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Southcentral Residents Asked to Scale Back on Energy Use for 2 Hours Oct. 21

ANCHORAGE-HOMER-MAT-SU- As part of an effort to prepare for a possible natural gas shortage this winter, Southcentral Alaska residents are being asked to voluntarily reduce their energy consumption for two hours on the evening of Wed., Oct. 21.

The test is being coordinated by the Municipality of Anchorage, with cooperation from Chugach Electric Association, Municipal Light and Power, Matanuska Electric Association, Homer Electric Association, ENSTAR, and the Mat-Su and Kenai Peninsula Boroughs. The entities have worked together this fall on Energy Watch, a campaign designed to call attention to the possibility of a natural gas delivery problem.

Residents of the Mat-Su Borough, the Municipality of Anchorage and the Kenai Peninsula Borough are being asked to participate in the voluntary test.

Between the hours of 6 p.m. and 8 p.m. on Oct. 21, residents are being asked to reduce their energy consumption. The steps include lowering the thermostat to 65 degrees; shutting off unnecessary lights and electronics; setting the water heater to "warm" or "vacation"; postponing washing dishes and doing laundry; and reducing natural gas range use.

The goal of the conservation test is to see what kind of effect voluntary actions might have on overall energy consumption. In the event of a real energy deliverability problem, one of the first steps will be to ask residents to take voluntary steps similar to ones being proposed for the October 21 trial run.

The utilities and agencies involved in the Energy Watch campaign have stressed that a natural gas delivery problem this winter is not likely. However, in case it does happen, it is prudent to have a plan in place.

For additional information about the Energy Watch campaign, please visit

<http://www.homerelectric.com/> (Homer)

<http://www.mea.coop/> (Mat-Su)

<http://www.muni.org/> (Anchorage).

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~ Andrew Dimitriou ~ SLR Corp Alaska Manager ~ Anchorage ~

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In oil-rich Alaska, an energy crunch

A shortage of natural gas besets the state's most populous area. In rural outposts, energy costs spike.



By Yereth Rosen Correspondent of The Christian Science Monitor
posted January 23, 2008 at 12:00 am EST

Kenai, Alaska —

On the shore of Cook Inlet, site of Alaska's oldest oil- and gas-producing basin, the Agrium Inc. fertilizer plant for four decades produced a steady supply of urea and ammonia for international agricultural and industrial clients. Agrium's exports supported a prosperous petrochemical business, employing hundreds and bolstering local tax rolls.

But operations ceased in December. The reason? Lack of natural gas, the feedstock for Agrium's products. Despite its perch atop a petroleum basin, Agrium couldn't secure enough natural gas to stay in business.

Agrium's woes symbolize a larger energy dilemma: Raw resources are in the ground, but lack of infrastructure and poor economies of scale hinder access to them, putting Alaska in an energy crunch.

Natural gas at the North Slope — America's largest known but untapped conventional natural-gas supply — is 700 miles away and unavailable. There's no pipeline to convey North Slope natural gas to consumers, in or out of Alaska.

So Alaska's most populous region relies on local energy — Cook Inlet natural gas — for heat and power. But natural gas known to be in Cook Inlet is expected to last eight more years, and local utility costs have risen as markets tighten.

"It's the goofiest thing in the world, to be sitting on top of some of the biggest energy reserves in the world and have these challenges," says Bill Popp, president of the Anchorage Economic Development Corp.

Reviving exploration in Cook Inlet

Except for the mile of road that holds the Agrium plant, a liquefied natural-gas (LNG) facility, a Tesoro refinery, and a BP facility, few obvious signs remain that Kenai was the "Oil Capital of Alaska," as an old Chamber of Commerce slogan boasted.

The first major Cook Inlet natural-gas discovery – and still the biggest – came in 1959. Since then, most of the known natural gas was found while explorers were seeking oil, and almost all was discovered before 1970.

Until recently, having enough gas to supply local needs was not a worry. The worry was, rather, that local needs were too minuscule. This part of Alaska may hold most state residents, including the far-north metropolis nicknamed "Los Anchorage," but as a natural-gas market, it is a lightweight. Dramatic seasonal swings in demand make it a tricky market to serve.

