

# LAWS OF ALASKA

2010

Source  
HCS CSSB 220(FIN)

Chapter No.  
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## AN ACT

Relating to energy efficiency, energy conservation, and alternative energy, to an emerging energy technology fund, to the lease of state land to a public electric utility, to an exemption from taxation by a municipality of certain residential renewable energy systems, to the Alaska heating assistance program, to state energy data, to the Southeast energy fund, to the alternative energy revolving loan fund, to nuclear energy production and facilities, to the definition of "power project" or "project" as it relates to rural and statewide energy programs and the Alaska Energy Authority, and to the definition of "alternative energy system"; establishing an Alaska energy efficiency revolving loan fund; directing the Department of Transportation and Public Facilities to prepare a report on the feasibility of using compressed natural gas to power vehicles in the state, including vehicles owned, operated, or paid for in whole or in part by the state, and including that study, if warranted, a pilot program proposal for powering some vehicles owned, operated, or paid for in whole or in part by the state with compressed natural gas; authorizing and relating to the issuance of bonds by the Alaska Housing Finance Corporation; relating to a report regarding a municipal energy improvements financing program and to an energy report by the Office of the Governor; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

Enrolled SB 220



AN ACT

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2 energy technology fund, to the lease of state land to a public electric utility, to an exemption  
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1 proposal for powering some vessels owned, operated, or paid for whole or in part by the  
2 state with compressed natural gas; authorizing relating to the issuance of bonds by the  
3 Alaska Housing Finance Corporation; relating to a report regarding a municipal energy  
4 improvements financing program and to an energy report by the Office of the Governor; and  
5 providing for an effective date.

6

7 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
8 to read:

9 SHORT TITLE. This Act may be known as the Alaska Sustainable Energy Act.

10 \* Sec. 2 AS 14.08.101 is amended to read:

11 Sec. 14.08.101. Powers. A regional school board may

12 (1) sue and be sued;

13 (2) contract with the department, the Bureau of Indian Affairs, or any  
14 other school district, agency, or regional board for the provision of services, facilities,  
15 supplies, or utilities;

16 (3) determine its own fiscal procedures, including but not limited to  
17 policies and procedures for the purchase of supplies and equipment; the regional  
18 school boards are exempt from AS 37.05 (FIS Procedures Act) and AS 36.30 (State  
19 Procurement Code);

20 (4) appoint, compensate, and otherwise control all school employees in  
21 accordance with this title; these employees are not subject to AS 39.25 (State  
22 Personnel Act);

23 (5) adopt regulations governing organization, policies, and procedures  
24 for the operation of the schools;

25 (6) establish, maintain, operate, discontinue, and combine schools  
26 subject to the approval of the commissioner;

27 (7) recommend to the department projects for construction,  
28 rehabilitation, and improvement of schools and education-related facilities as specified  
29 in AS 14.11.011(b), and plan, design, and construct the project when the responsibility

1 for it is assumed under AS 14.11.020;

2 (8) by resolution adopted by a majority of all the members of the board  
3 and provided to the commissioner of the department, assume ownership of all land and  
4 buildings used in relation to the schools in the regional education attendance area, as  
5 provided for in AS 14.08.151(b);

6 (9) provide housing for rental to teachers, by leasing existing housing  
7 from a local agency or individual, by entering into contractual arrangements with a  
8 local agency or individual to lease housing that will be constructed by the local agency  
9 or individual for that purpose, or, without using for the purpose that portion of public  
10 school funding that consists of state aid provided under AS 14.17, by constructing or  
11 otherwise acquiring housing that is owned and managed by the regional educational  
12 attendance area for rental to teachers;

13 (10) employ a chief school administrator;

14 (11) apply for and use the proceeds of a loan from the Alaska  
15 energy efficiency revolving loan fund (AS 18.56.855);

16 (12) exercise those other functions that may be necessary for the  
17 proper performance of its responsibilities.

