

SUBJECT: A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY IN SUPPORT OF HOUSE BILL 170 AND SENATE BILL 123 ESTABLISHING THE ALASKA ENERGY INDEPENDENCE PROGRAM AND THE ALASKA ENERGY INDEPENDENCE FUND.

AGENDA OF: May 18, 2021

Assembly Action:

*adopted without objection. 5.18.21 KBJ*

MANAGER RECOMMENDATION: Present to the Assembly for consideration.

APPROVED BY MICHAEL BROWN, BOROUGH MANAGER:

*UMB*

Route To:	Department/Individual	Initials	Remarks
	Originator	NS	for Assemblymember Nowers
	Borough Attorney	<i>NS</i>	
	Borough Clerk	<i>Jim 5/11/21</i>	<i>KBJ</i>

ATTACHMENT (S) : Fiscal Note: YES \_\_\_\_\_ NO X  
Resolution Serial No. 21-050 (3 pp)  
Transmittal Letter to House (2 pp)  
House Bill No. 170 (8 pp)  
CS for House Bill No. 170 (ENE) (11 pp)  
Transmittal Letter to Senate (2 pp)  
Senate Bill No. 123 (8 pp)  
Pages from presentation to SFIN (5 pp)

SUMMARY STATEMENT: This resolution is sponsored by Assemblymember Nowers to support passage of HB 170 and SB 123. These bills as introduced were identical bills by Governor Dunleavy to both the Alaska House of Representatives and the Alaska Senate.

Alaska has some of the highest energy costs and use per capita in the country and residents and businesses in the Matanuska-Susitna Borough pay some of the highest rates in the country for electricity. HB 170 and SB 123 would establish an Alaska Energy Independence Fund (AK EIF) within the Alaska Industrial Development and Export Authority (AIDEA) that would fund sustainable energy projects statewide and benefit the residents

and businesses of the Matanuska-Susitna Borough by lowering the cost of energy, increasing discretionary income and creating jobs. The projects as defined in the legislation could include projects such as renewable energy, energy efficiency, smart grid, distributed generation, electric vehicle infrastructure, and sustainable agriculture.

The fund would offer loans not grants for sustainable energy projects in Alaska's residential, commercial and industrial market sectors, and partner with private capital to make capital more accessible to borrowers through loans, credit enhancement structures, purchase loans, and other forms of financing. Other such programs in New York, Connecticut, and Maryland have seen 6-1 to 8-1 returns in terms of private capital dollars leveraged by the public dollars and have seen the total amount of their investment grow. In addition, establishing the Alaska Energy Independence Fund would position Alaska to be eligible for an estimated \$130 million of up to \$100 billion in federal funding proposed under HR 806, the Clean Energy and Sustainability Accelerator Act, which has previously been passed twice by the House of Representatives, is included as part of President Biden's Infrastructure Bill, and is co-sponsored by Alaska Rep. Don Young.

**RECOMMENDATION OF ADMINISTRATION:** Present to Assembly for consideration.

STATE CAPITOL  
P.O. Box 110001  
Juneau, AK 99811-0001  
907-465-3500



550 West Seventh Avenue, Suite 1700  
Anchorage, AK 99501  
907-269-7450

Governor Mike Dunleavy  
STATE OF ALASKA

April 8, 2021

The Honorable Louise Stutes  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Stutes:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Energy Independence Fund.

This legislation amends AS 44.88 to establish the Alaska Energy Independence Fund within the Alaska Industrial Development and Export Authority (AIDEA).

AS 44.88.450 – 44.88.456 provides AIDEA with the ability to receive private and public funding, manage the fund and arrange affordable financing for defined sustainable energy developments to suit Alaska's unique energy needs, particularly with regard to addressing urban and rural energy requirements.

Alaska's total energy expenditures per capita of \$8,060, \$5.8 billion per annum, is the third highest in the country and is nearly double the national average of \$4,291. The Alaska Energy Independence Fund is designed to make a meaningful economic development and fiscal impact as it gains scale and adoption throughout Alaskan communities. A reduction in total energy expenditures by Alaskans provides a tangible reduction in Alaska's cost of energy and allows Alaskans to redeploy energy savings back into Alaska's economy to drive incremental GDP growth.

The Alaska Energy Independence Fund would be established to make loans, provide credit enhancement structures, purchase loans, provide development funding and other forms of financing for sustainable energy development in Alaska's residential, commercial, and industrial market sectors. The Alaska Energy Independence Fund would make capital more accessible to borrowers for clean energy projects and incentivize co-investment in Alaska's emerging clean energy sector between the public sector, Alaska's financial sector, and private investors. This bill

1M 21-092  
RS 21-050

The Honorable Louise Stutes  
April 8, 2021  
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would take effect January 1, 2022, to provide time to develop the program and ensure a successful and robust launch.

Please join me in acting to provide this pathway to create new jobs and businesses, decrease commercial and household energy costs for redeployment in Alaska's economy, and increase Alaska's energy independence.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy", with a long horizontal flourish extending to the right.

Mike Dunleavy  
Governor

Enclosure

IM 21-092  
RS 21-050



**HOUSE BILL NO. 170**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 4/9/21

Referred: House Special Committee on Energy, Labor and Commerce, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act establishing the Alaska energy independence program and the Alaska energy  
2 independence fund in the Alaska Industrial Development and Export Authority; and  
3 providing for an effective date."

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

5 \* **Section 1.** AS 44.88.070 is amended to read:

6 **Sec. 44.88.070. Purpose of the authority.** The purpose of the authority is to  
7 promote, develop, and advance the general prosperity and economic welfare of the  
8 people of the state, to relieve problems of unemployment, and to create additional  
9 employment by

10 (1) providing various means of financing and means of facilitating the  
11 financing, in cooperation with federal, state, and private institutions, of industrial,  
12 manufacturing, energy, sustainable energy development, export, small business, and  
13 business enterprises and the other facilities referred to in AS 44.88.010(a) in the state;

14 (2) owning and operating or providing development project financing

1 for the enterprises and other facilities described in AS 44.88.172;

2 (3) fostering the expansion of exports of goods, services, and raw  
3 materials of the state;

4 (4) cooperating and acting in conjunction with other organizations,  
5 public and private, the objects of which are the promotion and advancement of export  
6 trade activities in the state;

7 (5) establishing a source of funding credit guarantees and insurance,  
8 not otherwise available, to support export development;

9 (6) providing and cooperating or participating with federal, state, and  
10 private institutions to provide actual and potential state exporters, particularly small-  
11 and medium-sized exporters, with financial assistance in support of export  
12 transactions.

