

ALASKA ENERGY AUTHORITY

RENEWABLE ENERGY FUND GRANT PROGRAM

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August 18, 2026



Renewable Energy Fund (REF)



ABOUT THE PROGRAM

Established in 2008 to reduce and stabilize the cost of energy across Alaska.

The Renewable Energy Fund (REF) provides competitive grant funding for renewable energy projects in communities across Alaska. REF supports projects that reduce long-term energy costs, decrease diesel dependence, and improve power reliability.

AEA administers a four-stage review process under Alaska Statute 42.45.045: **eligibility and completeness, technical and economic feasibility, project scoring, and regional spreading.**

ROUND 18 · FY2027

\$14.6 million

Capital budget. 9 projects selected by the Governor and Legislature.

CUMULATIVE · SINCE 2008

\$333 million

Total state investment across 18 funding rounds.

PROJECTS IN SERVICE

120 + operational

Plus 58 additional projects in active development.

DIESEL DISPLACED

~120 million gallons

~\$600M avoided at the FY2025 PCE rate (\$4.95/gal).

Renewable Energy Fund Advisory Committee (REFAC)



The REFAC works with AEA to provide policy guidance and funding recommendations to the Alaska State Legislature. The committee has nine members, including five appointed by the Governor.

APPOINTING AUTHORITY	SEATS	ROLE / SECTOR REPRESENTED	NOTES
Governor	5	Representative of small Alaska rural electric utilities Representative of large Alaska urban electric utilities Representative of Alaska Native organizations Representative of businesses or organizations engaged in the renewable energy sector Representative of the Denali Commission	Governor appointments
Speaker of the House	2	Members of the Alaska House of Representatives	Legislative
President of the Senate	2	Members of the Alaska State Senate	Legislative

REF Statutory Guidance



Eligible Technology Required

- **Hydroelectric facility**
- **Direct use** of renewable energy resources
- **Fuel-cell facility** using hydrogen from renewable energy resources or natural gas
- **Facility** that generates energy from renewable energy resources
- **Natural gas:** benefit a community of 10,000 or fewer with no viable renewable alternative
- **Transmission & distribution:** link a renewable or natural-gas project to the grid

Eligible Applicants Include

- **Electric utility** holding a Certificate of Public Convenience and Necessity (CPCN) under AS 42.05
- **Independent power producer**
- **Local government**
- **Other governmental utility**, tribal councils, and housing authorities

Statutory Definition

"**Eligible applicant**" is defined in **AS 42.45.045(l)(1)** and constitutes the universe of entities authorized to apply for Renewable Energy Fund grants.

Four-Stage Evaluation Process



Eligible applications proceed through four sequential stages, each conducted by AEA with regulatory and committee input.



Applications proceed left-to-right. Earlier stages gate later stages.

The Gate Every Application Must Clear



Stage 1—Three criteria; applications advance to Stage 2 only if all three are met. Failure at any stage ends the application.

CRITERION 1

Applicant eligibility

PASS / FAIL

What's checked: formal authorization and ownership, site control, and operation.

CRITERION 2

Project eligibility

PASS / FAIL

What's checked: project meets renewable-energy, hydroelectric, natural-gas, or transmission criteria.

CRITERION 3

Application completeness

PASS / FAIL

What's checked: RFA response is sufficient to allow AEA to evaluate in Stage 2, including Phase description(s).

Stage 1 Disposition Applications that fail any criterion are rejected by AEA. Each rejected applicant is notified of AEA's decision.

AS 42.45.045(l)(1) — "eligible applicant" means: an electric utility holding a certificate of public convenience and necessity under AS 42.05, independent power producer, local government, or other governmental utility, including a tribal council and housing authority.

A Weighted Score Out of 100

Stage 2—Technical and Economic Feasibility



Stage 2 Criteria Weight

25%	20%	20%	25%	5%	5%
Project management, development & operation	Qualifications & experience	Technical feasibility	Economic benefit-cost ratio	Fin. plan	Other public benefit

Conducted By

- AEA staff
- Alaska Department of Natural Resources
- Contracted third-party economists

Auto-Reject

Applications scoring below **40 points** are eliminated. Above 40, applications may still be rejected at AEA’s discretion under **AS 3 AAC 107.645(b)** if not technically or economically feasible, or if they do not provide sufficient public benefit.

Evaluated Items

1. Project management, development, and operations
2. Qualifications and experience
3. Technical feasibility
4. Economic feasibility & benefits

Scoring Criteria



Stage 3—All Stage 3 criteria are weighted as follows as part of the evaluation process; scoring determines ranking score.

1 • Cost of energy	30%
2 • Project feasibility (levelized from Stage 2)	25%
3 • Matching funds	15%
4 • Public benefits	10%
5 • Sustainability	10%
6 • Project readiness	5%
7 • Local support	5%

Cost of Energy Burden

[HHcost of electric + HHheat cost] ÷ [HHincome]

Conducted By

- AEA staff
- Renewable Energy Fund Advisory Committee (REFAC) input

What This Score Does

Used to determine the ranking of eligible projects. Stage 3 does not approve funding—ranking carries forward to Stage 4.

Statewide Balance Criteria, Ranked

Stage 4—Final Ranking

Stage 4 gives **significant weight** to providing a statewide balance of grant money.