18 \* Sec. 3AS 14.40.170(b) is amended to read:

19 (b) The Board of Regents may

20 (1) adopt reasonable rules, orders and plans with reasonable penalties  
21 for the good government of the university and for the regulation of the Board of  
22 Regents;

23 (2) determine and regulate the course of instruction in the university  
24 with the advice of the president;

25 (3) set student tuition and fees;

26 (4) receive university receipts and, subject to legislative appropriation,  
27 expend university receipts in accordance with AS 37.07 (Executive Budget Act)

28 (5) apply for and use the proceeds of a loan from the Alaska  
29 energy efficiency revolving loan fund (AS 18.56.855)

30 \* Sec. 4AS 18.45.020 is amended to read:

31 Sec. 18.45.020. United States licenses or permits required. A person may

1 not manufacture, construct, produce, ~~trans~~acquire, or posse a special nuclear  
2 material, by-product material special nuclear material facility, by-product material  
3 facility, production facility, or utization facility, or act as an operatof a production  
facility or utilization facility, wholly within the state wit

1 with the Alaska Energy Authority, provide technical assistance to municipalities  
2 related to residential and commercial building energy codes and energy efficiency  
3 standards.

4 \* Sec. 9AS 18.56 is amended by adding a new section to read:

5 Sec. 18.56.855. Alaska energy efficiency revolving loan fund (a) The  
6 Alaska energy efficiency revolving loan fund established in the corporation to carry  
7 out the purposes of this section. The revolving loan fund consists of money or assets  
8 appropriated or transferred to the corporation for the revolving loan fund, including  
9 money and assets deposited in the revolving loan fund by the corporation and earnings  
on investments of money held in the re

1 of the loan. A regional educational attendance area, the University of Alaska, or a  
2 municipal government may waive sovereign immunity to comply with the requirement  
3 of this subsection. The state waives sovereign immunity defense against  
4 enforcement of the terms of a loan made to the state under this section. A person or  
5 corporation having a claim under this section shall bring an action in a state court in



1 from that regional educational attendance area, the University of Alaska, or that  
2 municipality and pay over the money to the corporation for the purpose of paying the  
3 principal of and interest on the bonds indebtedness. The notice must be given in  
4 each instance of default. If a notice is given under this subsection and under  
5 AS 44.85.170 and the default is continuing under this subsection and under  
6 AS 44.85.170, the department or agency shall make payment to the corporation and to  
7 the Alaska Municipal Bond Bank Authority on a pro rata basis, taking into  
8 consideration the principal amount of the respective default amounts.

1

- (3) the legislative council for building owned by the legislature;
- (4) the administrative director of



1 and priorities of the jurisdiction; other factors such as project amounts, population,  
2 local financial match, federal funds being used for local match, municipality or  
3 unincorporated community acceptance of the facility, and all associated costs of the  
4 facility may be considered;

5 (9) for each department in the executive branch, report to the  
6 legislature by the 45th day of each regular session the amount of money appropriated  
7 to the department that is expected to lapse into the general fund at the end of the  
8 current fiscal year;

1 established as a separate fund. The fund consists of  
2 (1) money appropriated to the fund by the legislature;  
3 (2) money transferred to the fund under former AS 42.45.050;  
4 (3) gifts, bequests, contributions from other sources, and federal  
5 money;  
6 (4) interest earned on the fund balance; and  
7 (5) investments, to be managed by the Department of Revenue, which  
8 shall be the fiduciary of the fund under AS 37.10.071.

9 (b) The fund is not a dedicated fund.

10 (c) The authority may make grants from the Southeast energy fund to a  
11 municipality of the state, a joint action agency established under AS 42.45.300 and  
12 42.45.310, a member-owned electric cooperative established under AS 10.25, or  
13 another electric utility holding a certificate of public convenience and necessity under  
14 AS 42.05 for power projects, repayment loans, and payments on bonds for  
15 hydroelectric projects and electrical transmission lines and interties serving Southeast  
16 Alaska that are entirely owned by the grantee.

17 (d) An appropriation from the fund for a project described in (c) of this section  
18 lapses back into the fund if substantial ongoing work on the project has not begun  
19 within seven years after the effective date of the appropriation.

