

Alaska Energy Authority Programs

Funding Resources

AIDEA: Sustainable Energy Transmission and Supply Development Fund
(<http://www.aidea.org/Programs/EnergyDevelopment.aspx>)

Loan Participations, Direct Loans and Guarantees Introduction and Background

The ASSETS Act created new programs and powers within AIDEA and addresses the state's energy needs by offering a number of energy development financing options, including loans and guarantees.

The ASSETS program has three components: Loan Participation, a Direct Lending capacity, and a Guarantee program. The direct lending program will be focused on loans over \$5 million per borrower because the AEA's Power Project Fund (PPF, see below) loan program offers energy project loans for projects at a cost of \$5 million or less without the need for legislative approval.

AIDEA Loan Participations for Qualified Energy Development

The ASSETS legislation expands AIDEA's existing loan participation program to include "qualified energy developments." Under AIDEA's loan participation program, a party seeking a loan works directly with a financial institution such as a bank or credit union. The financial institution must decide that the potential loan meets its underwriting standards and then present an application to AIDEA on behalf of the borrower(s). Under AIDEA's loan participation program for qualified energy development, the program is expanded to cover a variety of energy projects, including energy efficiency measures for reducing building energy consumption.

AIDEA can purchase up to 90% of a participating loan to a maximum of \$25 million. This program offers permanent financing to borrowers through a qualified originator for the purpose of financing "qualified energy development."

AIDEA Direct Energy Development Loans

Under the Sustainable Energy Transmission and Supply [SETS] Development Program, AIDEA is authorized to make direct energy development loans from the ASSETS fund. Unlike the loan participations, a borrower can apply directly to AIDEA for an Energy Development loan. However, AIDEA can only make a direct Energy Development loan or guarantee in the amount of one third of the overall cost of a qualified energy development up to a maximum of \$20 million, without obtaining prior legislative approval. This means that under the direct loan limitations set forth in the ASSETS legislation, AIDEA can make a direct loan only up to one third of a project's cost. The other two thirds of funding for a qualified energy development must come from other sources, such as, private equity, debt or grant funds.

AIDEA Loan or Bond Guarantees

The third major function of the SETS fund authorizes AIDEA to issue a guarantee on a loan or a bond used or issued to finance a qualified energy development. An AIDEA guarantee used in conjunction with a financial institution loan or a bond may allow eligible borrowers to obtain lower cost funding in the private markets.

Power Project Fund Loan Program (<http://www.akenergyauthority.org/Programs/Loans>)

The Power Project Fund (PPF) loan program provides loans to local utilities, local governments or independent power producers for the development, expansion or upgrade of electric power facilities, including distribution, transmission, efficiency and conservation, bulk fuel storage and waste energy. The loan term is related to the productive life of the project, but cannot exceed 50 years. Interest rates vary between tax-exempt rates at the high end and zero on the low end. The tax-exempt rate is equal to the average weekly yield of municipal bonds for the 12 months preceding the date of the loan application. As of June 6, 2016 this rate is 3.94 percent. The interest rate can be adjusted downward in certain circumstances to improve financial feasibility. Loan requests of more than \$5 million require legislative approval.

Educational Resources

AEA contracts with the Alaska Vocational Technical Center (AVTEC) to deliver bulk fuel and power plant operator training courses. Courses include both renewable and non-renewable powerhouse operations. (<http://www.akenergyauthority.org/Programs/Training>)

- a. **Power Plant Operator Training** is the entry-level eight-week course for power plant operators providing the necessary skills to operate and maintain a power plant. The program includes engine maintenance, troubleshooting and theory, electrical systems and generators, introduction to electrical distribution systems, diesel electric set operation, control panels, paralleling generator sets, load management, fuel management, waste heat recovery, plan management and how to integrate both wind and hydro systems. In FY2015, 16 were trained and certified in power plant operations.
- b. The **Advanced Power Plant Operator** course provides students the necessary knowledge and skills to diagnose and repair power plant failures. This is a three-week course and participants must be certified in the Power Plant Operator Course prior to being accepted into the advance course. In FY2015, 15 were trained in advanced power plant operations.
- c. **Bulk Fuel Operator Training** provides students the knowledge and skills necessary to safely operate and maintain a bulk fuel storage facility while complying with state and federal laws. The program includes bulk fuel storage facility construction, facility operations, tank farm inspection criteria, facility maintenance, inventory control, tank farm safety, spill detection and response planning. This is a two-week course. In FY2015, 19 were trained in bulk fuel operations

Power Cost Equalization Utility Clerk Training: This course focuses on reporting; Regulatory Commission of Alaska (RCA) reporting requirements and general accounting practices that the utilities can use to keep their PCE Program filings current.

Efficiency marketing material: AEA has a collection of Energy Efficiency related marketing collateral that can be used by any interested parties. Marketing material has been used by other state gov't, local and Tribal gov't, utilities and NGOs.

Other Resources

Alaska Energy Authority also provides project development support to rural communities who are trying to develop energy projects. With respect to financing, AEA regularly helps communities assess the best financial strategy for developing their project using resource appropriate engineers/project managers, and planning and finance staff.