

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

February 17, 2023

1:01 p.m.

**MEMBERS PRESENT**

Representative Tom McKay, Chair  
Representative George Rauscher, Vice Chair  
Representative Josiah Patkotak  
Representative Kevin McCabe  
Representative Stanley Wright  
Representative Jennie Armstrong (via teleconference)  
Representative Donna Mears

**MEMBERS ABSENT**

Representative Dan Saddler  
Representative Maxine Dibert

**COMMITTEE CALENDAR**

HOUSE JOINT RESOLUTION NO. 6

Supporting oil and gas leasing and development within the National Petroleum Reserve in Alaska; and urging President Biden and the United States Department of the Interior to approve the Willow Master Development Plan.

- MOVED CSHJR 6 (RES) OUT OF COMMITTEE

HOUSE BILL NO. 50

"An Act relating to the geologic storage of carbon dioxide; and providing for an effective date."

- HEARD & HELD

OVERVIEW: STATUS OF RESOURCE LITIGATION

- REMOVED FROM AGENDA

**PREVIOUS COMMITTEE ACTION**

BILL: HJR 6

SHORT TITLE: NAT'L PETROLEUM RESERVE IN ALASKA

SPONSOR(S): REPRESENTATIVE(S) PATKOTAK

02/10/23 (H) READ THE FIRST TIME - REFERRALS

02/10/23 (H) RES  
02/17/23 (H) RES AT 1:00 PM BARNES 124

BILL: HB 50

SHORT TITLE: CARBON STORAGE

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/27/23 (H) READ THE FIRST TIME - REFERRALS  
01/27/23 (H) RES, FIN  
02/10/23 (H) RES AT 1:00 PM BARNES 124  
02/10/23 (H) Heard & Held  
02/10/23 (H) MINUTE (RES)  
02/15/23 (H) RES AT 1:00 PM BARNES 124  
02/15/23 (H) Heard & Held  
02/15/23 (H) MINUTE (RES)  
02/17/23 (H) RES AT 1:00 PM BARNES 124

**WITNESS REGISTER**

NAGRUK HARCHAREK, President  
Voice of the Artic Inupiat  
Anchorage, Alaska

**POSITION STATEMENT:** Provided invited testimony on HJR 6.

KARA MORIARTY, President, Lobbyist  
Alaska Oil and Gas Association  
Anchorage, Alaska

**POSITION STATEMENT:** Provided invited testimony on HJR 6.

ELAINE SCHROEDER, Member  
350 Juneau Climate Action for Alaska  
Juneau, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 6.

DOUG WOODBY, Member  
350 Juneau Climate Action for Alaska  
Juneau, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 6.

MIKE TOBIN, Member  
350 Juneau Climate Action for Alaska  
Juneau, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 6.

TRISTAN GLOWA, representing self  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 6.

CHRISTI HEUN, representing self  
Palmer, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 6.

LYNETTE PHAM, Campaign Coordinator and Executive Administrator  
Sovereign Inupiaq for a Living Arctic  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 6.

NICHOLE THAM, Operations Manager  
Division of Community and Regional Affairs  
Department of Commerce, Community, and Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** Was available for questions during the hearing on HJR 6.

GUNNAR KEIZER, representing self  
Ketchikan, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 6.

DYANI CHAPMAN, Director  
Alaska Environment  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 6.

BRITTANY WOODS-ORRISON, representing self  
Rampart, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 6.

JOHN SUMAN, representing self  
Douglas, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 6.

ROBIN MCGEE, representing self  
Kenai, Alaska

**POSITION STATEMENT:** Testified in support of HJR 6.

NICK FULFORD, Senior Director  
Gas and Energy Transition  
Gaffney Cline  
Houston, Texas

**POSITION STATEMENT:** On behalf of the sponsor, House Rules by request of the governor, gave a PowerPoint presentation, titled "CCUS Overview."

