RENEWABLE ENERGY FUND ADVISORY COMMITTEE MEETING

Alaska Energy Authority Board Room
Anchorage, Alaska

Tuesday, October 27, 2015
2:00 pm – 5:00 pm

Teleconference: 1-888-585-9008, code 683-021-989#
Webinar: https://attendee.gotowebinar.com/register/4121317396481856258
Webinar ID: 155-194-363

AGENDA

1. Call to order
2. Roll call (committee members, staff, public)
3. Agenda approval
4. Approval of minutes: May 8, 2015
5. Public comments
6. Overview of program
    a. REF R8 funded project update
    b. REF R9 applications received
    c. Review of evaluation process
7. Regional energy planning update
8. Meeting dates for January and May, 2016
9. Committee member comments
10. Adjournment

Renewable Energy Fund Advisory Committee Meeting
May 8, 2015
Two locations via teleconference:
Harrigan Centennial Hall
Sitka, Alaska
Alaska Energy Authority Board Room
Anchorage, Alaska
2:13 p.m. to 4:59 p.m.
DRAFT MINUTES

1. Call to Order

The Renewable Energy Fund Advisory Committee (REFAC) convened at 2:13 p.m., with Chair Chris Rose presiding. There was not a quorum at the call of the meeting. Representative Colver joined the meeting at 2:40 to make a quorum.

2. Roll Call (committee members, staff, public)

Committee Members Present	**Meetings Attended of Total Meetings**
Chair Chris Rose	6 of 6
Jodi Mitchell	5 of 6
Kathie Wasserman	4 of 6
Senator Anna MacKinnon (phone)	3 of 6
Representative Jim Colver (phone)	1 of 1

Committee Members Not Present	**Meetings Attended of Total Meetings**
Brad Reeve	5 of 6
Senator Lyman Hoffman	5 of 6
Representative Bryce Edgmon	5 of 6
Bradley Evans	3 of 6

AEA Staff Present: Alan Baldivieso, Shawn Calfa, Josh Craft, Sara Fisher-Goad, Daniel Hertrich, Yolanda Inga, Cady Lister, David Lockard, Sandra Moller, Devany Plentovich, Sean Skaling, and Rich Stromberg.

Other Participants Present: Miranda Studstill, Accu-Type Depositions; Jeff San Juan, AIDEA; Commissioner Chris Hladick, Department of Commerce, Community and Economic Development (DCCED); Eric Hanssen, Alaska Native Tribal Health Consortium (ANTHC) (phone); Steve Gilbert, Alaska Village Electric Cooperative (AVEC) (phone); Mary Lynn Macsalka, Department of Law; Kord Christianson, TDX Power (phone); Robert Varness, Tongass Rain Electric Crude (phone); Jodi Fondy (phone); Jan Keiser (phone), Wyn Menefee (phone); Unidentified Speaker (phone); and Jeff Unidentified (phone).

3. Agenda Approval

The agenda was discussed as presented. The approval of the agenda was suspended because a quorum was not met.

4. Thank you to Hosts, City of Sitka. Blue Lake Dedication Follow-up

Chair Rose expressed appreciation to the City of Sitka for hosting the meeting. The Committee attended the Blue Lake dedication earlier today at the powerhouse and toured the dam site.

5. Approval of Minutes: January 9, 2015 and January 28, 2015

Chair Rose suspended approval of the Minutes of January 9th, 2015, and January 28, 2015, because a quorum was not met.

6. Public Comments

Robert Varness of Tongass Rain Electric Cruise described his company in Juneau. The retail side is a dealer of Torqeedo outboard and inboard electric motors, selling battery and charging systems. Tongass Rain Electric Cruise also conducts design and research on 60-foot pure electric eco tour cat. Partial approval with D.C. has been granted for the design. The vessel will be built this winter.

7. Overview of Program
A. Projects Funded

Mr. Skaling provided an updated status report for the Renewable Energy Fund (REF) which includes real 4th quarter data. In 2014, just over 15 million gallons of diesel and diesel equivalent was offset by the REF. This report is also on the website, akenergyauthority.org.

Mr. Skaling began describing the master spreadsheet listing all of the REF projects. Chair Rose requested a column of information showing the total amount of matching funds. Chair Rose asked for the report definition of inactive. Mr. Skaling noted inactive means done. Ms. Lister informed the active/inactive designation refers to the grant status. The projects are listed only once and at their most recent phase. Chair Rose requested a column be added which lists the round the project is from.

Mr. Skaling advised that 46 projects have been completed. Chair Rose asked if there is a listing of the grant-funded projects that are expected to be completed in 2015, 2016, and 2017. Mr. Skaling noted the status report includes a table showing expected completion dates for projects. Ms. Lister informed that section of the status report is updated regularly, as project schedules change.

Ms. Mitchell asked if there is any indication on the lists of the projects that have been abandoned. Ms. Fisher-Goad noted this spreadsheet is a snapshot summary of the projects. All

of the information on the status and determination of the projects is included in the complete project 200-page document. Chair Rose believes it would be useful to know what percentage of the reconnaissance studies and feasibility studies moved on to design or construction phases.

Representative Colver joined the meeting via teleconference. A quorum was established. Chair Rose welcomed Representative Colver to the Committee and noted this is his first meeting.

Senator MacKinnon commented the spreadsheet seems to be organized by phase. She requested the spreadsheet be formatted in a way to view the projects alphabetically, by region, by dollar amount, by project number, and by project start and end date. She believes this would be helpful for those who are analyzing and deploying resources. Senator MacKinnon expressed appreciation for the good job in compiling the information. Mr. Skaling stated these comments will help refine the list to make the spreadsheet more useful. All of the information is included in the status report.

Ms. Wasserman believes it would be helpful to have a list of communities who are inactive because they were not able to fulfill the grant requirements. Mr. Skaling noted the evaluation criteria reviews community sustainability and scores the community accordingly. Ms. Fisher-Goad informed a grant agreement has to be signed within a designated amount of time, and the project has to follow the agreed upon timeline. AEA is very conscientious to ensure there are no stranded dollars for projects that are not moving forward.

Chair Rose suggested including a few more terms in the last column, such as cancelled or closed, in order to provide more information.

B. REF Annual Timeline and REFAC Responsibilities

Mr. Skaling discussed REFAC responsibilities and annual timeline. The Committee's role is to make recommendations to AEA on the program. AEA reviews applications and makes recommendations to the Legislature. Per statute and regulation, there are two critical meetings in the year for the Committee; the May meeting and the January meeting. In the May meeting, the Committee advises AEA regarding the next RFA round and outlines the grant applications. This is posted as close to the beginning of the July 1 fiscal year as possible. In the January meeting, AEA has completed its evaluation process of Stages 1, 2, and 3. AEA provides findings and the ranked list to the Committee. The Committee weighs in on the Stage 4 regional distribution at the January meeting.

Ms. Mitchell expressed concern for reducing the caps, even though she understands the need for the reduction. Ms. Mitchell would like to avoid situations where a project cannot be completed economically because of the caps.

Chair Rose requested Mr. Skaling describe the expectations that were set during last year's RFA. Mr. Skaling noted this will occur under agenda Item 9.

8. Financing Options Presentation by AEA and AIDEA

Chair Rose believes the era of grant funding for construction projects is changing and it is important to understand other financing options for these types of projects. Mr. Skaling introduced Cady Lister of AEA and Jeff San Juan of AIDEA, who gave a PowerPoint presentation overview of project financing options. Ms. Lister gave a detailed description of AEA's one loan program, the Power Project Fund (PPF), including eligibility, terms, and evaluation.

Ms. Mitchell asked if utilities are included as eligible applicants. Ms. Lister stated utilities are eligible for application and are included with the designation of regional electric authority.

Chair Rose asked for further information about the income stream of the PPF. Ms. Lister noted she can compile and email the income stream information to the REFAC members. There are no balloon payments expected.

Senator MacKinnon requested an update on project repayments. She asked if any projects were in default of payments. Ms. Lister noted no projects have been in default since she has administered the fund. Ms. Fisher-Goad informed there may have been one delinquency in the past. This is a strong portfolio with good performance. Ms. Fisher-Goad will provide the project repayment information to the Committee members.

Ms. Mitchell asked for the blended rate of the PPF loan portfolio when it was sold to AIDEA. Ms. Lister stated she will provide that information to the Committee. Ms. Mitchell asked what the typical timeline is for getting a loan approved through this program. Ms. Lister informed the timeline varies because of the statutory review requirements, and it is not a particularly fast loan process. If a loan came in absolutely complete, it might take three weeks to a month to perform analysis and go through the loan committee.

Chair Rose requested more information on the similarities between the REF grant program application criteria and the PPF Loan program application criteria. Ms. Lister advised the PPF Loan program requires more detailed information than does the REF grant program. This is mainly additional financial information about the project business operations and financial information about the applicant. Chair Rose inquired who comprises the loan committee. Ms. Lister noted the loan committee is comprised of AEA's Executive Director, Ms. Fisher-Goad, and all four of the directors at AEA.

Ms. Lister reviewed the federal incentive available for building renewable energy systems under the Business Energy Investment Tax Credit. This incentive is currently set to expire in December 2016, with the possibility of an extension.

Mr. San Juan provided a high level overview of AIDEA's lending program. The three financing options are the Revolving Fund, SETS, and the Arctic Infrastructure Fund. The Arctic Infrastructure Fund was approved, but no appropriations were made and no funds are available.. Each of these programs has separate accounting, and different risk characteristics and project eligibility criteria.

Chair Rose requested an explanation of the use of SETS versus the Arctic Infrastructure Fund. Mr. San Juan advised SETS is specifically for energy projects. The Arctic Infrastructure Fund includes provisions for marine infrastructure and other infrastructure that is not necessarily related to energy projects. Mr. San Juan noted the REFAC probably would not recommend the Arctic Infrastructure Fund for energy projects. SETS would be a more appropriate suggestion.

Mr. San Juan informed the three different financing tools each of the programs may utilize are debt, equity, and credit enhancements. The debt side includes loan participations, direct loans, tax-exempt bonds, and taxable bonds. The equity side includes 100% ownership, or partner in LLC or subsidiary corporation. Credit enhancement includes loan guarantees and bond guarantees.

Senator MacKinnon requested explanation of the available cash AIDEA needs to participate in these programs. Mr. San Juan explained the loan participation program carries a loan loss cash reserve to cover any defaults. The calculations are determined by the current default rate, which is approximately 3%. Mr. San Juan will provide the Committee the current amount of cash reserves available. Senator MacKinnon expressed a concern of the debt load and loan participation amounts, because the State of Alaska has a revenue shortfall of between $4 billion and $7 billion in the next 24 months. This shortfall is going to affect cash flow into smaller communities at some point, which hopefully will not lead to forfeiture on loans.

Ms. Wasserman requested she be placed on these programs' information notice email list. She will then forward all of the information to every municipality in the state. This will help get the word out.

9. Committee Recommendations Regarding Round IX Request for Applications

Mr. Skaling requested guidance from the Committee regarding each of the seven points of discussion in the presentation. The seven points are, 1) per project cap, 2) phase funding target, 3) scoring criteria weighting to be listed in RFA, 4) cost of energy scoring in Stage 3, 5) regional balance, 6) heat project goal, and 7) fuel price projection. The guidance from the Committee on these points will be very helpful to the staff in ranking and providing recommendations and information to the applicants.

Chair Rose noted he would like further discussion on points 1 and 2. He is in agreement with the other points. Ms. Wasserman requested further discussion on point 5. Ms. Mitchell requested further discussion on point 4. Senator MacKinnon believes people being cold have a higher priority than people who need light. In a limited resource time, the Legislature is looking at being able to invest in projects that can be completed and which reduce people's energy cost quickly.

Chair Rose asked Senator MacKinnon if she has an idea of what types of funding amounts will be available for the next round. Senator MacKinnon believes the Legislature could move forward with $10 million to $15 million, but it is dependent on the price oil and reappropriation amounts.

Commissioner Hladick noted in times where money is limited, he recommends providing feasibility for 20 projects worth $8 million to help them move forward with loans, rather than completing one project worth $8 million.

Chair Rose asked if Mr. Skaling knows how many previously funded REF feasibility and design projects are likely to apply for construction grants next year. Mr. Skaling expressed the challenge in answering that question because of the number of projects and the number of communities. He noted there is a pipeline of projects that could apply for construction grants, but he does not have a specific number.

The Committee discussed point 2, phase funding target. A lengthy discussion occurred regarding Chair Rose's suggestion to change the target allocation, percentage of grant funds recommended to 80% for reconnaissance study and feasibility/conceptual design, and 20% to final design and construction. This will send the message that a philosophical shift is occurring because grant money is very limited over the next couple of years and loan money is available for the projects' final phases.

