

State of Alaska FY2018 Governor's Operating Budget

Department of Commerce, Community, and Economic Development Statewide Project Development, Alternative Energy and Efficiency Component Budget Summary

Component: Statewide Project Development, Alternative Energy and Efficiency**Contribution to Department's Mission**

Assist in developing projects in Alaska that reduce and stabilize the cost of energy and decrease dependency on diesel and heating oil.

Major Component Accomplishments in 2016

Alternative Energy and Energy Efficiency: The Alaska Energy Authority (AEA) has increased statewide knowledge and capacity to install effective alternative energy systems by providing technical workshops and technical assistance through the alternative energy program. AEA facilitates collaborative working groups on renewable resources and energy efficiency. In FY2016 AEA worked with the Department of Energy, Energy Efficiency and Renewable Energy (DOE EERE) to administer the Rural Alaska Community Energy Efficiency (RACEE) program, which provided technical assistance to 13 communities. The technical assistance provided by AEA gave each community a plan to reach their community energy efficiency goal including site specific technical and financial information.

Renewable Energy Grant Fund Program: The Renewable Energy Fund (REF) has funded 287 grants to assess or develop renewable energy projects state-wide. The 55 operating projects at the end of 2015 that received REF grants will save approximately 30 million gallons of diesel fuel equivalent in calendar year 2016. As of September 2016, there are now 69 operating projects built with Renewable Energy Fund dollars. The annual renewable energy generation grows each year as more REF funded projects progress through the construction phase and become operational.

Wind Energy: Since 2012, Alaska's wind energy installed capacity grew from 15.3 megawatts to 63.8 megawatts, exclusive of the wind generation installed on St. George Island in July of 2016. This development has been strongly supported through AEA's wind program and the Renewable Energy Fund.

Hydroelectric Energy: AEA's hydroelectric program monitors and manages 70 projects throughout the State. Projects range from concepts to operational hydroelectric facilities. AEA recognizes that hydroelectric power is critical to meeting Alaska's renewable energy standards and provides long term benefits and energy security to Alaska communities. The hydro program is currently focused on improving efficiency and quality in development, lowering the cost of construction, and coordinating with other State agencies, federal agencies, municipalities, tribal entities, and private investors in analyzing, planning, and generally assisting hydroelectric development.

Biomass program: The biomass program has provided funding for 20 operating woody biomass heating systems for schools and public buildings which reduces diesel fuel use and keeps the money for fuel (wood) within the community. Along with the U.S. Forest Service, the program has provided funding for over 150 pre-feasibility studies to evaluate a community's potential to heat with wood. The program also develops many innovative tools for more effective use of biomass energy such as a Greenhouse Handbook to use excess biomass heat to grow vegetables locally.

Emerging Energy Technology Fund: The Emerging Energy Technology fund has funded 21 emerging energy technologies since its inaugural year that are attempting to commercialize energy technologies that will help advance Alaska's systems. These range from flywheel testing, and River In-Stream Energy Conversion hydrokinetic device testing to cold climate heat pump demonstrations.

Power Project Fund Loan Program: In FY2016, AEA approved five Power Project Fund (PPF) loans: Arctic Village powerhouse improvements; King Cove Waterfall Creek hydroelectric; Newtok powerhouse improvements; Pilot Point powerhouse improvements; and Pelican hydroelectric project. Initial disbursements were also made in FY2016 to support the construction of the Hiilangaay hydroelectric project on Prince of Wales Island; this \$20 million loan was approved prior to FY2016 but began construction this year. A loan to Akhiok for the purchase of pre-pay electric meters to improve utility collections was approved just after the end of FY2016. The Power Project Loan Fund provides loans to local utilities, local governments or independent power producers for the development or upgrade of power facilities. Total committed funds are \$22,306,660, and at the end of July 2016 the fund had an uncommitted

cash balance of \$9.9 million. AEA staff have recently been in contact with seven communities currently considering PPF loans that would cumulatively exceed \$16 million, which is greater than the current available balance. Without grant funds to replace and repair powerhouse equipment or build new renewable and diesel energy systems, AEA expects demand for the loan program to continue to grow.

Key Component Challenges

Reduced capacity for alternative energy, energy efficiency, renewable energy, and energy technology projects will make it difficult, if not impossible, to reduce reliance on fossil fuels and meet the state energy policy of 15 percent energy efficiency by 2020 and 50 percent renewable energy by 2025.

Statewide Project Development, Alternative Energy and Efficiency has experienced a 70% reduction in capacity for program delivery which has resulted in a challenge to change priorities including: reduction in energy technology research, reduction of on-site technical assistance and community outreach, and narrowing focus on energy technologies that are mature in Alaska (efficiency, wind, biomass, heat recovery, hydro).

AEA's Power Project Fund (PPF) loan program is seeing increasing demand, though less than \$10M is currently available in the fund. Additional interest in the loan program is expected to as a result of reduced grants available through the Renewable Energy Fund (REF).