#### **ACTION NARRATIVE**

[1:01:33 PM](#)

**CHAIR TOM MCKAY** called the House Resources Standing Committee meeting to order at 1:01 p.m. Representatives McCabe, Patkotak, Rauscher, Wright, Armstrong, McKay, and Mears were present at the call to order.

**HJR 6-NAT'L PETROLEUM RESERVE IN ALASKA**

[1:02:50 PM](#)

CHAIR MCKAY announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 6, Supporting oil and gas leasing and development within the National Petroleum Reserve in Alaska; and urging President Biden and the United States Department of the Interior to approve the Willow Master Development Plan.

CHAIR MCKAY noted that a similar resolution, House Joint Resolution 34, was passed during the Thirty-Second Alaska State Legislature.

[1:03:30 PM](#)

REPRESENTATIVE PATKOTAK introduced HJR 6. He stated that the resolution would support oil and gas development within the National Petroleum Reserve in Alaska (NPRA), which is only in the jurisdiction of the North Slope Burrough. He pointed out that it would support the development of the Willow Master Plan. Concerning the history of NPRA, as addressed in the resolution, he pointed out that there has been a long history of a relationship between the federal government and the North Slope. As NPRA has been pursued commercially since 1976, he stated that the resolution details what NPRA has provided for the state and the nation. He then discussed the Willow Master Development Plan.

[1:05:52 PM](#)

NAGRUK HARCHAREK, President, Voice of the Artic Inupiat ("the Voice"), provided invited testimony on HJR 6. He expressed support for HJR 6, on behalf of the Voice, which is a nonprofit organization. He stated that the Voice was organized to give a unified voice on subjects effecting the region, the communities, the economy, and the culture. He gave a brief list of the Voice's membership. He stated that the Voice passed a resolution giving its support for the Willow Master Development

Plan, with the intention of moving it forward. He stated that responsible resource development that engages the people on the North Slope has been ongoing for 50 years, and this exemplifies a positive model of cultural, ecological, and economic interdependence. He maintained that the Inupiat know how to best manage their lands. He expressed the opinion that resource development and subsistence are not mutually exclusive. He explained that the Inupiat have adapted technology to make traditional and subsistence activities more efficient, and this has also increased the health and safety of the people. He expressed the opinion that embracing interdependence is paramount to the longevity of the Inupiat culture. He stated that the people understand that the project would be complex and have effects, but it would also make it possible for the continuation of their traditions, with economic independence for years to come.

MR. HARCHAREK spoke about the North Slope Borough, as it levies taxes on the oil and gas infrastructure to provide services to the local communities. He stated that in other rural communities the state and federal government would provide these services. He stated that people in the North Slope Borough have modern living conditions that most people take for granted, and the community is accustomed to a modern economy. He argued that this is supported by projects like Willow. He added that the government protects the subsistence land and resources, and the revenues from taxes have enhanced this. He maintained that the project would continue to support the Inupiat way of life.

MR. HARCHAREK stated that the community is ready to start construction on the Willow project now, and the only remaining issue is for the federal government to advance the project. He expressed the belief that there is unity across the region, as without this the people would not still be in the region. He maintained that support from the legislature would send a clear message to the federal government that the people of the North Slope are united in support of HJR 6.

[1:11:51 PM](#)

REPRESENTATIVE PATKOTAK clarified that the project does not have unanimous consent from the North Slope communities, adding that this is to be expected. He pointed out the mayor of Nuiqsut, Dr. Rosemary Ahtuanguaruk, has tirelessly advocated for those that do not want any development. He expressed the importance of this, as opposition forces developers to come to the table to mitigate any impacts from the development. He discussed the

past when the oil and gas industry had rushed to develop the North Slope. He pointed out that at that time the Indigenous population had no way to have their voices heard, but because the areas were designated as conservation areas, developers were forced to mitigate this with the permitting process. During this process, developers began coexisting with the local population, and he gave the example of the improved local access to traditional subsistence lands. He explained that this access was needed and made by developers to advance projects.