Ms. Mitchell requested staff create an illustration showing the cost of energy, not only by region, but also by individual community. She requested Southeast be divided into a diesel region and a hydro region. She believes this will better reflect the reality of costs.

Chair Rose requested addressing agenda Item 5, now that there was a quorum.

MOTION: A motion was made by Ms. Wasserman to approve the Minutes of January 9, 2015 and January 28, 2015. Seconded by Ms. Mitchell. The Minutes of January 9, 2015 and January 28, 2015 were approved, with Representative Colver abstaining.

Discussion continued on agenda Item 9. Ms. Wasserman made a formal recommendation to staff to adjust the target allocation in point 2 to a 50/50 split between Phases I, II, and Phases III, IV, in order to encourage applicants to have more consideration of loan funds. There were no objections made to this formal recommendation to staff.

Ms. Fisher-Goad informed a cover letter can be provided to applicants explaining the emphasis on reconnaissance, feasibility, and conceptual design projects. The letter can also suggest grant funds are not readily available for construction projects, but loan funds are available. The letter can solicit feedback on what is needed to assist these loans going forward. Ms. Fisher-Goad inquired if this type of information would be helpful to the Legislature. Senator MacKinnon believes anything to help lower expectations will be helpful. The challenge is that legislators will want to fund and complete projects in their own regions, rather than solely funding feasibility projects. Senator MacKinnon offered to hold a hearing this summer to provide an opportunity for Ms. Fisher-Goad and Chair Rose to discuss the new direction of the Committee in trying to respond to Alaska's current fiscal situation.

Chair Rose asked if there were any objections to the remaining six AEA recommendations as worded for the REF Round IX. There were no objections made to keeping the other six AEA recommendations as presented.

10. Meeting Dates for Next 12 Months

The winter meeting was tentatively scheduled for either January 11th or January 12th, as to accommodate Committee members.

11. Committee Member Comments

None.

12. Adjournment

The meeting was adjourned at 4:59 p.m.

REF Funded and Recommended Projects Round VIII

Count	Energy Region	Project Name	Applicant	Energy Source	B/C	Tech / Econ Score	State- wide Rank	Project Cost Through Construction	Applicant Grant Requested	Applicant Match Offered††	Recommend Funding	Legislative Appropriation
1	**Southeast**	**Angoon Low-Income Housing Pellet District Heat**	**Tlingit Haida Regional Housing Authority**	**Biomass**	**1.79**	**75.8**	**1**	**$292,184**	**$240,592**	**$266,592**	**$240,592**	**$240,592**
2	**Southeast**	**Southeast Island School District Wood Boilers**	**Southeast Island School District**	**Biomass**	**2.33**	**89.3**	**2**	**$872,635**	**$832,635**	**$124,708**	**$832,635**	**$832,635**
3	**Southeast**	**Hoonah Biomass District Heating Loop**	**Hoonah Indian Association**	**Biomass**	**1.67**	**78.0**	**4**	**$0**	**$45,000**	**$30,000**	**$45,000**	**$45,000**
4	**Lower Yukon-Kuskokwim**	**Bethel Heat Recovery Assessment & Conceptual Design**	**Alaska Village Electric Cooperative, Inc.**	**HeatRecovery**	**3.63**	**71.2**	**5**	**$9,000,000**	**$645,613**	**$33,980**	**$325,000**	**$645,613**
5	**Aleutians**	**Sand Point Excess Wind Utilization**	**TDX Power, Sand Point Generating**	**HeatWind**	**2.94**	**75.7**	**6**	**$383,900**	**$307,120**	**$76,780**	**$307,120**	**$307,120**
6	**Southeast**	**Hydaburg Schools Wood Fired Boiler Project**	**Hydaburg City School District**	**Biomass**	**1.95**	**86.5**	**9**	**$660,977**	**$620,977**	**$40,000**	**$620,977**	**$620,977**
7	**Southeast**	**Lepquinum Center Ground Source Heat Pump**	**Metlakatla Indian Community**	**HeatPump**	**1.80**	**77.0**	**12**	**$3,479,490**	**$3,445,040**	**$34,450**	**$1,481,527**	**$3,445,040**
8	**Lower Yukon-Kuskokwim**	**Scammon Bay Community Facilities Heat Recovery**	**City of Scammon Bay**	**HeatRecovery**	**1.26**	**62.7**	**16**	**$763,898**	**$756,335**	**$7,563**	**$60,000**	**$756,335**
9	**Lower Yukon-Kuskokwim**	**St. Mary's-Pitka's Point Wind**	**Alaska Village Electric Cooperative, Inc.**	**Wind**	**1.00**	**56.0**	**20**	**$4,886,000**	**$4,348,540**	**$537,460**	**$1,500,000**	**$4,348,540**
10	**Copper River/Chugach**	**Wood Boiler for the Native Village of Tazlina**	**Native Village of Tazlina**	**Biomass**	**1.06**	**68.7**	**26**	**$324,807**	**$270,807**	**$54,000**	**$270,807**	**$270,807**
11	Copper River/Chugach	Crater Lake Power and Water Project	Cordova Electric Cooperative, Inc.	Hydro, Storage	2.30	71.7	8	$10,000,000	$500,000	$350,000	$500,000	
12	Kodiak	Old Harbor Hydro – Geotechnical Study & Design	Alaska Village Electric Cooperative, Inc.	Hydro	1.36	61.0	10	$9,200,000	$1,092,500	$20,000	$400,000	
13	Aleutians	Adak Hydro Feasibility Phase II	TDX Power, Inc.	Hydro	1.52	61.5	11	$1,400,000	$85,000	$0	$390,000	
14	Northwest Arctic	Kotzebue Paper & Wood Waste to Energy	City of Kotzebue	Biomass	1.14	64.3	14	$2,692,700	$2,495,189	$250,000	$200,000	
15	Northwest Arctic	Ambler Washeteria & City Office Biomass	City of Ambler	Biomass	1.12	47.7	15	$433,379	$379,583	$13,796	$379,583	
16	Lower Yukon-Kuskokwim	Goodnews Bay Wind	Alaska Village Electric Cooperative, Inc.	Wind	1.17	59.3	18	$1,634,500	$123,500	$6,500	$123,500	
17	Southeast	Klawock Low-Income Housing Pellet	Tlingit Haida Regional Housing Authority	Biomass	1.09	59.0	19	$102,275	$102,275	$314,381	$102,275	
18	Bristol Bay	Chignik Hydro Design & Permitting	City of Chignik	Hydro	1.03	63.0	22	$6,610,000	$1,305,000	$70,000	$1,305,000	
19	Yukon-Koyukuk/Upper Tanana	Huslia Water System & Clinic Biomass Boiler	City of Huslia	Biomass	0.67	40.7	23	$503,990	$499,000	$89,990	$58,000	
20	Yukon-Koyukuk/Upper Tanana	Yerrick Creek Hydropower Project	Upper Tanana Energy, LLC (UTE)	Hydro	1.21	47.0	25	$24,000,000	$8,000,000	$16,000,000	$1,500,000	
21	Bering Straits	Koyuk Water System Heat Recovery	City of Koyuk	HeatRecovery	0.70	49.3	27	$729,600	$729,600	$92,296	$50,000	
22	North Slope	Atqasuk Transmission Line Design & Permitting	North Slope Borough	Transmission	2.19	79.2	28	$26,272,407	$2,017,818	$201,782	$1,500,000	
23	Lower Yukon-Kuskokwim	Scammon Bay Hydroelectric Project	City of Scammon Bay	Hydro	1.71	40.8	29	$4,283,056	$305,000	$3,050	$90,000	
24	Bering Straits	Wales Water System Heat Recovery	City of Wales	HeatRecovery	0.58	49.3	30	$706,701	$699,163	$7,538	$50,000	
25	Lower Yukon-Kuskokwim	Eek Water System Heat Recovery	City of Eek	HeatRecovery	0.59	48.0	31	$299,754	$296,786	$107,968	$50,000	
26	Yukon-Koyukuk/Upper Tanana	Grayling Water System Heat Recovery	City of Grayling	HeatRecovery	0.75	50.0	32	$458,716	$454,277	$26,439	$50,000	
27	Northwest Arctic	Shungnak Wind-Diesel Design	Native Village of Shungnak	Wind	0.69	40.0	33	$6,000,000	$525,000	$27,036	$95,000	
28	Aleutians	Waterfall Creek Hydroelectric Construction Project	City of King Cove	Hydro	1.25	40.0	34	$5,461,000	$1,800,000	$1,061,000	$1,500,000	
29	Yukon-Koyukuk/Upper Tanana	Clearwater Creek Hydropower Project	Alaska Power Company	Hydro	1.23	42.8	35	$15,922,000	$413,600	$103,400	$40,000	
30	Northwest Arctic	100 Kilowatt Solar Array for Kotzebue	Kotzebue Electric Association Inc.	Solar	1.30	42.0	36	$449,178	$384,730	$64,448	$20,000	
31	Kodiak	Ouzinkie Hydroelectric Power Project	City of Ouzinkie	Hydro	0.62	42.8	37	$5,541,549	$2,516,385	$8,840	$88,400	
32	Railbelt	Grant Lake Hydroelectric Project	Kenai Hydro LLC	Hydro	1.28	45.7	38	$59,067,808	$4,000,000	$36,000	$358,000	
33	Railbelt	IRHA Facility Biomass Feasibility Study	Interior Regional Housing Authority	Biomass	0.97	56.0	39	$50,000	$50,000	$19,338	$50,000	
34	North Slope	Kaktovik Wind Diesel Design	North Slope Borough	Wind	1.02	48.8	40	$4,565,200	$440,000	$44,000	$416,584	
	Sub Total, Recommended Projects within $15 million budget							**$207,047,704**	**$40,727,065**	**$20,123,335**	**$15,000,000**	**$11,512,659**
34	North Slope	Kaktovik Wind Diesel Design	North Slope Borough	Wind	1.02	48.8	40	$4,565,200	$440,000	$44,000	$23,416	
	The remainder of the list of recommended projects (below) are those that were not recommended for funding within the $15 million budget as a result of REFAC recommendations regarding Stage 4 regional distribution.											
7	Southeast	Lepquinum Center Ground Source Heat Pump	Metlakatla Indian Community	HeatPump	1.80	77.0	12	$3,479,490	$3,445,040	$34,450	$18,473	
35	Southeast	Craig High School Wood Heat Conversion	Craig City School District	Biomass	1.98	82.5	3	$679,950	$493,100	$186,850	$493,100	
36	Southeast	Neck Lake Hydropower Project	Alaska Power Company	Hydro	0.94	63.5	13	$3,011,475	$391,200	$97,800	$391,200	
37	Southeast	Sitka: Wastewater Treatment Plant Effluent Heat Pump	City & Borough of Sitka Public Works Dept.	HeatPump	1.41	83.5	7	$740,000	$627,000	$168,278	$627,000	
38	Southeast	Gateway Borough Rec & Schools Central Heating	Ketchikan Gateway Borough	Biomass	1.97	89.3	17	$2,200,000	$220,000	$0	$220,000	
39	Southeast	SEAPA Wind Resource Assessment	The Southeast Alaska Power Agency	Wind	1.79	81.8	21	$170,583	$88,742	$81,842	$88,742	
40	Southeast	Ketchikan High School Biomass Boiler	Ketchikan Gateway Borough	Biomass	1.46	83.2	24	$1,408,908	$1,288,018	$0	$1,288,018	
	Total, All Recommended Projects							**$215,258,620**	**$43,835,125**	**$20,658,105**	**$18,149,949**	

