clean renewable energy has many environmental and health benefits;

15 (12) locally produced renewable energy has many security benefits;

16 (13) modern, affordable, and efficient renewable energy technologies now
17 exist;

18 (14) it is in the interest of the public for Alaska to develop its zero fuel cost
19 renewable energy resources; and

20 (15) natural gas should be considered as a last alternative for communities
21 with no other reasonable renewable resources.

22 * Sec. 2. AS 42.45.010 is amended by adding a new subsection to read:

23 (k) The renewable energy project account is established as a special account
24 within the power project fund. The renewable energy project account consists of
25 appropriations to the account, loan repayments, and interest earned by loans from the
26 account, and money from the power project fund allocated to the account by the
27 authority. The authority, in consultation with the advisory committee established
28 under AS 42.45.045(j), may make loans from the renewable energy project account for
29 renewable energy projects described in AS 42.45.045(f).

30 * Sec. 3. AS 42.45 is amended by adding a new section to read:

31 **Sec. 42.45.045. Renewable energy fund.** (a) A renewable energy fund is

*Criteria
- efficiency.*

1 established as a separate fund to finance certain energy projects in Alaska.

2 (b) The authority shall administer the fund as a fund distinct from other funds
3 of the authority. The fund consists of

4 (1) money appropriated to the fund by the legislature to provide grants
5 for certain energy projects;

6 (2) gifts, bequests, contributions from other sources, and federal
7 money; and

8 (3) interest earned on the fund balance.

9 (c) The fund is not a dedicated fund.

10 (d) The authority shall, in consultation with the advisory committee
11 established under (j) of this section,

12 (1) develop a methodology for determining the order of projects that
13 receive assistance, including separate requirements for grant eligibility, and adopt
14 regulations identifying criteria to evaluate the benefit and feasibility of projects for
15 which an applicant applies for support from the fund, with significant weight being
16 given to the amount of matching funds an applicant is able to make available;

17 (2) develop a methodology for allocating money from the fund; and

18 (3) provide for renewable power production debt reimbursement grants
19 to help reduce the principal balance loans for projects meeting the requirements of (f),
20 (g), or (h) of this section.

21 (e) In consultation ^{4 - efficiency} with the advisory committee established in (j) of this
22 section, the authority shall make grants to eligible applicants to finance feasibility
23 studies, reconnaissance studies, energy resource monitoring, and construction of
24 renewable energy projects, natural gas projects, or transmission or distribution
25 infrastructure located in Alaska that meet the requirements of (f), (g), or (h) of this
26 section, as applicable, and shall at least once each year, solicit from the advisory
27 committee funding recommendations for all grants.

28 (f) For a renewable energy project to qualify for a grant under (e) of this
29 section, the project must

30 (1) be a new project not in operation on the effective date of this Act or
31 an addition to an existing project made after the effective date of this Act; and

1 (2) be

2 (A) a hydroelectric facility;

3 (B) a direct use of renewable energy resources;

4 (C) a facility that generates energy from fuel cells that run on
5 renewable energy resources or natural gas;

6 (D) a facility that generates energy from in-stream kinetic
7 turbines; or

8 (E) a facility that generates energy from renewable energy
9 resources.

10 (g) To qualify for a grant under (e) of this section, a project that is a natural
11 gas project must benefit a community that

12 (1) has a population of 10,000 or less; and

13 (2) does not have economically viable renewable energy resources it
14 can develop.

15 (h) To qualify for a grant under (e) of this section, transmission or distribution
16 infrastructure must link a renewable energy project or natural gas project to the
17 transmission or distribution infrastructure. A grant may be made under this subsection
18 even if the grant applicant is not itself financing the construction of the renewable
19 energy project or natural gas project.

20 (i) Not more than five percent of the market value of the fund on June 30 of
21 the preceding fiscal year may be used for grants under this section in a fiscal year. The
22 authority may not grant more than five percent of the amount of the fund available on
23 June 30 of the preceding fiscal year for natural gas projects under (g) of this section.

24 (j) An advisory committee is established and consists of seven members
25 appointed by the governor to staggered three-year terms, with one representative to be
26 appointed from each of the following groups:

27 (1) small Alaska rural utilities serving not more than 10,000 people;

28 (2) large Alaska urban utilities;

29 (3) nonprofit environmental groups;

30 (4) nonprofit consumer groups;

31 (5) Alaska Native organizations;

- 1 (6) businesses engaged in the renewable energy sector; and
2 (7) the Denali Commission established under P.L. 105-277, 42 U.S.C.