[1:15:54 PM](#)

KARA MORIARTY, President and Lobbyist, Alaska Oil and Gas Association (AOGA), provided invited testimony on HJR 6. She expressed support of HJR 6, on behalf of AOGA. She stated that AOGA represents the majority of the oil and gas companies in the state. She stated that AOGA's mission is to advocate for long-term viability because the oil and gas sector is the "single most important economic driver in our state." She provided the committee with statistics regarding economic benefits to the North Slope Borough. She suggested that the Willow project would generate thousands of jobs for the region. She shared a personal account of how the economy from the oil and gas industry has helped remote communities in the region.

MS. MORIARTY discussed the history of the National Petroleum Preserve Alaska (NPRA) in the North Slope. She pointed out that in 1980 the U.S. Congress directed NPRA be administered in a responsible manner to increase the production of U.S. energy reserves. She advised that the Willow project represents an opportunity to meet the energy needs of the country while benefiting the people of the North Slope. She suggested that the project would create thousands of union jobs and an estimated 180,000 barrels of oil a day, which would be a significant increase. She pointed out that it is one of the most studied projects in Alaska. She stated that the current project has been studied since 2018, and since this time, the project has been pared down by the U.S. Bureau of Land Management (BLM) from five well sites to three. She discussed the support, listing some of the organizations across the state that are behind the project.

MS. MORIARTY pointed out that the official comment period on the project has ended. She explained why the resolution is needed, as the Department of Interior (DOI) is currently looking at suggested alternative well locations that were made by BLM, and the decision on these well locations could be issued as early as

March 6. She expressed the opinion that this alternative would further reduce drill sites and "kill" the project. She referenced the support for the project by Alaska's U.S. Congress member, Representative Mary Peltola. She continued that it has been acknowledged by BLM that if the barrels of oil are not produced in Alaska, they will be "produced somewhere else," and this production would not likely abide by the same environmental protections. She suggested that at a time of global instability and rising energy costs, the Willow project would be a "win" for U.S. oil production, local residents, the workforce in the state, tax revenues for state services, and for the environment.

[1:22:50 PM](#)

The committee took an at-ease from 1:22 p.m. to 1:23 p.m.

[1:23:42 PM](#)

CHAIR MCKAY opened public testimony on HJR 6.

[1:24:16 PM](#)

ELAINE SCHROEDER, Member, 350 Juneau Climate Action for Alaska, testified in opposition to HJR 6. She shared with the committee that there are net-zero federal mandates and global mandates. She advised that a renewables revolution is needed, not a self-destructive fossil-fuel resurgence. She stated that she is calling for a resolution to oppose oil and gas leasing within NPRA. She stated that this would urge the federal government to deny the Willow Master Development Plan. She expressed the opinion that with this plan Nuiqsut would be disproportionately impacted, as it is already suffering from "extreme" pollution from oil projects. She suggested that numerous organizations and thousands of Alaskans oppose the project. She stated that the federal government's analysis has found that developing this would result in \$19.8 billion in climate damages.

[1:26:02 PM](#)

DOUG WOODBY, Member, 350 Juneau Climate Action for Alaska, testified in opposition to HJR 6. He expressed understanding of the project's appeal; however, he asserted that the science is clear and oil development is no longer responsible because of its climate impact. He stated that it would not matter how clean the oil operations are, the remaining known reserves of fossil fuels must remain in the ground because of the amount of carbon that would be released. He questioned any plans for

sustainable energy development in Alaska. He suggested that Alaska is ready for this, but there needs to be leadership.