Renewable Energy Fund Applications, Round IX

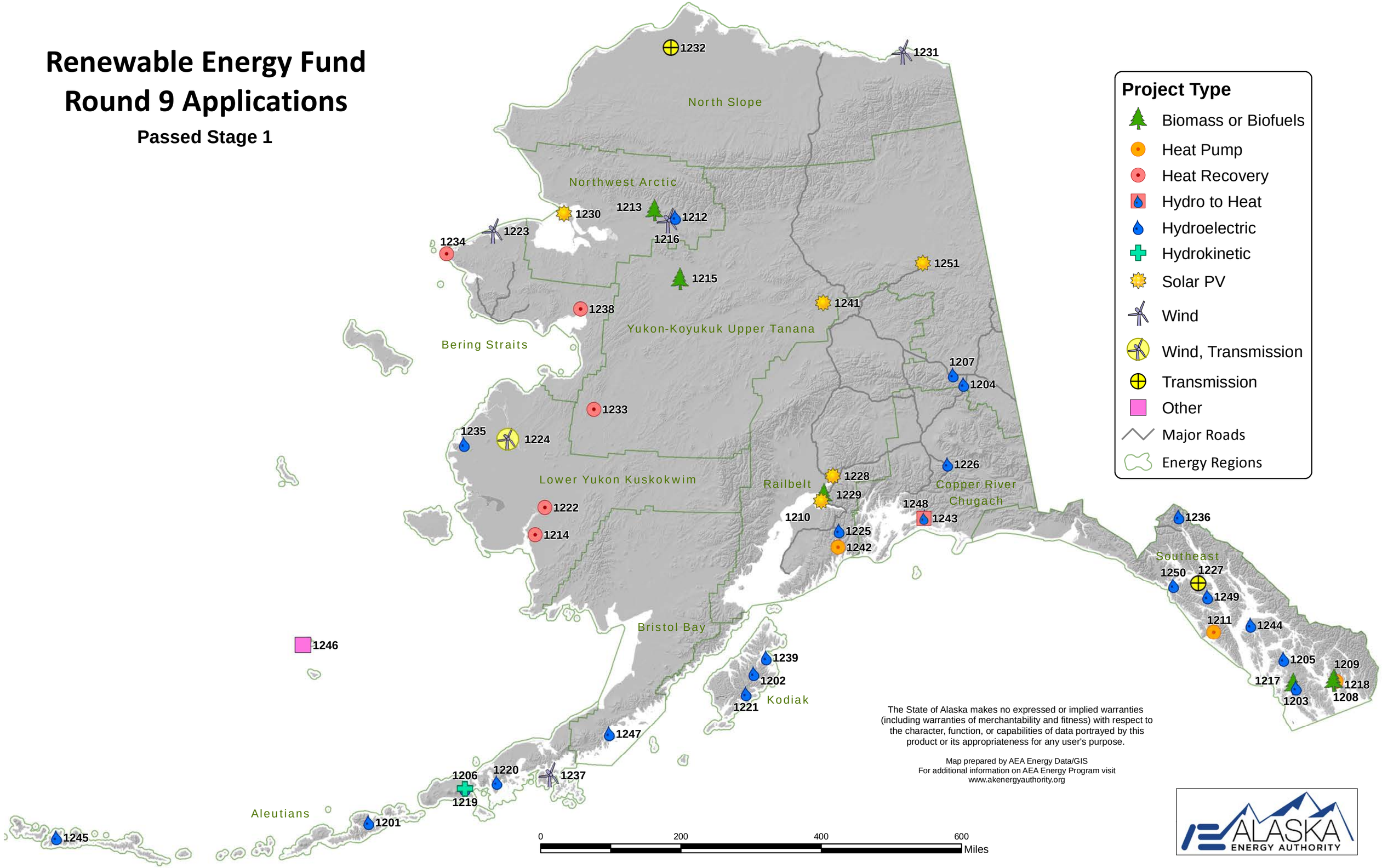
App	Project Name	Applicant Name	Commmunities Served	Resource	Phase(s)	Total Cost (Current Phases)	Grant Request
1201	Water Treatment Plant Inline Micro Turbines	City of Unalaska	Unalaska	Hydro	Design, Constr	$1,340,000	$1,100,000
1202	Upper Hidden Basin Diversion	Kodiak Electric Association, Inc.	Kodiak	Hydro	Feas	$1,500,000	$750,000
1203	Craig Water Treatment Plant Micro-Hydro	City of Craig	Craig	Hydro	Feas, Design	$90,000	$80,000
1204	Clearwater Creek Hydropower Project	Alaska Power Company	Tok, Tanacross, Tetlin, and Dot Lake	Hydro	Feas	$486,000	$386,000
1205	Neck Lake Hydropower Project	Alaska Power Company	Whale Pass	Hydro	Feas, Design	$494,000	$395,200
1206	Hydrokinetic Study: False Pass, Alaska	City of False Pass	False Pass	Hydrokinetic	Feas	$502,819	$440,319
1207	Yerrick Creek Hydropower Project	Upper Tanana Energy, LLC. UTE	Tok, Tanacross, Tetlin, and Dot Lake	Hydro	Constr	$19,000,000	$4,000,000
1210	Evaluation of a Community Solar Project	Chugach Electric Association, Inc.	Chugach service area communities	Solar	Feas	$200,000	$100,000
1212	Cosmos Hills Hydroelectric	NANA Regional Corporation	Ambler, Shungnak, and Kobuk	Hydro	Design	$378,535	$341,335
1216	Shungnak Wind-Diesel	Native Village of Shungnak	Shungnak	Wind	Feas	$174,000	$135,000
1219	False Pass Hydroelectric	City of False Pass	False Pass	Hydro	Feas	$220,000	$187,000
1220	Waterfall Creek Hydroelectric Project	City of King Cove	King Cove	Hydro	Constr	$6,200,000	$675,000
1221	Old Harbor Hydroelectric Project	Alaska Village Electric Cooperative, Inc.	Old Harbor	Hydro	Design	$1,150,000	$1,092,500
1223	Shishmaref Wind Energy	Alaska Village Electric Cooperative, Inc.	Shishmaref	Wind	Feas	$160,000	$152,000
1224	Mountain Village-St. Mary's Wind Intertie Project	Alaska Village Electric Cooperative, Inc.	Mtn. Village, St. Mary's, and Pitka's Point	Wind, Trans	Design, Constr	$6,196,000	$3,196,000
1225	Grant Lake Hydroelectric Project	Kenai Hydro LLC	Kenai Peninsula communities	Hydro	Design	$4,875,528	$4,000,000
1226	Fivemile Creek Hydroelectric Project	Chitina Electric Inc. (CEI)	Chitina	Hydro, Trans	Constr	$6,000,000	$3,400,000
1227	Hoonah Waste-to-Energy Project	City of Hoonah	Hoonah	Trans, HeatBiofuel	Feas, Design, Constr	$5,559,000	$5,282,000
1228	Point McKenzie Correction Farm PV Solar Project	Alaska Department of Corrections	Alaska Department of Corrections	Solar	Recon, Feas, Design, Constr	$350,000	$140,000
1229	Knik Arm Power Plant Recycled Biomass to Power	Central Environmental Inc.	Alaska Railroad communities	Other, HeatBiofuel	Recon, Design	$3,000,000	$400,000
1230	100 Kilowatt Solar Array for Kotzebue	Kotzebue Electric Association, Inc.	Kotzebue	Solar	Design, Constr	$449,178	$384,730
1231	Kaktovik Wind Diesel	North Slope Borough	Kaktovik	Wind	Design	$484,000	$440,000
1232	Atqasuk Transmission Line	North Slope Borough	Atqasuk	Trans, Other	Design	$2,219,600	$2,017,818

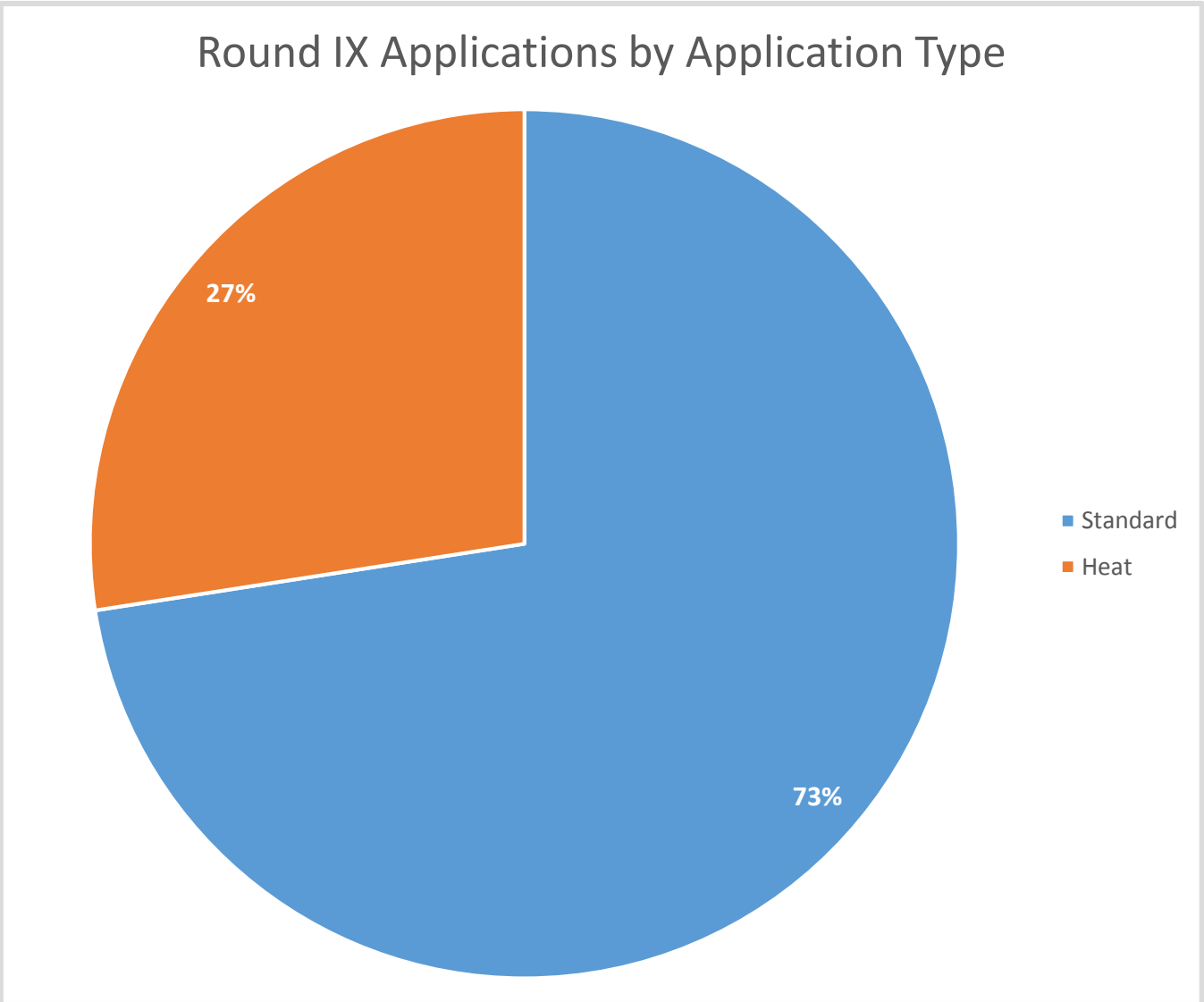
1235	Scammon Bay Hydroelectric Project	City of Scammon Bay	Scammon Bay	Hydro	Feas	$308,050	$305,000
1236	West Creek Hydroelectric Project	Municipality of Skagway Borough	Skagway, Dyea, Haines, and Yukon communities	Hydro	Recon	$345,000	$320,000
1237	Sand Point High Penetration Wind System	TDX Sand Point Generating, LLC	Sand Point	Wind	Design, Constr	$1,072,305	$649,030
1239	Ouzinkie Hydroelectric Power Project	City of Ouzinkie	Ouzinkie	Hydro	Design, Constr	$401,441	$397,427
1240	Solar Panels for Kake Community Buildings	City of Kake	Kake	Solar	Feas, Design, Constr	$255,000	$255,000
1241	Minto PV Solar Project	Minto Development Corporation	Minto	Solar	Recon, Feas, Design, Constr	$350,000	$140,000
1244	Gunnuk Creek Hydro Rehabilitation - IPEC Kake	Inside Passage Electric Cooperative	IPEC service area communities	Hydro	Constr	$5,465,000	$3,920,000
1245	Hydro Power Generator Adak	TDX Adak Generating, Inc.	Adak	Hydro	Feas, Design, Constr	$420,146	$294,102
1246	St. Paul Island 80% Renewable Energy	TDX Power, Inc.	St. Paul	Solar, Storage, Wind, Trans	Recon, Feas	$331,500	$265,200
1247	Chignik Hydroelectric Dam Project	City of Chignik	Chignik	Hydro	Design	$1,085,427	$1,025,175
1248	Crater Lake Power and Water Project	Cordova Electric Cooperative, Inc.	Cordova and Eyak Village	Hydro, Storage, Other	Design	$1,647,680	$1,227,000
1249	Indian River Hydroelectric Project	Tenakee Springs Electric Department	Tenakee Springs	Hydro	Constr	$1,924,280	$809,000
1250	Elfin Cove Hydroelectric Permitting	Elfin Cove Corp., Elfin Cove Utility Commission	Elfin Cove	Hydro	Design	$110,000	$88,000
1251	100 Kilowatt Solar Array for Circle	Circle Utilities, Inc.	Circle	Solar	Feas	$85,000	$75,000
Total Electric						$74,829,489	$38,864,836
1208	Ketchikan High School Biomass Boiler Construction	Ketchikan Gateway Borough	Ketchikan Gateway Borough	Biomass	Constr	$1,251,000	$1,251,000
1209	Ketchikan Schools Recreation Central Heating Plant	Ketchikan Gateway Borough	Ketchikan Gateway Borough	Biomass	Feas, Design	$220,000	$220,000
1211	Sitka Wastewater Treatment Plant Effluent Heat Pump	City and Borough of Sitka	Sitka	HeatRecovery, HeatPump	Design, Constr	$780,000	$667,000
1213	Ambler Washeteria and City Office Biomass System	City of Ambler	Ambler	Biomass	Design, Constr	$484,691	$429,892
1214	Eek Water System Heat Recovery	City of Eek	Eek	HeatRecovery	Design, Constr	$311,394	$308,311
1215	Huslia Water System and Clinic Biomass Boiler Project	City of Huslia	Huslia	Biomass	Design, Constr	$496,526	$491,610
1217	Klawock School Biomass Fuel Boiler Project	Klawock City School District	Klawock	Biomass	Design, Constr	$858,556	$833,556
1218	Saxman Low-Rent Multifamily Air Source Heat Pump	Tlingit-Haida Regional Housing Authority	Saxman and Ketchikan	HeatPump	Design, Constr	$509,231	$296,038
1222	Bethel Power Plant Heat Recovery Module	Alaska Village Electric Cooperative, Inc.	Bethel	HeatRecovery	Constr	$2,839,432	$2,555,489
1233	Grayling Water System Heat Recovery	City of Grayling	Grayling	HeatRecovery	Design, Constr	$431,982	$427,705
1234	Wales Water System Heat Recovery	City of Wales	Wales	HeatRecovery	Design, Constr	$656,613	$650,047

