

# How Energy 20/20 Affects Alaska

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## ***Introduction***

Energy 20/20 is a nationally focused document meant to begin a conversation about where energy and natural resource policies should go over the next few years. It is intended as a blueprint for discussion, not an “energy plan” in and of itself.

Energy 20/20 focuses on the importance of making energy *abundant, affordable, clean, diverse, and secure*. It includes ideas under seven headings: producing more, consuming less, clean energy technology, energy delivery infrastructure, effective government, environmental responsibility, and “an energy policy that pays for itself.”

While Energy 20/20’s concepts were developed to improve the entire country’s energy future, this fact sheet shows how Alaska would benefit.

## ***Producing Alaska’s Oil and Gas***

### **Revenue sharing:**

- Direct a share of revenues to participating offshore energy producing states – including offshore wind, tidal and wave generation – and establish permanent revenue sharing (as is established for onshore development) from leasing, bonus bids, rents, and royalty receipts at 27.5 percent, with provision for direct partial payments to affected coastal communities.
- Allow an additional 10 percent to be directed to state to establish fund to support energy research and development, alternative and renewable energy, energy efficiency, and conservation.

### **National Petroleum Reserve-Alaska (NPR-A):**

- Immediately place NPR-A into full availability for oil and natural gas leasing, consistent with its statutory designation.
- Thoughtfully develop NPR-A with roads, bridges, and pipeline facilities to promote broad onshore development of the diffuse resource base and allow for the transportation of oil and natural gas from offshore fields in the Chukchi Sea to the Trans-Alaska Pipeline System (TAPS).
- Expressly withdraw “roadless” options for the NPR-A from consideration.
- Honor the leasing deferral in and around Teshekpuk Lake through 2018.

### **Arctic National Wildlife Refuge (ANWR):**

- Open the ANWR coastal plain (1002 area) to exploration and production. Require timely lease sales
- Streamline and simplify the permitting process
- Designate a fund, in cooperation with the North Slope Borough and derived from a fraction of the statutory revenue share, to mitigate the effects of exploration and development
- Provide for a 50 percent-50 percent federal-state revenue sharing split rather than the 10 percent-90 percent federal-state split as provided for under current law.

### **Offshore safety:**

- Amend law to provide for an updated liability regime to ensure that no oil spill victim ever goes uncompensated, that U.S. tax dollars are never required to compensate for a spill, and that operators face substantial consequences for major avoidable incidents, while ensuring the U.S. oil and gas industry remains competitive throughout the world.

**Gas line/Liquefied Natural Gas (LNG) exports:**

- Carefully observe and evaluate DOE processing of applications for exports of LNG, and, as necessary, update, and clarify LNG export rules to provide certainty both to gas-dependent industries and to potential investors in export facilities, ensuring that the U.S. moves toward improved trade balance and energy security.
- Winning an export license will be vital for an Alaska gasline project, as currently being proposed.

**Permitting office:**

- Create a combined federal permitting office for oil and gas activities in Alaska's OCS to streamline permitting, reducing costly delays, and increase staffing levels at the Department Interior, National Marine Fisheries Service, and Environmental Protection Agency to review permits.

**Energy development on Native lands:**

- Include provisions to streamline approvals, improve energy exploration opportunities and fund economic development and environmental planning efforts to increase energy production from Indian reservations and Native-owned lands nationwide.
  - The 44.5 million acres owned by Indian tribes in the Lower 48 and the additional 44 million acres owned by Native Corporations in Alaska represent some of America's best prospects for coal, oil, and natural gas discoveries.
  - By some estimates, these lands hold up to a fifth of the nation's unutilized energy potential.

**Mining:**

- Prevent Environmental Protection Agency (EPA) efforts to take over bonding of hardrock mining operations under Section 108(b) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), because BLM, USFS, and many of the states already administer sufficient programs in this area.
- Evaluate the impact on small miners of certain Mine Safety and Health Administration regulations that may be more appropriately imposed upon large operations, and consider providing for different treatment of such operations – while continuing to ensure safety and health of all involved – depending on their scale and the resources available to the operators for compliance.