3 3121 note.

4 (k) A member of the advisory committee appointed under (j) of this section
5 serves without compensation but is entitled to travel and per diem expenses as
6 provided in AS 39.20.180.

7 (l) In this section,

8 (1) "eligible applicant" means an electric utility holding a certificate of
9 public convenience and necessity under AS 42.05, independent power producer, local
10 government, or other governmental utility, including a tribal council and housing
11 authority;

12 (2) "fund" means the renewable energy fund;

13 (3) "hydroelectric facility" has the meaning given to the term "project"
14 under AS 42.45.350(g) as applicable to licensing water-power development projects,
15 unless the authority adopts a different definition based on a determination made by a
16 nationally recognized independent nonprofit corporation that considers the
17 environmental effects of hydropower practices;

18 (4) "natural gas project" means use or access of natural gas other than
19 landfill or digester gas;

20 (5) "renewable energy resources" means

21 (A) wind, solar, geothermal, wave, tidal, river, in-stream, or
22 hydropower;

23 (B) low-emission nontoxic biomass based on solid or liquid
24 organic fuels from wood, forest and field residues, or animal products;

25 (C) dedicated energy crops available on a renewable basis; or

26 (D) landfill gas and digester gas.

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

29 TRANSITION. AS 39.05.055(5) applies to the initial appointments by the governor to
30 the advisory committee under AS 42.45.045(j), added by sec. 3 of this Act.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

- P.O. BOX 111000
JUNEAU, ALASKA 99811-1000
PHONE: (907) 465-2400
FAX: (907) 465-3886
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FAX: (907) 269-8918

March 9, 2007

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

Dear Speaker Harris:

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

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

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

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

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

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

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

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

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

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

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

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

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

Speaker of the House, John Harris

3/9/07

Page 3 of 3

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

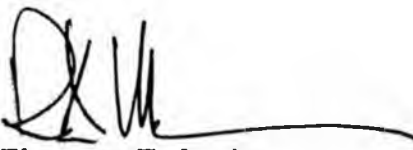
Page 2, Line 16: We would recommend that the descriptive phrase "zero fuel cost" be deleted as this is not necessarily accurate. For example, biofuels and geothermal sources can have costs associated with leasing activity, purchase, or royalties.

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

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

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

Sincerely,



Thomas E. Irwin
Commissioner

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

TUES., 06 MAR 07

TESTIMONY REQUESTED

BY CERA COMMITTEE

ON HB 152

Tuesday, 06 March 2007
Testimony (and related insertions) on HB 152
By Todd Hoener, GVEA Energy Efficiency Specialist

TO: HOUSE COMMUNITY & REGIONAL AFFAIRS Standing Committee

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

Good morning Madam Chair and members of the committee,

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

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

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

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

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

Tuesday, 06 March 2007
Testimony (and related insertions) on HB 152
By Todd Hoener, GVEA Energy Efficiency Specialist

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

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

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

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

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

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

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

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

Tuesday, 06 March 2007
Testimony (and related insertions) on HB 152
By Todd Hoener, GVEA Energy Efficiency Specialist

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

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

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

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

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

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

References:

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

Suggested language to be inserted into HB 152:

Page 2

- Line 5: (7) there is virtually no fuel cost associated with renewable energy resources or energy efficiency or conservation;
- Line 10: (10) renewable energy and energy efficiency technology development promotes industry and creates jobs;

Tuesday, 06 March 2007
Testimony (and related insertions) on HB 152
By Todd Hoener, GVEA Energy Efficiency Specialist

- Line 12: (11) clean renewable energy and energy efficiency have many environmental and health benefits;
- Line 14: (13) modern, affordable, and efficient renewable energy and energy efficient technologies now exist;
- Line 25: *subsection (b) should include either substituting one of the seven advisory committee members for an energy efficiency specialist or increasing the advisory committee to nine (9) members, which ever is best.*

Page 3

- Line 13: ...applying for support from the fund, with significant weight being given to energy efficiency criteria included in the project and to the amount of matching ...
- Line 18: ...resource monitoring, energy efficiency determination within the end-users that would benefit from such a project, and construction of renewable energy projects...
- Line 2: ...reconnaissance studies, energy efficiency criteria determination, and energy resource...