[1:28:06 PM](#)

MIKE TOBIN, Member, 350 Juneau Climate Action for Alaska, testified in opposition to HJR 6. He stated that Conoco Phillips products are toxic to the climate, locally and worldwide. He suggested that the project would make global heating worse. He stated that his top reason for opposition is the Native communities in danger from rising seas [from climate change]. He then referenced an article that expressed the effect of rising seas. He listed other cities around the world that are in danger from rising seas. He listed other effects of climate change, including the loss of salmon, boreal forests, and glaciers. He argued that a thirty-year commitment to fossil energy would be taking Alaska in the wrong direction.

[1:30:23 PM](#)

TRISTAN GLOWA, representing self, testified in opposition to HJR 6. He expressed the opinion that the project would be a bad idea fiscally, socially, and environmentally. He expressed the understanding that the Alaska people are not asking for the legislature to do the bidding for oil and gas corporate executives. He explained the project would be going in the wrong direction. He explained that from his involvement in the community action in Fairbanks, he has heard from several thousand people in Fairbanks who do not want further oil development from the climate perspective alone, and he reasoned that now is not the time to lock the state into several decades of oil development. He argued that the economy of the state has been created for the benefit of big corporations. He continued that the economy of big corporations would not benefit the residents of state in the end.

[1:32:22 PM](#)

CHRISTI HEUN, representing self, testified in opposition to HJR 6. She shared her background in wildlife biology, and she expressed the opinion that Alaskans are pro-fish and pro-caribou. She argued that the populations of caribou and reindeer have been declining, mostly because of climate change. She referred to Representative Mary Peltola's comment concerning that the voices from Alaska need to be heard, as opposed to those from out of state. She expressed support for an American future for the population, but not one that would only benefit

oil and gas corporations. She stated that the Willow project would be a win for its employees and the oil and gas industry, but would be a loss for humans, animals, and habitat.

[1:34:13 PM](#)

LYNETTE PHAM, Campaign Coordinator and Executive Administrator, Sovereign Inupiaq for a Living Arctic, testified in opposition to HJR 6, on behalf of Sovereign Inupiaq for a Living Arctic. She expressed the opinion that oil has been politicized within communities; therefore, many Inupiaq feel unsafe voicing their opposition, as they would risk alienation, denial of jobs, and threats of violence. She stated Sovereign Inupiaq for a Living Arctic opposes this development in traditional lands. She suggested that the voices that have the most to lose should be heard, and these are the voices of the people who do not have high stakes in the oil and gas industry. She stated that the project would only set the world back in the climate crisis. She stated that BLM has related that this project would be harmful to the people living in the area, and there comes a point when the benefits of oil and gas do not outweigh the good for communities.

[1:35:56 PM](#)

NICHOLE THAM, Operations Manager, Division of Community and Regional Affairs, Department of Commerce, Community, and Economic Development, stated that she was available for questions concerning the NPRA grant that the commission administers.

[1:36:40 PM](#)

GUNNAR KEIZER, representing self, testified in opposition to HJR 6 and the Willow project. He reasoned that continued oil development would be devastating to the Indigenous people of the land. He expressed the understanding that both the city and village of Nuiqsut oppose the project, as this would be on their traditional land. He referred to an open letter, which related how BLM has treated the city. He stated that this letter was what motivated his testimony. He related that the concerns of the residents include air quality, traditional food resources, and health problems. He argued that the state should not continue to put these communities at risk, as there are other avenues of revenue and power resources. He expressed support for the Indigenous stewardship of ancestral lands.

[1:38:30 PM](#)

DYANI CHAPMAN, Director, Alaska Environment, testified in opposition to HJR 6. She said that Alaska Environment is a statewide, member-based organization, and it opposes the resolution. She cited that because of climate change there have been declines in the salmon population in the Yukon and the crab population in the Bering Sea. She noted that villages have had to be moved and declining sea ice has effected wildlife, and she attributed this to oil development. She stated that for future generations there should be no new drilling for oil and gas. She advocated for overhauling the energy systems with renewable energy projects, as "it is time for the next generation."