13 \* **Sec. 2.** AS 44.88.159(a) is amended to read:

14 (a) The interest rate on a loan purchased from the proceeds of tax-exempt  
15 bonds secured by the Alaska Industrial Development and Export Authority sustainable  
16 energy transmission and supply development fund (AS 44.88.660) under  
17 AS 44.88.650 - 44.88.690, [OR] by the Arctic infrastructure development fund  
18 (AS 44.88.810) under AS 44.88.800 - 44.88.840, or by the Alaska energy  
19 independence fund (AS 44.88.452) under AS 44.88.450 - 44.88.456, or a loan  
20 participation purchased from the proceeds of tax-exempt bonds or expected by the  
21 authority to be purchased from the proceeds of tax-exempt bonds under AS 44.88.155  
22 shall be determined under the regulations adopted by the authority under  
23 AS 44.88.085(g)(2)(C) and shall be not less than the cost of funds to the authority. In  
24 this subsection, "cost of funds" means the true interest cost expressed as a rate on tax-  
25 exempt bonds of the authority plus an additional percentage as determined by the  
26 authority to represent the allocable expenses of operation, costs of issuance, and loan  
27 servicing costs.

28 \* **Sec. 3.** AS 44.88.159(b) is amended to read:

29 (b) The interest rate on a loan purchased from the proceeds of taxable bonds  
30 secured by the Alaska Industrial Development and Export Authority sustainable  
31 energy transmission and supply development fund (AS 44.88.660) under

AS 44.88.650 - 44.88.690, [OR] by the Arctic infrastructure development fund (AS 44.88.810) under AS 44.88.800 - 44.88.840, or by the Alaska energy independence fund (AS 44.88.452) under AS 44.88.450 - 44.88.456, or a loan participation purchased from the proceeds of taxable bonds under AS 44.88.155 or expected by the authority to be purchased from the proceeds of taxable bonds under AS 44.88.155 shall be determined under the regulations adopted by the authority under AS 44.88.085(g)(2)(C) and shall be not less than the cost of funds to the authority. In this subsection, "cost of funds" means the true interest cost expressed as a rate on taxable bonds, plus an additional percentage as determined by the authority to represent the allocable expenses of operation, costs of issuance, and loan servicing costs.

\* **Sec. 4.** AS 44.88.159(g) is amended to read:

(g) The authority may, in the regulations adopted by the authority under AS 44.88.085(g)(2)(C), establish a program to pay to borrowers of loan participations determined by the authority to meet sufficient job creation, rural development, Arctic infrastructure development, renewable energy development, sustainable energy development, or other economic development criteria incentive rate rebates of not more than one percent of the interest rate charged on the authority's portion of a loan participation. The following standards apply to the program:

(1) the payment of an incentive rate rebate may reduce the interest rate to a rate that is less than the minimum interest rate required under (a), (b), or (e) of this section;

(2) the authority may not commit to pay an incentive rate rebate for a proposed loan participation if the total of the amount of the proposed loan participation plus the combined outstanding balance of all loan participations for which the authority has committed to pay incentive rate rebates would exceed five percent of the total of the amount of the proposed loan participation plus the combined outstanding balance of all loan participations of the authority;

(3) an incentive rate rebate may not accrue for more than five years after the date the loan participation is purchased;

(4) the authority may establish a separate account for the incentive rate



1 rebate program.

2 \* **Sec. 5.** AS 44.88.178 is amended to read:

3 **Sec. 44.88.178. Creation of subsidiaries.** The authority may create one or  
 4 more subsidiary corporations, limited liability companies, or limited partnerships  
 5 for the purpose of acquiring, constructing, owning, operating, or financing a project  
 6 financed under AS 44.88.172 or for the purpose of administering, operating, or  
 7 expanding the Alaska energy independence program. A subsidiary corporation  
 8 created under this section may be incorporated under AS 10.20.146 - 10.20.166.  
 9 Subject to limitations for the use of the economic development account under  
 10 AS 44.88.172 and the Alaska energy independence fund under AS 44.88.450 -  
 11 44.88.456, the [THE] authority may transfer assets of the authority to a subsidiary  
 12 created under this section. A subsidiary created under this section may borrow money  
 13 and issue bonds as evidence of that borrowing, and has all the powers of the authority  
 14 that the authority grants to it. Unless otherwise provided by the authority, the debts,  
 15 liabilities, and obligations of a subsidiary corporation, limited liability company, or  
 16 limited partnership created under this section are not the debts, liabilities, or  
 17 obligations of the authority.

18 \* **Sec. 6.** AS 44.88 is amended by adding new sections to read:

19 **Sec. 44.88.450. Alaska energy independence program.** (a) The Alaska  
 20 energy independence program is created in the authority to make loans and provide  
 21 other forms of financing for sustainable energy development in the state.

22 (b) An advisory board is established and consists of the following five  
 23 members:

- 24 (1) the governor or the governor's designee; and  
 25 (2) four public members appointed by the governor with expertise in  
 26 one or more of the following:  
 27 (A) finance;  
 28 (B) marketing of financial products;  
 29 (C) construction science and efficiencies;  
 30 (D) renewable energy, electric transportation, and other  
 31 sustainable energy development.



1 (c) The advisory board established under (b) of this section shall make  
2 recommendations to the authority regarding

- 3 (1) the design of the Alaska energy independence program;  
4 (2) a public education program for the Alaska energy independence  
5 program;  
6 (3) best practices of funds designed to address sustainable energy  
7 development; and  
8 (4) other matters intended to increase the use and viability of the  
9 Alaska energy independence fund.

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

13 **Sec. 44.88.452. Alaska energy independence fund.** (a) The Alaska energy  
14 independence fund is established in the authority. The Alaska energy independence  
15 fund is for the uses and purposes of AS 44.88.450 - 44.88.456.

16 (b) The fund consists of appropriations made by the legislature, loans or other  
17 assets transferred to the fund by the authority, unrestricted loan repayments, interest,  
18 or other income earned on loans, investments, or assets of the fund, and available  
19 federal funding.

20 (c) The fund is not an account in the revolving loan fund established in  
21 AS 44.88.060. The authority shall account for the fund separately from the revolving  
22 fund. The authority may create additional accounts in the Alaska energy independence  
23 fund. Subject to agreements made with the holders of the authority's bonds or with  
24 other persons, the authority may transfer amounts in an account in the fund to another  
25 account in the fund.

26 (d) The authority shall have custody of the fund and shall be responsible for its  
27 management. The authority is the fiduciary of the fund under AS 37.10.071 and may  
28 invest amounts in the fund in accordance with an investment policy adopted by the  
29 authority. In order to promote sustainable energy development in the state, the  
30 investment policy adopted by the authority may deviate from the prudent investor rule  
31 and traditional institutional financing criteria. Notwithstanding AS 37.10.010 -

1 37.10.050, the authority may make disbursements from the fund in accordance with  
 2 AS 37.25.050. Notwithstanding AS 37.05.130 and 37.05.140, the authority shall report  
 3 disbursements from the fund annually in accordance with AS 44.88.205(b)(2). An  
 4 appropriation made to the fund by the legislature shall be transferred to the authority  
 5 for deposit in the fund.

6 (e) Nothing in this section creates a dedicated fund.