1238	Koyuk Water System Heat Recovery	City of Koyuk	Koyuk	HeatRecovery	Design, Constr	$695,270	$688,386
1242	Heat Pump System For City Owned Buildings	City of Seward	Seward	HeatPump	Design, Constr	$850,000	$725,000
1243	Maximizing Hydropower Utilization	Cordova Electric Cooperative, Inc.	Eyak Village	HeatHydro, HeatRecovery	Feas	$157,729	$95,733
Total Heat						$10,542,424	$9,639,767
						$85,371,913	**$48,504,603**

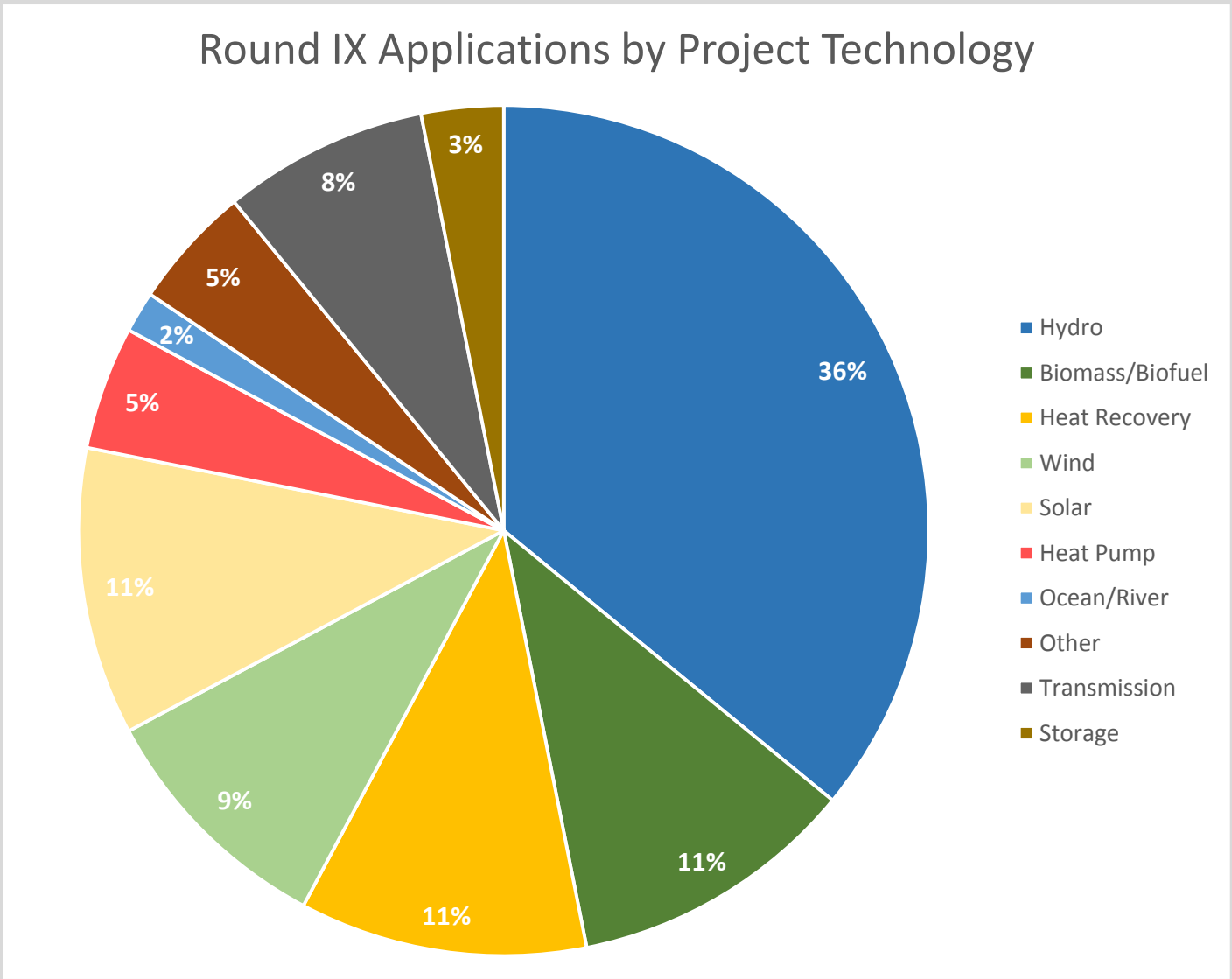
Renewable Energy Fund Round 9 Applications

Passed Stage 1

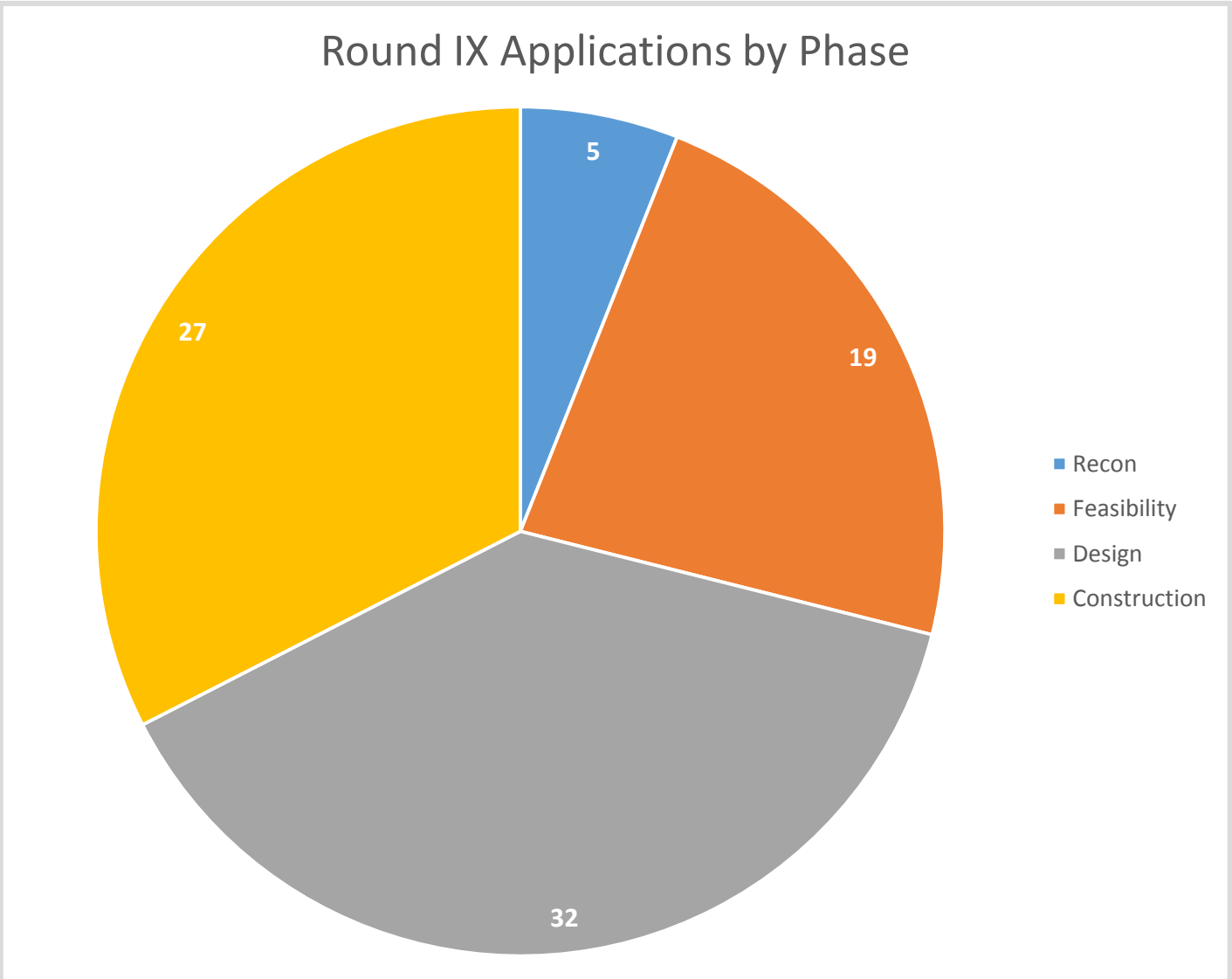




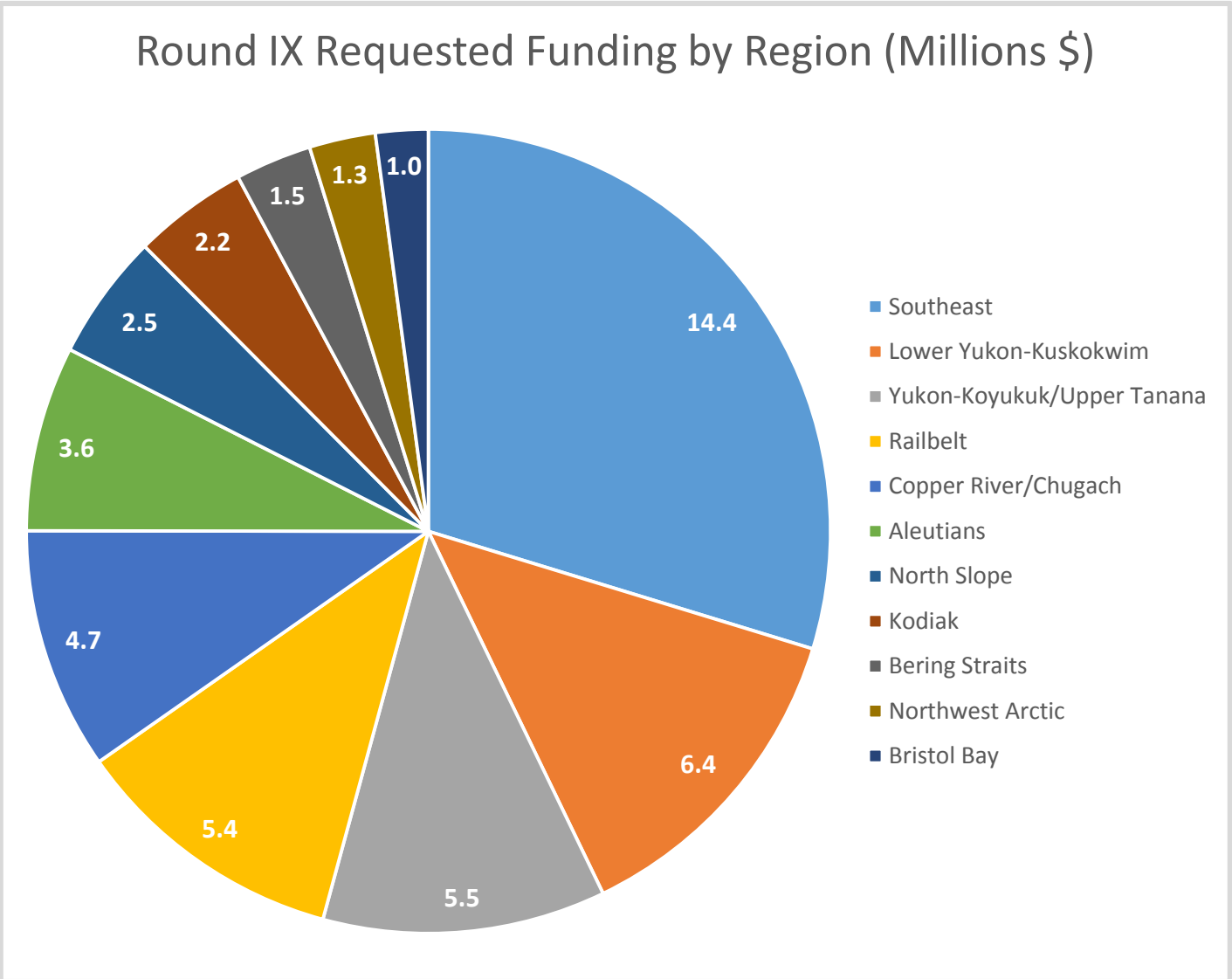
Application	Request	Count	Percent
Standard	$38,864,836	37	73%
Heat	$9,639,767	14	27%
Total	$48,504,603	51	100%