Consequently, industrial users are deemed essential to anchor production in this so-called "stranded" market. But industrial users are now down to one: North America's sole LNG export facility, next door to Agrium. The plant, owned by ConocoPhillips and Marathon, has shipped LNG to Japan since 1969, soaking up Cook Inlet natural gas that had no other market.

Cook Inlet's proven reserves are down to 1.7 trillion cubic feet. But the basin holds potential for another 13 trillion to 17 trillion cubic feet of undiscovered reserves, according to the US Department of Energy.

Interest is finally perking up, with companies in recent years drilling specifically for natural gas. A new agreement among ConocoPhillips, Marathon, and the state should stimulate more exploration, officials say. The pact trades state backing of a renewed federal LNG export license for increased natural-gas searches and promises to give residential utilities first dibs on gas in times of shortages. "Hopefully the new development will ensure that there's no further decline in the reserve base," Marty Rutherford, Alaska's deputy natural resources commissioner, said at a recent news conference.

In rural outposts, 'energy refugees'

While Anchorage residents fret about future energy supplies, rural Alaskans face a dire situation right now. Skyrocketing prices for diesel and other fuels, compounded by costly air and barge transport, have created "energy refugees."

"[Energy] is so expensive in the villages that people are being forced to leave, especially people with young families, because they cannot afford to make ends meet," says Meera Kohler, president of the Alaska Village Electric Cooperative, which provides electricity to 53 remote villages where electrical costs can be four times those in Anchorage.

Costs of electricity, heating, and transportation fuel can account for up to 40 percent of family expenses in rural Alaska, Ms. Kohler says.

Some pioneers are seeking long-term solutions in alternative energy.

Geothermal, wind, hydro, and tidal power may hold the most promise in a state dotted with volcanoes, scoured by stiff breezes, and surrounded by water. Alaska's Division of Oil and Gas is soliciting bids for leases to develop geothermal energy beneath Mount Spurr, a volcano on the Anchorage skyline. Fairbanks's Chena Hot Springs Resort is renown for putting the underground heat that warms its pools to a variety of other uses.

A handful of native villages have erected wind turbines, and Anchorage's electricity cooperative has wind-power plans. Solar energy – seemingly a long shot because of daylight-deprived winters – is getting a look, with panels installed in some communities. Even fish oil has fueled generators at Denali National Park.

Such small-scale projects face economic hurdles, however.

"Alternative energy is very expensive capital-wise," says Kohler, whose cooperative includes wind-powered villages. Federal grants have funded villages' alternative-energy projects, but prospects are dim for future aid, she says.

Another energy option is coal. Alaska is overflowing with it – from the Arctic, where the Inupiat Eskimo village of Atkasuk is named for "the place to dig the rock that burns," to the Kenai Peninsula's Kachemak Bay, where dark seams are exposed on coastal bluffs. Some officials tout coal gasification as an option to restart Agrium's operations.

Others consider coal a misstep. "Coal is the dirtiest fossil fuel out there," says Bob Shavelson of Cook Inlet Keeper, an environmental group. "We can go backward to coal and climate change ... and habitat destruction, or we can go forward to renewable energy and long-term jobs."

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Energy Bulletin

Published on *Energy Bulletin* (<http://www.energybulletin.net>)

Gas rush: with shortages looming, Alaska firms seek new deposits

Published Mon, 01/03/2005 - 08:00

by Anchorage Daily News

TYONEK -- Andy Clifford retreats to the "designated smoking area" maybe 100 yards back from the drilling rig and lights up a cigar. He's wearing a Hooters T-shirt and a very cool set of Ray-Bans. His face shows no apparent sign of anxiety.

"We're living our dream," he says. "But when you see the bills we're paying -- \$5,000 here and \$50,000 there -- you go, wow, we've got to find a lot of gas."

Clifford, 49, is an oil man, one in a growing stable of risk takers hunting new supplies of natural gas around Cook Inlet. They're drawn by a big surge in gas prices, plus forecasts of a looming shortage for gas-addicted Southcentral Alaska.

The rig juts up from a dusty square of bulldozed ground in the middle of bear-infested woods on the west side of the Inlet, about 13 miles outside the Athabaskan village of Tyonek.