7 **Sec. 44.88.454. Sustainable energy development; powers and duties of the**  
 8 **authority.** (a) Subject to the requirements of AS 44.88.450 - 44.88.456, the authority  
 9 may

10 (1) establish a subsidiary entity subject to the requirements of  
 11 AS 44.88.178;

12 (2) in consultation with the advisory board established in  
 13 AS 44.88.450, establish financing programs and products that the authority determines  
 14 are necessary to encourage and promote sustainable energy development in the state;

15 (3) invest in eligible sustainable energy development alone or with  
 16 other investors, including private capital providers;

17 (4) provide capital and fund management to eligible sustainable energy  
 18 development in the form of

19 (A) senior, mezzanine, and subordinated debt;

20 (B) loan guarantees on third-party financing;

21 (C) credit enhancements, including loan loss reserves and  
 22 interest rate buy-downs;

23 (D) aggregation and warehousing;

24 (E) equity capital;

25 (F) securitization of financings;

26 (G) financing techniques that utilize loan liquidity; and

27 (H) any other financial product or service approved by the  
 28 authority;

29 (5) make and execute contracts and other instruments to implement  
 30 AS 44.88.450 - 44.88.456;

31 (6) charge reasonable fees that the authority may establish by

1 regulation for the products and services it provides under AS 44.88.450 - 44.88.456;

2 (7) acquire real or personal property by purchase, transfer, or  
3 foreclosure when the acquisition is necessary to protect the authority's interest in a  
4 loan or other financial product;

5 (8) subject to AS 36.30.085, enter into lease-purchase agreements;

6 (9) defer principal payments or capitalize interest on loans;

7 (10) provide financing and services to municipal energy improvement  
8 assessment programs established in accordance with AS 29.55.100; and

9 (11) exercise any other power necessary to implement AS 44.88.450 -  
10 44.88.456.

11 (b) The authority shall adopt regulations to implement AS 44.88.450 -  
12 44.88.456, including

13 (1) an application process for acquiring financing under the Alaska  
14 energy independence program;

15 (2) qualifications for applicants applying for financing under the  
16 Alaska energy independence program;

17 (3) record keeping requirements in order for the authority to  
18 accumulate and track measurable data related to the Alaska energy independence fund;  
19 and

20 (4) fiscal controls for the Alaska energy independence fund.

21 **Sec. 44.88.456. Limitations on financing; use as security.** (a) Unless the  
22 authority has obtained legislative approval, the authority may not use the Alaska  
23 energy independence fund established in AS 44.88.452 to make a loan guarantee if the  
24 amount of the guarantee exceeds \$20,000,000.

25 (b) Financing under AS 44.88.454 is limited to the life of eligible sustainable  
26 energy development, with financing limited by the estimated useful life of the project.

27 (c) Notwithstanding (a) of this section, the authority may use the Alaska  
28 energy independence fund established in AS 44.88.452 as security for a bond  
29 guarantee.

30 (d) A guarantee or other security provided by the authority under  
31 AS 44.88.450 - 44.88.456 does not constitute a debt, liability, or obligation of the state



1 or political subdivision of the state.

2 \* **Sec. 7.** AS 44.88.900 is amended by adding new paragraphs to read:

3 (20) "sustainable energy development" means

4 (A) renewable energy generation from sources that are  
5 continually replenished by nature, such as the sun, wind, water, and biological  
6 processes;

7 (B) building energy efficiency, including fuel switching to  
8 renewable fuels and electrification;

9 (C) industrial decarbonization;

10 (D) electrical infrastructure incorporating

11 (i) energy storage to support clean energy distribution,  
12 including remote and non-remote microgrids and smart-grid  
13 applications; and

14 (ii) other sustainable technologies including distributed  
15 generation, advanced battery, and combined heat and power;

16 (E) greenhouse gas emissions reduction through processes  
17 including regenerative agriculture, reforestation, afforestation, and forestry  
18 management;

19 (F) clean transportation, including battery electric vehicles,  
20 hydrogen vehicles, plug-in hybrid electric vehicles, and other zero-emissions  
21 vehicles for consumers, businesses, government, and public transit;

22 (G) electric vehicle charging and fueling infrastructure; and

23 (H) any other emissions reduction or energy efficiency  
24 technology the authority determines to be consistent with the Alaska energy  
25 independence program;

26 (21) "eligible sustainable energy development" means activity  
27 approved by the authority to be consistent with the Alaska energy independence  
28 program and for which the authority will issue a loan or other financial product.

29 \* **Sec. 8.** This Act takes effect January 1, 2022.



**CS FOR HOUSE BILL NO. 170(ENE)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**THIRTY-SECOND LEGISLATURE - FIRST SESSION**

**BY THE HOUSE SPECIAL COMMITTEE ON ENERGY**

**Offered: 4/21/21**

**Referred: Labor and Commerce, Finance**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to exempt employees; relating to the powers of the Alaska Energy**  
2 **Authority; relating to the membership of the Alaska Industrial Development and Export**  
3 **Authority; relating to the duties of the Alaska Industrial Development and Export**  
4 **Authority; establishing the Alaska energy independence program and the Alaska energy**  
5 **independence fund in the Alaska Industrial Development and Export Authority; and**  
6 **providing for an effective date."**

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

8 **\* Section 1.** AS 39.25.110 is amended by adding a new paragraph to read:

9 (46) an analyst employed in a professional capacity by the Alaska  
10 Energy Authority under AS 44.83.055.

11 **\* Sec. 2.** AS 44.83 is amended by adding a new section to article 1 to read:

12 **Sec. 44.83.055. Analyst position.** The authority may hire one analyst to assist  
13 underserved communities with the technical development of projects and applications

for funding from the Alaska energy independence fund and program under AS 44.88.450 - 44.88.456.

\* **Sec. 3.** AS 44.88.030(a) is amended to read:

(a) The membership of the authority consists of

(1) the commissioner of revenue and the commissioner of commerce, community, and economic development; and

(2) five public members [APPOINTED BY THE GOVERNOR], each of whom has expertise in private sector business or industry, or both, and possesses demonstrated leadership skills, appointed as follows:

(A) one member appointed by the governor;

(B) two members appointed by the president of the senate;

(C) two members appointed by the speaker of the house of representatives.

\* **Sec. 4.** AS 44.88.030(c) is amended to read:

(c) Public members of the authority described in (a)(2) of this section serve [AT THE PLEASURE OF THE GOVERNOR] for four-year [TWO-YEAR] terms. A member appointed under (a)(2) of this section may only be removed for cause.

\* **Sec. 5.** AS 44.88.030(d) is amended to read:

(d) If a vacancy occurs in the membership of the authority, the respective appointing official under (a)(2) of this section [GOVERNOR] shall immediately appoint a member for the unexpired portion of the term.

