

# **State of Alaska FY2024 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 2022**

**Commercial Property Assessed Clean Energy (C-PACE):** In 2022, HB227 expanded the scope of the C-PACE program to include new construction, resiliency, a look back period, allows financiers to consider market value, and extends the loan term. The first C-PACE loan was closed in the Municipality of Anchorage in September 2022. AEA and the Municipality of Anchorage are supporting efforts that are underway in the Matanuska Susitna Borough and in the City and Borough of Juneau to adopt the program.

**Electric Vehicles (EV):** In September 2022, AEA and the Department of Transportation & Public Facilities (DOT&PF) received approval from the United States Department of Transportation Federal Highway Administration (FHWA) to implement Alaska's EV Infrastructure Deployment Plan (The Plan) to build a network of EV charging stations along the state's highway corridors. As part of the Infrastructure Investment and Jobs Act, AEA will receive \$7.8 million in federal fiscal year 2022 and \$11.2 million in federal fiscal year 2023 under the FHWA National Electric Vehicle Infrastructure (NEVI) Formula Program. AEA anticipates receiving approximately \$52 million over the next five years through this program. As NEVI funds must be used initially on federally-designated Alternative Fuel Corridors (AFC), Phase 1 of The Plan will focus on the installation of EV charging stations every 50 miles along the state's designated AFC, which is the 358 miles of Glenn and Parks Highways between Anchorage and Fairbanks. The new charging stations must have at least four EV fast charging AEA ports and be located within one travel mile of the highway. Phase 1 is expected to be complete by 2024. After that, AEA will deploy NEVI funds to build out the state's remaining highways including communities along the Alaska Marine Highway and rural hub communities.

**Power Project Fund (PPF):** As of June 2022, AEA's PPF loan program, which qualifies applicants seeking low-interest loans for eligible power projects, included 21 outstanding loans for biomass, diesel, energy conservation hydro, solar, and wind. There are no delinquent loans. AEA is currently working with an independent power producer to develop the state's largest solar farm.

**Renewable and Alternative Energy and Energy Efficiency:** AEA's renewable energy and efficiency programs grow Alaska's clean energy economy. These programs provide critical technical support for communities interested in developing renewable energy and efficiency projects. Through AEA's collaborative working groups, various renewable technologies and energy efficiency initiatives are supported.

- **Biomass Program:** AEA's biomass energy program focuses on exploring opportunities to increase utilization of wood for energy production throughout the state. The program provides technical assistance, project management, and funding to develop wood-fired systems that displace fuel oil for heating public facilities. In May 2022, AEA was awarded a \$225,000 grant through the United States Department of Agriculture Forest Service Wood Innovations Program to support operator training and workshops for existing biomass systems throughout the state.
- **Efficiency:** AEA's energy efficiency program focuses on rural community outreach and education, public buildings, commercial buildings, and public infrastructure such as street lighting and water & sewer infrastructure. The two main objectives of AEA's efficiency program are 1) achieving the most cost-effective energy efficiency gain and 2) providing services where energy costs are critically high.
- **Electric Vehicle (EV):** The transportation sector is rapidly transitioning to EVs. EVs and their charging infrastructure can bring new industries to Alaska, helping to promote the state economy and save Alaskans money. Alaskans have identified barriers to adoption such as range anxiety and performance in cold climates. AEA has a mission to lead the effort to minimize barriers that inhibit EV adoption in Alaska. AEA continues to seek federal opportunities (e.g. Infrastructure Investment and Jobs Act) to help support advancement of this

program.