**Alternative fuel cold weather demonstration project:**

- Fund coal-to-liquid demonstration plants, perhaps one in Alaska, to provide CO<sub>2</sub> for enhanced oil recovery and to reduce liquid (aviation) fuel costs in Southcentral Alaska.

## ***Diversifying Alaska's Energy Mix***

### **Methane hydrates and other unconventional gas resources:**

- According to the USGS, Alaska contains between 560 and 600 trillion cubic feet of methane hydrate onshore and approximately 160,000 TCF offshore.
- Expedite research on methane hydrate well flows to prove that methane will continue to 'flow' to the surface after drilling efforts.
- Increase funding for environmental reviews of the effects of liberating methane hydrates, the resulting land impacts, and for research already underway by the DOE National Energy Technology Laboratory.
- Fund greater research into the use of ammonia as a power-fuel source of the future.
- Provide royalty relief from drilling on federal lands for the first five projects until a total of 25 TCF of gas is produced from federal resources.

### **Hydropower:**

- Recognize hydropower as a renewable resource for purposes of any federal program or standard.
- Increase FERC's rated capacity for small projects from five to 10 megawatts.
- Prohibit FERC from assessing federal land-use fees on hydropower projects when the federal government no longer owns the land at issue (assists 10 projects in Alaska).
- Provide technical assistance on applicable environmental analyses that could save Susitna-Watana substantial environmental permitting costs.

### **Marine hydrokinetic power:**

- The Electric Power Research Institute has estimated that our nation's ocean resources contain enough energy to produce 2,640 million megawatt hours of electricity per year, with 40 percent of this capability off Alaska.
- To develop wave, current and tidal energy we should:
  - Promote increased research into marine hydrokinetic devices and grid integration.
  - Develop or support up to four testing facilities for marine hydrokinetic technologies.
  - Establish a marine-based energy device verification program that could be very helpful to Alaska project developers.

### **Geothermal aid:**

- Nearly 40 percent of Alaska lies in areas where geothermal energy could reduce fossil fuel costs.
- In order to benefit we need to:
  - Fund mapping of subsurface heat Zones to reduce costly resource exploration efforts.
  - Provide aid to reduce the risk of high-risk, non-performing wells and provide aid for enhanced geothermal system technology, which could have helped Naknek, and continue aid for low-temperature systems, as used at Chena Hot Springs.

## ***Ending Federal Overreach***

### **Public land use:**

- Prevent wild lands and roadless policies from prohibiting access to natural resources on federal lands.
- Limit future federal administrative land removals to areas less than 5,000 acres in accordance with ANILCA and require Congressional ratification within a brief time, such as 90 days. To administer this program:
  - Create a land swap system whereby lands removed from productive use must be replaced by ceding federal lands to state or private ownership.
  - Study interest in federal land sales to states or private bidders.
- Require BLM to fulfill the federal government's responsibility to clean up legacy (oil-gas) wells in Alaska and reclaim these sites.

### **Land conveyance:**

- The Federal Government must fulfill its land conveyance obligations immediately. Not only is this an unfulfilled promise, but the Federal Government cannot actually pay for and manage the land it currently oversees.
  - The Department of the Interior has a clear legal obligation to convey lands to the State and Natives of Alaska. Alaska entered the union in 1959, but the State is still 5.13 million acres short of even tentative conveyance of land, having received just 59.3 percent of its lands by final patent promised 54 years ago.
  - Alaska Native Corporations also still await tentative conveyance of 1.97 million acres, having received final patent to just 32.3 million acres of the 45.7 million granted Natives largely through the Alaska Native Claims Settlement when they settled their aboriginal land claims in 1971.

### **Regulatory reform:**

- Reform environmental permitting, which has become overly burdensome, time consuming, expensive and uncertain.