\* **Sec. 6.** AS 44.88.070 is amended to read:

**Sec. 44.88.070. Purpose of the authority.** The purpose of the authority is to promote, develop, and advance the general prosperity and economic welfare of the people of the state, to relieve problems of unemployment, and to create additional employment by

(1) providing various means of financing and means of facilitating the financing, in cooperation with federal, state, and private institutions, of industrial, manufacturing, energy, sustainable energy development, export, small business, and business enterprises and the other facilities referred to in AS 44.88.010(a) in the state;

(2) owning and operating or providing development project financing

1 for the enterprises and other facilities described in AS 44.88.172;

2 (3) fostering the expansion of exports of goods, services, and raw  
3 materials of the state;

4 (4) cooperating and acting in conjunction with other organizations,  
5 public and private, the objects of which are the promotion and advancement of export  
6 trade activities in the state;

7 (5) establishing a source of funding credit guarantees and insurance,  
8 not otherwise available, to support export development;

9 (6) providing and cooperating or participating with federal, state, and  
10 private institutions to provide actual and potential state exporters, particularly small-  
11 and medium-sized exporters, with financial assistance in support of export  
12 transactions.

13 \* **Sec. 7.** AS 44.88.159(a) is amended to read:

14 (a) The interest rate on a loan purchased from the proceeds of tax-exempt  
15 bonds secured by the Alaska Industrial Development and Export Authority sustainable  
16 energy transmission and supply development fund (AS 44.88.660) under  
17 AS 44.88.650 - 44.88.690, [OR] by the Arctic infrastructure development fund  
18 (AS 44.88.810) under AS 44.88.800 - 44.88.840, or by the Alaska energy  
19 independence fund (AS 44.88.452) under AS 44.88.450 - 44.88.456, or a loan  
20 participation purchased from the proceeds of tax-exempt bonds or expected by the  
21 authority to be purchased from the proceeds of tax-exempt bonds under AS 44.88.155  
22 shall be determined under the regulations adopted by the authority under  
23 AS 44.88.085(g)(2)(C) and shall be not less than the cost of funds to the authority. In  
24 this subsection, "cost of funds" means the true interest cost expressed as a rate on tax-  
25 exempt bonds of the authority plus an additional percentage as determined by the  
26 authority to represent the allocable expenses of operation, costs of issuance, and loan  
27 servicing costs.

28 \* **Sec. 8.** AS 44.88.159(b) is amended to read:

29 (b) The interest rate on a loan purchased from the proceeds of taxable bonds  
30 secured by the Alaska Industrial Development and Export Authority sustainable  
31 energy transmission and supply development fund (AS 44.88.660) under



AS 44.88.650 - 44.88.690, [OR] by the Arctic infrastructure development fund (AS 44.88.810) under AS 44.88.800 - 44.88.840, or by the Alaska energy independence fund (AS 44.88.452) under AS 44.88.450 - 44.88.456, or a loan participation purchased from the proceeds of taxable bonds under AS 44.88.155 or expected by the authority to be purchased from the proceeds of taxable bonds under AS 44.88.155 shall be determined under the regulations adopted by the authority under AS 44.88.085(g)(2)(C) and shall be not less than the cost of funds to the authority. In this subsection, "cost of funds" means the true interest cost expressed as a rate on taxable bonds, plus an additional percentage as determined by the authority to represent the allocable expenses of operation, costs of issuance, and loan servicing costs.

\* **Sec. 9.** AS 44.88.159(g) is amended to read:

(g) The authority may, in the regulations adopted by the authority under AS 44.88.085(g)(2)(C), establish a program to pay to borrowers of loan participations determined by the authority to meet sufficient job creation, rural development, Arctic infrastructure development, renewable energy development, sustainable energy development, or other economic development criteria incentive rate rebates of not more than one percent of the interest rate charged on the authority's portion of a loan participation. The following standards apply to the program:

(1) the payment of an incentive rate rebate may reduce the interest rate to a rate that is less than the minimum interest rate required under (a), (b), or (e) of this section;

(2) the authority may not commit to pay an incentive rate rebate for a proposed loan participation if the total of the amount of the proposed loan participation plus the combined outstanding balance of all loan participations for which the authority has committed to pay incentive rate rebates would exceed five percent of the total of the amount of the proposed loan participation plus the combined outstanding balance of all loan participations of the authority;

(3) an incentive rate rebate may not accrue for more than five years after the date the loan participation is purchased;

(4) the authority may establish a separate account for the incentive rate



1 rebate program.

2 \* **Sec. 10.** AS 44.88.178 is amended to read:

3 **Sec. 44.88.178. Creation of subsidiaries.** The authority may create one or  
 4 more subsidiary corporations for the purpose of acquiring, constructing, owning,  
 5 operating, or financing a project financed under AS 44.88.172 or one or more  
 6 subsidiary corporations, limited liability companies, or limited partnerships for  
 7 the purpose of administering, operating, or expanding the Alaska energy  
 8 independence program. A subsidiary corporation created under this section may be  
 9 incorporated under AS 10.20.146 - 10.20.166. Subject to limitations for the use of  
 10 the economic development account under AS 44.88.172 and the Alaska energy  
 11 independence fund under AS 44.88.450 - 44.88.456, the [THE] authority may  
 12 transfer assets of the authority to a subsidiary created under this section. A subsidiary  
 13 created under this section may borrow money and issue bonds as evidence of that  
 14 borrowing, and has all the powers of the authority that the authority grants to it. Unless  
 15 otherwise provided by the authority, the debts, liabilities, and obligations of a  
 16 subsidiary corporation, limited liability company, or limited partnership created  
 17 under this section are not the debts, liabilities, or obligations of the authority.

18 \* **Sec. 11.** AS 44.88 is amended by adding new sections to read:

19 **Sec. 44.88.450. Alaska energy independence program.** (a) The Alaska  
 20 energy independence program is created in the authority to make loans and provide  
 21 other forms of financing for sustainable energy development in the state.

22 (b) The Alaska energy independence program advisory board is established  
 23 and consists of

24 (1) the governor or the governor's designee; and

25 (2) eight members appointed by the governor as follows:

26 (A) one member who represents a

27 (i) tribe;

28 (ii) tribal nonprofit organization or consortium; or

29 (iii) regional housing authority;

30 (B) one member who represents an Alaska Native corporation;

31 (C) one member who represents an Alaska nonprofit

corporation specializing in cold climate housing research;

(D) one member who has experience in

(i) renewable energy;

(ii) electric transportation; or

(iii) similar sustainable energy development;

(E) four members who have experience in

(i) finance;

(ii) marketing of financial products;

(iii) construction science and efficiencies;

(iv) renewable energy;

(v) electric transportation; or

(vi) other sustainable energy development.

(c) The advisory board established under (b) of this section shall make recommendations to the authority regarding

(1) the design of the Alaska energy independence program;

(2) a public education program for the Alaska energy independence program;

(3) best practices of funds designed to address sustainable energy development; and

(4) other matters intended to increase the use and viability of the Alaska energy independence fund.

(d) A member of the advisory board 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.

**Sec. 44.88.452. Alaska energy independence fund.** (a) The Alaska energy independence fund is established in the authority. The Alaska energy independence fund is for the uses and purposes of AS 44.88.450 - 44.88.456.

(b) The fund consists of appropriations made by the legislature, loans or other assets transferred to the fund by the authority, unrestricted loan repayments, interest, or other income earned on loans, investments, or assets of the fund, and available federal funding.