Page 4

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

Page 5

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

Mailing Address:
PO Box 71249
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Physical Address:
758 Illinois St.
Fairbanks AK 99701-2999

◆ Phone: 907 451-5607

◆ Fax: 907 458-6365

◆ E-mail address: TMHoener@gvea.com

**Golden
Valley
Electric
Association, Inc.**

Fax

| | | | |
|--------------|------------------------|---------------|---------------------------|
| To: | To whom it may concern | From: | Todd M. Hoener |
| Firm: | | Pages: | 4 (including cover sheet) |
| Fax: | 19074652819 | Date: | 3/20/2007 7:34:26 AM |
| Re: | | CC: | |

Urgent **For Review** **Please Comment** **Please Reply**

Note: If there were any problems receiving this fax, please call: Todd M. Hoener @ 907 451-5607.

1 **Comments:**

Tuesday, 20 March 2007
Testimony (and related insertions) on HB 152
By Todd Hoener, GVEA Energy Efficiency Specialist

TO: HOUSE COMMUNITY & REGIONAL AFFAIRS Standing Committee

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

DATE: 20 March 2007

Good morning Madam Chair and members of the committee,

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

Thank you, again, for this opportunity to testify on HB 152, a bill to establish a renewable energy fund. I testified during the first hearing on this bill but am unable to testify this morning due to a conflict in schedules.

I am reiterating my original position on this bill (please see and review my 06 March testimony) and, again, strongly feel it is necessary to consider the demand side (the energy efficiency side) of the energy needs associated with renewable energy as well as the supply side, which this bill only addresses.

As I mentioned before, the GVEA board of directors has passed a resolution supporting HB 152. My testimony is purely as the energy efficiency specialist for GVEA, which is my job to represent.

My testimony is essentially the same message: I am 100 percent in support of this bill, but it only represents 50 percent of the renewable energy equation. The other 50 percent of this the renewable energy equation is energy efficiency and energy conservation, and this bill does not address these inseparable and integrated energy resources necessary for renewable energy to be fully cost effective. Again, please re-read my original testimony.

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

Tuesday, 20 March 2007
Testimony (and related insertions) on HB 152
By Todd Hoener, GVEA Energy Efficiency Specialist

in addressing the energy needs, the security benefits and environmental and health benefits of the world.

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

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

Second, I recommend that the bill's designated administer, the Alaska Energy Authority, in consultation with this revised advisory committee, establish methodology and regulations for determining projects that include the need to address energy efficiency issues, demand-side management issues, in the consideration of any and all such projects.

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

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

Suggested language to be inserted into HB 152:

Page 2

- Line 5: (7) there is virtually no fuel cost associated with renewable energy resources or energy efficiency or conservation;
- Line 10: (10) renewable energy and energy efficiency technology development promotes industry and creates jobs;
- Line 12: (11) clean renewable energy and energy efficiency have many environmental and health benefits;
- Line 14: (13) modern, affordable, and efficient renewable energy and energy efficient technologies now exist;

Tuesday, 20 March 2007
Testimony (and related insertions) on HB 152
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Line 25: *subsection (b) should include either substituting one of the seven advisory committee members for an energy efficiency specialist or increasing the advisory committee to nine (9) members, which ever is best.*

Page 3

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

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

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

Page 4

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

Page 5

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

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

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

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

ALASKA FEDERATION OF NATIVES INC.

2006 ANNUAL CONVENTION

RESOLUTION 06-34

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

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

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

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

SUBMITTED BY: KAWERAK, INC.; NAPAKIAK CORPORATION

COMMITTEE ACTION: DO PASS

CONVENTION ACTION: AMENDED AND PASSED



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

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

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

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

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

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

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

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

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

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

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

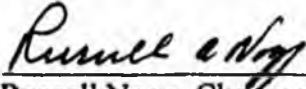
WHEREAS: Modern, affordable, and efficient renewable energy technologies now exist; and

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

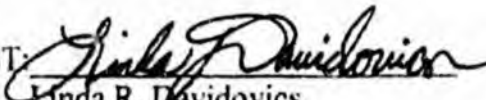
NOW THEREFORE BE IT RESOLVED: That the Anchorage Municipal Light & Power Advisory Commission finds that a Renewable Energy Fund for Alaska should be established as a separate fund to finance new utility scale renewable energy projects in Alaska with grants and/or loans; and