Technology	Count	Percent
Hydro	23	36%
Biomass/Biofuel	7	11%
Heat Recovery	7	11%
Wind	6	9%
Solar	7	11%
Heat Pump	3	5%
Ocean/River	1	2%
Other	3	5%
Transmission	5	8%
Storage	2	3%
Total	64	100%



Phase	Count	Percent
Reconnaissance	5	6%
Feasibility	19	23%
Design	32	39%
Construction	27	33%
Total	83	100%



Region	Count	Request
Southeast	13	$14,416,794
Lower Yukon-Kuskokwim	4	$6,364,800
Yukon-Koyukuk/ Upper Tanana	6	$5,520,315
Railbelt	5	$5,365,000
Copper River/ Chugach	3	$4,722,733
Aleutians	7	$3,610,651
North Slope	2	$2,457,818
Kodiak	3	$2,239,927
Bering Straits	3	$1,490,433
Northwest Arctic	4	$1,290,957
Bristol Bay	1	$1,025,175

ALASKA ENERGY AUTHORITY

ALASKA RENEWABLE ENERGY FUND
Evaluation Process Manual

September 9, 2015

DRAFT

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Purpose of this Manual

The primary purpose of this manual is to document the Alaska Energy Authority's (AEA) evaluation process so that all staff evaluators efficiently follow the same process, which is in accordance with the program statutes, regulations, and Request for Applications (RFA), and established internal processes.

Role of the Renewable Energy Fund Advisory Committee (REFAC)

AEA staff requests and receives input from the REFAC regarding the application and evaluation process and final funding recommendations. There are at least three points at which the REFAC can provide AEA with policy and program recommendations to reconsider.

1. Spring/Summer REFAC meeting: At this meeting the REFAC will review the RFA for the upcoming round of the Renewable Energy Fund (REF).
2. Fall REFAC meeting: At this meeting the REFAC is briefed on the applications received and the evaluation process for the current REF round.
3. Winter REFAC meeting: At this meeting the REFAC will be presented with the list of recommended projects and updated on the regional distribution of funding allocated in past rounds as well as potential current year allocation of recommended funds. The REFAC will provide guidance on the regional distribution of funds and AEA's grant recommendations to the legislature.

General Information

Calendar for current round

The current year calendar is linked here Process Guide Calendar

Document management

Each project will be assigned a folder; within this folder is:

- The application folder
  - Original application
  - Application for web with resumes removed
- The evaluation folder
  - PM evaluations document (final posted by lead PM)
    - The templates are located H:\AEEE Shared Files\Renewable Energy Fund\Round 9\Stage 2\Project Evaluation Templates. Please note that the lead PM is responsible for completing this form but it includes input from the assigned Integration PM (last box on last page).
  - Economic evaluation spreadsheet and word doc (final documents posted by Lead Economist)
  - Community Assistance project information sheet (posted by AEA Energy Information Analyst)
  - Other resources: e.g. relevant studies, reports, experience
  - Emails and other logged communication internal and external. All notes are considered public records and subject to Alaska public records act disclosure requirements.

Conflicts of Interest

If reviewers think they may have a potential conflict of interest, (financial or personal interest, such as friend or family members) they will inform their supervisor immediately of the potential nature of the conflict.

Communication management

- All communication with the applicant should cc or go through the Grants Administrator
- All communication with contract economists should cc or go through the Lead Economist
- All communication with DNR will be facilitated by the Data Manager
- Disagreements over technical or economic analysis should first be discussed with participating parties with the goal of finding consensus. If consensus cannot be reached, a meeting with Directors involved in the evaluation will be held and Directors will make the final decision.

Additional Information Requests

- If an evaluator believes they need additional information from the applicant, they will request the information either through or copying the Grants Administrator in their request.
- Any requests for additional information will be made to the applicant by e-mail, requesting a response in 7 days or fewer.
- Applicants that fail to respond to requests for information may be rejected in any stage.

Not Recommended Applications

When an application is deemed "not recommended", a letter will be drafted and sent to the applicant before the start of the next round.

- The evaluator will draft the letter which will clearly list all rationale which lent to their determination. Evaluators should specifically address the requirements in the statutes, regulations, and/or request for applications that were not satisfied.
    - In Stage 1, the Grants Administrator drafts the not recommended letters.
    - In Stage 2, the PMs draft the not recommended letters.
- Letters will then be reviewed by the Energy Policy and Outreach Manager.
- The Director of PD&E will do a final review and send the letters to applicants.
- Letters will be sent to applicants no more than one week after a determination has been made.

Reconsideration Process

Any appeals from rejected applicants will be directed to the Grants Administrator. The Executive Director will make the final determinations in accordance with regulations (3AAC 107.650).

- An AEA staff member designated as the reconsideration coordinator by the Director of PD&E, who is not participating in the current round REF evaluation, will gather information for consideration by the Executive Director including:
    - Information submitted by the applicant requesting reconsideration
    - PM Evaluation Form
    - Emails and logged internal and external communication
    - Final economic analysis
    - Other relevant material supplied by evaluation staff, the applicant, and gathered by the reconsideration coordinator.

- The reconsideration coordinator will facilitate all communication between AEA evaluation staff and the ED and between the applicant and the ED.
- The ED may:

  (1) Concur with the decision of staff and reject the application. If the executive director concurs with staff that the application should be rejected, the executive director should notify the applicant in writing that the application did not advance past that stage of review and that no further requests for reconsideration will be permitted from the applicant.

  (2) Request additional information from the applicant before making a decision on the request for reconsideration. If the executive director believes more information is needed before she can make a decision on the request for reconsideration, the executive director may request additional information from the applicant prior to making a determination.

  (3) Require further consideration of the application under the next stage of review. If the executive director determines that staff erred in its rejection of the application, the executive director may require further consideration of the application under the next stage of review (Stage 2 or Stage 3). The applicant shall be notified in writing of the executive director's decision.

- 3 AAC 107.650 Request for reconsideration:

  "(a) An applicant whose application is rejected in the eligibility review or the feasibility and public benefit review may request that the executive director of the authority reconsider the decision of the authority's staff to reject the application. The request for reconsideration must be in writing, including by electronic mail, must state the basis for reconsideration, and must be received by the authority no more than 10 days after the applicant has been provided written notice of the rejection, including notice by electronic mail. (b) The executive director may concur with the decision of staff and reject the application, request additional information from the applicant before making a decision, or require further consideration of the application under 3 AAC 107.645 or 3 AAC 107.655 if the executive director determines that the authority erred in its rejection of the application."

Preparing for a new round

REF calendar update

- The assistant economist will update the annual REF calendar with input from the Director of PD&E, the lead economist and working backwards from the date of the current year legislative session and considering holidays.
- Responsible party(s): Assistant Economist

Establish contracts

- Economists, DNR, others as needed. AEA has a five year term contract for third party economic analysis. Contracts need to be renewed each year with AEA contracting staff to allow for NTPs for work once REF applications are ready for review. An RSA with DNR should be established each year to allow for review of REF applications.

- Responsible party(s): Lead Economist

RFA update

- The Request for Applications is updated each year in an effort led by the Director of Program Development and Evaluation and their designees. The RFA should be updated to reflect new dates, changes in requirements, and any other program changes and will be accompanied by a cover letter signed by the Executive Director. The RFA should be reviewed by at least two staff designated by the Director, the Director of Program Development and Evaluation and the Grants Administrator.
- Responsible party(s): Director of PD&E and Grants Administrator

Applications update

- As needed, the Director of Program and Evaluation will assign staff to provide updates to the electric and heat applications to reflect any program changes or changes in requirements.
- Responsible party(s): Director of PD&E

Best Practices checklists update

- Each year Project Managers will review their best practices checklists and make updates as needed.
- Responsible party(s): Program Managers

Economic Model update

- Updates to the economic model include annual and periodic updates. Annual updates include updating fuel price projections, checking all links and formulas, moving all dollars to current year, and other improvements as needed. The largest component of this work is updating the fuel price projections. The methodology for updating fuel prices is found in the "Assumptions" tab of the economic model and should be updated as needed.
- Responsible party(s): Lead Economist (primary) and Assistant Economist

Issue RFA

- After The RFA has been updated and finalized the Lead Economist will:
    - Post materials on web including RFA, updated applications, economic model, and best practices checklists. Work with IT staff.
    - Send announcement of RFA release to list serve. Work with Executive Administrative Assistant.
    - Issue a press release announcing RFA and application period. Work with Communication Director.
- Responsible party(s): Lead Economist (primary responsibility) and Assistant Economist

Update appendix statuses

- Update REF project statuses in the Alaska Energy Data Gateway. PMs will update the status of their projects in the Gateway. This information is the basis of the Appendix that is delivered each year to the legislature. Updating statuses begins before REF applications are due to avoid adding work during the busy evaluation time period. The Data Manager is responsible for tracking completion and sending reminders to PMs. Once updates are complete they will be reviewed for: completion, grammar, ability to understand, readability and consistency in tone and content. This review will be completed first by a staff assigned by the Lead Economist based on workload and subsequently by the Director of Communication or their designee.
- Responsible party(s): Data Manager (primary responsibility), Project Managers, and Lead Economist

Update REval

- Annual updates to REval (AEA's database used for evaluating applications) as needed. The work will be directed by the Assistant Economist and completed by staff assigned by IT.
- Responsible party(s): Assistant Economist

Internal kickoff meeting

- The purpose of the annual AEA kickoff meeting is to confirm calendar, tasks, areas of responsibility and ensure everyone is on the same page. The Assistant Economist will work with the Director of PD&E and the Lead Economist to develop an agenda and meeting material (if needed) and will schedule the meeting prior to application deadline.
- Responsible party(s): Assistant Economist

Contract Economist kickoff meeting

- The purpose of this meeting is to confirm schedule of evaluation, clarify expectations and describe any changes in the economic model.
- Responsible party(s): Lead Economist

General Scoring Criteria

- Pass/Fail scoring means either the criteria are fully met or they are not.
- N/A means that the criteria does not apply to the project and should not be considered in the evaluation.
- When providing a subjective numerical score, reviewers should use the following scoring guideline as a standard in addition to the specific formula scoring matrices for some criteria defined in sections below.

Score	Guidelines (Intent is to provide a range)
10	The application demonstrates a thorough understanding of the criteria requirements and completely addresses them in a thoughtful manner. There is no need for additional follow-up with the applicant to understand how they meet the requirements of the criteria
7	The application provides information that is generally complete and well-

	supported. Evaluators may still have a few questions regarding how the applicant meets the criterion but it is clear the applicant understands what is required.
5	The application addresses the criteria in an adequate way and meets minimum requirements under each of the criteria. Some issues may still need to be clarified prior to awarding a grant.
3	The application information is incomplete or fails to fully address what is needed for the project or information has errors. AEA may need more info to be able to complete the evaluation or need to resolve issues before recommending or awarding a grant.
0	The application fails to demonstrate understanding of the criteria requirements or project proposed. Required information is poor or absent in the proposal.

- For all numerical scores:
  - Each criterion will be given a single unweighted score.
    - Where more than one evaluator is scoring a given criterion, the scores of all evaluators for that criterion will be averaged.
  - The score for each criterion will then be weighted according to the stage weights applied in the current round.
  - The stage score is the sum of the weighted scores for all criteria in that stage.
  - The ranking score is the stage 3 score which will be used to order recommended projects for funding priority.

Stage 1

All applications that are received will be logged on the server and entered into REval, assessed for eligibility and completeness, and given a determination on whether they can move on to the stage 2 evaluation.