(c) The fund is not an account in the revolving loan fund established in AS 44.88.060. The authority shall account for the fund separately from the revolving fund. The authority may create additional accounts in the Alaska energy independence fund. Subject to agreements made with the holders of the authority's bonds or with other persons, the authority may transfer amounts in an account in the fund to another account in the fund.

(d) The authority has custody of the fund and shall be responsible for its management. The authority is the fiduciary of the fund under AS 37.10.071 and may invest amounts in the fund in accordance with an investment policy adopted by the authority. To promote sustainable energy development in the state, the investment policy adopted by the authority may deviate from the prudent investor rule and traditional institutional financing criteria. Notwithstanding AS 37.10.010 - 37.10.050, the authority may make disbursements from the fund in accordance with AS 37.25.050. Notwithstanding AS 37.05.130 and 37.05.140, the authority shall report disbursements from the fund annually in accordance with AS 44.88.205(b)(2). An appropriation made to the fund by the legislature shall be transferred to the authority for deposit in the fund.

(e) Nothing in this section creates a dedicated fund.

**Sec. 44.88.454. Sustainable energy development; powers and duties of the authority.** (a) The authority shall consider the energy policies of the state described in AS 44.99.115 in managing the operations of the Alaska energy independence program and fund under AS 44.88.450 - 44.88.456.

(b) Subject to the requirements of AS 44.88.450 - 44.88.456, the authority may

(1) establish a subsidiary entity subject to the requirements of AS 44.88.178;

(2) in consultation with the advisory board established in AS 44.88.450, establish financing programs and products the authority determines necessary to encourage and promote sustainable energy development in the state;

(3) invest in eligible sustainable energy development independently or with other investors, including private capital providers;



(4) provide capital and fund management to eligible sustainable energy development in the form of

- (A) senior, mezzanine, and subordinated debt;
- (B) loan guarantees on third-party financing;
- (C) credit enhancements, including loan loss reserves and interest rate buy-downs;
- (D) aggregation and warehousing;
- (E) equity capital;
- (F) securitization of financings;
- (G) financing techniques that make use of loan liquidity; and
- (H) other financial products or services approved by the authority;

(5) make and execute contracts and other instruments to implement AS 44.88.450 - 44.88.456;

(6) charge reasonable fees established by the authority in regulation for the products and services the authority provides under AS 44.88.450 - 44.88.456;

(7) acquire real or personal property by purchase, transfer, or foreclosure when the acquisition is necessary to protect the authority's interest in a loan or other financial product;

(8) subject to AS 36.30.085, enter into lease-purchase agreements;

(9) defer principal payments or capitalize interest on loans;

(10) provide financing and services to municipal energy improvement assessment programs established in accordance with AS 29.55.100; and

(11) exercise other powers necessary to implement AS 44.88.450 - 44.88.456.

(c) The authority shall adopt regulations to implement AS 44.88.450 - 44.88.456, including

(1) an application process for acquiring financing under the Alaska energy independence program;

(2) qualifications for applicants applying for financing under the Alaska energy independence program;



(3) record-keeping requirements for the authority to accumulate and track measurable data related to the Alaska energy independence fund (AS 44.88.452); and

(4) fiscal controls for the Alaska energy independence fund (AS 44.88.452).

**Sec. 44.88.456. Limitations on financing; use as security.** (a) Unless the authority has obtained legislative approval, the authority may not use the Alaska energy independence fund established in AS 44.88.452 to make a loan guarantee if the amount of the guarantee exceeds \$20,000,000.

(b) Financing under AS 44.88.454 is limited to the life of eligible sustainable energy development, and, financing is limited by the estimated useful life of the project.

(c) Notwithstanding (a) of this section, the authority may use the Alaska energy independence fund established in AS 44.88.452 as security for a bond guarantee.

(d) A guarantee or other security provided by the authority under AS 44.88.450 - 44.88.456 does not constitute a debt, liability, or obligation of the state or a political subdivision of the state.

(e) At least 35 percent of active loans and other forms of financing for sustainable energy development made under AS 44.88.450 - 44.88.456 must be made in communities that receive, or that have residents who receive, power cost equalization under AS 42.45.100 - 42.45.150.

\* **Sec. 12.** AS 44.88.900 is amended by adding new paragraphs to read:

(20) "eligible sustainable energy development" means activity approved by the authority to be consistent with the Alaska energy independence program and for which the authority will issue a loan or other financial product;

(21) "sustainable energy development" means

(A) renewable energy generation from sources that are continually replenished by nature, including the sun, wind, water, and biological processes;

(B) building energy efficiency, including switching from fuel

1 to renewable fuels and electrification;

2 (C) industrial decarbonization;

3 (D) electrical infrastructure incorporating

4 (i) energy storage to support clean or more efficient  
5 energy distribution, including remote and non-remote microgrids and  
6 smart-grid applications; and

7 (ii) other sustainable technologies including distributed  
8 generation, advanced battery, and combined heat and power;

9 (E) greenhouse gas emissions reduction through processes that  
10 include regenerative agriculture, reforestation, afforestation, and forestry  
11 management;

12 (F) clean transportation, including battery-operated electric  
13 vehicles, hydrogen vehicles, plug-in hybrid electric vehicles, and other zero-  
14 emissions vehicles for consumers, businesses, government, and public transit;

15 (G) electric vehicle charging and fueling infrastructure for  
16 emissions reductions; and

17 (H) other emissions reductions or energy-efficient technologies  
18 the authority determines to be consistent with the Alaska energy independence  
19 program established under AS 44.88.450.

20 \* **Sec. 13.** The uncoded law of the State of Alaska is amended by adding a new section to  
21 read:

22 ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AND  
23 ALASKA ENERGY AUTHORITY; TRANSITION. (a) The terms of members of the Alaska  
24 Industrial Development and Export Authority under AS 44.88.030(a)(2), as that statute read  
25 before the effective date of this Act, and the Alaska Energy Authority under AS 44.83.030  
26 expire on the effective date of this Act.

27 (b) Notwithstanding AS 44.88.030(a), as amended by sec. 3 of this Act, and  
28 AS 39.05.055, members of the Alaska Industrial Development and Export Authority under  
29 AS 44.88.030(a), as amended by sec. 3 of this Act, and the Alaska Energy Authority under  
30 AS 44.83.030, are appointed to initial terms as follows:

31 (1) the member appointed by the governor serves a term that expires

1 February 28, 2023;

2 (2) one of the members appointed by the president of the senate and one of the  
3 members appointed by the speaker of the house of representatives serve terms that expire  
4 February 28, 2023;

5 (3) one of the members appointed by the president of the senate and one of the  
6 members appointed by the speaker of the house of representatives serve terms that expire  
7 February 28, 2025.

8 (c) Nothing in this section prevents the appointment of a person whose term expires  
9 under (a) of this section to the Alaska Industrial Development and Export Authority if the  
10 person meets the qualifications in AS 44.88.030(a), as amended by sec. 3 of this Act.