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

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



Russell Nogg, Chairman
ML&P Advisory Commission

ATTEST: 
Linda R. Davidovics
ML&P Commission Secretary

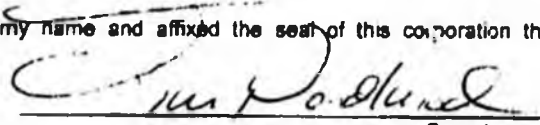
Resolution in Support of a Renewable Energy Fund

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

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

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


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


Secretary

GVEA

Golden Valley Electric Association

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

Your Touchstone Energy® Cooperative 

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

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

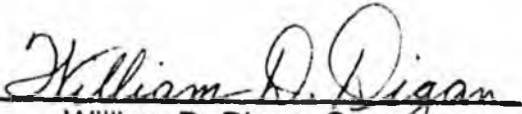
BE IT FURTHER RESOLVED that the Golden Valley Electric Association Board of Directors supports the concept of a renewable energy fund where the funding comes from an appropriation, general funds or through an endowment.

CERTIFICATION

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

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




William D. Digan, Secretary

Alaska State Chamber of Commerce
2007 Position
Create a Renewable Energy Fund for Alaska

The Alaska State Chamber of Commerce supports the establishment of a Renewable Energy Fund by the legislature, financed with general fund appropriations, to finance the construction of zero fuel cost renewable energy projects across Alaska.

ALASKA MUNICIPAL LEAGUE

Resolution No. 2007-14

A RESOLUTION ESTABLISHING A RENEWABLE ENERGY FUND

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

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

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

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

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

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

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

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

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

Signed: _____

Tim Bourey, President
Alaska Municipal League

Attest:

Resolution 07 - 07

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

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

- m o r e -

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

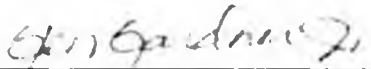
NOW THEREFORE BE IT RESOLVED that the Board of Directors of the Southwest Alaska Municipal Conference support a Renewable Energy Fund for Alaska to be established as a separate fund to finance new utility-scale renewable energy projects in Alaska with grants and loans; and

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

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

Signed:

Attest:



Glen Gardner
President

Wanetta Ayers
Executive Director

Reviewed by Board: January 24, 2007
Referral(s): Energy Committee
Report from Energy Committee: Do Pass
Membership Meeting:
Motion to Adopt: Linda Freed
Second: Ernest Weiss
Motion Passed
Ratified by Board: January 27, 2007

Alaska Energy Authority

HB 152 – Recommendations

March 6, 2007

Recommendations for the committee to consider during deliberations of HB 152:

- 1) We recommend that the ability to make loans be removed from the fund. We believe that the loan provision is a duplication of the Power Project Fund. The PPF is a long-standing AEA loan fund that is available for energy projects. Three of the most recent loans from this fund were for renewable energy projects. Chena Power's geothermal project, the City of Craig for its wood-waste fired district heating system and Aleutian Wind Energy for its Sand Point wind-diesel hybrid project.

We propose that grant criteria be developed to require a match that the applicant could either fulfill by applying for a PPF loan or coming up with an equity contribution by other means. This is the model successfully used in AEA's energy cost reduction program.

- 2) We recommend that the guidelines pertaining to the "annual average amount of the fund" be removed. Depending on the capitalization or balance of the fund, it may be more appropriate for AEA to determine the allocation amount. For example, if the balance of the fund was \$1 million, the most beneficial use of the fund may be feasibility studies, reconnaissance studies and energy resource monitoring. Design and construction may not be a viable use with limited funds. An alternative approach may be for AEA to establish annual funding priorities in consultation with the advisory committee.
- 3) On page 4, we recommend section (g) (3) be removed. All projects, prior to construction must have the necessary site control and environmental permits. This is not a unique requirement for natural gas projects. For example, biomass and hydroelectric projects require environmental permits.
- 4) We recommend providing an effective date of July 1, 2007 coinciding with the start of the fiscal year.
- 5) During the bill hearing testimony and discussions, we came up with one more recommendation – On page 2 - remove the (f) (2) criteria for 50kw and 20 end users. The applicant eligibility (page 5) eliminates individual – single site users. In addition, removing this project criteria will allow the direct use of renewable energy projects such as small wind turbines that provide <50kw utility power and biomass boilers that do not provide electricity but directly provide heat to small schools.

