

DRAFT SUMMARY

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Chairs of the Alaska State Senate Resources and Energy Committees

State Energy Policy and Program Recommendations

Energy Goals:

- Goal 1:** Ensure all Alaskans have access to reliable energy supplies at the lowest cost over the long-term.
- Goal 2:** Develop Alaska's energy resources in a responsible manner to sustain Alaska's economy and provide for the growth of Alaska's communities and industries.
- Goal 3:** Ensure continued responsible exploration and development of Alaska's oil and gas resources and manage these resources for the maximum long-term benefit of all Alaskans.
- Goal 4:** Reduce the dependence of Alaskan communities on fossil fuels for electricity and heat by developing our renewable and alternative energy resources and by promoting energy efficiency and conservation.
- Goal 5:** Strive to produce 50% renewable energy by 2025 and to increase energy efficiency by 10% by 2015.
- Goal 6:** Maintain a commitment to environmental stewardship and responsible resource development, anticipating the environmental effects of and regulatory response to climate change.
- Goal 7:** Promote energy research at Alaska's universities, energy education in our public schools, and workforce development programs at our post-secondary institutions and vocational schools.

Summary of Program Recommendations and Actions:

Powering Alaska	<ul style="list-style-type: none">• Consolidate the six existing Railbelt utilities into a single entity for the purpose of planning, financing and building future electrical generation and transmission projects with maximum efficiency.• Hold legislative hearings in January to review the Regional Integrated Resource Plan for Southcentral Alaska and identify the best new sources of power production for the Railbelt. Add capital to the Railbelt Energy Fund to help finance projects that provide the lowest cost, most reliable energy for the Railbelt over the long-term.• Provide an additional \$10 million to the state’s Power Project Fund to provide loans for developing and upgrading power systems around the state.• Increase funding for the Rural Power System Upgrade Program to improve the efficiency of diesel power generation in rural Alaska.• Increase funding for the Rural Power Systems Technical Assistance Program to \$200,000 to enable the Alaska Energy Authority to serve more communities, ensuring the reliability of rural power systems.• Fully fund the Power Cost Equalization (PCE) Program and ensure PCE rules are not a disincentive to developing local renewable energy sources and increasing energy efficiency.• Complete an Integrated Resource Plan for Southeast Alaska to prioritize Southeast power projects. Continue to develop Southeast Alaska’s regional electric grid and hydropower systems to interconnect Southeast communities with renewable energy supplies.• Broaden the scope of the Southeast Alaska Energy Fund and capitalize it.• Increase funding for the Bulk Fuel Upgrade Program to \$5 million a year for the next 3 years to ensure that communities have adequate storage to make cost-cutting bulk fuel purchases.• Revise the interest rates for the Bulk Fuel Revolving Loan Program and Bridge Fuel Loan Program to provide an incentive for communities to maintain good credit and business practices.• Increase state funding for programs that train power plant and bulk fuel operators as funding from
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	<p>the Denali Commission declines.</p>
<p>Heating Our Homes</p>	<ul style="list-style-type: none"> • Invest an additional \$150 million in the state’s Weatherization Program and \$50 million in the state’s Home Energy Rebate Program over the next several years. • Expand the state’s Heating Assistance Program in years when the state has a budget surplus and fuel prices are high to assist more Alaskan families struggling to heat their homes.
<p>Maximizing Energy Efficiency</p>	<ul style="list-style-type: none"> • Reduce demand statewide for electricity and heating fuels by 10% by 2015 through adoption of energy efficiency measures. • Draft legislation to create an ongoing appliance rebate program to encourage Alaskans to replace inefficient appliances. • Provide technical assistance to businesses to help them reduce their energy consumption and improve profitability. • Fund an ongoing “Smart Meter” or building energy monitor program to enable consumers to reduce energy use in response to meter readings. • Conduct a comprehensive public education campaign to increase energy efficiency and conservation statewide. • Work with school districts and the state Department of Education to encourage integration of energy efficiency lessons into K-12 curriculum. • Consider decoupling utility revenues from sales to provide greater incentives for utility promotion of and investment in energy efficiency. • Provide technical assistance to local governments interested in adopting energy efficiency standards for residential and commercial buildings. • Implement a voluntary Energy Efficiency Labeling Program for buildings. • Make low-interest loans available to Alaska’s commercial fishers for energy efficiency upgrades.
<p>Investing in Renewable Energy</p>	<ul style="list-style-type: none"> • Pass SB 31, incentivizing the development of renewable energy sources through state production tax credits. • Establish a low-interest loan program for businesses, households, non-profits, and others interested