11 \* **Sec. 14.** This Act takes effect January 1, 2022.





Governor Mike Dunleavy  
STATE OF ALASKA

April 8, 2021

The Honorable Peter Micciche  
Senate President  
Alaska State Legislature  
State Capitol, Room 111  
Juneau, AK 99801-1182

Dear President Micciche:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Energy Independence Fund.

This legislation amends AS 44.88 to establish the Alaska Energy Independence Fund within the Alaska Industrial Development and Export Authority (AIDEA).

AS 44.88.450 – 44.88.456 provides AIDEA with the ability to receive private and public funding, manage the fund and arrange affordable financing for defined sustainable energy developments to suit Alaska's unique energy needs, particularly with regard to addressing urban and rural energy requirements.

Alaska's total energy expenditures per capita of \$8,060, \$5.8 billion per annum, is the third highest in the country and is nearly double the national average of \$4,291. The Alaska Energy Independence Fund is designed to make a meaningful economic development and fiscal impact as it gains scale and adoption throughout Alaskan communities. A reduction in total energy expenditures by Alaskans provides a tangible reduction in Alaska's cost of energy and allows Alaskans to redeploy energy savings back into Alaska's economy to drive incremental GDP growth.

The Alaska Energy Independence Fund would be established to make loans, provide credit enhancement structures, purchase loans, provide development funding and other forms of financing for sustainable energy development in Alaska's residential, commercial, and industrial market sectors. The Alaska Energy Independence Fund would make capital more accessible to borrowers for clean energy projects and incentivize co-investment in Alaska's emerging clean energy sector between the public sector, Alaska's financial sector, and private investors. This bill

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The Honorable Peter Micciche  
April 8, 2021  
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would take effect January 1, 2022, to provide time to develop the program and ensure a successful and robust launch.

Please join me in acting to provide this pathway to create new jobs and businesses, decrease commercial and household energy costs for redeployment in Alaska's economy, and increase Alaska's energy independence.

Sincerely,



Mike Dunleavy  
Governor

Enclosure

IM 21-092  
RS 21-050

**SENATE BILL NO. 123**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**THIRTY-SECOND LEGISLATURE - FIRST SESSION**

**BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**Introduced: 4/9/21**

**Referred: Labor and Commerce, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing the Alaska energy independence program and the Alaska energy**  
2 **independence fund in the Alaska Industrial Development and Export Authority; and**  
3 **providing for an effective date."**

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

5 **\* Section 1.** AS 44.88.070 is amended to read:

6 **Sec. 44.88.070. Purpose of the authority.** The purpose of the authority is to  
7 promote, develop, and advance the general prosperity and economic welfare of the  
8 people of the state, to relieve problems of unemployment, and to create additional  
9 employment by

10 (1) providing various means of financing and means of facilitating the  
11 financing, in cooperation with federal, state, and private institutions, of industrial,  
12 manufacturing, energy, sustainable energy development, export, small business, and  
13 business enterprises and the other facilities referred to in AS 44.88.010(a) in the state;

14 (2) owning and operating or providing development project financing



1 for the enterprises and other facilities described in AS 44.88.172;

2 (3) fostering the expansion of exports of goods, services, and raw  
3 materials of the state;

4 (4) cooperating and acting in conjunction with other organizations,  
5 public and private, the objects of which are the promotion and advancement of export  
6 trade activities in the state;

7 (5) establishing a source of funding credit guarantees and insurance,  
8 not otherwise available, to support export development;

9 (6) providing and cooperating or participating with federal, state, and  
10 private institutions to provide actual and potential state exporters, particularly small-  
11 and medium-sized exporters, with financial assistance in support of export  
12 transactions.

13 \* **Sec. 2.** AS 44.88.159(a) is amended to read:

14 (a) The interest rate on a loan purchased from the proceeds of tax-exempt  
15 bonds secured by the Alaska Industrial Development and Export Authority sustainable  
16 energy transmission and supply development fund (AS 44.88.660) under  
17 AS 44.88.650 - 44.88.690, [OR] by the Arctic infrastructure development fund  
18 (AS 44.88.810) under AS 44.88.800 - 44.88.840, or by the Alaska energy  
19 independence fund (AS 44.88.452) under AS 44.88.450 - 44.88.456, or a loan  
20 participation purchased from the proceeds of tax-exempt bonds or expected by the  
21 authority to be purchased from the proceeds of tax-exempt bonds under AS 44.88.155  
22 shall be determined under the regulations adopted by the authority under  
23 AS 44.88.085(g)(2)(C) and shall be not less than the cost of funds to the authority. In  
24 this subsection, "cost of funds" means the true interest cost expressed as a rate on tax-  
25 exempt bonds of the authority plus an additional percentage as determined by the  
26 authority to represent the allocable expenses of operation, costs of issuance, and loan  
27 servicing costs.

28 \* **Sec. 3.** AS 44.88.159(b) is amended to read:

29 (b) The interest rate on a loan purchased from the proceeds of taxable bonds  
30 secured by the Alaska Industrial Development and Export Authority sustainable  
31 energy transmission and supply development fund (AS 44.88.660) under

AS 44.88.650 - 44.88.690, [OR] by the Arctic infrastructure development fund (AS 44.88.810) under AS 44.88.800 - 44.88.840, or by the Alaska energy independence fund (AS 44.88.452) under AS 44.88.450 - 44.88.456, or a loan participation purchased from the proceeds of taxable bonds under AS 44.88.155 or expected by the authority to be purchased from the proceeds of taxable bonds under AS 44.88.155 shall be determined under the regulations adopted by the authority under AS 44.88.085(g)(2)(C) and shall be not less than the cost of funds to the authority. In this subsection, "cost of funds" means the true interest cost expressed as a rate on taxable bonds, plus an additional percentage as determined by the authority to represent the allocable expenses of operation, costs of issuance, and loan servicing costs.

\* **Sec. 4.** AS 44.88.159(g) is amended to read:

(g) The authority may, in the regulations adopted by the authority under AS 44.88.085(g)(2)(C), establish a program to pay to borrowers of loan participations determined by the authority to meet sufficient job creation, rural development, Arctic infrastructure development, renewable energy development, sustainable energy development, or other economic development criteria incentive rate rebates of not more than one percent of the interest rate charged on the authority's portion of a loan participation. The following standards apply to the program:

(1) the payment of an incentive rate rebate may reduce the interest rate to a rate that is less than the minimum interest rate required under (a), (b), or (e) of this section;

(2) the authority may not commit to pay an incentive rate rebate for a proposed loan participation if the total of the amount of the proposed loan participation plus the combined outstanding balance of all loan participations for which the authority has committed to pay incentive rate rebates would exceed five percent of the total of the amount of the proposed loan participation plus the combined outstanding balance of all loan participations of the authority;

(3) an incentive rate rebate may not accrue for more than five years after the date the loan participation is purchased;

(4) the authority may establish a separate account for the incentive rate



1 rebate program.

