

Consumer Energy

Priority Issues

- 1) Lack of collaborative leadership
- 2) Energy efficiency and conservation
- 3) Affordable, stably-priced, reliable energy for all Alaskans
- 4) Lack of distribution infrastructure (*existing but inadequate; absence in majority of state*)
- 5) Sustainability

1. Lack of Collaborative Leadership

Goals

- Enhance collaborative leadership on energy development to engage government, local communities, industry, and utilities
- Consolidate efforts on consumer energy projects
- Ensure state agency leadership represents a balance of regions, stakeholders, and skills

Team Summary

The top priority for the Consumer Energy team is to improve collaboration on energy issues among the Governor's office, administration, Legislature, local communities, industry, and utilities. Currently, the state's efforts are divided between multiple projects led by different agencies and proponents, which do not provide comparable benefits across the state. Collaborative leadership at the Governor's level would consolidate these efforts and provide a clear path forward on energy solutions that meet the needs of all Alaskans. Furthermore, the complex relationships between demand, energy production, long-term jobs and stimulation of diversified economic development should be included in all planning efforts.

The team agreed on several strategies to address this. First, the Governor should set priorities and decide "go" or "no-go" on major projects. Second, a Cabinet-level position should be established to advise the Governor on consumer energy issues, such as "Senior Energy Advisor to the Governor." Third, the Board of Directors for state agencies that spearhead consumer energy projects should be reconfigured to represent Alaskans more broadly.

The Alaska Energy Authority (AEA) and Alaska Industrial Development and Export Authority (AIDEA) boards are made up of the same members. These boards should be separated and reconstituted to capture appropriate skill sets and fairly reflect the various stakeholders, needs and the diversity of the varied regions and lifestyles of Alaskans.

Recommendations

- Develop and implement action plan on consumer energy within four months
- Governor decides “go” or “no go” on major projects
- Establish a consumer energy Cabinet-level position, not embedded in an agency
- Dismiss existing AIDEA/AEA Board and reconstitute as two boards (with balanced representation of stakeholders and regions)

2. Energy Efficiency and Conservation

Goals

- Pursue energy efficiency and conservation at all levels as immediate, low-cost solutions to reducing cost and demand for energy
- Prioritize programs based on economic need
- Incentivize buy-in from individuals, businesses, municipalities, utilities and financing entities, both private and public.
- Educate consumers and operators

Executive Summary of Comments

The consumer energy team acknowledged the impact of energy costs in every budget. We identified energy efficiency and conservation as a top priority, offering immediate economic relief to those who need it most. There were many ideas related to financing and structuring energy efficiency and conservation programs to ensure they have the greatest impact.

Programs should be prioritized based on energy costs as a percentage of disposable income as well as environmental and health factors, such as in areas of high pollution.

A statewide building efficiency standard is essential to improve building performance and meet energy reduction targets. This State code should reflect these standards based on factors present in each region. This includes climate, economics, and environmental, social and cultural components. Any publically or privately financed project should be mandated to meet this new code.

Weatherization and energy efficiency programs that have proven returns should be continued and expanded.

This includes programs such as the Alaska Housing Finance Corporation's Home Energy Rebate Program, which saves the average participants 33% on energy annually in areas where it was utilized. Additional programs must be developed to serve regions of the state that have underutilized existing programs and have critical need. All energy efficient programs should seek to incorporate local economic development, such as manufacturing and workforce development. This should be a multi-year strategy to provide long term local economic activity related to implementation. Local involvement in these activities should be prioritized.

The Power Cost Equalization program should be optimized to ensure it is achieving the goal of reducing costs to the end-user while encouraging and rewarding energy efficiency and renewables.

To ensure energy efficiency and conservation efforts are successful education must be incorporated at every level -- from kindergarten through university and vocational schools to continuing education for homeowners and facility operators.

