

**Department of Commerce, Community and Economic Development  
Alaska Energy Authority**

<b>Subject of RPL:</b> Renewable Energy Projects	<b>ADN/RPL #:</b>
<b>Amount requested:</b> \$94,817,429	<b>Appropriation Authority:</b> Sec. 13, Ch. 29, SLA 2008, pg 87, ln 20
<b>Funding source:</b> Renewable Energy Fund-- Capital	<b>Statutory Authority:</b> AS 42.45.045 Ch. 31, SLA 2008 (HB 152)

*PURPOSE*

This request is needed to fund Renewable Energy Fund grants for projects that were submitted through the AEA Request for Applications (RFA.) The review process resulted in recommendations for 70 projects to receive grant funding totaling \$94,817,429 through the Renewable Energy Fund.

Reference material submitted with this RPL consists of the following:

- Round 1 Request for LB&A Approval (6 pp): A listing of all projects including applicant name and type; project type; project cost, grant request, match offered; funding approved already by LB&A; current funding requested for LB&A approval; and total grant funds that are approved already or requested for LB&A approval.
- Summary of Methodology for Proposal Evaluation and Grant Recommendation (18 pp): An overview of the review process, a description of the roles of the Renewable Energy Fund Advisory Committee, and detailed evaluation guidelines and instructions for evaluation of the RFA used by AEA staff and contractors.
- Summary of Fuel Price Assumptions Used for Project Economic Analysis (13 pp): A description of the methods that AEA and ISER used to arrive at fuel price projections that contractors used in economic analyses.
- Project specific material (Accessed through this interactive [CD's home page](#)):
  - Project Summaries (4 pp/project, 444 pp total): Project description; detail on AEA recommendations; and summary of DNR, economist and AEA evaluations.
  - Economic Assessments (87 assessments): MS Excel spreadsheets that provide backup on estimations of benefit/cost ratios, installed project cost, fuel costs, and O&M costs over the life of each project.
  - Financial Information about Independent Power Producer (IPP) Applicants (10 applicants/projects, 149 pp total): Material received in response to AEA requests for IPP financial statements; claims, contingencies, and legal issues outstanding with State or others; other government funded projects; and summary of tax consequences if grant funds are awarded.

*PREVIOUS LEGISLATIVE CONSIDERATION*

- The legislature specifically designed this program so that the LB&A Committee would have oversight of the projects selected by AEA for FY 2009 funding.
- Ch. 31, SLA 2008 (HB 152) established the Renewable Energy Grant Fund; declared the intent of the legislature to appropriate \$50 million into the fund each year for the next five years to fund projects recommended by the AEA; and required a review of the selected projects by the LB&A Committee.
- Ch 27, SLA 2008 funded AEA's HB 152 fiscal note to pay for advisory committee staff support, travel and evaluation of potential projects.
- Although \$100 million was appropriated to the fund in FY09, only \$1,000 was appropriated from the fund for Alaska Energy Authority Renewable Energy Projects. This minimal appropriation was designed to ensure that AEA could come to LB&A for approval to spend the \$50 million.
- An additional \$50 million was appropriated to the Renewable Energy Grant Fund in Sec. 6, SCS CSHB 4001 (FIN).

- The LB&A Committee previously approved \$5,182,571 (RPL # 08-9-0026) for Renewable Energy Projects.

#### *TIMING ISSUES*

- Delay in approving this funding will mean that grant recipients will not receive funding for their projects. Since all projects are projected to result in long-term savings through diesel and natural gas displacement, grant funding delays will generally delay realization of these savings.
- The grants from this RPL will be multi-year capital grants.

#### *BUDGETARY ISSUES*

- This request fits into the long-term plan the legislature has for the Renewable Energy Grant Fund.
- The grants will be executed when the funding is approved.
- Based on legislative intent in HB 152, the legislature plans to appropriate a total of \$300 million to the fund (\$50 million annually over five years and \$50 million appropriated in Section 6, SCS HB 4001(FIN)).
- Project management will be performed by Anchorage based AEA staff to manage the projects. These positions provide technical assistance and grant management. AEA's funded fiscal note did not include funds to manage projects not previously approved by either LB&A or through the regular legislative process.
- The RFA released in August solicited grants to total \$144.8 million. Project management requirements will significantly increase and AEA will need to hire additional project management and grant administration staff.
- Funding for project management staff has typically been borne by the program or project funding source. AEA, in coordination with OMB will seek legislative approval for additional funds to hire additional project management staff.
- AEA is in the process of evaluating the potential projects for FY 2010 funding. When the evaluation is complete, AEA will provide the list of evaluated projects and projects recommended for funding to the Legislature. Although HB 152 requires this information 10 days after the start of the legislative session, due to the high volume of requests and length of time to evaluate the first round of applications, AEA will not be able to submit this list by January 30<sup>th</sup>. AEA will submit this information as soon as possible.

Agency Contact and Telephone:  
Steve Haagenon, 771-3073

OMB Approved: