

State of Alaska FY2023 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 2021

Alaska Cargo and Cold Storage (ACCS): AEA teamed with Alaska Cargo and Cold Storage partners to participate in a unique job-creating opportunity at the Ted Stevens Anchorage International Airport. The project is to develop a state-of-the-art cargo transfer and cold storage facility that is exceptionally energy efficient by maximizing available renewable and energy-efficient technologies.

AEA applied for and was awarded a United States Department of Energy's Better Utilizing Investments to Leverage Development (BUILD) grant for \$21 million. AEA, in its role beyond accepting funding, will be to deliver its expertise in renewable energy design and operation ultimately making a ~715,000-square-foot facility a reality. The project will transform a challenging but optimally situated build site at the Anchorage airport into an energy-efficient and technologically-advanced cold storage and cargo transfer facility.

Construction during Phase I will generate 830 jobs with \$56.9 million in labor income and \$147.6 million in total Alaska expenditures. Phase II is projected to generate an additional 1,245 jobs, \$75.6 million in labor income, and \$220.5 million in total Alaska expenditures. ACCS operations are expected to generate 115 jobs and \$9.1 million in total labor income following the completion of Phase I; Phase II operations are expected to generate an additional 190 jobs and \$15.5 million in total labor income.

AEA is seeking clarification from the granting authority, the Federal Highway Administration, as to requirements of the ACCS projects be included in what is commonly known as the Statewide Transportation Improvement Plan. AEA continues to work with the granting authority and our BUILD partner, ACCS, to negotiate and execute a final grant agreement anticipated to be complete by September of 2022.

Commercial Property Assessed Clean Energy (C-PACE): In 2019, the U.S. Department of Energy's (DOE) State Energy Program (SEP) issued an award to AEA to help local governments establish Commercial Property Assessed Clean Energy (C-PACE) programs, a new and innovative way for property owners to pay for energy efficiency upgrades, on-site renewable energy projects, and water conservation measures. In 2021, the Municipality of Anchorage adopted enabling ordinance for C-PACE program. Efforts are underway in the Matanuska Susitna Borough and in the City and Borough of Juneau to adopt the program as well.

Electric Vehicles (EV): AEA is leading Alaska's effort to minimize barriers to EV adoption in the state. To address the lack of EV charging infrastructure and range anxiety, AEA is using Volkswagen (VW) Trust, State Energy Program (SEP) funds, and private partnerships to develop an EV fast-charging corridor from the Kenai Peninsula to Healy, with the deployment of 15 fast chargers and eight Level 2 chargers at nine charging stations located less than 100 miles from adjacent sites. Fast charging stations will become operable starting in the fall of 2021, with the entire corridor operational by summer 2022. Once completed, this significant achievement will lessen range anxiety and open the state's major transportation corridors to EV travel over significantly increased distances. In coordination with the Department of Transportation and Public Facilities, AEA also managed the deployment of publicly accessible Level 2 EV charging stations at two state-owned facilities in Anchorage.

Energy Planning: AEA is dedicated to reducing the cost of energy for Alaskans. To achieve this the agency collaborates with local and regional partners to provide expert analysis in the planning and development of cost-efficient and highly reliable energy infrastructure. The agency works to increase the use of renewable energy, alternative fuels and promotes energy efficiency throughout the state, serving as the principal source of information for these energy areas. AEA also partners with rural communities to provide the tools and guidance necessary for all rural residents to embrace a better future.

Power Project Fund (PPF): As of June 2021, AEA's PPF loan program, which qualifies applicants seeking low-interest loans for eligible power projects, included 20 outstanding loans for hydro, wind, biomass, diesel, solar, and energy conservation. There are no delinquent loans. AEA is in the process of reviewing several potential loan applications.

Renewable and Alternative Energy and Energy Efficiency: AEA continues to develop energy policy in furtherance of its mission that introduces renewable power to the Railbelt grid when the life-cycle costs of doing so are shown to be affordable, cost-effective, and secure energy option. AEA has increased statewide knowledge and capacity to install and operate effective alternative energy systems by providing technical workshops, training, and technical assistance through the alternative energy program. AEA facilitates collaborative working groups on various renewable technologies and energy efficiency.