Normally Clifford, a geologist from Houston, Texas, wouldn't be around for the dirty work of actual drilling.

But this is a special day.

Rig workers are preparing for a routine but dangerous test that involves blasting knotholes into the well casing some 3,400 feet down, giving the gas a way to rush into the well and up to the surface.

With luck, Clifford and his partners in Aurora Gas -- a tiny company built on life savings, loans, frequent-flier miles and \$25 million from a low-profile Oklahoma billionaire -- will hear gas roar out of the Long Lake No. 1 well like jet exhaust.

Government and industry leaders hope Aurora hears the roar too.

Cook Inlet gas is nearly gone, experts warn, jeopardizing the energy security for the state's most populous region.



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**Providing coverage of Alaska and northern Canada's oil and
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Gas shortage stirs pols

**Governor, mayor,
senator seek energy
security as CI natural
gas runs low**

Wesley Loy

For Petroleum News

Alaska political leaders are seizing on what's fast becoming a burning issue: the potential for electric power or heating outages this winter in the state's population center as supplies of Cook Inlet natural gas tighten.

"Woe unto the policymaker who didn't do something," said state Sen. Hollis French, an Anchorage Democrat who is calling for a Strategic Gas Initiative.

Anchorage mayor forms energy task force

Anchorage Mayor Dan Sullivan has created a task force to address a looming energy crisis.

"We look to this blue-ribbon task force to address both immediate and long-term energy needs, including making sure Anchorage residents have an uninterrupted supply of gas to heat their homes this winter," Sullivan said in a statement.

The task force includes a range of industry representatives, along with a variety of planning and business professionals. The same panelists were part of the mayor's transition team; indeed, they jointly authored

Aside from French, Gov. Sean Parnell and Anchorage Mayor Dan Sullivan also have announced moves in recent days to deal with what Sullivan's office termed a "looming energy crisis."

Stoking the urgency was a July 29 public meeting of the Regulatory Commission of Alaska. One commissioner, Anthony Price, spoke of "a real possibility of rolling blackouts" this winter should a cold snap overtax the available gas supply and force a shutdown of gas-fired electric power plants.

Parnell announcement

The governor's office on Aug. 4 said Parnell had directed his gas advisory team to "explore the best possible options for producing and delivering in-state natural gas."

"We need to make gas available to Alaskans as soon as possible," Parnell said in a press release. While efforts continue toward a major pipeline under AGIA, the Alaska Gasline Inducement Act of 2007, to carry huge volumes of North Slope gas out of state, other sources must be considered to serve the needs of Interior, Southcentral and rural Alaska, he said.

Parnell mentioned the

the energy portion of the transition report.

In recent winters when temperatures dipped below zero the city has come dangerously close to failing to meet the needs of its gas customers, the mayor's office said. The administration, including emergency management personnel, is developing contingency plans for such an event. Municipal Manager George Vakalis is examining this issue as a standalone challenge.

Immediate and long-term

The task force will develop longer-term recommendations — three to five years and 10 years and longer — separately from the immediate issue of winter deliverability. Findings and recommendations will be reported directly to the mayor.

Members of the Energy Task Force include:

- Judy Brady, former executive director, Alaska Oil and Gas Association;
- Dan Coffey, Anchorage Assembly liaison and private attorney;
- Dave Harbour, former commissioner, Regulatory Commission of Alaska;
- Tony Izzo, co-chair of TMi Consulting and former CEO of

undeveloped Gubik field in the Brooks Range Foothills, the Nenana basin and Cook Inlet, which geologists believe could yet yield significant new finds.

Parnell, who took over for former Gov. Sarah Palin on July 26, said he has directed his administration to evaluate three specific options for in-state gas. They include a standalone pipeline from the North Slope and the Foothills south to Fairbanks and Southcentral; a spur line to Southcentral off the proposed major pipeline from the North Slope to the Lower 48; and a pipeline from either Cook Inlet or one of the Interior basins through the state's Railbelt.

"Additionally, opportunities to distribute gas to Western Alaska, and propane production and delivery will be considered," the press release from the governor's office said. "Economic models created by the departments of Revenue and Natural Resources will be used along with agency personnel to perform the necessary analysis and identify the tariffs and fees associated with each option."