Reviewers

- Administrative Assistant – log applications as they are received.
- Grants Administrator – manage application submission process; ask PM's to verify EE match; evaluate Criteria 1, 2, 3, and 6; track additional information requests; and direct reconsideration requests to designated staff.
- Director(s) – evaluate Criteria 4 and 5 and assign PMs to each application that passes Stage 1.
- Project Managers – perform director's Stage 1 evaluations and verify EE match as needed.

Criteria

- Each of the numbered criteria below will be rated as pass/fail/not applicable.
- Failure to meet any of these criteria results in rejection of the application.

Criteria	**Pass/Fail**
1. Applicant Eligibility	

2. Project Eligibility
3. Formal Authorization
4. Phase Description
5. Complete Application
6. Ownership, Site Control, and Operation
7. Design Submittal
Application must pass all Stage 1 criteria to continue to Stage 2

Stage 1 Criterion 1 Applicant Eligibility

To be eligible for a grant recommendation, the applicant must be one of the following types of entities:

- An electric utility holding a certificate of public convenience and necessity under AS 42.05;
- An independent power producer as defined under 3 AAC 107.695 (a) (1):

  "independent power producer" means a corporation, person, agency, authority, or other legal entity or instrumentality, that is not an electric utility and that owns or operates a facility for the generation or production of energy entirely for use by the residents of one or more municipalities or unincorporated communities recognized by the Department of Commerce, Community, and Economic Development for community revenue sharing under AS 29.60.850 - 29.60.879 and 3 AAC 180.

- A local government, or
- A governmental entity (which includes tribal councils and housing authorities).

Stage 1 Criterion 2 Project Eligibility

To be eligible for a grant recommendation, the project must be a:

- new project not in operation on August 20, 2008 or,
- an addition to an existing project made after August 20, 2008.

And be a project that generates energy from or involves the direct use of:

- wind, solar, geothermal, waste heat recovery, hydrothermal, wave, tidal, river in-stream, hydropower, or
- low-emission nontoxic biomass based on solid or liquid organic fuels from wood, forest and field residues, or animal or fish products, or
- dedicated energy crops available on a renewable basis, or
- landfill gas and digester gas.

  "Direct use of energy" means that it either uses renewable energy to generate energy or to make fuel used to generate energy. (3 AAC 107.615)

Or

- be a facility that generates electricity from fuel cells that use hydrogen from renewable energy resources or natural gas.

Or

- be a natural gas project (other than landfill or digester gas) that benefits a community that:
  - has a population of 10,000 or less, and
  - does not have economically viable renewable energy resources that it can develop.

Or

- be a transmission or distribution infrastructure located in Alaska that links an eligible renewable energy project or eligible natural gas project to other transmission or distribution infrastructures. For electrical projects, distribution from the grid to end users is not an eligible use. (An applicant requesting a grant for transmission or distribution infrastructure is not required to be involved in the financing or construction of the renewable energy project or natural gas project it may be connecting.)
  - For heat recovery systems, if the excess heat is currently being wasted, then the project is eligible. However, Renewable Energy Fund grant funds will be allocated only to the portions of existing fossil fuel systems that are required for the capture and distribution of heat.

Stage 1 Criterion 3 Formal Authorization

A resolution or other formal authorization of the applicant's governing body is included with the application to demonstrate the applicant's commitment to the project and any proposed matching funds are available and in the applicant's control.

Stage 1 Criterion 4 Phase Description

The application provides a detailed description of the phase(s) of project proposed, i.e. reconnaissance study, conceptual design/feasibility study, final design/permitting, and/or construction.

Stage 1 Criterion 5 Complete Application

The application is complete in that the information provided is sufficiently responsive to the RFA to allow AEA to consider the application in the next stage of evaluation.

Stage 1 Criterion 6 Ownership, Site Control, and Operation

The applicant demonstrates that they will take ownership of the project; own, lease, or otherwise control the site upon which the project is located; and upon completion of the project operate and maintain it for its economic life for the benefit of the public.

Stage 1 Criterion 7 Design Submittal

Wind applications requesting Phase III (Final Design and Permitting) or Phase IV (Construction, Commissioning, Operation and Reporting) funding will submit documentation necessary to demonstrate the fulfillment of all requirements for earlier phases of the project identified in Section 2 of the RFA [i.e. Phase II (Feasibility Analysis, Conceptual Design) or Phase III (Final Design and Permitting)] approximately 30 days prior to the application deadline (date to be established in the RFA each year). All other application materials for wind applications are due by the grant application deadline.

For all non-wind applications, the deadline for this information is the grant application deadline. Submittals which do not demonstrate the fulfillment of all requirements of earlier phases identified in Section 2 of the RFA by the stated deadline may result in an application being deemed incomplete during Stage 1 review or result in an application receiving lower scores during AEA Stage 2 review.

Process

- As applications arrive, the administrative assistant will assign application numbers, enter application information into REval, and save applications to the server.
    - Once all applications are received, the administrative assistant will also create CD's and thumb drives for distribution.
- If applicants for heat projects list building efficiency investment as a form of match, the Grants Administrator will ask the Lead Economist to work with efficiency staff and appropriate resource PM to verify the match using documentation provided in the application. Efficiency staff will determine whether the cited costs are reasonable for the efficiency work completed. If so, the Lead Economist will contact the Grants Administrator to approve the match amount.
- If it appears that an application could be complete with a clarification or minor additional information, the Director may make a recommendation to the Grants Administrator to request additional information according to the process defined in the General Information section of this document.
- The Grants Administrator and directors rate each application according to the criteria defined above.
    - Project Managers may be designated to perform the Director's evaluations as needed.
- Applications that fail to pass will be provided written notice as to why their application failed Stage 1 according to the process defined in the General Information section.
- Requests for reconsideration from rejected applicants in Stage 1 will be directed to the Grants Administrator and addressed according to the process defined in the General Information section.

Stage 2

All applications that pass Stage 1 will be reviewed for technical and economic feasibility in accordance with the criteria below.

All projects that pass Stage 2 will be recommended for funding and will advance to Stage 3 to rank the projects according to the ranking criteria. Applications that fail to adequately address the criteria in the technical review may not be recommended for funding or further review. A minimum score of 40 is required for Stage 2 in order to pass to Stage 3.

Reviewers

- Project Managers – the AEA staff providing technical subject matter expertise and leading the technical review. This PM will coordinate with the Integration PM.
- Integration Project Managers – AEA staff providing technical expertise related to integrating a renewable resource with an existing diesel system.
- Staff from Department of Natural Resources – technical experts providing specific review and comment on projects that may have issues related to permitting and natural resource development.
- Economists - contracted economist(s) who will review cost/benefit ratio and other cost and pricing information provided for each application for the purpose of providing the authority an

independent assessment of the economics of the proposed project using a standardized economic evaluation across all projects.

- AEA Staff Economists – manage, oversee, and ensure equal evaluations between economists and perform a quality assurance review of economic analysis work for projects.
- Directors – oversee the work of the Project Managers.
- Grant Administrator – track additional information requests and direct reconsideration requests to designated staff.

Criteria

- Each of the numbered criteria below will be scored with a numerical score 1-10 and weighted per the percentages below.

Criteria	**Round IX Weight**
1. Project Management, Development, and Operation	20%
2. Qualifications and Experience	20%
3. Technical Feasibility	20%
4a. Economic Benefit Cost Ratio	25%
4b. Financing Plan	5%
4c. Other Public Benefits	10%
Application Stage 2 weighted score must total 40.0 or higher to continue to Stage 3	

Stage 2 Criterion 1 Project Management, Development, and Operation

(Maximum Stage 2 Weighted Score: 20)

Up to ten points are available and may be assigned as follows. If evaluators believe there are other project management, development, and operation criteria that should be considered they may adjust the score when awarding points for this criteria.

- The proposed schedule is clear, realistic, and described in adequate detail.
- The cost estimates for project development, operation, maintenance, fuel, and other project items meet industry standards or are otherwise justified.
- The Applicant's communications plan, including monitoring and reporting, is described in adequate detail.
- Logistical, business, and financial arrangements for operating and maintaining the project throughout its lifetime and selling energy from the completed project are reasonable and described in adequate detail.

Stage 2 Criterion 2 Qualifications and Experience

(Maximum Stage 2 Weighted Score: 20)

Up to ten points are available and may be assigned as follows. If evaluators believe there are other qualifications and experience criteria that should be considered they may adjust the score when awarding points for this criteria.

- If an applicant submits multiple applications the evaluation team will meet before scoring to determine what score that applicant will receive for each project. This pre-scoring meeting will ensure that applicants are scored consistently from project to project.
    - An applicant may receive different points for experience and qualifications if there are differences in the type of project. For example an applicant may have a lot of experience developing biomass projects and receive maximum points but that same applicant might receive fewer points in an area (hydro, solar, etc.) where they have less experience.
- The applicant, partners, and/or contractors have sufficient knowledge and experience to successfully complete and operate the project.
    - If the applicant has not yet chosen a contractor to complete the work, qualifications and experience points will be based on the applicant's capacity to successfully select contractors and manage complex contracts/projects.
- The project team has staffing, time, and other resources to successfully complete and operate the project.
- The project team is able to understand and address technical, economic, and environmental barriers to successful project completion.

Stage 2 Criterion 3 Technical Feasibility

(Maximum Stage 2 Weighted Score: 20)

Up to ten points are available and may be assigned as follows. If evaluators believe there are other technical feasibility criteria that should be considered they may adjust the score when awarding points for this criteria.

- The renewable energy resource is available on a sustainable basis, and project permits and other authorizations can reasonably be obtained.
- A site is available and suitable for the proposed energy system.
- Project technical and environmental risks are reasonable.
- The proposed energy system can reliably produce and deliver energy as planned.

Or, if a reconnaissance project is being proposed:

- The renewable energy resource is present and can potentially be used for energy generation.
- The proposed technology is suitable for the resources and demands of the community.
- The proposed technology has reached a level of maturity necessary for the proposed application.

Stage 2 Criterion 4 (a) Economic Benefit Cost Ratio

(Maximum Stage 2 Weighted Score: 25)

AEA staff will consider the economist evaluation when scoring this criterion. They will compare the economist's and any applicant supplied B/C and determine which of the B/C values may be most appropriate. If there is wide discrepancy between the two B/C ratios they will use their best judgment based on their understanding of the technical aspects of the proposal to assign a score. A project will be

scored at 0 if the Benefit Cost ratio value is < 0.90 or if no, or insufficient, information is provided by the applicant to do an economic analysis.

Benefit / Cost (B/C) Ratio Value	Score
Less than or equal to 0.90	0
>0.90 – =<1.00	1
>1.00 – =<1.10	3
>1.10 – =<1.20	4
>1.20 – =<1.30	5
>1.30 – =<1.40	6
>1.40 – =< 1.50	7
>1.50 – =< 1.60	8
>1.60 – =< 1.70	9
>1.7	10

Stage 2 Criterion 4 (b) Financing Plan

(Maximum Stage 2 Weighted Score: 5)

The Financing Plan score will be scored based on the applicant's intent and the level of detail described in the application on how the applicant proposes to fund the project.

Questions to be considered under these criteria:

- If recommended, are funds needed to complete the work identified in the application available and adequate to complete all the work in the grant?
- If additional funds are needed does the applicant specifically identify where they will come from?
- Are these additional funds secured, or are they pending future approvals?
- Is there a reasonable plan for covering potential cost increases or shortfalls in funding?
- What impact, if any, would the timing of availability of additional funds have on the ability to proceed with the grant?

For construction projects, if the above questions are addressed in the application and there is an adequate plan, the project will be given 10 points. For all other applications, if the above questions are addressed in the application and there is an adequate plan, this will be given a point score of 7. If the plan is not adequate it will be scored lower based on the likelihood of funding being available to complete the project, or additional commitments that may need to be made by the applicant prior to award of a grant.

For example, an applicant may request funding for construction of a project that exceeds the RFA cap but does not indicate how the additional funding will be obtained. They may receive a lower score than an applicant who can demonstrate they have all the financial resources in place to complete the grant work proposed in the application.

If future stages of work will be needed beyond the scope of the application (non-construction projects), consideration should be given as to the likelihood of funding for the future stages. Three of the available points should be scored based upon the applicant's financing plan for future stages of the

project. To receive all 3 points the applicant must identify sources to complete the project, to cover cost overruns, have the ability to raise revenue and outline a reasonable financing plan.

Stage 2 Criterion 4 (c) Other Public Benefits

(Maximum Stage 2 Weighted Score: 10)

For the purpose of evaluating this criterion, public benefits are those benefits that would be considered unique to a given project and not generic to any renewable resource. For example, decreased greenhouse gas emission, stable pricing of fuel source, won't be considered under this category.

