

ALASKA LEGISLATURE
JOINT COMMITTEE ON NATURAL GAS PIPELINES
March 13, 2002
3:40 p.m.

SENATE MEMBERS PRESENT

Senator John Torgerson, Chair
Senator Johnny Ellis
Senator Don Olson (Alternate)

SENATE MEMBERS ABSENT

Senator Rick Halford
Senator Pete Kelly

HOUSE MEMBERS PRESENT

Representative Brian Porter
Representative Scott Ogan
Representative John Davies
Representative Reggie Joule (Alternate)

HOUSE MEMBERS ABSENT

Representative Joe Green, Vice Chair

OTHER LEGISLATORS PRESENT

Senator Ben Stevens
Senator Gary Wilken

COMMITTEE CALENDAR

Energy Council Report

ACTION NARRATIVE

TAPE 02-5, SIDE A

Number 001

CHAIRMAN JOHN TORGERSON called the Joint Committee on Natural Gas Pipelines meeting to order at 3:40 p.m. and announced the committee would first hear a brief overview of the Energy Council trip to

Washington D.C. by Representative Ogan.

REPRESENTATIVE OGAN told members the Energy Council meeting was a very valuable meeting to attend. The chairman of the Federal Energy Regulatory Commission (FERC), Mr. Wood, addressed the Council. He asked Mr. Wood whether or not FERC would be willing to work with the Regulatory Commission of Alaska (RCA) and the possibility of the RCA having a seat at the table. Mr. Wood responded that he's a good friend of Nan Thompson, the Chair of the RCA, and he would be more than happy to work with her. He said that FERC plans to hold a meeting in Alaska.

He said that two other people expressed some concerns over the Knowles-Daschle announcement of a floor for the price of gas. He said [the announcement] may have been premature and it galvanized opposition from states that produce gas in the Lower 48.

REPRESENTATIVE OGAN said that the highlight of the Energy Council meeting for him was the keynote address at the Energy Council luncheon by Senator Bingaman, Chair of the Senate Energy and Resources Committee. He had a short debate with Senator Bingaman about ANWR as the energy bill had not been given a Senate Resources Committee referral because Senator Murkowski had the votes to pass ANWR on the committee. He surmised, "Apparently, the only thing they could do was filibuster the bill; they couldn't filibuster the ANWR issue if it was already on the floor."

REPRESENTATIVE OGAN said he pointed out that Alaska has six times as many caribou on the North Slope now than when oil development began, that Alaska exports its environmental technology all over the world, and that it has developed only 2,000 acres at the end of the day. He stated, "We cannot conserve our way out of our dependency on foreign oil...."

He said that Democrats in the Senate were talking about requiring 20% more efficiency in oil consumption and that the U.S. has accomplished only 2%. Twenty percent would be almost impossible to obtain with current technology. He was also told that the people who blew up the World Trade Center were partially funded by money from oil that is imported into the U.S. and that developing ANWR is a national security issue. He was told that the Gulf of Mexico is an alternative source, but he thought that was a mature field.

REPRESENTATIVE OGAN told members that industry experts said there would be a 43% increase in the demand for power in the next 20 years and natural gas is expected to meet those increases. Nuclear and coal industry experts presented their plans with the coal

industry looking for a way to gasify the coal to make it clean-burning, but the technology is a ways off. He learned that there was an increase in the output of nuclear generated power although there are no new plants or permits. They just tweak what they've got.

He said that everyone was concerned about the outcome of ANWR because it wasn't going to go through a committee process. He heard the thing that drove action on the energy bill was the Enron issue. One person talked about the subsurface being dominant [and] giving surface owners more say in exploration.

REPRESENTATIVE OGAN continued to say that Representatives Joule and Kookesh met with democratic senators on behalf of Alaska Natives who desire to see ANWR opened to development. He concluded that it was a very valuable trip and related some personal experiences with his family.

REPRESENTATIVE DAVIES gave the following responses to some of the issues Representative Ogan discussed:

The issue of politics and pulling the bill - clearly that happens. The Republican majority leader not too many months ago did exactly the same thing. But the issue of the floor - Senator Murkowski has already raised that in public. People already know about that - that's not a new discussion. John Katz observed that you're not going to get an issue that has that kind of significant financial impact through the dark of the night. It's going to be an issue that's going to be discussed one way or the other.

With respect to conservation, it's absolutely true that democrats are working hard for conservation. That doesn't mean that they're not also working for development of resources. So, I resent that comparison or insinuation the democrats are only working for conservation. Clearly they are, but they see many other avenues as viable as well. It certainly is true that conservation is extremely significant. A quite doable conservation goal could equivalently produce what would come out of ANWR. That is not to say that we shouldn't do ANWR or shouldn't do development, but it's also to say that it's extremely important and shouldn't be off the table.

CHAIRMAN TORGERSON said the three deal killers are CAFÉ standards, which are the conservation measures (Democrats and Republicans are all over the board on that one), the nuclear power issue and the

electric 'derestructuring' (they want to regulate it again), and ANWR. He explained:

They look at whatever we're going to send down there, 4.5 - 5 Bs of gas, as a stabilizing effect on the market, so the market may not grow. Of course, they have a dog in that fight, because they sell the product, but so do the producers.

CHAIRMAN TORGERSON said that a month ago Legislative Council approved additional funds for the committee to hire a tax attorney and he then had it broadened to include bond counsel, since the Alaska Railroad tax-exempt bonds became an issue. He reported that today was the last day for people to respond to his RFP. He sent out five and three came back non-responsive because of conflicts. He said they would look at two bids later today. One is from Ballard, Spear and Andrews in Washington D.C. and the other is from Hogan and Harston, our current lawyers in Washington D.C. who have a large tax division in their operation, too.

REPRESENTATIVE OGAN moved to recess the regular meeting to go into executive session under Rule 22(b)(1), "Finances of the State...", to hear from the state's attorney in Washington D.C. There were no objections and it was so ordered at 3:52 p.m.