- **Energy Storage:** Energy storage allows for energy from non-firm generation sources such as wind or base load thermal generation sources such as natural gas or coal to be stored for later use. The stored energy is used during periods of high electrical demand to avoid turning on additional generation units or to provide energy when the non-firm source is not generating. Energy storage can be accomplished with several technologies such as, but not limited to, battery energy storage systems, water storage, pumped hydro, flywheels, and compressed air. Battery storage can be used in many different ways but typically, it is to peak shave, support system stability, or prevent blackouts.
- **Geothermal:** Alaska has 141 volcanoes and over 100 hot springs. Many of these have the potential for providing energy for agriculture, space heating and other power generation purposes.
- **Heat Recovery and Combined Heat and Power (CHP):** CHP project development activities, including “waste” heat recovery, are supported through a United States Department of Energy cost-share program for technical assistance and project development.
- **Hydroelectric Energy:** Hydroelectric power plays a critical role in Alaska's renewable energy goals and provides long-term economic benefits and energy security. AEA’s owns or assists approximately 70 hydroelectric projects throughout the state. Projects range from concepts to operational hydroelectric facilities. At present, the hydroelectric program focuses on improving efficiency and quality in development, lowering the cost of construction, and coordinating with other state, federal, municipalities, tribal, and private entities to analyze, plan, and support hydroelectric development. AEA will work with five hydroelectric projects from Round 14 of the Renewable Energy Fund (REF) program.
- **Solar:** AEA provides solar energy information, resources, and technical assistance. The Power Project Fund and the REF have provided grant and loan financing for several PV projects on the Railbelt and in rural Alaska.
- **Wind Energy:** Since 2012, Alaska’s wind energy capacity has increased 400 percent. This growth is supported by AEA’s Renewable Energy Fund (REF) and information sharing among wind energy producers and stakeholders. In partnership with the Wind Working Group, AEA facilitates annual educational events including the wind-diesel and energy storage workshops. AEA assist communities in evaluating wind energy and often aids in rural community decision-making. In AEA’s most recent REF solicitation, Round 14, a total of 11 wind projects were awarded and are in development.

**Renewable Energy Fund (REF):** The REF is a competitive grant program established to help fund cost-effective, viable renewable energy projects throughout Alaska. Since its establishment in 2008, 271 REF grants have been awarded and funded via legislative appropriations totaling \$300 million. Over 100 projects are in operation, and 44 in development. In AEA’s Round 13 REF solicitation, 11 projects were recommended for a total grant request of \$4.75 million, as was fully appropriated by the Legislature in August 2021. In November 2021, AEA released a request for applications for a subsequent Round 14 of REF whereby it was successful in its recommendation for the funding of 27 vetted projects for a total grant request of \$15 million, as was approved by the Legislature in June 2022. On October 4, 2022, AEA launched the application period for REF Round 15. Applications are due to AEA on Monday, December 5, 2022, by 4 p.m. (Alaska Time). The REF program is scheduled to sunset in July 2023. AEA has recommended an extension to June 2033.

**Statewide Energy Plan:** AEA is developing a Statewide Energy Plan that will include a regional balance, introduction of additional renewable, and needed transmission upgrades. This plan provides a balance between rural and urban needs. The partners include but are not limited to representatives of AEA, the Department of Natural Resources, the Department of Environmental Conservation, the Department of Commerce, Community, and Economic Development, the Department of Transportation as well as the Denali Commission, the Alaska Center for Energy and Power, rural and urban utilities, community, and other federal partners.

**Statewide Energy Security Plan (SESP):** AEA, as required by the Infrastructure Investment and Jobs Act State Energy Program, has embarked on preparing a SESP. A SESP describes the state’s energy landscape, people, processes, risks, and the state’s strategy to build energy resilience. More specifically, the plan will detail how the State of Alaska, working with energy partners, can secure their energy infrastructure against all physical and

cybersecurity threats; mitigate the risk of energy supply disruptions to the State; enhance the response to, and recovery from, energy disruptions; and ensure that the state has secure, reliable, and resilient energy infrastructure.

**Village Energy Efficiency Program (VEEP):** AEA in partnership with the Denali Commission and Wells Fargo awarded nearly \$600,000 to four communities for energy efficiency upgrades to public buildings. Projects are scheduled to be completed in the summer of 2023.