Significant Changes in Results to be Delivered in FY2018

General fund dollars have supported critical AEA programs such as the administration of the emerging energy technology fund (EETF), technical assistance, and community assistance. Due to staff reductions, there is no longer a designated program manager for the EETF grant program. Instead, the administration and oversight function has been spread to other technical staff in addition to their existing workloads. The technical and community assistance activities have been reduced, and staff that performed these duties are now performing additional duties as a result of a reallocation of workloads and reduced staff. AEA is working to secure federal funding to supplant reduced general funds. Other operating costs such as management oversight, travel, and administrative support costs, have been reduced. AEA is committed to prioritizing critical functions, seeking new funding sources, and continuing to deliver critical services to Alaskans.

Statutory and Regulatory Authority

AS 42.45 Rural and Statewide Energy Programs
AS 44.83 Alaska Energy Authority
3 AAC 107 Grant Programs

Contact Information
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Component Detail All Funds
Department of Commerce, Community, and Economic Development

Component: Statewide Project Development, Alternative Energy and Efficiency (2888)
RDU: Alaska Energy Authority (453)

Non-Formula Component

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	68.8	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	5,850.8	0.0	3,019.8	3,019.8	2,000.0	-1,019.8	-33.8%
74000 Commodities	44.7	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	9.2	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	2,000.0	0.0	0.0	0.0	0.0	0.0%
Totals	5,973.5	2,000.0	3,019.8	3,019.8	2,000.0	-1,019.8	-33.8%
Fund Sources:							
1004Gen Fund (UGF)	1,776.5	0.0	1,019.8	1,019.8	0.0	-1,019.8	-100.0%
1061CIP Rcpts (Other)	1,749.8	0.0	0.0	0.0	0.0	0.0	0.0%
1062Power Proj (DGF)	378.6	0.0	0.0	0.0	0.0	0.0	0.0%
1108Stat Desig (Other)	0.4	0.0	0.0	0.0	0.0	0.0	0.0%
1210Renew Ener (DGF)	2,068.2	2,000.0	2,000.0	2,000.0	2,000.0	0.0	0.0%
Unrestricted General (UGF)	1,776.5	0.0	1,019.8	1,019.8	0.0	-1,019.8	-100.0%
Designated General (DGF)	2,446.8	2,000.0	2,000.0	2,000.0	2,000.0	0.0	0.0%
Other Funds	1,750.2	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios with Descriptions
Department of Commerce, Community, and Economic Development

Component: Statewide Project Development, Alternative Energy and Efficiency (2888)
RDU: Alaska Energy Authority (453)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2017 Conference Committee To FY2017 Authorized *****												
FY2017 Conference Committee												
	ConfCom	2,000.0	0.0	0.0	0.0	0.0	0.0	0.0	2,000.0	0	0	0
1210 Renew Ener		2,000.0										
Infrastructure to Promote Affordable Energy Sec13b Ch18 SLA2014 P101 L6 (SB119) (FY14-FY17)												
	CarryFwd	1,019.8	0.0	0.0	1,019.8	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		1,019.8										
<p>(b) The sum of \$2,025,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, to plan and make recommendations to the legislature on infrastructure needed to deliver affordable energy to areas in the state that do not have direct access to a North Slope natural gas pipeline for the fiscal years ending June 30, 2014, June 30, 2015, June 30, 2016, and June 30, 2017.</p> <p>Original Appropriation: \$2,025.0 FY2014 Expenditures: \$15.2 FY2015 Expenditures: \$187.9 FY2016 Expenditures: \$802.1 FY2017 Carryforward: \$1,019.8</p>												
Align Authority with Anticipated Expenditures												
	LIT	0.0	0.0	0.0	2,000.0	0.0	0.0	0.0	-2,000.0	0	0	0
<p>Authorization for management of existing Renewable Energy Grants was restored by the House Finance Committee in the Miscellaneous expenditure line. In order to use the funds as intended, the funds are adjusted to the Services expenditure line.</p>												
Subtotal		3,019.8	0.0	0.0	3,019.8	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
Reverse Infrastructure to Promote Affordable Energy Sec13b Ch18 SLA2014 P101 L6 (SB119) (FY14-FY17)												
	OTI	-1,019.8	0.0	0.0	-1,019.8	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-1,019.8										
<p>(b) The sum of \$2,025,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, to plan and make recommendations to the legislature on infrastructure needed to deliver affordable energy to areas in the state that do not have direct access to a North Slope natural gas pipeline for the fiscal years ending June 30, 2014, June 30, 2015, June 30, 2016, and June 30, 2017.</p> <p>Original Appropriation: \$2,025.0 FY2014 Expenditures: \$15.2 FY2015 Expenditures: \$187.9 FY2016 Expenditures: \$802.1 FY2017 Carryforward: \$1,019.8</p>												

Change Record Detail - Multiple Scenarios with Descriptions
Department of Commerce, Community, and Economic Development

Component: Statewide Project Development, Alternative Energy and Efficiency (2888)

RDU: Alaska Energy Authority (453)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
	Totals	2,000.0	0.0	0.0	2,000.0	0.0	0.0	0.0	0.0	0	0	0

