ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE
April 24, 2024
3:30 p.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Cathy Giessel, Co-Chair
Senator Bill Wielechowski, Vice Chair
Senator Scott Kawasaki
Senator James Kaufman
Senator Forrest Dunbar
Senator Matt Claman

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 50(FIN)
"An Act relating to carbon storage on state land; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to carbon storage exploration licenses; relating to carbon storage leases; relating to carbon storage operator permits; relating to enhanced oil or gas recovery; relating to long-term monitoring and maintenance of storage facilities; relating to carbon oxide sequestration tax credits; relating to the duties of the Department of Natural Resources; relating to carbon dioxide pipelines; and providing for an effective date."

- HEARD AND HELD -

CONFIRMATION HEARING:

Alaska Commercial Fisheries Entry Commission
Micheal Porcaro - Anchorage

- CONFIRMATION ADVANCED

PREVIOUS COMMITTEE ACTION

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
02/17/23	(H)	Heard & Held
02/17/23	(H)	MINUTE(RES)
02/20/23	(H)	RES AT 1:00 PM BARNES 124
02/20/23	(H)	Heard & Held
02/20/23	(H)	MINUTE(RES)
02/22/23	(H)	RES AT 1:00 PM BARNES 124
02/22/23	(H)	Heard & Held
02/22/23	(H)	MINUTE(RES)
02/24/23	(H)	RES AT 1:00 PM BARNES 124
02/24/23	(H)	Bills Previously Heard/Scheduled
02/27/23	(H)	RES AT 1:00 PM BARNES 124
02/27/23	(H)	Heard & Held
02/27/23	(H)	MINUTE(RES)
03/01/23	(H)	RES AT 1:00 PM BARNES 124
03/01/23	(H)	Heard & Held
03/01/23	(H)	MINUTE(RES)
03/08/23	(H)	RES AT 1:00 PM BARNES 124
03/08/23	(H)	Moved CSHB 50(RES) Out of Committee
03/08/23	(H)	MINUTE(RES)
03/13/23	(H)	RES RPT CS(RES) NEW TITLE 6DP 1NR 1AM
03/13/23	(H)	DP: ARMSTRONG, DIBERT, MCCABE, SADDLER, WRIGHT, MCKAY
03/13/23	(H)	NR: PATKOTAK
03/13/23	(H)	AM: MEARS
03/24/23	(H)	FIN AT 1:30 PM ADAMS 519
03/24/23	(H)	Heard & Held
03/24/23	(H)	MINUTE(FIN)
04/07/23	(H)	FIN AT 1:30 PM ADAMS 519
04/07/23	(H)	-- MEETING CANCELED --
04/11/23	(H)	FIN AT 1:30 PM ADAMS 519
04/11/23	(H)	Heard & Held
04/11/23	(H)	MINUTE(FIN)
04/18/23	(H)	FIN AT 1:30 PM ADAMS 519
04/18/23	(H)	Heard & Held
04/18/23	(H)	MINUTE(FIN)
04/28/23	(H)	FIN AT 1:30 PM ADAMS 519

