

HOUSE FINANCE COMMITTEE
April 26, 2022
9:01 a.m.

9:01:12 AM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

Representative Bryce Edgmon

PRESENT VIA TELECONFERENCE

Joe Rizzo, Triumvirate Theatre, Kenai; June Rogers, Self, Fairbanks; Kaley Paine, Deputy Director, Division of Oil and Gas, Department of Natural Resources; Geoff Simpson, SERC Energy, Colorado; Eric Anderson, Geo Alaska, LLC, Girdwood.

SUMMARY

HB 135 GEOTHERMAL RESOURCES

CSHB 135 (RES) was REPORTED out of committee with eight "do pass" recommendations and two "no recommendation" recommendations and with one previously published zero fiscal note: FN3 (DNR); and one previously published fiscal impact note: FN4 (DNR).

CSSB 71(FIN)

COUNCIL ON ARTS: PLATES & MANAGE ART

HCS CSSB 71(STA) was REPORTED out of committee with nine "do pass" recommendations and one "no recommendation" recommendation and with one new fiscal impact note from the Department of Administration, one new fiscal impact note from the Department of Education and Early Development, and one previously published indeterminate fiscal note: FN4 (GOV/FUND CAP).

Co-Chair Merrick reviewed the meeting agenda.

#sb71

CS FOR SENATE BILL NO. 71(FIN)

"An Act relating to special request registration plates celebrating the arts; relating to artwork in public buildings and facilities; relating to the management of artwork under the art in public places fund; relating to the powers and duties of the Alaska State Council on the Arts; establishing the Alaska arts and cultural investment fund; and providing for an effective date."

[9:01:34 AM](#)

Co-Chair Merrick indicated that the committee previously heard the bill on April 20, 2022.

Co-Chair Merrick OPENED public testimony.

JOE RIZZO, TRIUMVIRATE THEATRE, KENAI (via teleconference), testified in support of the bill. He shared that he was the executive director of the theatre. He indicated that the Alaska State Council on the Arts (ASCA) was integral to the theatre and acted as a partner to benefit all who the theatre served. He believed that the license plate spread awareness of the importance of the arts in everyday life and modestly helped with the council's funding. He stressed the importance of the art's council for small organizations like the Triumvirate Theatre that typically do not receive much other outside funding.

[9:04:16 AM](#)

Co-Chair Merrick indicated that Co-Chair Foster, Representative Johnson, Representative Thompson, Representative LeBon, Representative Carpenter, and Representative Wool.

JUNE ROGERS, SELF, FAIRBANKS (via teleconference), testified in favor of the bill. She pointed out that she was involved in the arts in the state since the 1980's. She explained the provisions of the bill. She believed that the council was well managed and organized. She lauded the efforts made by the council to ensure the success of artists in Alaska and thought the work of the council was paramount to the state's arts communities. She felt that the arts were more important than ever in local communities. She thanked the council for its work.

[9:07:35 AM](#)

Co-Chair Merrick CLOSED public testimony.

[9:08:00 AM](#)

Co-Chair Foster MOVED to REPORT HCS CSSB 71(STA) out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

HCS CSSB 71(STA) was REPORTED out of committee with nine "do pass" recommendations and one "no recommendation" recommendation and with one new fiscal impact note from the Department of Administration, one new fiscal impact note from the Department of Education and Early Development, and one previously published indeterminate fiscal note: FN4 (GOV/FUND CAP).

[9:08:23 AM](#)

AT EASE

[9:09:24 AM](#)

RECONVENED

#hb135

HOUSE BILL NO. 135

"An Act relating to geothermal resources; relating to the definition of 'geothermal resources'; and providing for an effective date."

[9:09:32 AM](#)

Co-Chair Merrick relayed that the committee last considered the bill on March 17, 2022.

KALEY PAINE, DEPUTY DIRECTOR, DIVISION OF OIL AND GAS, DEPARTMENT OF NATURAL RESOURCES (via teleconference), thanked the committee for hearing the bill and provided a brief recap of the bill. She explained that the bill would modernize the state's geothermal licensing program to enable more efficient development of geothermal resources. The legislation would lead to more successful exploration of geothermal resources. In addition, HB 135 modernized geothermal definitions to match current technologies in exploration and development.