Let me know if you have any questions. Thanks for the opportunity to testify.

Sara Fisher-Goad

Deputy Director – Operations

AIDEA and AEA

269-4623

Sonya Hymer

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

more.....

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

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

Hello again,

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

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

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

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

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

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

Thank you very much,

3/6/2007

Greg Egan

Remote Power Inc.

981 Gold Mine Trail

Fairbanks, AK 99712

907-457-4299

3/6/2007

6th March 2007

TO: The Committee for Community and Regional Affairs

RE: House Bill 152

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

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

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

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

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

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

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

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

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

Sincerely,

Richard D. Seifert, Professor
Energy and Housing

UAF, Cooperative Extension Service
6th March 2007

Anna

Alaska Energy Authority

HB 152 – Recommendations

March 6, 2007

Recommendations for the committee to consider during deliberations of HB 152:

- 1) We recommend that the ability to make loans be removed from the fund. We believe that the loan provision is a duplication of the Power Project Fund. The PPF is a long-standing AEA loan fund that is available for energy projects. Three of the most recent loans from this fund were for renewable energy projects. Chena Power's geothermal project, the City of Craig for its wood-waste fired district heating system and Aleutian Wind Energy for its Sand Point wind-diesel hybrid project.

We propose that grant criteria be developed to require a match that the applicant could either fulfill by applying for a PPF loan or coming up with an equity contribution by other means. This is the model successfully used in AEA's energy cost reduction program.

- 2) We recommend that the guidelines pertaining to the "annual average amount of the fund" be removed. Depending on the capitalization or balance of the fund, it may be more appropriate for AEA to determine the allocation amount. For example, if the balance of the fund was \$1 million, the most beneficial use of the fund may be feasibility studies, reconnaissance studies and energy resource monitoring. Design and construction may not be a viable use with limited funds. An alternative approach may be for AEA to establish annual funding priorities in consultation with the advisory committee.
- 3) On page 4, we recommend section (g) (3) be removed. All projects, prior to construction must have the necessary site control and environmental permits. This is not a unique requirement for natural gas projects. For example, biomass and hydroelectric projects require environmental permits.
- 4) We recommend providing an effective date of July 1, 2007 coinciding with the start of the fiscal year.
- 5) During the bill hearing testimony and discussions, we came up with one more recommendation – On page 2 - remove the (f) (2) criteria for 50kw and 20 end users. The applicant eligibility (page 5) eliminates individual – single site users. In addition, removing this project criteria will allow the direct use of renewable energy projects such as small wind turbines that provide <50kw utility power and biomass boilers that do not provide electricity but directly provide heat to small schools.

Let me know if you have any questions. Thanks for the opportunity to testify.