04/28/23	(H)	Heard & Held
04/28/23	(H)	MINUTE(FIN)
05/03/23	(H)	FIN AT 1:30 PM ADAMS 519
05/03/23	(H)	Heard & Held
05/03/23	(H)	MINUTE(FIN)
05/12/23	(H)	FIN AT 1:30 PM ADAMS 519
05/12/23	(H)	Bills Previously Heard/Scheduled
01/25/24	(H)	FIN AT 1:30 PM ADAMS 519
01/25/24	(H)	Heard & Held
01/25/24	(H)	MINUTE(FIN)
02/19/24	(H)	FIN AT 8:30 AM ADAMS 519
02/19/24	(H)	Heard & Held
02/19/24	(H)	MINUTE(FIN)
03/07/24	(H)	FIN AT 11:00 AM ADAMS 519
03/07/24	(H)	-- MEETING CANCELED --
03/11/24	(H)	FIN AT 1:30 PM ADAMS 519
03/11/24	(H)	Heard & Held
03/11/24	(H)	MINUTE(FIN)
03/14/24	(H)	FIN AT 10:00 AM ADAMS 519
03/14/24	(H)	Moved CSHB 50(FIN) Out of Committee
03/14/24	(H)	MINUTE(FIN)
03/18/24	(H)	FIN RPT CS(FIN) NEW TITLE 3DP 5NR 3AM
03/18/24	(H)	DP: CRONK, D.JOHNSON, FOSTER
03/18/24	(H)	NR: GALVIN, COULOMBE, ORTIZ, TOMASZEWSKI, EDGMON
03/18/24	(H)	AM: STAPP, HANNAN, JOSEPHSON
04/17/24	(H)	TRANSMITTED TO (S)
04/17/24	(H)	VERSION: CSHB 50(FIN)
04/19/24	(S)	READ THE FIRST TIME - REFERRALS
04/19/24	(S)	RES, FIN
04/22/24	(S)	RES AT 3:30 PM BUTROVICH 205
04/22/24	(S)	Heard & Held
04/22/24	(S)	MINUTE(RES)
04/24/24	(S)	RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

JOHN CROWTHER, Deputy Commissioner
Department of Natural Resources (DNR)
Anchorage, Alaska
POSITION STATEMENT: Co-presented an overview of HB 50.

RYAN FITZPATRICK, Commercial Analyst
Division of Oil and Gas (DOG)
Department of Natural Resources (DNR)
Anchorage, Alaska
POSITION STATEMENT: Co-presented an overview of HB 50.

DAN STICKEL, Chief Economist
Department of Revenue (DOR)
Juneau, Alaska
POSITION STATEMENT: Answered questions during the overview of HB 50.

JOHN BOYLE, Commissioner
Department of Natural Resources (DNR)
Anchorage, Alaska
POSITION STATEMENT: Answered questions during the overview of HB 50.

NICHOLAS FULFORD, Senior Director
Gas and Energy Transition
GaffneyCline
Houston, Texas
POSITION STATEMENT: Delivered a presentation on HB 50.

MICHAEL PORCARO, Appointee
Anchorage, Alaska
POSITION STATEMENT: Testified as the governor's appointee to the Alaska Commercial Fisheries Entry Commission.

FRANK PASKVAN, Affiliate Professor
University of Alaska Fairbanks (UAF)
Institute of Northern Engineering
Fairbanks, Alaska
POSITION STATEMENT: Delivered a presentation on carbon storage.

KEN HUCKEBA, representing self
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition to HB 50.

TODD LINSDLEY, representing self
Anchorage, Alaska
POSITION STATEMENT: Testified in opposition to HB 50.

KAYCI HANSON, representing self
Ninilchik, Alaska
POSITION STATEMENT: Testified in opposition to HB 50.

KEN GRIFFIN, representing self
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition to HB 50.

CONNOR HAJDUKOVICH, External Affairs and Policy Coordinator

Resource Development Council
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 50.

KASSIE ANDREWS, representing self
Anchorage, Alaska
POSITION STATEMENT: Testified in opposition to HB 50.

ACTION NARRATIVE

3:30:55 PM
CO-CHAIR CATHY GIESSEL called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Wielechowski, Kawasaki, Kaufman, Dunbar, and Co-Chair Giessel. Senator Claman and Co-Chair Bishop arrived thereafter.

HB 50-CARBON STORAGE; COOK INLET OIL AND GAS

3:31:46 PM
CO-CHAIR GIESSEL announced the consideration of CS FOR HOUSE BILL NO. 50(FIN), "An Act relating to carbon storage on state land; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to carbon storage exploration licenses; relating to carbon storage leases; relating to carbon storage operator permits; relating to enhanced oil or gas recovery; relating to long-term monitoring and maintenance of storage facilities; relating to carbon oxide sequestration tax credits; relating to the duties of the Department of Natural Resources; relating to carbon dioxide pipelines; and providing for an effective date."