French, who has announced he'll run against Republican Parnell next year, sent a letter to the governor on Aug. 5 calling for a Strategic Gas Initiative.

Enstar;

- Arden Page, mediator/private attorney;

- Mary Ann Pease, Knik Arm Bridge and Toll Authority;

- Bill Popp, president and CEO, Anchorage Economic Development Corp.;

- Steve Pratt, energy consultant; and

- Bob Stinson, president, Conam Construction Co., past president of the Alaska Support Industry Alliance.

—Petroleum News

“In recent years there has been a growing chorus of voices warning of decreasing volumes of Cook Inlet gas available for distribution during periods of peak demand,” French’s letter said.

In an Aug. 4 interview with Petroleum News, French said his plan would emphasize developing gas storage capacity in the Cook Inlet region. Stored gas could be used to handle peak demand or deal with an emergency, he said.

French said all the industry and government players need to figure out a way to develop storage. One possibility is creation of an industry consortium, he said, or perhaps an authority of some kind.

French, who once worked for several years on a Cook Inlet oil and gas platform and later on the North Slope as a production operator in the Kuparuk field, said he hopes the administration will look at options such as reconfiguring the liquefied natural gas export terminal at Nikiski to also receive LNG, building gas storage vessels of some type, or identifying reservoirs for underground storage.

As for funding, the state might provide help such as backing a bond sale, French said.

French, who chairs the Senate Judiciary Committee and holds a seat on the Resources Committee, said he expects hearings on the Cook Inlet gas issue, and possibly legislation when the next regular session opens in January.

“Heat shut off to Anchorage homes would be shocking to the world,” French said. “It would be shameful if we were having to hustle our folks into a Superdome situation.”

A major challenge to solving the energy crunch is overcoming the relatively small market size of the Anchorage area, where roughly half the state’s population lives, French said. The minor market doesn’t give gas explorers much incentive, he said.

One idea French doesn’t favor is having the state itself drill for Cook Inlet gas.

“Wildcatting a well,” he said, “that would be way, way down on my list.”

Mayor appoints task force

On July 31, Anchorage Mayor Sullivan announced a new task force to look at keeping Southcentral energized when temperatures drop below zero.

The nine-member task force generally includes past and

present energy industry, regulatory and economic development players. A press release from the mayor's office didn't indicate when the panel would present its report to Sullivan, who called the energy situation "one of the most pressing issues" the city faces.

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S U B S C R I B E



Alaska unemployment rate still rising

Associated Press - January 22, 2010 4:14 PM ET

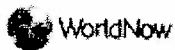
JUNEAU, Alaska (AP) - Alaska's unemployment rate hit 8.8 percent last month, its highest level since September 1992. The rate was 6.8 percent in December 2008.

The state labor department cites several factors for the increase over the year, including job losses in the oil, construction, hospitality and leisure industries. It also attributes the rise in part to the growth in job seekers from other states coming to Alaska to find work.