Sara Fisher-Goad

Deputy Director – Operations

ALDEA and AEA

269-4623

March 5, 2006

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

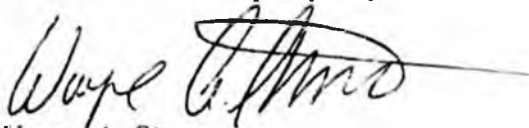
Representative Harris,

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

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

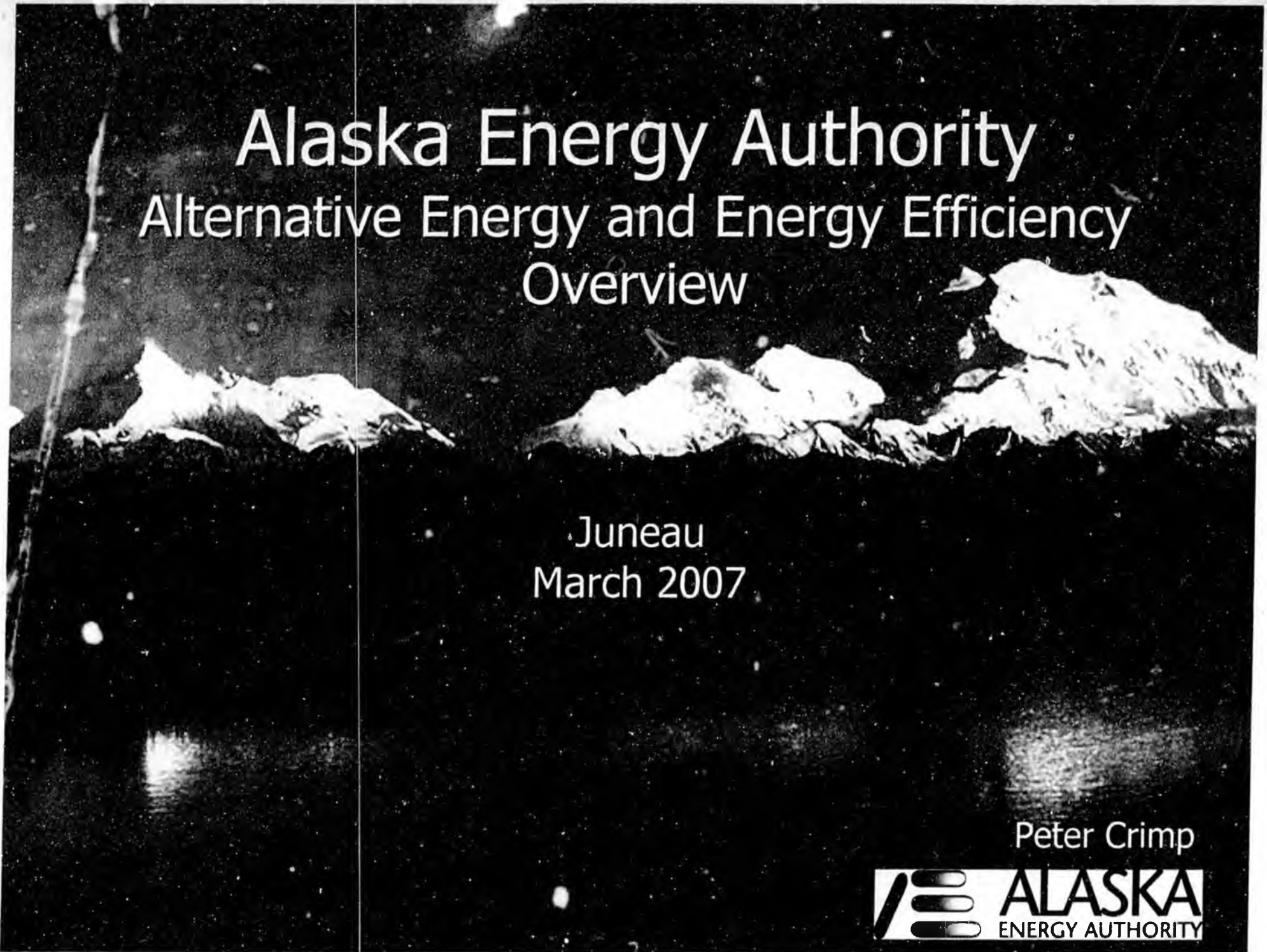
The Alaska State Chamber of Commerce strongly supports HB 152. We believe the bill will ultimately help the state configure alternative energy solutions that will help lower the cost of energy in Alaska's remotest regions allowing all Alaskan's to prosper.

Yours in economic prosperity,



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

cc: Rep. Bill Thomas



Alaska Energy Authority

Alternative Energy and Energy Efficiency Overview

Juneau
March 2007

Peter Crimp



AEA Programs

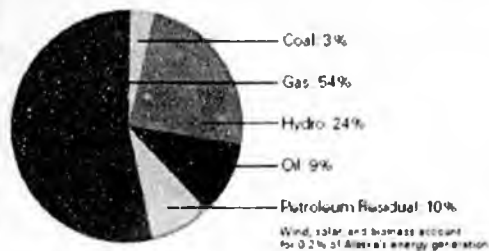
- Statewide Energy Planning
- Infrastructure owner—Bradley Lake Hydro, Willow-Healy intertie
- Bulk Fuel Upgrades
- Rural Power System Upgrades
- Alternative Energy and Energy Efficiency
- Power Cost Equalization (PCE)
- Project Financing
- Training

Statewide Energy Planning

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



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



ARCTIC OCEAN

Infrastructure

Average Electrical Generation

| MWh | Gas | Oil | Coal | Hydro electric | Wind | Bio-mass | Solar | Geo-thermal |
|-------|-----|-----|------|----------------|------|----------|-------|-------------|
| <0.1 | ● | ● | ● | ● | ✖ | — | ● | — |
| 0.1-1 | ● | ● | ● | ● | ✖ | — | ● | — |
| 1-10 | ● | ● | ● | ● | ✖ | — | ● | — |
| >10 | ● | ● | ● | ● | — | — | — | — |

