

MEMORANDUM

To: SWAMC Board of Directors

From: Southwest Alaska Energy Task Force

Date: October 23, 2006

Re: Comprehensive Energy Development Policy

Due to a heavy dependence on petroleum fuels, small economies of scale, limited transportation and delivery options, and a lack of technical and administrative capacity, high energy costs have become a significant barrier to cultural, social, and economic well-being throughout the SWAMC region. As a product of the Southwest Alaska Rural Energy Project, the Southwest Alaska Energy Task Force was empanelled to issue energy development policy recommendations to the SWAMC Board of Directors. The following recommendations have been made by the Southwest Alaska Energy Task Force. These recommendations expand upon and are consistent with the energy development strategies outlined in previous CEDS documents. Emerging as the predominant focus—from the various additions and refinements—is to aggressively advocate for a revised statewide energy development framework.



Resolution 07 - 05

A resolution of the Southwest Alaska Municipal Conference in support of the Southwest Alaska Comprehensive Energy Development Policy

- WHEREAS, Southwest Alaska is heavily dependant upon petroleum fuels for power generation and space heating needs; and
- WHEREAS, Small economies of scale and delivery schedules increase already high fuel costs; and
- WHEREAS, There is innate and understandable reluctance from communities and policy makers to shift from previously tried and dependable petroleum energy sources to renewable and alternate energy sources as yet undemonstrated in rural Alaska; and
- WHEREAS, Communities lack financial resources to purchase renewable and other alternative energy systems; and
- WHEREAS, Available financial resources are used to maintain bulk fuel storage and power generation facilities and purchase bulk fuel; and
- WHEREAS, There is severely inadequate financial support for renewable and other alternative energy project development from the State of Alaska and the Federal Government; and
- WHEREAS, There is a lack of long-term financial incentives from the State of Alaska and the Federal Government made available to both for- and non-profit entities for renewable and alternative energy project development; and
- WHEREAS, Funding agencies place little emphasis on life-cycle costs of energy systems in project selection process; and

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- WHEREAS, Energy systems with the lowest capital costs typically provide small communities with new and improved energy systems; however, they generally cannot afford the fuel to run the system; and
- WHEREAS, High-Cost energy is not conducive to commercial/industrial growth; and
- WHEREAS, Regional out-migration due to high energy costs disallows utilities to promote residential end-use energy efficiency and conservation because it would further decrease electric loads; and
- WHEREAS, Utility problems are compounded with delinquent accounts on the rise; and
- WHEREAS, SWAMC communities and power producers have clearly documented their desires to establish bulk fuel cooperatives and develop all locally viable renewable and alternative energy resources; and
- WHEREAS, The Southwest Alaska Energy Task Force was empanelled to issue energy development policy recommendations to the SWAMC Board of Directors.

NOW THEREFORE BE IT RESOLVED that the Board of Directors of the Southwest Alaska Municipal Conference fully support the Southwest Alaska Comprehensive Energy Development Policy developed by the Southwest Alaska Energy Task Force; and

Section 1. Directs SWAMC staff to incorporate the Comprehensive Energy Development Policy into the next annual update of the Southwest Alaska Comprehensive Economic Development Strategy; and

Section 2. Encourages Southwest Alaska communities, businesses, and organizations to adopt resolutions in support of the Southwest Alaska Comprehensive Energy Development Policy and the tactics outlined within.

PASSED AND ADOPTED by a duly constituted quorum of the Southwest Alaska
Municipal Conference Board of Directors this th day of, 2006.

Signed:

Attest:

Glen Gardner
President

Wanetta Ayers
Executive Director

Goal II: Community Development: Facilitate and support efforts to improve the quality of life for communities in Southwest Alaska, thereby creating an environment for sustainable economic development.

Objective A: Infrastructure Development: The communities of Southwest Alaska have a sustainable public infrastructure sufficient to accommodate economic development and provide for an enhanced quality of life.

Strategy 3: Reduce energy costs, promote energy efficiency upgrades, promote renewable and alternative energy sources throughout Southwest Alaska, and advocate for statewide energy development policy reform.

SWAMC Role and Partners:	Tactics and Tasks:	FY 07			FY 08	FY 09	FY 10	FY 11
		3 months	6 months	12 months				
<p>SWAMC Energy Task Force:</p> <ul style="list-style-type: none"> • Liaison with agencies, partners • Evaluate policies, alternatives • Draft SWAMC positions <p>SWAMC Board:</p> <ul style="list-style-type: none"> • Review Committee recommendations • Make referrals and recommendations <p>SWAMC Staff:</p> <ul style="list-style-type: none"> • Facilitate work of Energy Task Force • Distribute information to members and communities • Collect and prepare comments • Distribute comments as directed <p>Partners: Alaska Building Science Network, APIA, SECAP, Naknek Electric, Nushagak Electric, TDX Power, AVEC, Kodiak Electric, G & K Inc., UAF-Bristol Bay Extension, BBNA, KANA, Alaska Energy Authority, Renewable Energy Alaska Project, Denali Commission, DOE, Juneau Economic Development Council, USDA Rural Development, Tribal Entities, Communities, Boroughs, Village and Regional Corporations, and Regional power producers</p>	a. Technical Assistance							→
	i. Encourage communities and organizations to formally identify high cost energy as a number one concern and lowering energy costs as a number one priority							
	ii. Encourage establishment of fuel cooperatives							→
	iii. Seek and develop resources to assist regional utilities with administrative and financial activities							→
	b. Support and facilitate the research and development of renewable and alternative energy development							→
	i. Encourage the local recycling of all residual fuel products including biomass feed stocks							→
	c. Continue to administer an end-use energy efficiency strategy for the region and seek additional funding sources for implementation.							→
	d. Advocate for a redeveloped state-wide energy framework							→

