

Testimony of Governor Bill Walker, State of Alaska
Senate Energy & Natural Resources Committee

February 15, 2016

Bethel, Alaska

Chairwoman Murkowski, Ranking Member Cantwell, and honorable committee members. Welcome to the great state of Alaska. Thank you for this opportunity to share Alaska's energy challenges and opportunities.

When I first met President Obama in December of 2014, shortly after I had been sworn in to office, I told him that Alaska is the most energy-rich state in the country, but we pay some of the highest energy costs in the country, if not the world.

He was surprised to hear that. It is indeed ironic that Alaska is rich in oil and gas reserves and potential, yet too many Alaskans struggle in so-called third-world conditions.

Last summer, I traveled through rural parts of the state—to villages like Akiachak, Tuluksak and Chalkyitsik. The residents there power their homes and schools with diesel generators. In some rural communities, residents spend 50 percent of their household income on heat and electricity. Imagine half your family's income going to your heat and electric bill. It's just not sustainable.

The high costs of energy are driving many young people out of their communities. In Chalkyitsik, so many families are leaving that the local school is on the brink of closure—which means the price of electricity will be even higher for the rest of the community. Worse still, the loss of the school can mean the loss of the community's heart and soul.

The high cost of energy affects every part of rural life. In many of our villages, \$10 for a gallon of milk is not uncommon. That's because of high transportation and energy costs. It's all connected.

We have a program to help rural residents cope with the high costs of energy, called Power Cost Equalization. But it's only a Band-Aid. A better solution is to produce cheaper power. And we're doing everything we can to make that happen.

Alaska is blessed with natural resources beyond compare – oil, natural gas, hydro, wind energy, solar energy, geothermal energy, tidal energy. You name it, we have it in abundance.

But it can be difficult to develop. You've gotten a sense of our vast landscape flying here. If you split Alaska into two states, Texas would still be the third-largest state. This remoteness, combined with our harsh weather and limited infrastructure make development of our energy resources challenging.

But it's absolutely critical for our economic future that we do. We're committed to being a leader not only in traditional energy but renewable and alternative energy. And we've put our money where our mouth is.

- In 2008, the Alaska Legislature established the Renewable Energy Fund, supported by state funds. We've provided a quarter-billion dollars in grants for projects around the state. Those projects now displace more than 20 million gallons of diesel per year and reduce carbon emissions by 147,000 metric tons.
- We've shown what can be accomplished. Kodiak Island, for example, now produces 99.7 percent of its energy from renewables.
- Alaska established the Emerging Energy Technology Fund in 2010 to help advance innovative demonstration projects. The fund has awarded more than \$16 million in mostly state monies for 20 innovative projects.
- We adopted an energy policy in 2010 aiming to achieve 50 percent of the state's electric generation from renewable and alternative energy sources by 2025.
- That policy also calls for a 15 percent increase in energy efficiency by 2020.
- We demonstrated our commitment to that goal just this month. The Alaska Energy Authority and my office were pleased to support and cooperate with the President's Remote Alaska Community Energy Efficiency (RACEE) competition. I thank Secretary Moniz for your role in that program, which will help Alaska communities reach or exceed their goal of increasing energy efficiency by 15 percent by 2020.
- We passed legislation directing 20 percent of our royalties from the state's natural gas pipeline project to an Alaska affordable energy fund to support development of much-needed energy infrastructure across the state.

Don't just take it from me about all we're doing. The *Washington Post* wrote last summer:

Alaska, a vast landmass with harsh winters and many remote Native towns and villages facing dramatic electricity costs, has become an important and unique innovator in renewable energy. The implications extend far beyond the state. From Africa to small Pacific Island chains, successfully powering gridless, remote or underdeveloped communities with renewable energy, and easing their reliance on fossil fuels, is one of the biggest energy challenges of the century.¹

¹ "Alaska's quest to power remote villages – and how it could spread clean energy worldwide," by Chris Mooney, *Washington Post*, August 14, 2015.

I'm proud of the leadership and commitment Alaska has shown when it comes to energy innovation.

I want to thank all of you for the hard work your committee put into the Energy Modernization Policy Act. I have a lot of respect and appreciation for the collaborative and open approach you took. I strongly support the bill – of course I wish it included access to the nation's oil reserves in the Arctic National Wildlife Refuge, but I understand that will have to wait for another day.

As you may know, more than 60 percent of our state land is under federal control. Outside of Alaska and the 11 western states, the federal government controls just 4 percent. Alaska has 86 percent of the nation's Fish and Wildlife Service lands. Sixty-six percent of all National Park land in the nation is in Alaska. We simply cannot meet our challenges and continue to live up to the promise of self-sufficiency without reasonable access to our resources.

I urge your committee to continue working to provide that opportunity for Alaska to continue to supply the nation with the petroleum and mineral resources, and reduce our dependence on foreign supplies.

The Obama Administration has wisely embraced an "all-of-the-above" energy strategy. Renewable energy, energy efficiency, natural gas, and oil are all part of it.

And Alaska has a role to play in all of it. We want to self-heal our fiscal challenge. We want to contribute to the nation's energy security. We want to lead and innovate. The Senate energy bill will help us get there. The bill would help Alaska produce more of our abundant energy and minerals.

I also want to thank President Obama and acknowledge the Department of Energy for your commitment to Alaska. We appreciate the \$40 million for Arctic-focused investments in your FFY 17 budget, including \$4.5 million for much-needed onsite technical support. That funding would help us build on the momentum we've created in Alaska, and I urge the Senate to support it.

I also want to note that with all the energy needs and potential in Alaska, we would welcome greater DOE presence here. DOE has a one-person Office of Indian Energy in Alaska. That is the sole fulltime DOE employee based in Alaska. We need a broader DOE presence here to maximize our partnership and make sure federal energy money for Alaska's needs actually reaches Alaska, and is used as effectively as possible.

This is a partnership. Your energy bill along with proposed federal funding can help ensure that Alaska has the ability and means to develop our energy resources. We can become a world leader in renewable, alternative and microgrid energy technologies. We can bring down the

high costs of living in rural Alaska. We can solve our budget problems and continue to support ourselves in the 49th state.

Thank you again for your interest in Alaska's unique energy challenges and opportunities. I look forward to ongoing collaboration between the state and federal partners to maximize these opportunities.