



Governor Mike Dunleavy
STATE OF ALASKA

March 9, 2021

The Honorable Peter Micciche
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Micciche:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill revising statutes related to the State's geothermal resources.

Alaska's economic prosperity is dependent on our ability to continue to develop our tremendous energy resources. Geothermal is a rising star in Alaska's energy constellation. Geothermal harnesses heat from the earth's core and can power commercial, industrial, and residential activities in some of Alaska's remotest areas. This bill encourages these activities by removing obstacles to exploration and development of Alaska's geothermal resources.

First, it modifies the definition of "geothermal resources." The current definition is defined as only those fluids hotter than 120 degrees Celsius, which ignores technological advances that make lower-temperature geothermal energy commercially viable. For example, Interior Alaska's Chena Hot Springs generates electrical power and supports a thriving visitor business with geothermal energy at approximately 80 degrees Celsius. The current definition also ignores growing non-commercial uses of heat energy, such as heat pumps relying on shallow subsurface pipes to heat or cool residential structures. This updated definition eliminates such arbitrary temperature and other restrictions, making geothermal development more attractive.

The bill also makes Alaska's geothermal energy a more lucrative target for investment by expanding to five years the current two-to-three-year window during which exploration companies must conduct background research, acquire surface use permits, and perform the field work needed to locate a resource and develop the data needed to convert an exploration permit (or license) to a lease supporting commercial development. This acknowledges the fact that geothermal resources tend to spread over larger acreages, by nearly doubling the acreage limit for geothermal exploration licenses to 100,000 acres. This will likely draw greater interest from developers grateful for the opportunity to economically explore and develop larger parcels.

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Enactment will help Alaska continue to responsibly manage its natural resources, provide alternative energy sources in some of our most remote communities, grow the economy, and generate job creation.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy", with a long horizontal stroke extending to the right.

Mike Dunleavy
Governor

Enclosure