- **Biomass Program:** The biomass program has provided funding and/or technical support for over 50 operating woody biomass heating systems for schools and public buildings. These projects reduce diesel fuel use and keep the money for fuel (wood) within the community. Along with the United States Forest Service, the program has provided funding for over 170 pre-feasibility studies to evaluate a community's biomass potential and develop sustainable harvest plans. Biomass use in place of diesel is reducing diesel fuel consumption and creating local jobs. It is estimated that biomass heating projects are displacing over 500,000 gallons of diesel annually. The program provides training for biomass boiler operators to ensure the projects operate successfully and sustainably. Additionally, the program seeks to expand partnerships with other local, state, and federal stakeholders to increase funding for biomass projects throughout the state.
- **Hydroelectric Energy:** AEA's hydroelectric program owns or assists approximately 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 goal and provides long-term benefits and energy security to Alaska communities. The hydroelectric 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. As noted in the REF section of this document, AEA will be working with three new entities that were successful in applying for round 13 grant funds from the REF program related to hydroelectric development.
- **Wind Energy:** During the last 10 years, Alaska's wind energy installed capacity has grown from 15.3 megawatts (MW) to more than 70 MW. The development has been strongly supported through AEA's wind program and the REF program. In concert with the Wind Advisory Group, AEA is developing a Feasibility and Technical Assistance Program to help new projects get started and optimize existing projects. And currently Round 13 of the REF, a total of five wind projects are undergoing grant development.

Renewable Energy Fund (REF): In July 2020, AEA released a request for applications for Round 13 of REF, a competitive grant program established to help fund cost-effective renewable energy projects throughout Alaska. The Legislature approved an appropriation of \$4.7 million as was recommended by AEA to fund 11 renewable energy projects solicited and evaluated in Round 13. AEA is currently planning for a Round 14 solicitation for fall 2021. The REF program is scheduled to sunset in July 2023. AEA has recommended an extension to June 2033.

Village Energy Efficiency Program (VEEP): AEA in partnership with the Denali Commission and Wells Fargo awarded \$2 million for outdoor lighting retrofit projects in rural Alaska. It is scheduled to be completed in the summer of 2022.

Volkswagen (VW) Diesel Settlement Grants: The Environmental Mitigation Trusts (Trust) established as part of the VW Settlement are explicitly intended for funding Eligible Mitigation Actions (Appendix D-2 of Environmental Mitigation Trust Agreement) to fully mitigate the total lifetime excess NOx emissions from the 2.0L and 3.0L subject vehicles. Through the Trust, Alaska has been allocated \$8.125 million to fund eligible actions to be completed by 2027. In FY2021, AEA committed approximately \$875,000 million for the development of an EV fast-charging corridor along the highway system from Homer and Seward to Fairbanks. Charging sites are located in Seward, Homer, Soldotna, Cooper Landing, Anchorage, Chugiak, Trapper Creek, Cantwell, and Healy. Over \$300,000 of VW Trust funds were obligated as mandatory cost-share for Environmental Protection Agency (EPA) Diesel Emissions Reduction Act (DERA) projects to replace gensets in Platinum, Grayling, and Ruby. AEA assisted the Native Villages of Chitina, Deering, and Unalakleet in successfully accessing VW Tribal Trust funds and/or EPA Tribal DERA funds

for genset replacement in their powerhouses.

Key Component Challenges

No significant challenges at this time.

Significant Changes in Results to be Delivered in FY2023

No significant changes are anticipated.