	<p>in investing in renewable energy systems.</p> <ul style="list-style-type: none"> • Lower the interest rate for Power Project Fund loans to utilities for renewable energy projects. • Continue to appropriate at least \$50 million a year through 2012 to the Renewable Energy Fund. • Establish renewable energy portfolio standards or goals for the state. • Consider legislation to institute a net-metering program. • Encourage utilities to offer customers renewable energy purchase plans, such as Golden Valley Electric’s SNAP program.
<p>Ensuring that Energy Is Affordable for Alaskans</p>	<ul style="list-style-type: none"> • Ensure Alaskans pay a fair price for the energy they consume through price gouging or related legislation. • Consider proposals to smooth out heating fuel price volatility or lower fuel prices when oil prices skyrocket. • Create predictable pricing methodology for Cook Inlet gas, either in statute or by requiring the Regulatory Commission of Alaska to work with stakeholders to develop one. • Charge the Alaska Energy Authority with helping to develop a statewide fuel-buying cooperative to reduce costs for Alaskans.
<p>Developing Alaska’s Resources</p>	<ul style="list-style-type: none"> • Fully support efforts to bring Alaska’s North Slope natural gas to market. • Evaluate Alaska’s natural gas tax regime to ensure it maximizes returns to the state for its gas resources, while providing a reasonable incentive to monetize Alaska’s gas. • Promote environmentally responsible drilling off Alaska’s coast with significant sharing of associated revenues between the state and federal government. • Support the development and extraction of Alaska’s heavy and viscous oil resources and the establishment of Alaska as a world center for heavy and viscous oil research and development. • Maintain pressure on Congress to authorize oil and gas development in the Arctic coastal plain. • Advocate for U.S. Senate ratification of the Law of the Sea Treaty to enable greater oil and gas development off Alaska’s coast.

	<ul style="list-style-type: none"> • Advocate for responsible oil and gas development within the National Petroleum Reserve, Alaska by offering regular lease sales and streamlining permitting, while avoiding sensitive wildlife areas. • Support the Administration’s efforts to expedite oil and gas exploration and development at Pt. Thompson. • Closely monitor all state oil and gas leases to ensure that leasees actively explore and develop state lands. Ensure that the Department of Natural Resources has adequate staffing to monitor lease activity. • Adequately fund efforts to evaluate the costs and benefits of constructing a bullet line from the North Slope to the Railbelt. Assess project feasibility, private sector interest in the project, and whether state participation is needed. • Provide incentives for new oil and gas development in Cook Inlet, such as tax credits or matching grants for exploration and creating state/private sector partnerships. • Support efforts to develop additional storage capacity for natural gas in Southcentral Alaska, open to all Cook Inlet producers. • Maintain the viability of the Flint Hills refinery and prepare an action plan to ensure its survival. • Support responsible exploration and development of Alaska’s coalbed methane resources, while providing for meaningful public participation in development decisions. • Support the development of underground coal gasification technology in Alaska and draft legislation to craft a regulatory structure and permitting process appropriate for this technology. • Support efforts to separate propane from North Slope natural gas and transport it to communities around the state as a lower cost, local fuel source. • Support efforts to explore for natural gas in the Nenana Basin, Gubik Field and other promising areas. Maintain a comprehensive and accessible database on the resource potential of state lands for potential explorers, and provide predictable access to state lands.
<p>Leading By Example: State Government Initiatives</p>	<ul style="list-style-type: none"> • Set energy savings targets for state agencies. • Pass SB 121, directing the Department of Transportation and Public Facilities to adopt energy efficiency standards for new public facilities and to retrofit existing facilities.

	<ul style="list-style-type: none"> • Adopt regulations favoring the procurement of equipment bearing the “Energy Star” label. • Use energy efficient broad spectrum lighting sources on roadways, where safe and cost-effective. • Adopt a policy that favors the purchase of high-efficiency vehicles for the state fleet. • Commit to purchasing renewable energy, wherever available and affordable, for state use. • Incorporate viable renewable energy sources into the planning, construction, and operation of new public works projects.
<p>Moving Forward: Transportation In the 21st Century</p>	<ul style="list-style-type: none"> • Appropriate up to \$3 million annually in matching funds to support community transit systems and enable local governments to secure federal funds. Consider creating a Community Transportation Trust Fund to provide long-term support for public transit programs. • Remove from state law current limits on the percentage of State Transportation Improvement Program funds that can be spent on alternative transportation infrastructure. • Consider creating a grant fund to incentivize purchase of electric cars and help local governments install recharging stations.
<p>Supporting Emerging Energy Technologies</p>	<ul style="list-style-type: none"> • Pass SB 150, creating and funding a grant program targeted toward the development of “pre-commercial” energy technologies that have a reasonable expectation of commercial viability within five years. • Support projects that employ liquefaction technologies, including gas-to-liquids and coal-to-liquids, to convert Alaska’s natural gas and coal resources into synthetic fuels. • Support resource assessment, feasibility studies, and the research and development of hydrokinetic and wave energy technologies in order to encourage the development of Alaska’s vast in-river, tidal, ocean current, and wave energy resources. • Support the assessment and study of North Slope gas hydrates and the research and development of gas hydrate extraction technologies. • Assess Alaska’s largest landfills to determine the feasibility of capturing landfill gas and other waste products to generate heat and/or electricity. • Develop and maintain baseline data needed for conducting applied energy research in Alaska.

Providing Jobs For Alaskans	<ul style="list-style-type: none">• Ensure adequate and ongoing funding for energy-related job training programs.• Encourage the University of Alaska to strengthen energy-related education programs.
Safeguarding Our Environment	<ul style="list-style-type: none">• Schedule legislative hearings to consider the recommendations of the Alaska Climate Change Sub-Cabinet in an effort to help mitigate the root causes of global climate change.• Ensure that Alaska’s interests are fully considered in climate change legislation being debated by Congress.
Ensuring a Bright Energy Future For Alaska	<ul style="list-style-type: none">• Evaluate the administration of state energy programs and the desirability of centralizing energy offices to increase efficiency and focus greater attention on meeting the state’s energy needs.