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## Alaska towns say hello to renewable energy

### Lawmakers make \$250 million available for green grants

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JUNEAU — For now, most of rural Alaska gets its electricity from burning diesel. But if things go according to plan, communities around the state will soon be making power from everything but fossil fuel.

State lawmakers agreed this month to put \$250 million during the next five years toward grants for renewable energy projects. Utilities, local governments and housing authorities will all be able to apply for the grants, which can be used for feasibility studies or actual construction.

The goal is to reduce the cost of energy by helping develop locally available sources of energy like the wind, river currents or underground heat.

“It gives us a chance to utilize the other resource we have, and that’s the renewable resource statewide,” said Rep. Bill Thomas, a Republican from Haines and early proponent of the grants. “It’s an effort to put diesel to bed.”

In the last week of the legislative session, the Alaska Legislature gave final approval to a modified version of HB 152, a bill sponsored by House Speaker John Harris, a Republican from Valdez, setting up a renewable energy fund. The bill passed without a single “no” vote, and more than half of all lawmakers signed on as co-sponsors.

#### Big money

When Thomas first started pushing the proposal three years ago, he wasn’t sure the fund would even get funded, he said last week. Then state revenues swelled with high oil prices, and Gov. Sarah Palin proposed putting \$250 million into a renewable energy fund.

The idea was to use earnings from the fund to pay for projects.

In the end, lawmakers scrapped that idea and decided to put \$250 million directly toward projects

during the next five years, more than doubling the amount of money available for grants.

The first \$50 million was included in this year's capital budget, and Thomas said he thought lawmakers would likely keep funding the program in future years even though they aren't required to.

Palin will also have to approve the legislation and appropriations.

HB 152 calls on the Alaska Energy Authority to evaluate proposals and award grants with help from an advisory committee appointed by the governor and legislative leaders.

The public corporation is already giving renewable energy grants this year in partnership with the Denali Commission, but only \$5 million worth.

Peter Crimp, AEA's alternative energy program manager, said last week that AEA got nearly 100 proposals when it sent out its RFP, 60 of which were deemed eligible. AEA is still reviewing the projects for viability and cost-effectiveness, but Crimp said many looked good and added that there would probably be more deserving projects than money available.

The extra money approved by lawmakers will allow AEA to fund more projects and give bigger grants, he said. "Certainly, having a 50 million dollar budget is going to allow for larger, higher-profile projects."

Under HB 152, state lawmakers will have the final say in which projects get funded.

Many different kinds

of projects covered

HB 152 covers any renewable energy project using wind, solar, geothermal, tidal or hydroelectric power, as well as less conventional projects involving wood products, fish waste and landfill gas. It also covers transmission lines and, in cases where no renewable resources are available, natural gas projects.

Crimp said residential installations probably wouldn't be considered, but things like wood-fired boilers in school and community buildings, small-scale hydropower projects and small wind turbines would be.

Utilities and independent power producers are already looking into a wide variety of renewable energy projects across Alaska.

When AEA issued its RFP last year, the proposals ranged from large-scale wind farms to wood-fired

heating and geothermal projects. The Gulkana Village Council asked for money to build a biomass boiler system in Gulkana. The Juneau International Airport requested help with a geothermal ground source heat pump. And Golden Valley Electric Association asked for money to study interconnection criteria for a proposed wind farm near Healy.

Chris Rose, executive director of the Renewable Energy Alaska Project, a coalition of businesses and organizations supporting renewable energy, said projects that are economic in the long run may still need a boost from the state because of the high up-front costs.

Renewable energy projects typically cost more to build than facilities using fossil fuels, he said, “But the huge difference is that there’s no fuel cost.”

Gwen Holdmann, who oversaw the geothermal energy project at Chena Hot Springs Resort and now works as organizational director of the Alaska Center for Energy and Power at the University of Alaska, said a state grant of \$246,000 was what it took to jumpstart the \$2.2 million geothermal project at Chena.

She called the passage of HB 152 a “really big step forward” and said she was excited by the amount of money put into the grants.

Solving the  
energy crisis

With energy prices skyrocketing, lawmakers this session considered a number of solutions.

Some involved handouts and rebates to help Alaskans deal with high costs, while others looked at ways to reduce costs, either by saving energy or switching to renewable sources.

In the end, lawmakers favored the second approach.

In addition to the investment in renewable energy, they also put \$300 million toward weatherization and energy efficiency programs.

Harris compared the renewable energy fund to another state subsidy for electricity — the power cost equalization program, which simply lowers the price of electricity for consumers.

If the state can invest in capital projects that lower the cost of making power rather than just the price to consumers, he said, “That’s money even better spent.”

Near the end of the session, a few other energy-related items were added to HB 152.

One establishes a state match to the federal Low Income Home Energy Assistance Program, which provides energy grants to low-income residents. The addition will raise the program's eligibility level, allowing more residents to qualify for grants.

Another sets up a seven-member legislative task force on renewable energy. The group is required to meet at least four times and prepare a report that assesses future renewable energy needs and makes recommendations for meeting those needs.

Palin spokeswoman Sharon Leighow said the governor supports the idea of a renewable energy fund but has not reviewed the final version of the bill.

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