2 \* **Sec. 5.** AS 44.88.178 is amended to read:

3 **Sec. 44.88.178. Creation of subsidiaries.** The authority may create one or  
 4 more subsidiary corporations, limited liability companies, or limited partnerships  
 5 for the purpose of acquiring, constructing, owning, operating, or financing a project  
 6 financed under AS 44.88.172 or for the purpose of administering, operating, or  
 7 expanding the Alaska energy independence program. A subsidiary corporation  
 8 created under this section may be incorporated under AS 10.20.146 - 10.20.166.  
 9 Subject to limitations for the use of the economic development account under  
 10 AS 44.88.172 and the Alaska energy independence fund under AS 44.88.450 -  
 11 44.88.456, the [THE] authority may transfer assets of the authority to a subsidiary  
 12 created under this section. A subsidiary created under this section may borrow money  
 13 and issue bonds as evidence of that borrowing, and has all the powers of the authority  
 14 that the authority grants to it. Unless otherwise provided by the authority, the debts,  
 15 liabilities, and obligations of a subsidiary corporation, limited liability company, or  
 16 limited partnership created under this section are not the debts, liabilities, or  
 17 obligations of the authority.

18 \* **Sec. 6.** AS 44.88 is amended by adding new sections to read:

19 **Sec. 44.88.450. Alaska energy independence program.** (a) The Alaska  
 20 energy independence program is created in the authority to make loans and provide  
 21 other forms of financing for sustainable energy development in the state.

22 (b) An advisory board is established and consists of the following five  
 23 members:

- 24 (1) the governor or the governor's designee; and  
 25 (2) four public members appointed by the governor with expertise in  
 26 one or more of the following:  
 27 (A) finance;  
 28 (B) marketing of financial products;  
 29 (C) construction science and efficiencies;  
 30 (D) renewable energy, electric transportation, and other  
 31 sustainable energy development.



1 (c) The advisory board established under (b) of this section shall make  
2 recommendations to the authority regarding

- 3 (1) the design of the Alaska energy independence program;  
4 (2) a public education program for the Alaska energy independence  
5 program;  
6 (3) best practices of funds designed to address sustainable energy  
7 development; and  
8 (4) other matters intended to increase the use and viability of the  
9 Alaska energy independence fund.

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

13 **Sec. 44.88.452. Alaska energy independence fund.** (a) The Alaska energy  
14 independence fund is established in the authority. The Alaska energy independence  
15 fund is for the uses and purposes of AS 44.88.450 - 44.88.456.

16 (b) The fund consists of appropriations made by the legislature, loans or other  
17 assets transferred to the fund by the authority, unrestricted loan repayments, interest,  
18 or other income earned on loans, investments, or assets of the fund, and available  
19 federal funding.

20 (c) The fund is not an account in the revolving loan fund established in  
21 AS 44.88.060. The authority shall account for the fund separately from the revolving  
22 fund. The authority may create additional accounts in the Alaska energy independence  
23 fund. Subject to agreements made with the holders of the authority's bonds or with  
24 other persons, the authority may transfer amounts in an account in the fund to another  
25 account in the fund.

26 (d) The authority shall have custody of the fund and shall be responsible for its  
27 management. The authority is the fiduciary of the fund under AS 37.10.071 and may  
28 invest amounts in the fund in accordance with an investment policy adopted by the  
29 authority. In order to promote sustainable energy development in the state, the  
30 investment policy adopted by the authority may deviate from the prudent investor rule  
31 and traditional institutional financing criteria. Notwithstanding AS 37.10.010 -

37.10.050, the authority may make disbursements from the fund in accordance with AS 37.25.050. Notwithstanding AS 37.05.130 and 37.05.140, the authority shall report disbursements from the fund annually in accordance with AS 44.88.205(b)(2). An appropriation made to the fund by the legislature shall be transferred to the authority for deposit in the fund.

(e) Nothing in this section creates a dedicated fund.

**Sec. 44.88.454. Sustainable energy development; powers and duties of the authority.** (a) Subject to the requirements of AS 44.88.450 - 44.88.456, the authority may

(1) establish a subsidiary entity subject to the requirements of AS 44.88.178;

(2) in consultation with the advisory board established in AS 44.88.450, establish financing programs and products that the authority determines are necessary to encourage and promote sustainable energy development in the state;

(3) invest in eligible sustainable energy development alone or with other investors, including private capital providers;

(4) provide capital and fund management to eligible sustainable energy development in the form of

(A) senior, mezzanine, and subordinated debt;

(B) loan guarantees on third-party financing;

(C) credit enhancements, including loan loss reserves and interest rate buy-downs;

(D) aggregation and warehousing;

(E) equity capital;

(F) securitization of financings;

(G) financing techniques that utilize loan liquidity; and

(H) any other financial product or service approved by the authority;

(5) make and execute contracts and other instruments to implement AS 44.88.450 - 44.88.456;

(6) charge reasonable fees that the authority may establish by

1 regulation for the products and services it provides under AS 44.88.450 - 44.88.456;

2 (7) acquire real or personal property by purchase, transfer, or  
3 foreclosure when the acquisition is necessary to protect the authority's interest in a  
4 loan or other financial product;

5 (8) subject to AS 36.30.085, enter into lease-purchase agreements;

6 (9) defer principal payments or capitalize interest on loans;

7 (10) provide financing and services to municipal energy improvement  
8 assessment programs established in accordance with AS 29.55.100; and

9 (11) exercise any other power necessary to implement AS 44.88.450 -  
10 44.88.456.

11 (b) The authority shall adopt regulations to implement AS 44.88.450 -  
12 44.88.456, including

13 (1) an application process for acquiring financing under the Alaska  
14 energy independence program;

15 (2) qualifications for applicants applying for financing under the  
16 Alaska energy independence program;

17 (3) record keeping requirements in order for the authority to  
18 accumulate and track measurable data related to the Alaska energy independence fund;  
19 and

20 (4) fiscal controls for the Alaska energy independence fund.

21 **Sec. 44.88.456. Limitations on financing; use as security.** (a) Unless the  
22 authority has obtained legislative approval, the authority may not use the Alaska  
23 energy independence fund established in AS 44.88.452 to make a loan guarantee if the  
24 amount of the guarantee exceeds \$20,000,000.

25 (b) Financing under AS 44.88.454 is limited to the life of eligible sustainable  
26 energy development, with financing limited by the estimated useful life of the project.

27 (c) Notwithstanding (a) of this section, the authority may use the Alaska  
28 energy independence fund established in AS 44.88.452 as security for a bond  
29 guarantee.

30 (d) A guarantee or other security provided by the authority under  
31 AS 44.88.450 - 44.88.456 does not constitute a debt, liability, or obligation of the state



1 or political subdivision of the state.