[1:40:28 PM](#)

BRITTANY WOODS-ORRISON, representing self, testified in opposition to HJR 6. She expressed the opinion that Alaska can no longer afford the climate change costs of oil production, which has resulted in the Yukon River salmon and snow crab collapse. She argued that the oil and gas industry developments would not be safe for the local residents. She referred to Conoco Phillips's well accident, and she expressed the opinion that the industry is tied to missing and murdered Indigenous women and girls. She argued that if the oil and gas industry cannot acknowledge the costs to the people and the land, without bringing solutions, it should not be allowed to have future developments. She advocated for renewable projects, stating that the priority should be the existing communities.

[1:41:46 PM](#)

JOHN SULEMAN, representing self, testified in opposition to HJR 6. He explained that the practices of the oil industry are unsustainable. He argued that there should not be any further destruction of the earth's hydrological cycle.

[1:43:33 PM](#)

ROBIN MCGEE, representing self, testified in support of HJR 6. She shared that she has been a biologist for over 20 years, working with environmental and regulatory compliance. She reenforced the benefits of the Willow project discussed earlier in the hearing. In addressing the comments on climate change, she referred to the Environmental Impact Statement, which related that the Willow project would equate to 0.3 percent of the U.S. greenhouse gases by 2030. She argued that any energy

transition would still need new oil; therefore, a responsible development like this project would play an essential role. She suggested that those who oppose the resolution have "sensationalized talking points," and this is in response to campaigns by environmental activist. She advised that if the oil is not produced in Alaska, it will be produced somewhere else.

[1:45:10 PM](#)

CHAIR MCKAY, after ascertaining that there was no one else who wished to testify, closed public testimony on HJR 6.

CHAIR MCKAY announced that HJR 6 was set aside [until later in the meeting]. [The committee resumed the hearing on HJR 6 at 2:40 p.m.]

[1:45:29 PM](#)

The committee took an at-ease from 1:45 p.m. to 1:48 p.m.

#### **HB 50-CARBON STORAGE**

[1:48:37 PM](#)

CHAIR MCKAY announced that the next order of business would be HB 50, "An Act relating to the geologic storage of carbon dioxide; and providing for an effective date."

[1:49:16 PM](#)

NICK FULFORD, Senior Director, Gas and Energy Transition, Gaffney Cline, on behalf of the sponsor, House Rules by request of the governor, gave a PowerPoint presentation, titled "CCUS Overview." He stated that he would be setting out the wider considerations for carbon capture, storage, and utilization (CCUS), especially the economic features that support these types of technologies. He shared the experiences he has had with CCUS projects worldwide. He stated that one important question has always been: how to justify an investment of billions of dollars in CCUS. He stated that he would be explaining how this new sector is developing, where the profits would be coming from, and how businesses would be created from this technology.

MR. FULFORD addressed the major incentive strategies and disincentive strategies used in implementing CCUS, as seen on

slide 4. He stated that the incentive strategies include federal tax incentives, grants, and funding from the U.S. Department of Energy, while disincentive strategies involve penalizing industries, such as with a carbon tax for carbon dioxide (CO2) emissions. He stated that HB 50 would not involve any subsidies, assistance, or grants, but rather it would create a framework for CCUS projects to leverage these strategies. He stated that for incentive strategies, the taxpayer would be paying, while disincentive strategies would be more of a direct cost to the consumer. He pointed out that the projects often involve the incentives and disincentives coming together. He advised that implementing these CCUS projects often involve a complicated system of stacking the benefits to create a highly supportive revenue stream.

[1:56:41 PM](#)

REPRESENTATIVE MCCABE questioned how the 45(Q) federal tax incentive would be for Alaska.