**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 was 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 \$1.1 million 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 Akiachak, Arctic Village, Chenega Bay, Chignik Lake, Circle, Grayling, Platinum, Takotna, Tuluksak, and Ruby. AEA assisted the Native Villages of Beaver, Buckland, Chefornak, Chitina, Deering, Diomedea, Galena, Karluk, and Stevens in successfully accessing VW Tribal Trust funds and/or EPA Tribal DERA funds for genset replacement in their powerhouses.

### Key Component Challenges

**Alaska Cargo and Cold Storage (ACCS):** AEA teamed with ACCS 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. Federal Highway Administration applications have been extended for one year. This will give stakeholders time to negotiate some of the more difficult stipulations in the draft grant agreement including questions regarding ownership and possible future sale of the facility.

**Renewable Energy Fund (REF):** As per the current REF statutes (AS 42.45.045), the program is set to sunset on June 30, 2023. AEA is recommending a 10-year extension to June 30, 2033, and will work with the Governor's office on such legislation.

### Significant Changes in Results to be Delivered in FY2024

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
<p><b>Contact:</b> Curtis W. Thayer, Executive Director <b>Phone:</b> (907) 771-3000 <b>E-mail:</b> <a href="mailto:cthayer@akenergyauthority.org">cthayer@akenergyauthority.org</a></p>

**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

	FY2022 Actuals	FY2023 Conference Committee	FY2023 Authorized	FY2023 Management Plan	FY2024 Governor	FY2023 Management Plan vs FY2024 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	3.0	0.0	0.0	22.1	22.1	0.0	0.0%
73000 Services	1,219.5	2,200.0	2,201.9	2,179.8	2,179.8	0.0	0.0%
74000 Commodities	2.8	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.4	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%
<b>Totals</b>	<b>1,225.7</b>	<b>2,200.0</b>	<b>2,201.9</b>	<b>2,201.9</b>	<b>2,201.9</b>	<b>0.0</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1061 CIP Rcpts (Other)	580.5	800.0	800.7	800.7	800.7	0.0	0.0%
1210 Renew Ener (DGF)	645.2	1,400.0	1,401.2	1,401.2	1,401.2	0.0	0.0%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>645.2</b>	<b>1,400.0</b>	<b>1,401.2</b>	<b>1,401.2</b>	<b>1,401.2</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>580.5</b>	<b>800.0</b>	<b>800.7</b>	<b>800.7</b>	<b>800.7</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
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 FY2023 Conference Committee To FY2023 Authorized *****												
<b>FY2023 Conference Committee</b>												
	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										
<b>Transfer Unallocated Rate Adjustments to AEA Alternative Energy &amp; Energy Conservation</b>												
	Unalloc	1.9	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0	0	0
1061 CIP Rcpts		0.7										
1210 Renew Ener		1.2										
<b>Subtotal</b>		<b>2,201.9</b>	<b>0.0</b>	<b>0.0</b>	<b>2,201.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2023 Authorized To FY2023 Management Plan *****												
<b>Align Authority with Anticipated Expenditures</b>												
	LIT	0.0	0.0	22.1	-22.1	0.0	0.0	0.0	0.0	0	0	0
Align authorization for anticipated expenditures in the travel line, consistent with the FY2023 Travel Plan.												
<b>Subtotal</b>		<b>2,201.9</b>	<b>0.0</b>	<b>22.1</b>	<b>2,179.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2023 Management Plan To FY2024 Governor *****												
<b>Totals</b>		<b>2,201.9</b>	<b>0.0</b>	<b>22.1</b>	<b>2,179.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
2000	Travel		3.0	22.1	22.1
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
<b>2000 Travel Detail Totals</b>			<b>3.0</b>	<b>22.1</b>	<b>22.1</b>
2000	In-State Employee Travel	In-State Transportation - Transportation costs for travel relating to administration, meetings, boards and commissions.	3.0	20.4	20.4
2002	Out of State Employee Travel	Out-of-State Transportation - Transportation costs for travel relating to administration, meetings, boards and commissions.	0.0	1.7	1.7