2 \* **Sec. 7.** AS 44.88.900 is amended by adding new paragraphs to read:

3 (20) "sustainable energy development" means

4 (A) renewable energy generation from sources that are  
5 continually replenished by nature, such as the sun, wind, water, and biological  
6 processes;

7 (B) building energy efficiency, including fuel switching to  
8 renewable fuels and electrification;

9 (C) industrial decarbonization;

10 (D) electrical infrastructure incorporating

11 (i) energy storage to support clean energy distribution,  
12 including remote and non-remote microgrids and smart-grid  
13 applications; and

14 (ii) other sustainable technologies including distributed  
15 generation, advanced battery, and combined heat and power;

16 (E) greenhouse gas emissions reduction through processes  
17 including regenerative agriculture, reforestation, afforestation, and forestry  
18 management;

19 (F) clean transportation, including battery electric vehicles,  
20 hydrogen vehicles, plug-in hybrid electric vehicles, and other zero-emissions  
21 vehicles for consumers, businesses, government, and public transit;

22 (G) electric vehicle charging and fueling infrastructure; and

23 (H) any other emissions reduction or energy efficiency  
24 technology the authority determines to be consistent with the Alaska energy  
25 independence program;

26 (21) "eligible sustainable energy development" means activity  
27 approved by the authority to be consistent with the Alaska energy independence  
28 program and for which the authority will issue a loan or other financial product.

29 \* **Sec. 8.** This Act takes effect January 1, 2022.



INVESTING IN ALASKANS

# ALASKA ENERGY INDEPENDENCE FUND (AK EIF)

House Bill 170 & Senate Bill 123

Alan Weitzner, AIDEA Executive Director  
April 2021

[www.aidea.org](http://www.aidea.org)

1m 21-092  
RS 21-050



# ALASKA ENERGY INDEPENDENCE FUND (AK EIF)

## Overview

“An Act creating the Alaska energy independence fund in the Alaska Industrial Development and Export Authority; and providing for an effective date.”

- Make capital more accessible to borrowers for **sustainable energy development** projects.
  - Partner with private capital to fund businesses and projects, including energy-efficiency, renewable power, micro-grid, transportation, sustainable agriculture, and more.
- Incentivize co-investment in the non-fossil fuel energy sector between the public (the State of Alaska through AIDEA in partnership with Alaska Energy Authority), Alaska’s financial sector, private investors, and philanthropic donors.
- AK EIF bill aligns with the proposed federal bills, including the new definition of “sustainable energy development”.



# ALASKA ENERGY INDEPENDENCE FUND (AK EIF)

## Financing + Investments

- The Fund would leverage its capital alongside Alaska's financial sector to enhance total investment in Alaskan clean energy programs and projects.
- Eligible to make loans, provide credit enhancement structures, purchase loans, provide development funding and other forms of financing for sustainable energy development in Alaska's commercial, residential, and industrial market sectors.
- The Fund would consist of appropriations made by the legislature, loans or other assets transferred to the Fund by AIDEA, unrestricted loan payments, interest, or other income earned on loans, investments or assets of the fund, and available federal funding.



# ALASKA ENERGY INDEPENDENCE FUND (AK EIF)

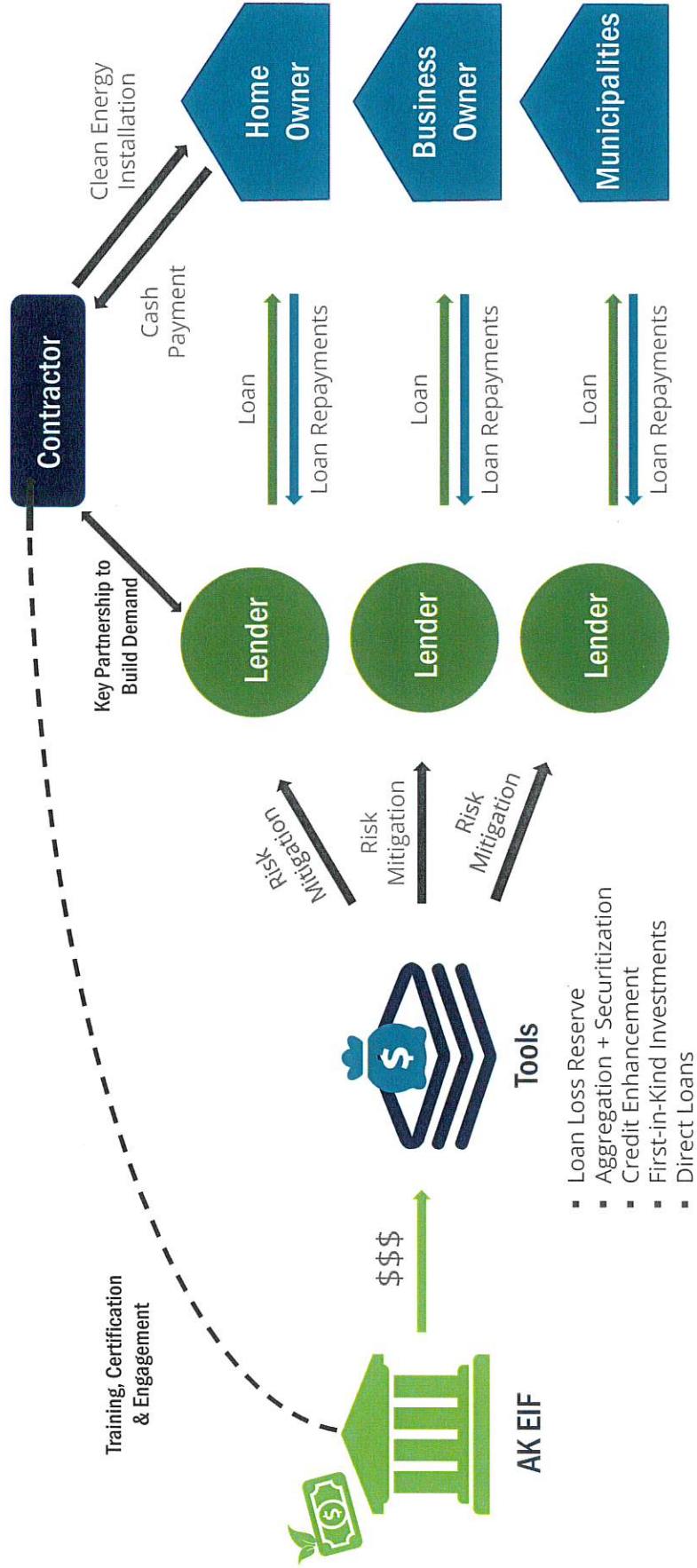
## Functions of the Fund

The AK EIF prioritizes affordable, local, reliable, sustainable, and independent energy.

Barrier to Investment	Solution	Examples
Perceived project risk	Credit enhancement	Provide a loan loss reserve; can mitigate risk and allow investment to flow at longer term of lower rate
Inefficiencies of scale	Aggregation & warehousing	Aggregate small projects to meet scale to attract private capital
First-in-kind transaction	Technical assistance	Put in technical legwork that comes with closing more labor-intensive, innovative transactions
Marginal economics	Co-investment	Lend to project, in senior or junior position, to improve overall economics for investors and customers

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# PROGRAM WORKFLOW



IM 21-092  
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