MR. FULFORD explained that the 45(Q) incentive has been augmented in the Inflation Reduction Act. He explained that for permanent sequestration of CO2 in Alaska, there would be a tax credit of \$85 per ton. He stated that it would be \$50 a ton if the CO2 was extended for recovery, which would be relevant in Alaska. He stated that if a company operating a gas production system in Alaska removes its own CO2, instead of venting the gas, and it uses a geological sequestration site, a 45(Q) tax credit could be used for a period of time. He added that for a gas project that connects the CO2 to a pipeline, there would also be a tax credit of \$85. He advised that this would be a significant financial incentive. Considering all the natural gas resources on the North Slope, he suggested that the CO2 could be removed before the gas leaves Alaska, and this would be a low carbon product.

[2:00:14 PM](#)

REPRESENTATIVE MCCABE asked whether companies could leverage the federal 45(Q) tax credit to reduce its Alaska corporate tax.

MR. FULFORD responded that he is not a tax expert. He stated that most of the storage projects are very complex, and to collect the maximum benefit there would need to be a complex tax partnership. He stated that with the 45(Q) it might be possible to reassign the tax credit to other parts of the supply chain.

2:02:36 PM

MR. FULFORD moved to slide 5, to address the question why governments would invest in projects that do not seem to have an inherent product. He explained that some companies rely on economies with hydrocarbon exports, like in Alaska. He stated that a major goal for a hydrocarbon-based fuel economy would be the ability to compete with renewable and low carbon energy; this can be achieved by having a premium fuel or having a strategy to deal with the emissions, like one that attracts "green" financing. He also discussed the possibility of having an import/export market, as Alaska's huge storage resources could be matched with a country where the opposite is true.

MR. FULFORD moved to slide 6, which showed a map of the world, and what solutions countries are adopting concerning carbon pricing, which would be a carbon tax, an emission trading system, or a combination of both. He noted that the countries using a cap-and-trade system have an estimated value close to that of the 45(Q) tax credit. However, he explained that when considering the cost involved for CCUS, there would be a gap between the revenue stream and what is needed to create a sustainable investment.

2:09:00 PM

MR. FULFORD continued with slide 7, which addressed policy options to incentivize CCUS deployment. He discussed several methods for bridging the gap between economic viability and the revenue system. Addressing capitol, he stated that one method would be to apply direct grants to build projects. He added that other methods would include using an investment tax credit and using accelerated depreciation. He stated that on the revenue side, production tax credits could be used, as with the 45(Q) tax incentive. He pointed out that other revenue methods include direct payment methods and research and development. He suggested that there are "pools of money" Alaska could access. He added that the introduction of subsidies here has not been considered.

MR. FULFORD moved to slide 8, which showed an overview of the cost of CO2 capture, transport, and storage. He suggested that this slide would also help explain the gap between cost and revenue for CCSU projects. He explained that capture is the most complex and costliest part of the process. The graph on the slide compared the cost and effectiveness of the methods of

carbon capture, along with the cost for transportation. He also addressed the cost of CO2 storage.

[2:16:03 PM](#)

MR. FULFORD advanced to slide 9 and provided examples of markets with carbon capture projects around the world. He stated that closing the gap between economic viability and the revenue stream, while creating an incentive for CCUS, would be more challenging for some markets than others. The graphs on the slide compared these markets, and he suggested that Norway's market would be a good example for Alaska. He proceeded with slide 10, explaining the variables in the addressable markets, and compared this with the potential market. From the projection on the graph, he expressed the understanding that the price for CO2 would be going up. He suggested that as efficiencies and technologies become better in the future, the cost curve for CCUS would come down. With this and the cost of CO2 rising, he expressed the expectation that carbon capture would emerge as a sustainable market in the future. He stated that the remaining question would be the extent of the timeframe.

[2:22:12 PM](#)

REPRESENTATIVE MEARS asked whether the increase of economic projects would create more market opportunities.

MR. FULFORD responded in the affirmative. He expressed the opinion that the number of entities looking for CO2 sequestration in Alaska would increase, especially concerning the natural gas (LNG) market.

REPRESENTATIVE MEARS asked whether the CCUS market would follow a typical supply and demand model. If so, she questioned whether the price Alaska would be able to demand would increase over time.

