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Sponsor Statement for HB 166 Southeast Energy Fund

In 1993 the Alaska State Legislature established the Southeast Energy Fund as a repository for money that could then later be appropriated to the Swan-Tyee Hydroelectric Project. Since then, the need and fervor for hydroelectric power in Southeast Alaska has grown exponentially. Hydroelectric power is the most readily available source of renewable energy in Southeast Alaska. Southeast Alaska hosts a plethora of lake-tap and run-of-the-river sources of hydroelectricity which have the potential to produce more power than the region could ever hope to use. Southeast Alaska has been called the Saudi Arabia of hydroelectricity.

However, despite this readily available source of renewable energy, many communities in Southeast Alaska remain either totally or heavily dependent on diesel generated electricity seeing rates nearing 70 cents per kilowatt hour. These tremendously high electric rates have crippled these communities in Southeast Alaska resulting in extremely high outmigration and virtually no economic growth despite a large economic potential. Further, other communities already on hydropower will soon need to supplement with diesel generated power as consumption growth exceeds the hydropower generation capacity.

The communities in Southeast have a long history of working together towards the long term goal of energy independence by collaborating on power generation and transmission. However, the state also has a critical role to play in providing low cost energy to all Alaskans. Hydropower projects are extremely capital intensive and state assistance in capitalizing these projects on the front end is crucial.

HB 166 broadens the authority of the Southeast Energy Fund to include all power projects within Southeast Alaska. In doing so, it allows for a funding mechanism for construction of power generation projects in Southeast and for the completion of the regional electrical grid.

I urge your support of HB 166.