3:32:01 PM
CO-CHAIR BISHOP joined the meeting.

3:32:17 PM
SENATOR CLAMAN joined the meeting.

3:33:41 PM
JOHN CROWTHER, Deputy Commissioner, Department of Natural Resources (DNR), Anchorage, Alaska, co-presented an overview of HB 50. He advanced to slide 11 of the DNR presentation dated April 22, 2024:

[Original punctuation provided.]

HFIN CHANGES TO HB 50

Annual report to the legislature - AS 38.05.735 (sec. 15)

Summary: Adds a new section requiring DNR to annually report to the legislature information on carbon storage applications, licenses, and leases. As well as the accounting of the carbon storage closure trust fund under AS 37.14.850.

Rationale:

- Consistent with annual oil and gas leasing report to the legislature.

Amalgamating property interests - AS 41.06.140 (sec. 31)

Summary: Replaces "mineral" rights with "pore space."

Rationale:
Clarifies AOGCC's authority to bring together all pore space owners into a storage facility, separate and distinct from mineral interest rights.

3:34:29 PM
MR. CROWTHER advanced to slide 12 and summarized HB 50:

[Original punctuation provided.]

SUMMARY

- Global events point to the urgency for Alaska establishing a framework for the leasing of its pore space for CCUS
- The CCUS regulatory and commercial landscape continues to rapidly evolve

CSHB 50(FIN)

- Incorporates amendments that improve the State's ability to maximize the value of its resources
- Clarifies and strengthens the State's ability to protect life, health and safety of Alaskans
- Conforms with changes to EPA requirements based on feedback received from EPA Region X and other

states that are necessary for AOGCC's Class VI primacy application to be successful

3:35:03 PM
MR. CROWTHER directed attention to a second DNR presentation on HB 50, dated April 24, 2024. He said the primary focus of this presentation is the cost to develop Carbon Capture, Utilization, and Storage (CCUS) projects and the value chain. He noted that this includes consideration of the 45Q tax credit and its impact on various project costs. It also considers the impact this has on state revenue and includes hypothetical revenue scenarios. He acknowledged that there is a great deal of uncertainty about these projects and their costs as the industry is evolving.

3:35:56 PM
RYAN FITZPATRICK, Commercial Analyst, Division of Oil and Gas (DOG), Department of Natural Resources (DNR), Anchorage, Alaska, advanced to slide 2, which discusses the costs and challenges associated with Carbon Capture, Utilization, and Storage (CCUS) projects prior to startup. He explained that these are similar to what is seen in oil and gas operations. He pointed out that the startup capital needs for most CCUS projects are fairly significant. This is in-line with oil and gas operations which involve sub-surface assessments, exploration drilling, production drilling, and various above-ground needs.

3:37:19 PM
SENATOR KAWASAKI commented that much of this discussion has referenced these as separate and distinct projects (e.g. the sequestration project is different from power plant that emits the CO2). He asked how this compares to instances where it is a single project (e.g. a power plant facility that sequesters CO2).

3:37:54 PM
MR. FITZPATRICK replied that it is likely that in the future, single storage facilities would service multiple capture facilities. He noted that in the lower 48, projects have typically included one CO2 capture source and one sequestration source. He said that, over the next 5-10 years, this is projected to transition to larger injection sites that service multiple capture sites. This could potentially become a "fee for service" model, where the injection occurs separate from the capture. He added that this is a fairly new industry that is evolving quickly.

3:39:10 PM

MR. FITZPATRICK advanced to slide 3 and described a hypothetical 45Q tax credit value chain. He discussed the various costs associated with the value chain, including capture costs; transportation costs, injection/operation costs; and storage costs. He noted that the capture process is likely the most expensive part of the process and added that the economics of these projects can become a challenge relatively quickly. He explained that leasing pore space falls under "storage costs." This is where DNR would potentially see the value of leasing the pore space - and could capture some of this value for the state. He pointed out that much of the 45Q tax credit is eaten up in these various costs, though there is the potential for residual values on a project-by-project basis.