Economists will provide a qualitative assessment of potential public benefits in their project review summary for each project they review. Economists will not provide scores for the criteria.

Each category may be scored 0-2 with the maximum total public benefit weight of no more than 10 points.

0 No documented benefit
1 Some benefit / not well documented
2 Good benefit / well documented

Other Public Benefits	Score
Will the project result in developing infrastructure (roads, trails, etc.) that can be used for other purposes?	0 – 2
Will the project result in a direct long-term increase in jobs (operating, supplying fuel, etc.)?	0 – 2
Will the project solve other problems for the community (waste disposal, food security, etc.)?	0 – 2
Will the project generate useful information that could be used by the public in other parts of the state?	0 – 2
Will this project either promote or sustain long-term commercial economic development for the community?	0 – 2
Are there other public benefits identified by the applicant?	0 – 2

Process

Program Manager Analysis

- The Director of PD&E will assign PMs and Integration PMs to each of the REF applications that passes stage 1.
- PMs and Integration PMs will do a quick read through of all applications assigned to them to identify difficult and/or complex applications. A list of potentially complex or difficult projects will be forwarded to the Directors involved in the REF evaluation. These applications will be prioritized for review internally and with contract economists.
- PMs will carefully review proposals for their assigned technology group, coordinate with integration PMs, and provide an initial feasibility score on all criteria, a funding recommendation, and draft statement regarding AEA's funding recommendation.

- PMs will provide AEP (Annual Energy Production) estimates to the evaluation team and contract economists for applications that significantly underestimate or overestimate possible production.
- PMs will use the evaluation template appropriate for the project technology to prepare information and scores prior to the final evaluation of the application.
    - PMs will include a summary of any correspondence with the applicant and additional information provided to the PM that was not included in the application.
    - If a PM suspects that an application may not be recommended for funding, they will prepare a narrative which clearly and entirely explains why. PMs should reference requirements outlined in the statutes, regulations, and request for applications whenever possible to substantiate their determinations.

Economist Analysis

- AEA will assign contract economists applications for review based on prior experience with the project, technology or community and to balance workload.
    - A list of past applications will be compared with new applicants to identify those that have applied multiple times for one or multiple phases of funding. This information will be shared with all involved in the evaluation process including contract economists and DNR staff.
- AEA lead economist will schedule a pre-evaluation meeting between contract economist and appropriate PM to establish general assumptions and coordinate application review order.
- Contract economists will review the economic information and provide an independent analysis of cost and benefits of each project as well as identification of public benefits not quantified in the cost/benefit model.
- Contract economists will work with AEA staff as directed by AEA lead economist and will use technical staff as a resource to inform their analysis. All email communication between contract economists and AEA will copy the AEA lead economist.
- If there is a difference of opinion about the economic evaluation the lead economist will facilitate meetings to see if the two sides can come to consensus. If consensus cannot be found a meeting will be called which includes the Directors involved in the REF evaluation and they will make a final decision.

Community Assistance contribution

- CA will provide information based on knowledge gathered through regional planning efforts and community interactions. This narrative will be saved in the project evaluation folder.
- CA will provide due diligence checks on communities including: liens, tax default, and loan default.

Department of Natural Resources analysis

- The Data Manager will deliver to DNR copies of the applications along with a list of applications noting their lat/long and any previous REF applications for the same project.
- DNR staff will provide a narrative review of any potential lands access or permitting issues that may impact the project.

Making Recommendations in Stage 2

- Project specific recommendations for full, partial, or no funding, as well as recommendations for special provisions are applied during Stage 2. Projects may be recommended for partial funding, funding of fewer phases than requested, or funding for a phase different than requested if they are viable but the following circumstances apply:
    - Documentation submitted with the application is not sufficient to justify full funding for more than one phase of a project, or the project is not ready for the requested phase and AEA recommends funding for a prior phase.
    - Funding for proposed project development phases will not be used until late FY 2017 or later. That is, funds will be tied up unreasonably.
    - AEA believes that proposed costs are excessive for the proposed scope of work.
    - The applicant requests AEA to manage the project and the AEA Project Manager can confidently estimate a lower cost.
    - The proposal includes operating costs, ineligible costs, unreasonably high costs, or other costs not recommended for funding.
- If it appears that an application could be complete with a clarification or minor additional information, the PM may make a recommendation to the Grants Administrator to request additional information according to the process defined in the General Information section of this document.
- If PMs make changes to the costs, phases, etc. from what was requested in the application, the updated data should be entered into REval only in the designated AEA fields. This preserves a record of the information that was included in the original application and also shows that the project was altered during the evaluation process.
- Applications that fail to pass will be provided written notice as to why their application failed Stage 2 according to the process defined in the General Information section.
- Requests for reconsideration from rejected applicants in Stage 2 will be directed to the Grants Administrator and addressed according to the process defined in the General Information section.

Stage 3

All applications that pass the technical review will be evaluated for the purpose of ranking applications and making recommendations to the Legislature based on the following criteria which include criteria required by 3 AAC 107.655 and AS 42.45.045.

AEA will develop a regional ranking of applications and a draft ranking of all projects for the REFAC to review.

The REFAC will review AEA's final Stage 3 scores and regional ranking recommendations. The REFAC may make recommendations to assist in achieving a statewide balance but will not be rescoring based on the criteria.

Reviewers

- Grants Administrator – evaluate Criteria 2 and 7, track additional information requests, and direct reconsideration requests to designated staff.
- Two Directors – oversee the work of the Project Managers.
- Project Managers – the AEA staff providing technical subject matter expertise and leading the technical review. This PM will coordinate with the Integration PM.

- Integration Project Managers – AEA staff providing technical expertise related to integrating a renewable resource with an existing diesel system.
- Renewable Energy Fund Advisory Committee – review regional ranking and funding recommendations.

Criteria

- Criteria listed below will be scored and weighted as noted in the following table. Additional details regarding each criterion are in the Stage 3 criteria section below.

Criteria	**Round IX Weight**
1. Cost of energy	35%
2. Matching Funds	15%
3. Project feasibility (Levelized score from Stage 2)	20%
4. Project readiness	5%
5. Public benefits	15%
6. Sustainability	5%
7. Local Support	5%
8. Regional balance	P/F
9. Compliance	P/F
Application Stage 3 weighted score will be used to rank projects for funding priority	

Stage 3 Criterion 1 Cost of Energy

(Maximum Stage 3 Weighted Score: 35)

In Round VII, heat applications were separated from the rest of the renewable energy grant fund applications for the first time and a new methodology was employed for scoring the cost of energy. This scoring allowed applications to be scored either by their community's cost of power or cost of heating fuel, depending on the application type.

In Round IX, the calculation was changed again to incorporate both the cost of power and cost of heating fuel in a community as well as regional differences in climate. These metrics are used to generate an average Household Energy Cost (HEC) upon which the Cost of Energy criterion is now based for both application types. (Refer to the Calculating Regional Cost of Energy Burden section for more details on sources and methods involved in the HEC calculation.)

The Household Energy Cost is calculated as follows:

HEC = (cost of power*6,000 kWh/yr) + (cost of heating fuel*regional mean HH gallons/yr)

The Cost of Energy Score is then assigned using the following formula:

COE Score = (HEC) / $15,254.77 x 10, Score cannot be greater than 10

Communities with an average combined residential energy bill at or above $15,234.49 are assigned the maximum score of 10. This value is the cost that allows 10% of all communities in the state to receive full points for this criterion in the current year.

A spreadsheet with the cost of power and cost of heating fuel for each community in Alaska can be

found here: ..\..\Stage 4\COEB\COEB REF R9.xlsx

Stage 3 Criterion 2 Matching Funds

(Maximum Stage 3 Weighted Score: 15)

The Grants Administrator will calculate the application score according to the following table:

Type of Match	**5 Pts**	**+**	**Percentage of Total Match to Total Grant Request**	**10 Pts**
Support of any kind referenced but not given a specific value i.e. housing offered to outside workers, administration of project without compensation	1		.01% - <5% of Grant =	1
Previous investment towards project completion including investments in building efficiency completed in the last 5 years if applying for a heat project	2		=>5% - =<10% of Grant =	2
Another grant [state] as match	3		>10% - =<15% of Grant =	4
Another grant [fed or private]	4		>15% - =<30% of Grant	6
Loan or local cash or any documented in-kind match (including energy efficiency improvements directly related to the project)	5		>30% - =<49% of Grant =	8
			> 49% of Grant	10

Documentation must be provided on the nature and cost of building efficiency investments to be used as in-kind match for heat projects, including:

- Energy efficiency pre and post audit reports,
- Invoices for work completed,
- Photos of the building and work performed, and/or
- Any other available verification such as scopes of work, technical drawings, and payroll for work completed internally.

For details on the verification process for this type of match, refer to the Stage 1 Process section of this document.

If there are multiple types of match, an average score will be generated. This average will be weighted according to the amount of each type of match. Scoring for the percentage of match will be based upon the sum of all types of match.

Stage 3 Criterion 3 Project Feasibility

(Maximum Stage 3 Weighted Score: 20)

This criterion is based on the total Stage 2 score of the application. Because of the 40 point threshold to advance from Stage 2 to Stage 3, Stage 2 total scores are first levelized in order to allow a full range of possible scores for this criterion. The Stage 3 Project Feasibility score will be calculated as follows:

Stage 3 Project Feasibility = (Stage 2 Total Score – 40) * (5/3)

Stage 3 Criterion 4 Project Readiness

(Maximum Stage 3 Weighted Score: 5)

Up to ten points are available and may be assigned as follows. If evaluators believe there are other readiness criteria that should be considered they may adjust the score when awarding points for this criteria.

For reconnaissance and feasibility projects evaluators should consider the bullets below and assign 0 to 10 points:

- Proposed work is reconnaissance level and is consistent with specific recommendations under the Alaska Energy Pathway or Regional Energy Plan.
- Project is currently underway with feasibility or reconnaissance work, design work related to the project, or actual construction of the project and the applicant is using their own funds, or funds from another eligible source, to finance the activity.
- Applicant has completed previous phase(s) of proposed project and desires additional funding to complete the next phase.
- The proposed work and timeline is reasonable and the project team has been identified and is qualified to complete the work.
- Land access and use issues have been identified and resolved, or there is a reasonable plan to address potential land access and use issues.

For design and construction projects evaluators should consider the bullets below and assign 0 to 10 points:

- Project is currently underway with feasibility or reconnaissance work, design work related to the project, or actual construction of the project and the applicant is using their own funds, or funds from another eligible source, to finance the activity.
- Applicant has completed previous phase(s) of proposed project and desires additional funding to complete the next phase.
- Applicant has completed required feasibility and/or design work for project and is prepared to place an order for necessary equipment for the project, such as an item with a 'long lead time' to procure.
- Applicant has obtained all necessary permits, met all permit requirements, and addressed all regulatory agency stipulations.
- Applicants for heat projects have provided evidence of investment in and commitment to thermal energy efficiency in the building(s) to be served by the heat project.

Stage 3 Criterion 5 Public Benefit

(Maximum Stage 3 Weighted Score: 15)

This criterion will be scored using a weighted calculation from the Stage 2 Economic Benefit Cost Ratio (4a) and Other Public Benefit (4c) scores. Stage 3 scores are assigned using the following formula:

Preliminary Score = (Stage 2 Economic Benefit x .75) + (Stage 2 Other Public Benefit x .25)

Stage 3 Criterion 6 Sustainability

(Maximum Stage 3 Weighted Score: 5)

This criterion will be scored from 0 to 10 with a total Stage 3 weighting of 5% based on the evaluators' assessment of:

- The capability of the grantee to demonstrate the capacity, both administratively and financially, to provide for the long-term operation and maintenance of the proposed project,
- The likelihood of the resource being available over the life of the project, and
- The likelihood of market for energy produced over the life of the project.

For heat projects the criteria will be scored from 0 to 10 based on the considerations listed above as well as:

- The condition of the building(s) to be served by the heat project, in particular how well the applicant has demonstrated an investment in and commitment to thermal energy efficiency.

If evaluators believe there are other readiness criteria that should be considered they may adjust the score when awarding points for this criteria.

Stage 3 Criterion 7 Local Support

(Maximum Stage 3 Weighted Score: 5)

This criterion will be scored from 0 to 10 with a total Stage 3 weighting of 5%. The Grants Administrator will calculate the application score according to the following table:

Documented unresolved issues concerning the application: no points will be given if these exist regardless of demonstrated support	0 points
Resolution from City, Village Council, or other local government entity or listed in Regional Energy Plan	2 points each
Support demonstrated by local entity other than applicant	1 point each up to 6 points
Opposition demonstrated by local entity	-1 point each

Letters of support from legislators do not count toward this criterion. No more than 5 points may be given for this criterion and a negative criterion score may not be assigned regardless of the number of demonstrated opposition by local entities.