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

	FY2021 Actuals	FY2022 Conference Committee	FY2022 Authorized	FY2022 Management Plan	FY2023 Governor	FY2022 Management Plan vs FY2023 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.2	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	1,438.9	2,200.0	2,200.0	2,200.0	2,200.0	0.0	0.0%
74000 Commodities	14.4	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	1.7	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	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	1,455.2	2,200.0	2,200.0	2,200.0	2,200.0	0.0	0.0%
Fund Sources:							
1061 CIP Rcpts (Other)	405.2	800.0	800.0	800.0	800.0	0.0	0.0%
1210 Renew Ener (DGF)	1,050.0	1,400.0	1,400.0	1,400.0	1,400.0	0.0	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	1,050.0	1,400.0	1,400.0	1,400.0	1,400.0	0.0	0.0%
Other Funds	405.2	800.0	800.0	800.0	800.0	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 FY2022 Conference Committee To FY2022 Authorized *****												
FY2022 Conference Committee												
	ConfCom	2,200.0	0.0	0.0	2,200.0	0.0	0.0	0.0	0.0	0	0	0
1061 CIP Rcpts		800.0										
1210 Renew Ener		1,400.0										
Subtotal		2,200.0	0.0	0.0	2,200.0	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2022 Management Plan To FY2023 Governor *****												
Totals		2,200.0	0.0	0.0	2,200.0	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		FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
2000	Travel		0.2	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
2000 Travel Detail Totals			0.2	0.0	0.0
2000	In-State Employee Travel	In-State Transportation - Transportation costs for travel relating to administration, meetings, boards and commissions.	0.2	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		FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
3000	Services		1,438.9	2,200.0	2,200.0
Object Class	Servicing Agency	Explanation	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
3000 Services Detail Totals			1,438.9	2,200.0	2,200.0
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses.	0.3	1.0	1.0
3001	Financial Services	Accounting, auditing, management consulting, grantee monitoring, loan servicing and insurance related services.	0.0	20.0	20.0
3002	Legal and Judicial Services	Legal and judicial services, including costs to conduct hearings and transcription fees.	0.3	0.0	0.0
3003	Information Technology	Information Technology - Training, consulting, equipment and software leases, licensing and maintenance.	6.7	1.0	1.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	17.2	11.0	11.0
3006	Delivery Services	Freight, courier services, and postage.	2.0	1.0	1.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	4.2	4.0	4.0
3008	Utilities	Electricity, heating fuel, water, sewage and disposal services.	6.5	0.0	0.0
3010	Equipment/Machinery	Machinery, furniture and equipment purchase, repairs, maintenance, rentals, and leases.	0.9	1.0	1.0

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	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
3000 Services Detail Totals			1,438.9	2,200.0	2,200.0
3011	Other Services	Other professional services.	107.1	55.0	55.0
3024	Inter-Agency Legal	Legal services.	1.2	5.0	5.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234) Core and allocated services, including Administrative Services and Commissioner's Office support.	101.0	55.0	55.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234) Alaska Industrial Development and Export Authority support.	1,191.5	2,046.0	2,046.0

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		FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
4000	Commodities		14.4	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
4000 Commodities Detail Totals			14.4	0.0	0.0
4000	Business	Supplies for office, library, training, and instructional needs, including small equipment, tools and subscriptions.	11.7	0.0	0.0
4002	Household/Institutional	Cleaning, food, and other household supplies.	0.2	0.0	0.0
4005	Building Materials	Building materials, lumber, masonry materials.	1.7	0.0	0.0
4020	Equipment Fuel	Fuel and gasoline.	0.8	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		FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
5000	Capital Outlay		1.7	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
5000 Capital Outlay Detail Totals			1.7	0.0	0.0
5004	Equipment	Equipment and furniture.	1.7	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	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
5061 CIP Rcpts (1061 CIP Rcpts)			405.2	800.0	800.0
5351 Capital Improvement Project Inter-Agency		Capital Improvement Project Receipts.	405.2	800.0	800.0
6210 Renew Ener (1210 Renew Ener)			1,050.5	1,400.0	1,400.0
6881 Renewable Energy Grant Fund - Transfers In Other Funds		Renewable Energy grant funds.	1,050.0	1,400.0	1,400.0
6882 Renewable Energy Grnt Fd - PY Reimbursement Recovery		Return of interest earned - Renewable Energy Fund	0.5	0.0	0.0

Inter-Agency Services (1682)

Department of Commerce, Community, and Economic Development

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

	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
Component Totals	1,292.5	2,101.0	2,101.0
With Department of Commerce, Community, and Economic Development	1,292.5	2,101.0	2,101.0

Object Class	Servicing Agency	Explanation	FY2021 Actuals	FY2022 Management Plan	FY2023 Governor
3038 Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Core and allocated services, including Administrative Services and Commissioner's Office support.	101.0	55.0	55.0
3038 Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Alaska Industrial Development and Export Authority support.	1,191.5	2,046.0	2,046.0