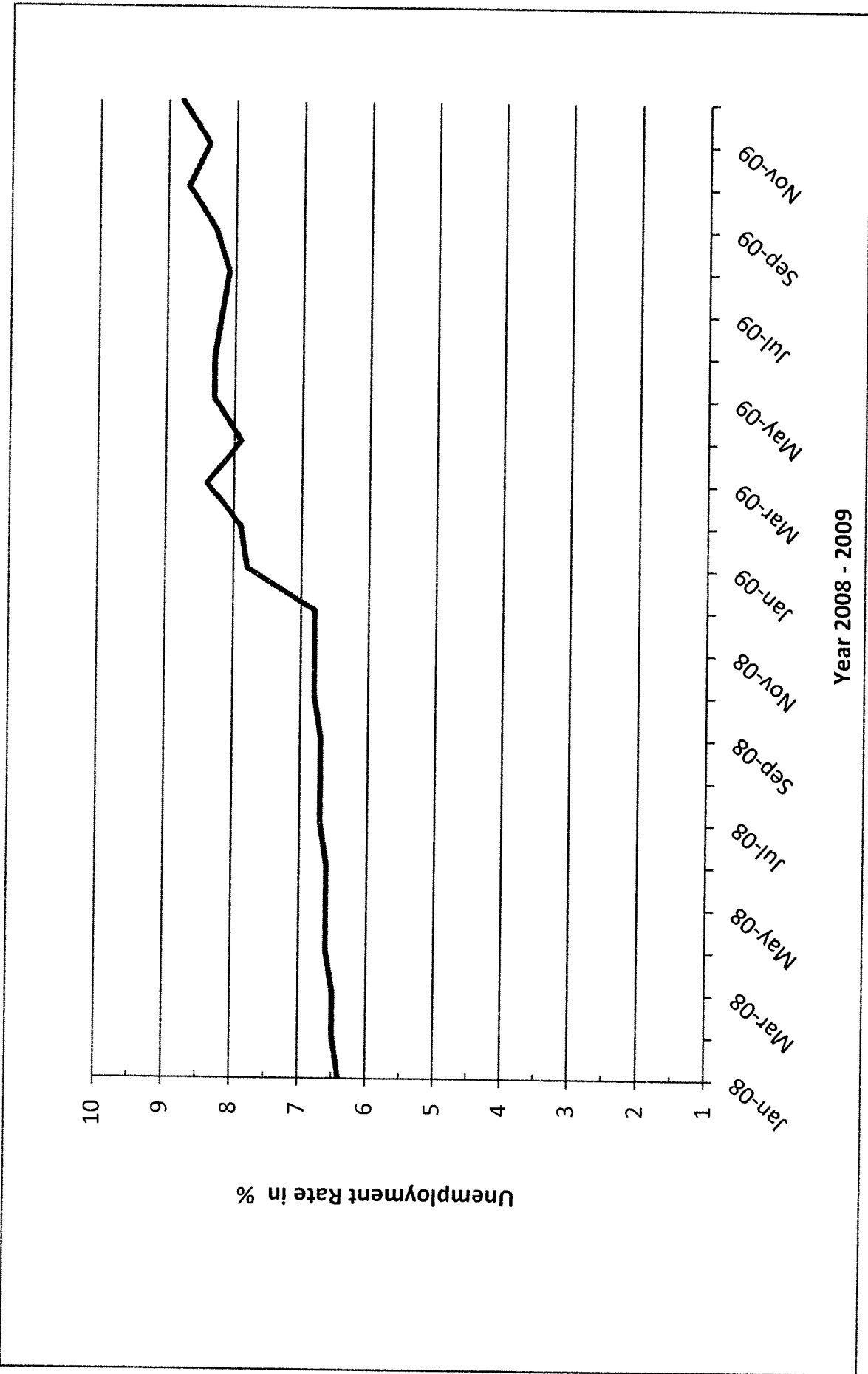
The department says the state stayed below the national unemployment rate for 12 months, something it says hasn't happened since the early '80s, when the U.S. was going through a recession and Alaska was enjoying a boom.

The national unemployment rate in December was 10 percent.

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US Department of Labour
Bureau of Labour Statistics

Year	Period	labor force	employment	unemployment	rate
2008	Jan	354345	331761	22584	6.4
2008	Feb	355101	332079	23022	6.5
2008	Mar	355551	332399	23152	6.5
2008	Apr	356247	332721	23526	6.6
2008	May	356621	333037	23584	6.6
2008	Jun	356982	333330	23652	6.6
2008	Jul	357440	333605	23835	6.7
2008	Aug	357906	333858	24048	6.7
2008	Sep	358231	334093	24138	6.7
2008	Oct	358776	334320	24456	6.8
2008	Nov	359103	334542	24561	6.8
2008	Dec	359328	334761	24567	6.8
2009	Jan	358893	330880	28013	7.8
2009	Feb	358704	330359	28345	7.9
2009	Mar	358322	328351	29971	8.4
2009	Apr	358717	330379	28338	7.9
2009	May	359246	329499	29747	8.3
2009	Jun	359320	329537	29783	8.3
2009	Jul	358054	328785	29269	8.2
2009	Aug	357637	328560	29077	8.1
2009	Sep	357945	328342	29603	8.3
2009	Oct	357889	326641	31248	8.7
2009	Nov	358041	327959	30082	8.4
2009	Dec	357904(P)	326354(P)	31550(P)	8.8(P)

Alaska Statewide -- Seasonally Adjusted