20 \* Sec. 14AS 42.45 is amended by adding a new section to read:

21 Article 7A. Emerging Energy Technology Fund.

22 Sec. 42.45.375. Emerging energy technology fund. (a) In order to promote  
23 the expansion of energy sources available to Alaskans, the emerging energy  
24 technology fund is established. The fund consists of

25 (1) money appropriated to the fund by the legislature to provide grants  
26 for energy projects; and

27 (2) gifts, bequests, contributions from other sources, and federal  
28 money appropriated to the fund.

29 (b) The fund is not a dedicated fund.

30 (c) The fund shall be administered by the authority, but the authority may  
31 contract for the investment of money appropriated to the fund but not disbursed for a

1 grant. The authority, in consultation with the advisory committee established under (f)  
2 of this section, may make grants from ~~the~~ to eligible applicants for demonstration  
3 projects of technologies that have a ~~reasonable~~ expectation to be commercially viable  
4 within five years and that are designed to

- 5 (1) test emerging energy technologies or methods of conserving
- 6 energy;
- 7 (2) improve an existing energy technology; or

1 (6) the Arctic Energy Office of the National Energy Technology  
2 Laboratory;

3 (7) the Alaska Industrial Development and Export Authority.

4 (g) A member of the advisory committee appointed under (f) of this section  
5 serves without compensation but is entitled per diem and travel expenses as  
6 provided in AS 39.20.180.

7 (h) If a member of the advisory committee appointed under (f)(4), (5), or (6)  
8 of this section is not available to serve as a member of the committee, the governor  
9 shall appoint a representative from a federal agency or department with a comparable  
10 mission or purpose to the agency listed in (f)(4), (5), or (6) of this section to fill the  
11 position on the committee. If a representative from a federal agency or department is  
12 not available to fill the position, the governor may appoint a member from a state  
13 agency or department.

14 (i) A business or organization reported by a member of the advisory  
15 committee under (f) of this section is not eligible to receive a grant from the fund.

16 (j) In this section,

17 (1) "eligible applicant" means

18 (A) an electric utility holding a certificate of public  
19 convenience and necessity under AS 42.05;

20 (B) an independent power producer;

21 (C) a local government, quasi-governmental entity, or other  
22 governmental entity, including a tribal council or housing authority;

23 (D) a business holding an Alaska business license; or

24 (E) a nonprofit organization;

25 (2) "energy technology" means technology that promotes, enhances, or  
26 expands the diversity of available energy supply sources or means of transmission,  
27 increases energy efficiency, or reduces negative energy-related environmental effects;  
28 "energy technology" includes technology related to renewable sources of energy,  
29 conservation of energy, enabling technologies for efficient and effective use of  
30 hydrocarbons, and integrated energy systems;

31 (3) "fund" means the emerging energy technology fund.

1 \* Sec. 15AS 42.45.990(4) is amended to read:

2 (4) "power project" or "project" means a plant, works, system, or  
3 facility, together with related or necessary facilities and appurtenances, including a  
4 divided or undivided interest ~~in~~ or a right to the capacity ~~of~~ power project or project,  
5 that is used or is used for the purpose of

6 (A) electrical or thermal energy production [OTHER THAN  
7 NUCLEAR ENERGY PRODUCTION];

8 (B) waste energy utilization and energy conservation; or

9 (C) transmission, purchase, ~~sale~~ exchange, and interchange of  
10 electrical or thermal energy, including district heating or interties;

11 \* Sec. 16AS 44.42.020(a) is amended to read:

12 (a) The department shall

(1) plan, design, construct, a



1 (8) study alternative means of transportation in the state, considering  
2 the economic, social, and environmental effects of each alternative;

3 (9) coordinate and develop state and regional transportation systems,  
4 considering deletions, additions, or the absence of alterations;

5 (10) develop facility program plans for transportation and state  
6 buildings, docks, and breakwaters required to implement the duties set out in this  
7 section, including but not limited to functional performance criteria and schedules for  
8 completion;

9 (11) supervise and maintain all state automotive and mechanical  
10 equipment, aircraft, and vessels, except vessels and aircraft used by the Department of  
11 Fish and Game or the Department of Public Safety; for state vehicles maintained by  
12 the department, the department shall every five years evaluate the cost, efficiency,  
13 and commercial availability of alternative fuels for automotive purposes, and the  
14 purpose for which the vehicles are intended to be used, and authorize to use  
alternative fuels or purchase energy efficient

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1 costs to the state within 15 years after completion of the retrofits for a public facility  
2 and if funding for the retrofits is available.