Recommendations

- Establish measurable targets for reducing energy use statewide
- Develop regionally appropriate statewide building codes with energy efficiency standards to guide weatherization and retrofit work as well as new construction.
- Prioritize needs based on energy costs as a percentage of disposable income
- Continue and expand effective weatherization/efficiency improvement programs
- Optimize Power Cost Equalization program to encourage energy efficiency and renewables, as mandated by statute
- Support education of consumers and operators/owners

3. Affordable, cost-stable, reliable energy for all Alaskans

Goals

- Implement policies and infrastructure within 4 years to reduce the cost of energy for all Alaskans

Executive Summary of Comments

This vision involves a great amount of planning and collaboration between many partners - including state and federal government, industry, utilities, Native corporations, and the environmental community.

To facilitate this ambitious goal, a cabinet-level position should be appointed to escalate this critical issue to the Governor's office and to serve as the point of contact for priorities, changes and development of resolutions.

Recommendations

- Conduct stakeholder roundtables to develop actions/plans
- Appoint cabinet-level position to identify changes and develop resolutions
- Reconstitute Alaska Royalty Oil and Gas Development Advisory Board to explore ways to create equitable energy distribution for all Alaskans.
- All recommendations in all categories as identified by the committee apply to Priority Action Item 3

4. Lack of distribution infrastructure

Goals

- Prioritize development of statewide transmission grid and evaluate options to deliver gas across the state
- Integrate transmission resources along the Railbelt
- Support an Alaska LNG project
- Ensure Interior Energy Project is completed and achieves established community goals
- Lower capital cost of energy projects through regional consolidation

Executive Summary of Comments

The lack of energy distribution infrastructure is a major obstacle to providing affordable energy throughout Alaska. To address this, the state must pursue a statewide electric transmission system as well as select a Liquefied Natural Gas project and begin developing a statewide plan to distribute gas across all regions.

We can reduce the cost of power through integrated distribution. Infrastructure that already exists should be improved to provide greater access to affordable energy, such as integrating all transmission resources along the Railbelt. For new energy projects, the state should focus on developing regional grids instead of stand-alone power plants, thus optimizing energy infrastructure construction and operating costs.

Additionally, the state should provide the resources necessary to bring affordable energy to the Interior, as visualized by the Interior Energy Project.

Recommendations

- Mandate integration of transmission resources in Railbelt by 2016
- Establish appropriate regulations providing support for stranded generation cost recovery; develop plan to fund necessary transmission capacity upgrades to optimize least-cost generation; encourage independent power purchase agreements with private sector producers
- Prioritize development of statewide transmission grid
- Evaluate options to deliver gas across the state

- Support an Alaska Liquefied Natural Gas project
- Provide resources necessary to complete the Interior Energy Project and achieve established community goals
- Lower capital cost of energy projects through regional consolidation
 - build regional grids instead of stand-alone power plants and fuel storage facilities
 - re-allocate limited state funds to projects that result in near-term cost benefits to consumers

5. Sustainability

Goals

- Assess prior studies for current applicability
- Reduce energy consumption to levels that are economically and environmentally sustainable
- Ensure local workforce participates in projects
- Pursue diversity in industry and support local value-added industry
- Seek holistic approach to accessing implementation of sustainable renewables

Executive Summary of Comments

The team agreed that Alaska's energy policy must factor in sustainability. This was defined as energy solutions that promote the long-term health of the economy, the resources, and the culture of Alaska. A sustainable energy policy would reduce consumption of fossil fuels through focusing on conservation and developing alternative energy sources. Additionally, adding value to Alaska's non-renewable resources also advances sustainability, for example, through building industry and jobs around fossil fuels and providing jobs and benefits to all Alaskans. Several barriers were identified for this policy goal. It would require a complete revamping of how state projects are currently developed. Proven and developing technologies that utilize renewable energy for long-term production should be encouraged and prioritized. Financial mechanisms used must reflect this sustainable approach. This includes encouraging private sector approaches to renewable energy production.

Recommendations

- Assess recommendations in prior studies (for example, *Alaska Energy Pathway, 1981 Stone and Webster Alaska Energy Options Report*)
- Ensure local workforce participates in energy projects
- Incentivize diversity in manufacturing and adding value to Alaska resources
- Focus on reducing energy use as low hanging fruit
- Utilize proven and developing technologies
- Encourage private sector funding and partnerships