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Objective A: Infrastructure Development: The communities of Southwest Alaska have a sustainable public infrastructure sufficient to accommodate economic development and provide for an enhanced quality of life.

Strategy 3: Reduce the energy costs, promote energy efficiency upgrades, promote renewable and alternative energy sources throughout Southwest Alaska, and advocate for statewide energy development policy reform.

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		3 months	6 months	12 months				
See previous page for information	i. Establish a state Renewable Energy Fund to be administered by an Alaska Renewable Energy Trust and funded by general appropriations							
	ii. Establish a state Alternative Energy Fund to be funded by general appropriations							
	iii. Seek long-term financial incentives from the State of Alaska and the Federal government to be made available to both for and non-profit entities for renewable and alternative energy project development							
	iv. Advocate for energy policies that will assist the realization of the benchmarks listed below							
<p>Measures: Comprehensive database of energy costs in region; inclusive list of renewable and alternative energy feasibility studies conducted and projects developed in region; inclusive list of petroleum fuel purchase patterns, payment schedules, and credit worthiness in region</p> <p>Benchmarks: Achievement of 99% collection rates on electricity sales by 2010; reduction of electricity costs per kWh to 50% below 2005 levels by 2015; reduction of diesel fuel used for power generation to 50% below 2005 levels by 2015; generation of 25% of electricity with renewable energy resources by 2015; reduction of the cost of electricity per kWh—in all communities—to within 5 cents +/- the average cost per kWh in Anchorage, Fairbanks, and Juneau by 2025; use of diesel fuel for primary power generation eliminated by 2025, and a increase in power demands to 25% above 2005 levels by 2025.</p>								



Comprehensive Energy Development Policy Southwest Alaska

Benchmarks:

- Achieve 99% collection rates on electricity sales by 2010
- Reduce the cost of electricity per kWh to 50% below 2005 levels by 2015
- Reduce the use of diesel fuel for power generation to 50% below 2005 levels by 2015
- Generate 25% of electricity with renewable energy resources by 2015
- Reduce the cost of electricity per kWh—in all communities—to within 5 cents +/- the average cost per kWh in Anchorage, Fairbanks, and Juneau by 2025
- Eliminate the use of Diesel Fuel for primary power generation by 2025
- Increase power demands to 25% above 2005 levels by 2025

Obstacles:

- Heavy dependence on petroleum fuels for power generation and space heating needs
- Small economies of scale and delivery schedules increase already high fuel costs
- Communities lack financial resources to purchase renewable and other alternative energy systems
- Available financial resources are used to maintain bulk fuel storage and power generation facilities and purchase bulk fuel
- Severely inadequate financial support for renewable and other alternative energy project development from the State of Alaska and the Federal Government
- Lack of long-term financial incentives from the State of Alaska and the Federal Government made available to both for and non-profit entities for renewable and alternative energy project development
- Funding agencies place little emphasis on life-cycle costs of energy systems in project selection process
- Energy systems with the lowest capital costs typically provide small communities with new and improved energy systems, however they generally cannot afford the fuel to run the system
- High-Cost Energy is not conducive to commercial/industrial growth
- Regional emigration do to high energy costs disallows utilities to promote residential end-use energy efficiency and conservation because it would further decrease electric loads
- Utility problems compounded with delinquent accounts on the rise
- There is an innate and understandable reluctance from communities and policy makers to shift from previously tried and dependable petroleum energy sources to renewable and alternative energy sources as yet undemonstrated in rural Alaska

Tactics:

- Establish fuel cooperatives
- Seek and develop resources to assist regional utilities with administrative and financial activities
- Promote Renewable Energy Project Development
- Promote Alternative Energy Project Development
- Encourage the local recycling of all waste fuels and residual fuel products including biomass feed-stocks
- Promote End-Use Energy Efficiency and Conservation
- Utilities and organizations formally identify high cost energy as a number one concern and lowering energy costs as a number one priority
- Establish a state Renewable Energy Fund to be administered by an Alaska Renewable Energy Trust and funded by general appropriations
- Establish a state Alternative Energy Fund to be funded by general appropriations
- Seek long-term financial incentives from the State of Alaska and the Federal Government to be made available to both for and non-profit entities for renewable and alternative energy project development
- Advocate for energy policies that will assist the realization of previously listed Benchmarks