Stage 3 Criterion 8 Regional Balance

This criterion will be rated as Pass, Fail, or Not Applicable.

If there is more than one project from the same community or area, the project that has received an overall higher score during the review and/or has demonstrated that local residents are in favor of the project. Exceptions may be made for non-construction projects.

Stage 3 Criterion 9 Compliance

This criterion will be rated as Pass, Fail, or Not Applicable.

Evaluators will rate the applicant's (and, if applicable, any project partner's) compliance with previous award requirements. Previous awards to be considered for this criterion include direct legislative energy grants, Alternative Energy Solicitation grants (Round 0), or REF Round I-VIII grants. In rating this criteria, evaluators will consider the following:

- Has the grantee provided all necessary information for grant preparation for grants awarded from previous solicitations?
- Is the grantee making verifiable and adequate progress using previous grant funds; for this or another project?
- Has the grantee provided all required financial and progress reports, per the terms of any previous grants?

Process

- Reviewers will provide scores using each designated criterion in Stage 3.
    - Two Directors or their designees and the PMs will provide scores for Criteria 4, 6, 8, and 9.
- The Stage 3 Criterion 1 score will automatically be calculated in REval using HEC values entered by staff economists before Stage 3.
- The total score from Stage 2 will be automatically levelized and scored in Stage 3 Criterion 3 using the formulas outlined in this document.
- The weighted average of Stage 2 Criterion 4 (a) and Stage 2 Criterion 4 (c) will be used for initial scoring of Stage 3 Criterion 5. This score will be reviewed by the Directors.
- The Grants Administrator, with staff assistance, will score Stage 3 Criterion 2 and Stage 3 Criterion 7 using the formulas and methods outlined in this document.
- The evaluation team may conduct interviews of applicants to determine a more complete understanding of the technical or financial aspects of their application.
- If it appears that an application could be complete with a clarification or minor additional information, the PM may make a recommendation to the Grants Administrator to request additional information according to the process defined in the General Information section of this document.

Funding Limitations on Recommendations (Sec 1.15 of RFA)

Evaluators should take these limits into account when making recommendations as the applicants were instructed that they would be responsible for any project costs beyond the grant funds available to complete the project.

Project Type/Phase	**Grant Limits**
Construction projects on the Railbelt and SE Alaska communities that have a low cost of power.	$2 Million per project
Construction in all other areas of the state not mentioned above.	$4 Million per project

Low energy cost areas are defined as communities with a residential retail electric rate of below $0.20 per kWh, before Power Cost Equalization (PCE) program funding is applied. For heat projects, low energy cost areas are communities with natural gas available as a heating fuel to at least 50% of residences, or availability is expected by the time the proposed project is constructed.

Recommendation Guidelines – Pre Regional Spreading (Stage 4)

- The final recommendations will be one of the following:
    - Recommend – Full funding per application request
    - Recommend – Partial funding with a recommended funding amount
        - (Special Provisions may be applied to any recommended project)
    - Not recommended for grant funding – (basis for not recommending to be explained)
    - Did not pass Stage 2 (minimum score)
    - Did not pass Stage 1
- Final AEA recommendations may also suggest specific terms or conditions be imposed on the grantee to assure the project is successful and the public receives value for the funds to be expended.
- In its final decision on an application AEA may recommend funding for fewer phases or earlier phases than the applicant requested. For example, if an application asks for construction funding but a feasibility study is still needed, AEA can give the applicant the opportunity to accept a recommendation for feasibility funding. If the applicant does not accept an earlier phase of funding, the project may be considered premature and not recommended for funding.
- Multi-phase funding guidelines
    - Fund multiple phases: Multiple phases can be completed in FY 2016/17, and project is well-defined, relatively inexpensive, and low-risk.
    - Fund limited phases: Later phases would not occur until 2017 or later, not well-defined, expensive, higher risk, or there are competing projects for which planning is desirable.
- Competing or interactive projects guidelines
    - If AEA is aware of the potential for substantial interaction among proposed and/or other known projects, then recommend planning with appropriate level of analysis and public input before committing substantial funding to one or more alternatives.
- Partial funding guidelines
    - Partial funding levels will correspond to amount proposed in phases that are recommended.
    - Exception 1: If AEA believes project can be built for less, then lower figure can be recommended. AEA will provide justification for lower figure in its recommendations.
    - Exception 2: Proposal requests funding for operating expense (labor, fuel) or non-renewable energy components (e.g. a diesel generator) not eligible for funding.
    - Exception 3: If limiting funding to a maximum dollar limit for specific areas, groups, or types of projects would provide the best statewide balance of funds AEA may do that.
- Guidelines for recommendations for bio-fuels Projects (RFA 1.14)
    - Bio-fuel projects where the applicant does not intend to generate electricity or heat for sale to the public will be limited to reconnaissance and feasibility phases only.
- Consideration of resource assessment projects
    - Resource assessment associated with one or more site-specific projects is eligible for phase 2 funding. General regional or statewide assessment, not tied to particular proposed projects, is not eligible, and more appropriately done through other programs.
- Recommendation guidelines will be documented and a part of the grant file.

- Ranking applications: Applications will be ranked based on final Stage 3 score.

Stage 4

All applications recommended for grants as a result the Stage 3 evaluation will be ranked in accordance with 3 AAC 107.660.

To establish a statewide balance of recommended projects, AEA provides to the REFAC a statewide and regional ranking of all applications recommended for funding in Stage 3.

In consultation with the REFAC, AEA makes a final prioritized list of all recommended projects giving significant weight to providing a statewide balance for grant money and, taking into consideration the amount of money that may be available, the number and types of project within each region, regional rank, and statewide rank of each application.

Reviewers

- Directors – examine results of allocation cost of power basis and regions identified as overserved or underserved and approve resulting adjustments to project ranking.
- Executive Director – examine results of allocation cost of power basis and regions identified as overserved or underserved and approve resulting adjustments to project ranking.
- AEA Staff Economists – perform Stage 4 regional spreading procedure and produce ranking sheets and analysis for REFAC review.
- Renewable Energy Fund Advisory Committee – review regional ranking and funding recommendations.

Process

AEA will prepare a summary of the draft recommendations by energy region that will compare potential allocations of funding based on the Governor's proposed budget for the following fiscal year. This summary will compare the grant funding allocations to each region by the regional cost of energy burden weighted according to the populations of each community in the region.

Calculating Regional Cost of Energy Burden (COEB)

The cost of energy burden for a region is estimated using community-based cost of electricity, space heat, household income and population weighting community results.

- Electricity: All households (HH) are assumed to consume 500kWh/month of electricity. Cost of electricity is the current year residential rate taken from PCE and other sources.
- Household heating fuel consumption is based on the 2014 Cold Climate Housing Research Center housing assessment http://www.cchrc.org/publications. The cost of heating fuel is from the DCRA community fuel price survey https://www.commerce.alaska.gov/web/dcra/ResearchAnalysis/FuelPriceSurvey.aspx and proxies for those communities not surveyed.
- Median income is based on the 5-year average American Community Survey (ACS) conducted by the US Census Bureau.
- Community level information is population weighted for the regional COEB which is used in regional spreading.

Cost of Energy Burden = (HH cost of electric + HH heat energy) / HH income

A region is considered under-served if they have received less than 50% of their target funding allocation. Each region's target funding allocation is based on cumulative REF funding and the regions' population weighted cost of energy burden. A workbook updating the inputs to the COEB calculation and generating the regional spreading table below is saved in the Stage 4 folder each year.

	Recommendation		Cost of Power		
Energy Region	**Total Prior Rounds Funding**	**% of Total Funding**	**Cost burden (HH cost/HH income)**	**Allocation cost of power basis**	**Additional funding needed to reach 50%**
Aleutians					
Bering Straits					
Bristol Bay					
Copper River/Chugach					
Kodiak					
Lower Yukon-Kuskokwim					
North Slope					
Northwest Arctic					
Railbelt					
Southeast					
Yukon-Koyukuk/Upper Tanana					
Statewide					
TOTAL					

In order to attain the goal of regional spreading AEA will refer to the Stage 3 statewide ranking list and limit regions of the state that have received more than twice their regional funding target; these regions will not be allowed to grow their current share of REF cumulative funding. AEA may also move recommended projects up the list if they are found to be in an underserved region. No project will be moved from the not recommended list the recommended list, regardless of which region they fall into.

A top tier of applications will be defined that fit within the Governor's budget and the remaining recommended applications will fall into a second tier. The REFAC may provide additional recommendations to AEA as to the funding level of individual projects, the final ranking of projects, and the total amount of funding and number of projects AEA recommends to the legislature.

The final list of recommended projects for funding will provide a reasonable statewide balance of funds taking into consideration the overall score, the cost of energy burden, and the rank of projects within a region.

Recommendations to the Legislature

The final recommendation to the legislature is delivered in the form of the legislative status report which is printed for delivery to the legislature and posted on the AEA website.

The final recommendation to the legislature may also contain specific information for each project as requested by the legislature and a summary of each project. Applicants may be required to provide additional information to the Legislature upon request.

Creating the Status Report

Project manager: Lead Economist

Other staff/contractor resources: Assistant Economist, graphic design contractor, ISER

Reviewers: PD&E PMs, PD&E Director, Director of Communications, Executive Director

The Status Report is created in In-Design, all files are kept in the Status Report folder within the appropriate REF round.

Updating charts

Figure 1

- Actual and projected fuel displacement (bar chart). Excel file called "Figure 1 annual fuel displaced".
    - Use performance report table from Alaska Energy Data Gateway for actual fuel displacement projections.
    - All REF projects funded through final design and/or construction and not yet generating are included in the projected fuel displaced. Start dates are estimated based on Gateway and updated with PM input.

Figure 2

- REF prior round projects map
    - This is a GIS map updated by AEA GIS staff. The list of funded projects from the most recent REF round is assigned latitudes/longitudes by AEA Data Manager and used to generate the comprehensive REF project map.

Figure 3

- Funding by energy resource (pie chart).
    - Pull Gateway report on funded projects for all rounds by resource. Compare to past year totals.
    - Work with grants to finalize numbers in the spreadsheet titled "Figures 3 & 4" in the status report folder.

Figure 4

- Funded grants by energy region
    - Pull Gateway report on funded projects for all rounds by resource. Compare to past year totals.
    - Work with grants to finalize numbers in the spreadsheet titled "Figures 3 & 4" in the status report folder.

NPV Currently operating projects

- Update spreadsheet called "Figure 5 NPV chart for energy stats" (bar chart)
    - Add all projects that have started generating in the previous year to the list of currently operating projects. The Data Manager should have this list as part of performance reporting tracking.

    - Use the estimated NPV of capital costs and NPV of benefits from the economic analysis to calculate an overall b/c for the program and generate the chart.

Grant and Funding Summary table

- This table is generated by the Grants Administrator and totals must be reconciled with other expressions of funding spent.

Performance of REF currently operating projects table

- REF project operators have to submit performance reports two times per year at minimum, once to report on the first three quarters of the year ending Sept 30 and again to report on the final quarter.
- Performance reporting is managed by the AEA Data Manager and supervised by the Lead Economist. Review of information submitted by applicants is performed first by the Data Manager to identify illogical values and then (once those are resolved) by the PM most knowledgeable about the project. The Data Manager is responsible for uploading the information into the Gateway and ensuring that the dataset is complete.

Current REF Recommended Rank List tables

- Combined recommended list
    - This table is generated in excel and ranks all recommended current round REF applicants statewide, separating into a top tier (within the Governor's budget) and a 2nd tier (outside the Governor's budget but still recommended).
- Separated heat and electric recommended list
    - This table is generated in excel and ranks all recommended current round REF applicants statewide, separating into two lists, one for heat projects and one for electric projects. Within each list (heat and electric) there is a top tier (within the Governor's budget) and a 2nd tier (outside the Governor's budget but still recommended).
- Applications not recommended for funding
    - This excel generated list is ranked by final score.
- All tables are presented with supporting notes.
- Heat and standard application recommendations are also displayed in map and bar chart format (both funding by resource and funding by region). The Data Manager will produce the maps based on lat/long for all recommended projects and the charts are generated based on the funding recommendations tables.
- Narrative: Each year the narrative is updated and adjusted based on current conditions and on feedback received from the legislature and the public in the past year. The Director of PD&E should make the final determination about any changes to the narrative sections.
- Photos for the Status Report should be selected from the library of REF project photos housed in the Gateway.