3 (b) A retrofit or deferred maintenance of a public facility performed under this  
4 section, to the extent feasible, shall meet or exceed the most recently published edition

1 (A) electrical or thermal energy production [OTHER THAN  
2 NUCLEAR ENERGY PRODUCTION];

3 (B) waste energy utilization and energy conservation; or

4 (C) transmission, purchase, sale, exchange, and interchange of  
5 electrical or thermal energy, including district heating or interties;

6 \* Sec. 20AS 45.88.010(a) is amended to read:

7 (a) There is established in the Department of Commerce, Community, and  
8 Economic Development an alternative energy conservation revolving loan fund to  
9 carry out the purposes of AS 45.88.080 - 45.88.090. Loans made under AS 45.88.010  
10 - 45.88.090 are to be used

11 (1) to develop means of energy production utilizing one or more  
12 alternative energy systems; and

13 (2) to purchase, construct, and install energy conservation  
14 improvements in commercial buildings [ENERGY SOURCES OTHER THAN  
15 FOSSIL OR NUCLEAR FUEL, INCLUDING, BUT NOT LIMITED TO,  
16 WINDMILLS, WATER AND SOLAR ENERGY DEVICES].

17 \* Sec. 21AS 45.88.010 is amended by adding a new subsection to read:

18 (e) The alternative energy conservation revolving loan fund consists of

19 (1) money appropriated to fund by the legislature;

20 (2) gifts, bequests, or contributions from other sources;

21 (3) principal and interest payments and other income earned on loans or  
22 investments in the fund; and

23 (4) money chargeable to principal interest that is collected through  
24 liquidation by foreclosure or other processes on loans made under AS 45.88.010 -  
25 45.88.090.

26 \* Sec. 22AS 45.88.020(a) is amended to read:

27 (a) The department may

28 (1) make loans for the purchase, construction, and installation  
29 commercial buildings that are located in the state of

30 (A) alternative energy systems and

31 (B) energy conservation improvements



1 (f) A loan under AS 45.88.010 - 45.88.090 ~~is~~ secured by a mortgage or  
2 other security instrument in the real property to be improved and a lien on the  
3 improvements financed with the loan.

4 \* Sec. 27AS 45.88.090(a) is amended to read:

5 (a) In AS 45.88.010 - 45.88.090,

6 (1) "alternative energy system"

7 (A) [(1)] means a source of thermal, mechanical or electrical  
8 energy that [WHICH] is not dependent on oil, gas or a nuclear fuel for the  
9 supply of energy for space heating and ~~cooling~~ refrigeration and cold storage,  
10 electrical power, mechanical ~~power~~ or the heating of water;

11 (B) [(2)] includes

12 (i) [(A)] an alternative energy property as defined by 26  
13 U.S.C. 48(a)(3)(A) (Sec. 301, P. 95-618, Internal Revenue Code);

14 (ii) [(B)] a method of architectural design and  
15 construction that [WHICH] provides for the collection, storage, and  
16 use of direct radiation from the sun;

17 (iii) [(C)] a woodstove that complies with the  
18 provisions of 40 C.F.R. 60.530 [WITH A CATALYTIC  
19 CONVERTER OR A CATALYTIC CONVERTER FOR A WOOD  
20 STOVE];

21 (iv) [AND (D)] a steam, hot water, or ducted hot air  
22 central heating system that uses wood or coal for ~~fuel~~;

23 (v) a high efficiency wood pellet or grain stove;

24 (C) [(3)] does not include

25 (i) [(A)] a stove that uses only ~~coal~~ [WOOD, COAL,]  
26 or oil for fuel; or

27 (ii) [(B)] a fireplace or fireplace insert

28 (2) "commercial building"

29 (A) means a building that is intended to be used for  
30 commercial purposes;

31 (B) does not include



1 \* Sec. 29AS 47.25.621 is amended to read:

2 Sec. 47.25.621. Alaska affordable heating [ASSISTANCE] program. (a)

3 The Alaska affordable heating [ASSISTANCE] program is established in the

1 home heating costs are incurred;  
2 (3) for assistance calculated under (b) and (c) of this section, has  
3 gross household income not to exceed, as percentage of the federal poverty  
4 guideline for Alaska set by the United States Department of Health and Human  
5 Services and revised under 42 U.S.C. 9902(2),  
6 (A) 225 percent for a determination to be made under (c)(1)  
7 - (3) of this section; and  
8 (B) 250 percent for a determination to be made under (c)(4)  
of this section; and



- 1 than \$100 a barrel;
- 2 (3) \$150 a point when the average price is more than \$100 and not
- 3 more than \$150 a barrel;
- 4 (4) \$165 a point when the average price is more than \$150 a barrel.
- 5 (d) Under the program authorized by AS 47.25.621 - 47.25.626, taking into  
consideration the gross househol

1 AS 47.25.621 - 47.25.626 to provide home heating assistance in uniform and cost-  
2 effective manner in a region of this state if Alaska Native organization is authorized

1 \* Sec. 38AS 45.88.010(c), 45.88.030(c), 45.88.030(d) and 45.88.040(a) are repealed.

2 \* Sec. 39.The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4 OFFICE OF MANAGEMENT AND BUDGET.Not later than January 31, 2011, the  
5 office of management and budget shall develop a standardized methodology to collect and  
6 store energy consumption and expense data as described in AS 37.07.040(12), as enacted by  
7 sec. 11 of this Act.

8 \* Sec. 40.The uncodified law of the State of Alaska is amended by adding a new section to  
9 read:

10 OFFICE OF THE GOVERNOR ENERGY REPORT. Not later than January 31, 2011,  
11 the governor shall submit a report to the legislature providing recommendations for how best  
12 to structure state energy programs and offices to increase the coordination and efficiency of  
the state's efforts and describing state energy

1 disadvantages of using and promoting the use of compressed natural gas to power vehicles in  
2 the state; and

3 (5) if warranted by the findings of the study, set out a proposal for a pilot  
4 program in the state to test the use of compressed natural gas to power vehicles owned,  
5 operated, or paid for in whole or in part by the state; the proposal must

6 (A) recommend the most cost-effective and appropriate departments  
7 and geographic locations for a pilot program;

8 (B) detail how the pilot program, if successful, could be expanded to  
9 provide for increased use of compressed natural gas to power vehicles owned or  
10 operated by the state, as well as privately owned or operated vehicles;

11 (C) estimate the costs to the state of a pilot program in which the state  
12 would purchase vehicles powered by compressed natural gas or convert existing  
13 vehicles to be powered by compressed natural gas, including

14 (i) the costs of maintaining vehicles powered by compressed  
15 natural gas and training maintenance personnel;

16 (ii) the costs of adapting, or encouraging the adapting of, state  
17 vehicle fueling locations to provide compressed natural gas;

18 (iii) the costs of using compressed natural gas instead of diesel  
19 fuel or gasoline;

20 (iv) the costs of expanding the pilot program or developing  
21 additional pilot programs under (B) of this paragraph;

22 (v) other costs or savings that can be reasonably expected to  
23 accompany the pilot program.

24 (b) The Department of Transportation and Public Facilities shall prepare a report  
25 containing the results of the study under (a) of this section not later than January 31, 2011.  
26 The department shall notify the legislature when the report is available.

27 \* Sec. 42. The uncodified law of the State of Alaska is amended by adding a new section to  
28 read:

BOND A15 of the State of Alaska



1 read:

2 REGULATIONS ATTORNEY'S INSTRUCTION. Throughout the Alaska  
3 Administrative Code, the regulations attorney is instructed to change the phrase "Alaska  
4 Heating Assistance Program" to "Alaska Affordable Heating Program", as appropriate, if  
5 consistent with the changes made in secs. 29 - 36 of this Act.

6 \* Sec. 46. The uncodified law of the State of Alaska is amended by adding a new section to

7 read:

DEPARTMENT OF TRANSPORTATION A