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Opinions

Alaska should develop ANWR

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The Arctic National Wildlife Refuge's coastal plain in summer. (Loren Holmes / ADN)

The Texas energy crisis could have been a total catastrophe if even 50% of its electricity were sourced from renewable energy and cars were all electric-only. Currently, 10% of Texas' electrical power comes from renewables, and this was shut down during the ice storm last week. There are not adequate natural gas supplies to make up that 10%, so even at that low level of renewable energy, Texas had to implement rolling brownouts just to give everyone a chance at what electrical capacity they could provide. What this says is that the Arctic National Wildlife Refuge's oil and gas is still needed. President Joe Biden, a centrist, needs political cover to open ANWR. We must make ANWR into a states' rights issue.

Nothing may ever happen with ANWR development; yet, if the state of Alaska is willing to bid on leases, why not go all in and have a state-owned company develop those leases? Should Alaska risk so much? If we could properly incentivize the CEO of an Alaska company with about five cents per dollar of the profits that go to the state, it could work. We would only need a few billion dollars out of the Permanent Fund to risk on such an endeavor. The Permanent Fund is no stranger to risky investments, because the stock market's cyclically adjusted price-to-earnings ratio is high. This new idea would not seriously increase the overall risk of the portfolio.

Alaska, with its oil tax credits, is already opaquely subsidizing and paying for oil industry operations, so why not make our support transparent and make the returns Alaska receives or loses transparent? People argue we do not want to become another Venezuela, but we look worse than Venezuela with a sudden Alaska Gasline Development Corp.-backed half-LNG project, probably using oil tax credits, coming out of nowhere (see the Anchorage Daily News, Feb. 4, "Gov. Dunleavy pitches a new plan"). Let the state at least be more transparent, like Norway.

This would have to be under the auspices of the Permanent Fund board. In such a scenario, the profits would then go directly into the Permanent Fund, and not directly to the state government. Of course, the state government can take earnings from the Permanent Fund, but the profits first must be used to cover all risk adjusted capital put into the endeavor. In addition, not all of the leases need to be developed but the properly incentivized CEO can choose strategically the best one or ones to start with.

How much of environmental risks are there? As the Texas energy crisis shows, a plethora of electrically charged vehicles drawing power could have caused shutdowns on a massive scale. This could actually create acute hunger among city populations without proper cargo transportation in and out, which means we still need to use fossil fuels. As far as caribou herds being eradicated in ANWR, the probability seems low, since such did not occur after Prudhoe Bay's development.

There may be a concern that the Biden administration will stop the permitting process, or at the very least create an expensive delay. Then the issue might turn out to be a case of states' rights under the 10th Amendment of the U.S. Constitution. After all, since the federal government did already sell the leases to a state-owned entity, the Alaska Industrial Development and Export Authority, then the precedent has been set that a state has the right to act as a company for the state's benefit. The state may now have a constitutional right to continue with development now that the federal government has handed over the property right lease to the state, if we get our own company to develop it.

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