



July 7, 2015

Dear Renewable Energy Fund applicants and interested parties:

The Renewable Energy Grant Fund and Recommendation Program is dependent on annual legislative appropriations. \$11.5 million was appropriated for Round VIII projects. As the State of Alaska continues to reduce the overall state budget, AEA, upon the advice of the Renewable Energy Fund Advisory Committee (REFAC) has incorporated changes to the Round IX solicitation in anticipation of funding levels lower than past years. AEA has been asked to also look for opportunities to better incorporate loans, bonds and other funding mechanisms with the grants to help ensure the continued investment and construction of renewable energy projects.

To better inform AEA and the Alaska Legislature, a new question appears in section 6.2 of the application asking about the potential for project financing.

If the proposed project includes final design or construction phases, what are your opportunities and/or limitations to fund this project with a loan, bonds, or other financing options?

We are interested in feedback on this topic even from those who do not plan to submit an application. Comments on the question may be emailed to Sean Skaling, director of programs and evaluation at sskaling@aidea.org.

Another change this year is an increased focus on using a greater percentage of the grant dollars to fund the earlier stages of project development, recognizing that these important stages of development are generally not financeable, but can lead to financeable projects. The target for the Renewable Energy Fund has historically been 20 percent for reconnaissance and feasibility phases, and 80 percent for final design and construction phases. This year's target has been modified to 50 percent for reconnaissance and feasibility and 50 percent for final design and construction. Those successful projects that advance to construction are more likely to be financeable for construction activities.

In an effort to ensure that any one single project does not receive the bulk of overall program funding, the maximum grant amount per project has been decreased. For communities with low energy costs, the maximum grant amount has been decreased from \$4 million to \$2 million. The maximum amount for communities with high energy costs has been decreased from \$8 million to \$4 million. Designation as a low-cost or high-cost community is included in the request for applications.

Several other minor changes have been incorporated in the application process that will help applicants prepare stronger applications and will streamline the evaluation process.

A goal of the program has been to bring technically and economically-viable renewable energy projects online to decrease reliance on fossil fuels and to provide local energy solutions. As directed by statute, our priority is to target projects in high-cost areas.

REF Round IX Cover Letter

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We appreciate the work from the REFAC and from applicants who continue to set high marks for renewable energy development in Alaska. We look forward to reviewing your applications and hearing your feedback.

Sincerely,

A handwritten signature in blue ink that reads "Sara Fisher-Goad". The signature is written in a cursive style with a large initial 'S'.

Sara Fisher-Goad
Executive Director