MR. FULFORD commented that an ever-increasing value has been placed on carbon capture over the last ten years. He stated that currently there is not a global market place to set the price, but there are several international mechanisms settling on \$80 to \$100 a ton, which is sufficient to attract investors. He expressed the expectation that the factors would align in the future and a sustainable market in carbon capture would emerge.

[2:25:33 PM](#)

MR. FULFORD continued to slide 11, which showed a comparison of global oil and gas markets with mitigation and without mitigation from CCUS. He suggested that global deployment of CCUS could substantially alter the energy mix by 2050. He pointed out that higher carbon oil would be replaced with lower carbon products. He continued that there would be a growth in LNG production, while renewables would become more effective with technology. He suggested that CCUS growth is likely to coincide with natural gas exports from the state, which could potentially become important. He stated that Alaska's significant natural gas resource could be enhanced by the combination with CCUS.

[2:29:00 PM](#)

CHAIR MCKAY expressed optimism concerning the information presented. He suggested that this optimism is hinged on the 45(G) tax credits. He asked what would happen if the federal administration changed this and the tax credits go away.

MR. FULFORD expressed the importance of the question. He stated that some investors have acknowledged that any significant investment of capital resting on federal tax subsidies would be risky. He recommended that the "jury is out" on whether 45(Q) would be a sustainable mechanism. He reasoned that for some of the smaller projects, the risks would be lower because they would be operational very soon; however, for a larger, more strategic venture, the availability of 45(Q) would be a consideration. He suggested that 45(Q), and this type of funding, would disappear when a sustainable market evolves.

CHAIR MCKAY pointed out that oil projects are regularly "stress tested" or analyzed to see what the economics are at certain per-barrel dollars. He suggested that the carbon capture projects should be analyzed in a similar manner.

MR. FULFORD responded with an example from the Gulf Coast LNG exporters. Because of the carbon intensity of the U.S. natural gas, pressure from the European and Asian markets caused many U.S. companies to de-carbonize their products, and from this the infrastructure of the LNG production evolved, with the result being a more valuable product. He stated that having a cleaner product had increased the market. Per this example, he reasoned that if the 45(Q) disappears, these projects would still be economically viable.

[2:34:15 PM](#)

REPRESENTATIVE MEARS asked whether a company relying on carbon tax credits would be denied a loan or not receive any investments.

MR. FULFORD expressed the understanding that many lenders who invest in a project that involves government grants would consider this; however, from his 40 years of experience, he expressed surprise by the number of lenders willing to fund companies interested in CCUS.

[2:37:37 PM](#)

MR. FULFORD continued his presentation with slide 12, which showed worldwide press clippings that supported the development of carbon-neutral LNG; thus, promoting CCUS projects.

[HB 50 was set aside and the hearing on the bill was resumed at 2:49 p.m.]

[2:39:07 PM](#)

The committee took an at-ease from 2:39 p.m. to 2:40 p.m.

**HJR 6-NAT'L PETROLEUM RESERVE IN ALASKA**

[2:40:42 PM](#)

CHAIR MCKAY announced that the next order of business would be a return to HOUSE JOINT RESOLUTION NO. 6, Supporting oil and gas leasing and development within the National Petroleum Reserve in Alaska; and urging President Biden and the United States Department of the Interior to approve the Willow Master Development Plan.

[2:41:18 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 1 to HJR 6, labeled, 33-LS0415\B.5, Nauman, 2/15/23, which read as follows:

Page 2, following line 25:

Insert a new clause to read:

"**WHEREAS** the Inupiat people are the first and rightful stewards of the land on which the National Petroleum Reserve in Alaska sits, and take seriously the need for careful and balanced stewardship; and"

Page 3, line 27, following "populations;":

Insert "and

**WHEREAS** the state's leadership in the nation's energy future includes robust support for the development and implementation of renewable energy systems and sources to ensure that cost-effective energy and power are provided to communities and individuals in the state; and

**WHEREAS** responsible resource development today equips communities in the state to make investments in technology and infrastructure to support the use of renewable sources of energy and power; and

**WHEREAS** the Willow project is an important part of a diverse energy future for the state and the nation;"

[2:41:24 PM](#)

CHAIR MCKAY objected for the purpose of discussion.