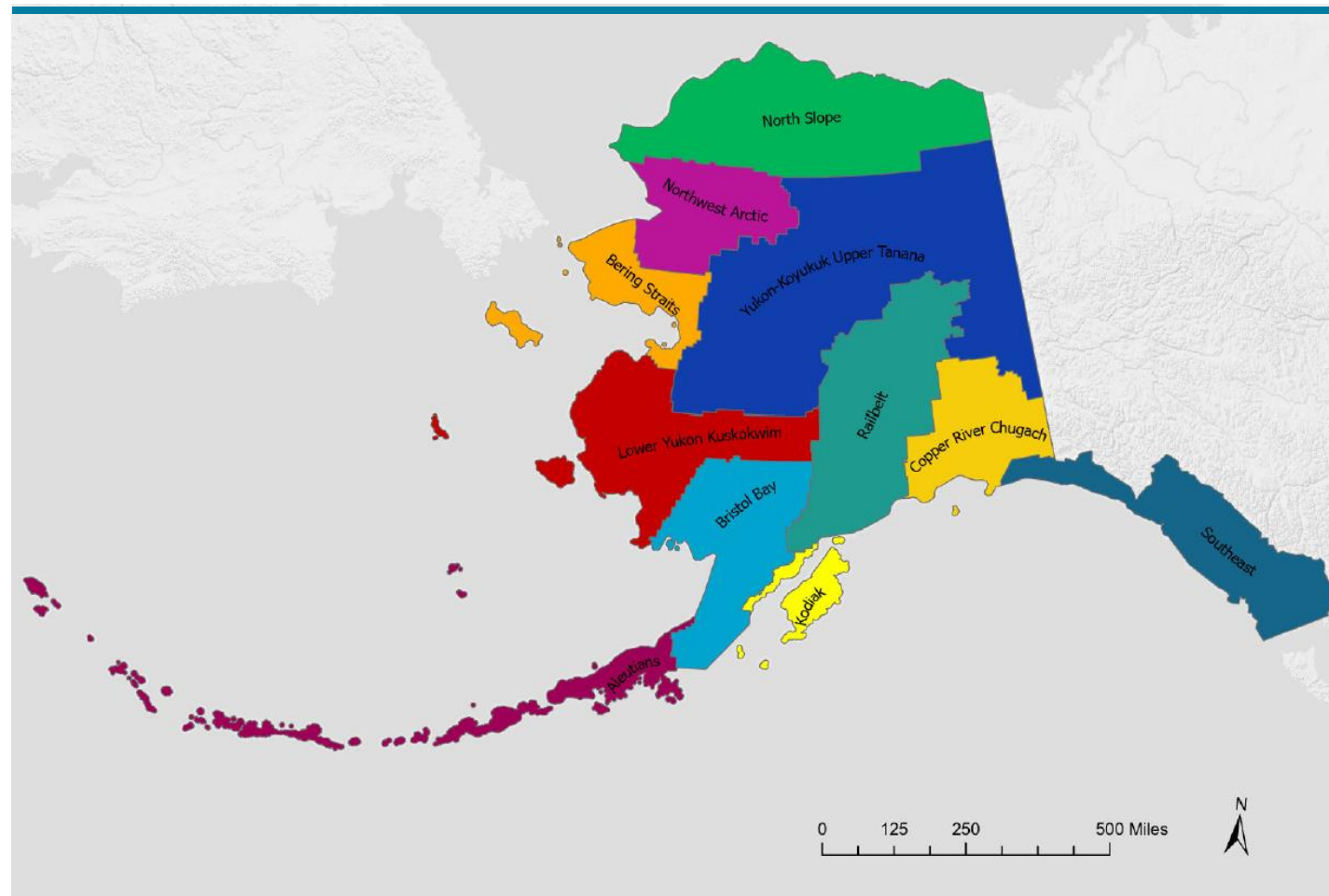
Statute

"...taking into consideration the amount of money available, number and types of projects within each region, regional rank, and statewide rank."

Four Inputs Considered

1. Amount of money available
2. Projects within each region
3. Regional rank
4. Statewide rank

Conducted by **AEA staff** with REFAC input.



REF Funding Limits



TOTAL PROJECT GRANT LIMIT All Phases Combined	\$2 Million		\$4 Million	
PHASE	LOW ENERGY COST AREAS*		HIGH ENERGY COST AREAS**	
Phase 1 — Reconnaissance Phase 2 — Feasibility & Conceptual Design	Phase 1 and 2 combined limited to 20% of anticipated Phase IV cost. Counts toward the total project grant limit.			
Phase 3 — Final Design & Permitting	20% of anticipated Phase 4 cost. Counts toward the total project grant limit.			
Phase 4 — Construction & Commissioning	\$2 million total per project		\$4 million total per project	
EXCEPTIONS				
Biofuel projects	Projects not generating electricity or heat for sale are limited to reconnaissance and feasibility phases, subject to the limits above. Biofuel is solid, liquid, or gaseous fuel produced from biomass, excluding fossil fuels.			
Geothermal projects	Phase 1 and 2 funding capped at 20% of anticipated Phase 4 costs, not to exceed \$2 million / \$4 million. Amounts above the \$2 million cap reduce Phase 3–4 limit dollar-for-dollar; higher feasibility costs reflect test wells.			

How the Limits Work

REF project funding limits are based on the project phase(s).

Low vs. High Energy Cost Areas

*Low Energy Cost Areas

Communities connected to the Railbelt grid or with residential electric rates below \$0.20 / kWh before Power Cost Equalization (PCE). For heat projects, communities where natural gas serves at least 50% of residences, or is expected to be available by project completion.

** High Energy Cost Areas

Communities with residential electric rates of \$0.20 / kWh or higher before PCE. For heat projects, communities without natural gas service.

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