Line Item Detail (1676)
Department of Commerce, Community, and Economic Development
Travel

Component: Statewide Project Development, Alternative Energy and Efficiency (2888)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000	Travel		68.8	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000 Travel Detail Totals			68.8	0.0	0.0
2000	In-State Employee Travel	In-State Transportation - Transportation costs for travel relating to administration, conventions and meetings, boards and commissions.	50.0	0.0	0.0
2001	In-State Non-Employee Travel	In-State Transportation - Transportation costs for travel relating to meetings and boards for non-employees.	2.5	0.0	0.0
2002	Out of State Employee Travel	Out-of-State Transportation - Transportation costs for travel relating to administration, conventions and meetings, boards and commissions.	16.3	0.0	0.0

Line Item Detail (1676)
Department of Commerce, Community, and Economic Development
Services

Component: Statewide Project Development, Alternative Energy and Efficiency (2888)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000	Services		5,850.8	3,019.8	2,000.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000 Services Detail Totals			5,850.8	3,019.8	2,000.0
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses.	38.7	0.0	0.0
3001	Financial Services	Accounting, auditing, management consulting, grantee monitoring, loan servicing and insurance related services.	32.8	0.0	0.0
3002	Legal and Judicial Services	Legal and judicial services, including costs to conduct hearings and transcription fees.	4.5	0.0	0.0
3003	Information Technology	Information Technology - Training, consulting, equipment and software leases, licensing and maintenance.	4.6	0.0	0.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	19.6	0.0	0.0
3006	Delivery Services	Freight, courier services, and postage.	2.5	0.0	0.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	6.0	0.0	0.0
3010	Equipment/Machinery	Machinery, furniture and equipment purchase, repairs, maintenance, rentals, and leases.	67.0	0.0	0.0
3011	Other Services	Other professional services.	410.9	0.0	0.0
3024	Inter-Agency Legal	Law - Department-wide Legal services.	46.4	0.0	0.0

Line Item Detail (1676)

**Department of Commerce, Community, and Economic Development
Services**

Component: Statewide Project Development, Alternative Energy and Efficiency (2888)

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor	
3000 Services Detail Totals			5,850.8	3,019.8	2,000.0	
3038	Inter-Agency Management/Consulting	Commerce - Administrative Services (1028)	Administrative Services and Commissioner's Office support.	777.2	0.0	0.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Alaska Industrial Development and Export Authority support.	4,440.6	3,019.8	2,000.0

Line Item Detail (1676)

**Department of Commerce, Community, and Economic Development
Commodities**

Component: Statewide Project Development, Alternative Energy and Efficiency (2888)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
4000	Commodities		44.7	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
4000 Commodities Detail Totals			44.7	0.0	0.0
4000	Business	Supplies for office, library, training, and instructional needs, including small equipment, tools and subscriptions.	39.5	0.0	0.0
4002	Household/Institutional	Cleaning, food and other household supplies.	5.2	0.0	0.0

Line Item Detail (1676)

**Department of Commerce, Community, and Economic Development
Capital Outlay**

Component: Statewide Project Development, Alternative Energy and Efficiency (2888)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
5000	Capital Outlay		9.2	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
5000 Capital Outlay Detail Totals			9.2	0.0	0.0
5004	Equipment	Equipment and furniture.	9.2	0.0	0.0

Revenue Detail (1681)

Department of Commerce, Community, and Economic Development

Component: Statewide Project Development, Alternative Energy and Efficiency (2888)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
5061 CIP Rcpts (1061 CIP Rcpts)			1,749.8	0.0	0.0
5351 Capital Improvement Project Inter-Agency		Capital Improvement Project Receipts.	1,749.8	0.0	0.0
5062 Power Proj (1062 Power Proj)			378.6	0.0	0.0
5413 Power Project Loan Fund		Power Project Loan funds.	378.6	0.0	0.0
5108 Stat Desig (1108 Stat Desig)			0.4	0.0	0.0
5205 Statutory Dsgntd Prgrm Rcpts Development - Charges for Svcs		Program receipts.	0.4	0.0	0.0
6210 Renew Ener (1210 Renew Ener)			2,068.2	2,000.0	2,000.0
6881 Renewable Energy Grant Fund - Transfers In Other Funds		Renewable Energy grant funds.	2,068.2	2,000.0	2,000.0

Inter-Agency Services (1682)

Department of Commerce, Community, and Economic Development

Component: Statewide Project Development, Alternative Energy and Efficiency (2888)

	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
Component Totals	5,264.2	3,019.8	2,000.0
With Department of Law	46.4	0.0	0.0
With Department of Commerce, Community, and Economic Development	5,217.8	3,019.8	2,000.0

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3024 Inter-Agency Legal	Law - Department-wide	Legal services.	46.4	0.0	0.0
3038 Inter-Agency Management/Consulting	Commerce - Administrative Services (1028)	Administrative Services and Commissioner's Office support.	777.2	0.0	0.0
3038 Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Alaska Industrial Development and Export Authority support.	4,440.6	3,019.8	2,000.0