Electric Transmission



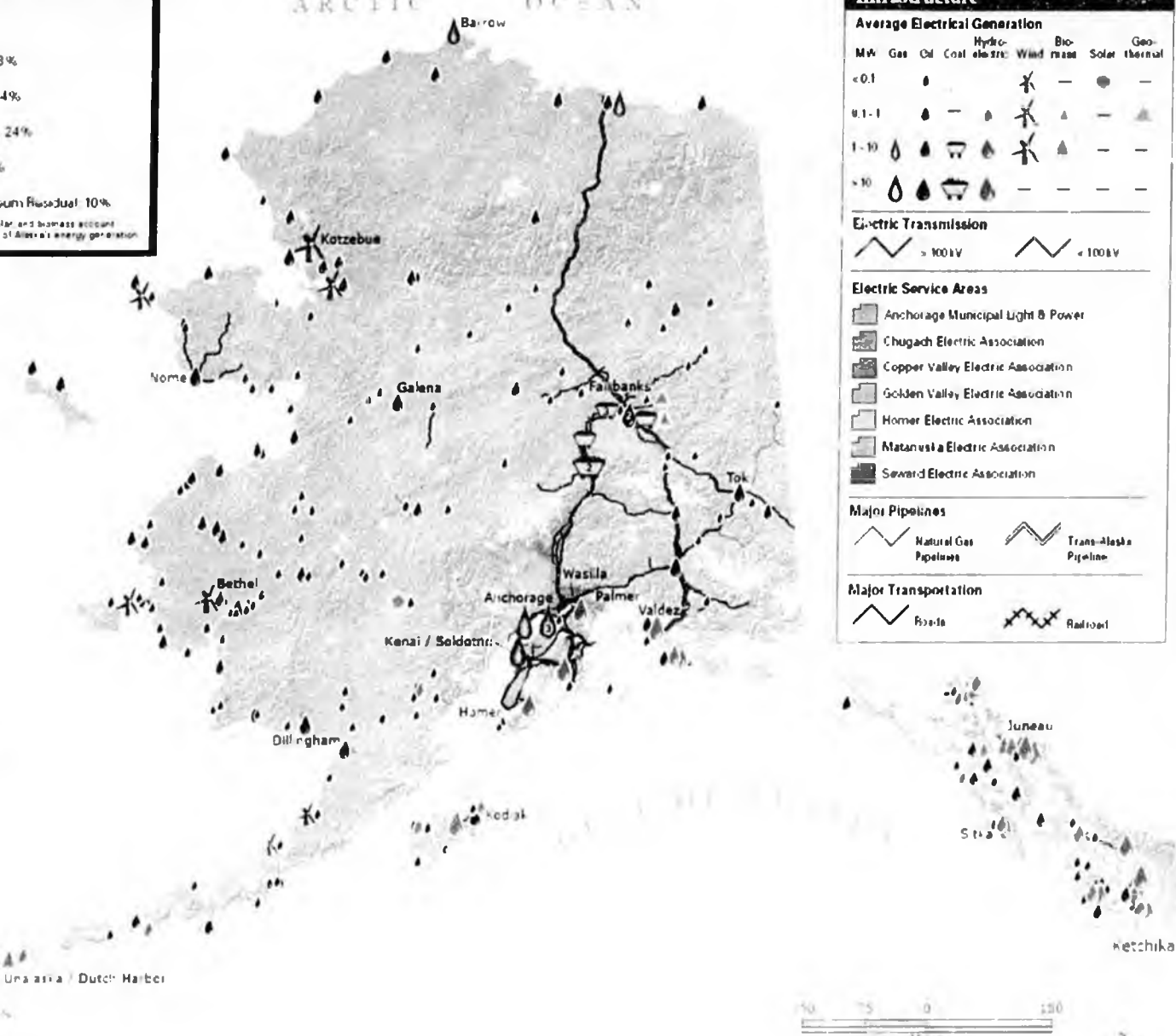
Electric Service Areas

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

Major Pipelines



Major Transportation



Alternative Energy and EE

Hydroelectric



Cordova Electric: Power Creek 6 MW

AEA: Akutan Controls Upgrade

• Program Manager:



AP&T: South Fork 2 MW

AEA: Chuniisax (Atka) 270 kW

Potential Hydro Projects*

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

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

Potential Hydro Projects* (cont.)