Representative Wool referenced the use and definitions of geothermal and ocean sourced or ground heat pumps that was the latent temperature of the earth. He understood the bill did not cover noncommercial applications. He asked if heat pumps would count as geothermal and what was the difference between noncommercial and commercial use. Ms. Paine answered that when the Division of Oil and Gas (DOG) regulated geothermal resources it regulated the mineral estate that was the heat sourced from the mineral core space of the earth. She deduced that Representative Wool was referencing the heat differentials in the water, which would be regulated more by Federal Energy Regulatory Commission (FERC) that was similar to hydropower. She added that the bill looked to regulate subsurface minerals; the geology of the earth itself. Representative Wool surmised that a ground source heat pump that did not go too deep did not count under the bill. Ms. Paine answered in the affirmative.

[9:13:33 AM](#)

Representative Johnson recalled that the committee had taken up a bill where the legislature took a temperature requirement for geothermal out of the definition. Ms. Paine agreed that HB 135 modernized the definition of geothermal resources and removed a specific energy threshold. She indicated that technology had evolved to the point where

there was not a specific temperature threshold from which geothermal energy may be produced. She exemplified the Chena Hot Springs that produced energy at 90 degrees Celsius versus the 120 degrees that was currently in statute and the bill would change. The bill addressed temperatures and sought to define geothermal resources based on the location of the heat from the earth as well as for the specific uses of geothermal energy such as, commercial, large scale, and for sale. Representative Wool asked about the delineation between commercial and noncommercial. He wondered whether there was a power capacity or threshold. Ms. Paine responded that the threshold would be based on commerciality and was predicated on whether it was for sale for economic purposes to multiple end users. She communicated that a megawatt and kilowatt threshold would not be enshrined in statute at the time because it may vary depending on use.

[9:16:03 AM](#)

Representative Wool hypothesized that if a fish processing plant in a remote location with access to geothermal power sold surplus power to a neighboring village it would then be considered commercial use. Ms. Paine replied that under the described situation provided by Representative Wool it would not involve an exploration license or permit, but it would involve other permits for drilling, water, etc. She confirmed that under the example, if the plant sold the power to a community utility, it would qualify as commercial use.

[9:17:35 AM](#)

Co-Chair Merrick OPENED public testimony.

GEOFF SIMPSON, SERC ENERGY, COLORADO (via teleconference), spoke in support of the bill. He shared information about the geothermal development and operation company, Sustainable Energy Resources for Consumers (SERC) Energy. He related that the company produced 200 megawatts of energy at 6 facilities in the western United States (U.S.) and was a subsidiary of Macquarie Infrastructure Holdings, LLC, which was one of the world's largest infrastructure companies. He indicated that SERC was seeking to develop an additional 250 megawatts of geothermal energy projects in the next 8 to 10 years including in Alaska. The company currently held a prospecting permit at Mt. Spur which

encompassed approximately 8,000 acres. He pointed out that SERC favored allowing a five year exploration license versus a two-year prospecting permit. He explained that it was difficult to mount a geothermal exploration program in Alaska with only a two-year window. It could take up to a year to define and plan an exploration program that may lead to producing commercial quantities of energy. He added that it could easily take another two to three years to develop the site and plant infrastructure. He indicated that a five-year license was much more realistic. A developer could commit a significant budget towards a discovery effort with the awareness that a 10-year non-competitive lease would be issued.

[9:20:24 AM](#)

ERIC ANDERSON, GEO ALASKA, LLC, GIRWOOD (via teleconference), shared that the company had a commercial geothermal prospecting permit of over 6,000 acres on Mt. Spur with the goal of developing 50 to 100 megawatts of stable power for the Railbelt grid. He indicated that his group supported the bill.

[9:21:29 AM](#)

Co-Chair Merrick CLOSED public testimony.

Representative Carpenter asked if the two companies that had testified were looking at separate or the same land. Ms. Paine answered that the two geothermal prospectees were in the same region but were on separate tracks. She expounded that neither company wanted to compete against each other for the same track and were exploring different regions.

[9:23:08 AM](#)

Co-Chair Foster MOVED to REPORT CSHB 135(RES) out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

CSHB 135(RES) was REPORTED out of committee with eight "do pass" recommendations and two "no recommendation" recommendations and with one previously published zero

fiscal note: FN3 (DNR); and one previously published fiscal impact note: FN4 (DNR).

9:23:34 AM

AT EASE

9:23:59 AM

RECONVENED

Co-Chair Merrick reviewed the schedule for the afternoon meeting.

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ADJOURNMENT

9:24:17 AM

The meeting was adjourned at 9:24 a.m.