REPRESENTATIVE MEARS explained that Amendment 1 would address some of the concerns of the public testifiers. She stated that the amendment would add a broader context of Alaska's energy future, and this would include leadership and the implementation of renewable energy systems and sources.

[2:42:14 PM](#)

CHAIR MCKAY removed his objection. There being no further objection, Amendment 1 to HJR 6 was adopted.

[2:42:36 PM](#)

REPRESENTATIVE PATKOTAK, in regard to HJR 6, [as amended], expressed the importance of several issues. First, he stated that the federal government must hold consultations with the five villages affected by the proposed project. In relation to the traditional values of taking care of one another, he stated that services would need to be provided for these communities, and this would be addressed by the property tax assessment for the project. He stated that the North Slope Borough would provide these services to the residents in the region, and he listed some of these services. He stated that the villages in the area have relied on a diesel generator for power, and he pointed out that now natural gas is being piped in for heat in Nuiqsit, and its cost is around \$25 a month. He added that it

had been around \$700 a month for diesel. He expressed appreciation for the unified voice the committee has provided. He expressed the importance of balancing the ecology of the North Slope, as the marine life and animals of the land are affected by these types of projects, and this concerns food security and traditional lifestyles.

[2:47:07 PM](#)

REPRESENTATIVE RAUSCHER moved to report HJR 6, as amended, out of the committee with individual recommendations and attached zero fiscal note. There being no objection, CSHJR 6 (RES) was reported out of the House Resources Standing Committee.

[2:47:50 PM](#)

The committee took a brief at-ease from 2:47 p.m. to 2:49 p.m.

#### **HB 50-CARBON STORAGE**

[2:49:10 PM](#)

CHAIR MCKAY announced that the final order of business would be a return to HOUSE BILL NO. 50, "An Act relating to the geologic storage of carbon dioxide; and providing for an effective date." [The presentation and discussion had been recessed at 2:39 p.m.]

[2:49:31 PM](#)

NICK FULFORD returned to the presentation and the remainder of the slides, which gave examples of CCUS projects around the world. He stated that this shows the different legislative and regulatory ways these projects have been facilitated. He stated that slide 16 compares the beginnings of the LNG sector with the CCUS industry. He pointed out Alaska's significance as one of the first exporters of LNG. He suggested that the CCUS industry is in its initial stages and "everybody is in the same boat," and if anything in the value chain fails, everyone is affected. He suggested that this is helping to create a sustainable business model.

[2:52:06 PM](#)

MR. FULFORD moved back to slide 15, titled "CCS Value Chain - Value Driver and Risks." He suggested that this is a helpful summary of the risks and opportunities in each part of the value chain. Referencing the first part of the value chain, he

reiterated that capturing CO2 is complex. He stated that the best scenarios would involve facilities that are able to capture carbon themselves, as there is not a "one size fits all" way of doing this. In the next part of the chain, he discussed the aggregation and temporary storage of carbon. In relation to transporting carbon, he stated that this would be a simple process. He addressed the final part of the chain, which is the carbon sequestration. He pointed out the geological risks of this, as CO2 "moves in very strange ways;" however, he observed that it would be an efficient fluid to store. He stated that some of the investors who are cautious about funding are also cautious about the storage technology, as CO2 could be unintentionally released. He suggested that the bond market is becoming involved with CCUS, as insurers are becoming more interested. He ended by saying investment has been increasing, and this would lower the risks.

[2:57:46 PM](#)

CHAIR MCKAY announced that HB 50 was held over.

[2:58:08 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:58 p.m.