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

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

Alternative Energy and EE

Biomass

- **Wood Energy Program:**
 - Alaska Wood Energy Dev Task Group
 - Craig District Heating project
- **Fish Oil Biodiesel Program:**
 - Engine and handling tests at UAF and NPS
 - Develop fish oil rendering module
- **Municipal Waste:**
 - Anchorage Landfill Gas feasibility analysis
- **Prog Mgr: Peter Crimp** (wood, waste)
James Jensen (biodiesel) Jensen@aidea.org



Potential Biomass Projects

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

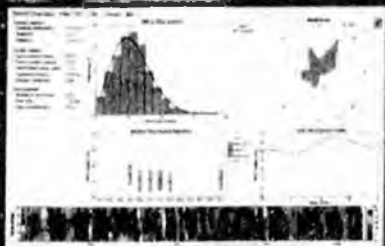
** Provisional list—not comprehensive. Other potential projects to be identified through public solicitations and further research.*

Alternative Energy and EE

Wind

- **Anemometer Loan Program:**
 - Provide met towers and project siting assistance
 - Wind resource data analysis
- **Project Feasibility Assessment:**
 - Training and use of HOMER model for project optimization
- **Project Financing:**
 - RFP 1: TDX Sand Point Wind (1MW)
 - RFP 2: Release in late October

• **Program Manager: Martina Dabo,**
MDabo@aidea.org



Potential Wind Projects*

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

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

Alternative Energy and EE

Geothermal

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



Potential Geothermal Projects*

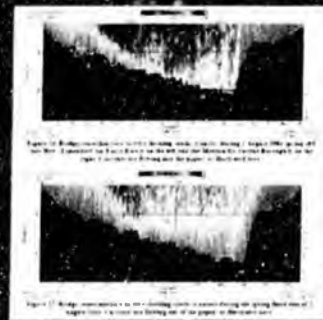
| Community | Planning Area | Project |
|---------------------|---------------|-----------------------|
| Tyonek | Railbelt | Mt Spurr |
| Akutan | Rural | Akutan Geothermal |
| Unalaska | Rural | Makushin Geothermal |
| Pilgrim Hot Springs | Rural | Pilgrim HS Geothermal |

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

Alternative Energy and EE

Ocean Energy

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



Alternative Energy and EE

Interties

- Construction Financing through grants and loans
- Intertie Feasibility Assessment
 - Alaska-BC RFP proposals due 10/13
- Program Manager: Jim Strandberg,
JStrandberg@aidea.org



Alternative Energy and EE

End Use Efficiency

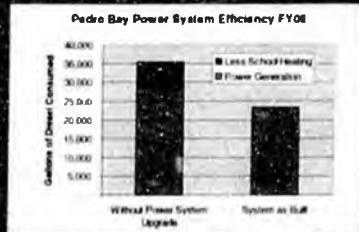
- EE Tech Asst Program: Facility and power system energy audits.
- Village EUE Measures: Upgrades in 100+ facilities in 30 communities.
- State Building Effic Program: Help DOTPF establish energy services contract
- Program Manager: Rebecca Garrett, RGarrett@aidea.org



Construction

Generation Efficiency

Tuluksak: Before and After



Potential Efficiency Projects*

| Community | Planning Area | Category | Project |
|-----------------|---------------|-----------------------|-----------------------------------|
| Anchorage | Railbelt | End Use Efficiency | Anchorage School District ECMs |
| Statewide | Rural | End Use Efficiency | Village End Use Efficiency |
| Akiak | Rural | Generation Efficiency | Akiak RPSU |
| Akuluk | Rural | Generation Efficiency | Akuluk RPSU Distribution |
| Chignik Bay | Rural | Generation Efficiency | Chignik Bay RPSU Distribution |
| Ellin Cove | Rural | Generation Efficiency | Ellin Cove RPSU Distribution |
| Igiugig | Rural | Generation Efficiency | Igiugig RPSU |
| Ruby | Rural | Generation Efficiency | Ruby RPSU |
| Tenakee Springs | Rural | Generation Efficiency | Tenakee Springs RPSU Distribution |
| Unalakleet | Rural | Generation Efficiency | Unalakleet RPSU |
| Kallag | Rural | Heat Recovery | Kallag HR upgrade |
| Statewide | Rural | Heat Recovery | AEA HR Database (29 projects) |

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