**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		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000	Services		1,219.5	2,179.8	2,179.8
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
<b>3000 Services Detail Totals</b>			<b>1,219.5</b>	<b>2,179.8</b>	<b>2,179.8</b>
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses.	0.0	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
3003	Information Technology	Information Technology - Training, consulting, equipment and software leases, licensing and maintenance.	2.9	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.	5.2	11.0	11.0
3006	Delivery Services	Freight, courier services, and postage.	0.5	1.0	1.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	2.1	4.0	4.0
3010	Equipment/Machinery	Machinery, furniture and equipment purchase, repairs, maintenance, rentals, and leases.	0.3	1.0	1.0
3011	Other Services	Other professional services.	54.9	55.0	55.0
3024	Inter-Agency Legal	Law - Department-wide	2.9	5.0	5.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	32.1	55.0	55.0



**Line Item Detail (1676)**

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

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

<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2022 Actuals</b>	<b>FY2023 Management Plan</b>	<b>FY2024 Governor</b>
<b>3000 Services Detail Totals</b>			<b>1,219.5</b>	<b>2,179.8</b>	<b>2,179.8</b>
3038 Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Alaska Industrial Development and Export Authority support.	1,118.6	2,025.8	2,025.8

**Line Item Detail (1676)**

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

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

<b>Line Number</b>	<b>Line Name</b>		<b>FY2022 Actuals</b>	<b>FY2023 Management Plan</b>	<b>FY2024 Governor</b>
4000	Commodities		2.8	0.0	0.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2022 Actuals</b>	<b>FY2023 Management Plan</b>	<b>FY2024 Governor</b>
<b>4000 Commodities Detail Totals</b>			<b>2.8</b>	<b>0.0</b>	<b>0.0</b>
4000	Business	Supplies for office, library, training, and instructional needs, including small equipment, tools and subscriptions.	2.7	0.0	0.0
4002	Household/Institutional	Cleaning, food, and other household supplies.	0.1	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)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2022 Actuals</b>	<b>FY2023 Management Plan</b>	<b>FY2024 Governor</b>
5000	Capital Outlay		0.4	0.0	0.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2022 Actuals</b>	<b>FY2023 Management Plan</b>	<b>FY2024 Governor</b>
<b>5000 Capital Outlay Detail Totals</b>			<b>0.4</b>	<b>0.0</b>	<b>0.0</b>
5004	Equipment	Equipment and furniture.	0.4	0.0	0.0

**Revenue Detail (1681)**

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

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

<b>Revenue Type (OMB Fund Code)</b> <b>Revenue Source</b>	<b>Component</b>	<b>Comment</b>	<b>FY2022 Actuals</b>	<b>FY2023 Management Plan</b>	<b>FY2024 Governor</b>
<b>5061 CIP Rcpts (1061 CIP Rcpts)</b>			<b>580.5</b>	<b>800.7</b>	<b>800.7</b>
5351 Capital Improvement Project Inter-Agency		Capital Improvement Project Receipts.	580.5	800.7	800.7
<b>6210 Renew Ener (1210 Renew Ener)</b>			<b>645.2</b>	<b>1,401.2</b>	<b>1,401.2</b>
6881 Renewable Energy Grant Fund - Transfers In Other Funds		Renewable Energy grant funds.	645.2	1,401.2	1,401.2
6882 Renewable Energy Grnt Fd - PY Reimbursement Recovery		Return of interest earned - Renewable Energy Fund	0.0	0.0	0.0

**Inter-Agency Services (1682)**

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

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

	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
<b>Component Totals</b>	<b>1,153.6</b>	<b>2,085.8</b>	<b>2,085.8</b>
With Department of Law	2.9	5.0	5.0
With Department of Commerce, Community, and Economic Development	1,150.7	2,080.8	2,080.8

Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3024 Inter-Agency Legal	Law - Department-wide	Legal services.	2.9	5.0	5.0
3038 Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Core and allocated services, including Administrative Services and Commissioner's Office support.	32.1	55.0	55.0
3038 Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Alaska Industrial Development and Export Authority support.	1,118.6	2,025.8	2,025.8