3:41:59 PM
SENATOR DUNBAR asked if slide 3 assumes that the only revenue input is the 45Q tax credit.

3:42:12 PM
MR. FITZPATRICK replied yes and added that for the purpose of this hypothetical scenario, that was the only revenue generated by the project.

3:42:21 PM
SENATOR DUNBAR noted that, according to this scenario, the state would end up with $625,000 per year, while the company would retain $2.6 million of the 45Q tax credit. He commented that this assumes the company is not receiving payment and questioned whether there is any other way to get revenue from this process (other than the 45Q tax credit).

3:42:48 PM
MR. FITZPATRICK replied that different project designs may result in additional revenue generating opportunities. He added that future slides contain additional hypothetical situations that may address this question.

3:43:10 PM
MR. FITZPATRICK moved to slide 4 and provided hypothetical state revenue opportunities:

[Original punctuation provided.]

Hypothetical State Revenue Opportunities

Regional Power Facility

- 250,000 metric tons/year, $2.50 metric ton/year

- 20-year life
- Acreage approx. 1200 acres during injection, $20 acre/year

North Slope Emitting Facility

- 2,000,000 metric tons/year (50/50 EOR & Storage), $2.50 metric ton/year (Storage)
- 20-year life
- Acreage approx. 10,000 acres during injection, $20 acre/year

CO2 Import & Sequestration Facility

- 10,000,000 metric tons/year, $2.50 acre/year
- 40-year life
- Acreage approx. 50,000 acres during injection, $20 acre/year

MR. FITZPATRICK noted that these hypothetical revenue opportunities contain certain assumptions; however, the intention is not to predict whether these will occur if HB 50 is passed - or that these types of projects would occur within the suggested scenarios. Rather, this is an attempt to understand the potential hypothetical revenue opportunities that might be generated via HB 50. He stated that the North Slope Emitting Facility is one example of additional revenue that could be generated by these projects.

3:45:04 PM
CO-CHAIR BISHOP asked for an explanation of the $20/year acreage fee.

3:45:15 PM
MR. CROWTHER replied that these numbers were included in previous CCUS presentations, and this was the minimum originally included in HB 50. He explained that this number was drawn from examples taken from other states and was included as a reference case. He clarified that the current version of HB 50 does not include this number.

3:45:50 PM
CO-CHAIR BISHOP asked if the $20/year acreage fee would apply to the facility's footprint. He asked for clarification that the state would be charging for the reservoir space.

3:46:08 PM
MR. CROWTHER replied that this is similar to an oil and gas lease in that the reservoir is extrapolated (in the hypothetical) to cover approximately 1200 acres. The company

would need to secure the subsurface rights for this space - and the $20/year acreage fee would be assessed against this space (i.e. the expected size of the reservoir).

3:46:29 PM
MR. FITZPATRICK added that, like oil and gas leasing, DNR anticipates the lease charges to be incurred during the site's exploration phase. He said that once injection begins, the injection fee takes over as the primary revenue source. He added that the injection fee quickly overshadows the leasing payments.

3:46:57 PM
MR. FITZPATRICK advanced to slide 5 and noted that this shows additional hypothetical revenue opportunities:

[Original punctuation provided.]

Hypothetical State Revenue Opportunities

- Not all CO2 emissions are feasibly captured – technology continues to rapidly develop
- Capital expenditures to retrofit existing facilities cannot be met by existing incentives in some cases
- Import of CO2 is dependent on further development of shipping technology and infrastructure
- 45Q tax credits only available for projects capturing CO2 in the US
    - $60 per ton for Enhanced Oil Recovery
    - $85 per ton for geologic carbon storage
    - $180 per ton for geologic storage of carbon from Direct Air Capture

3:47:04 PM
MR. FITZPATRICK advanced to slide 6 and discussed the potential revenue from scenario 1: regional power facility. He noted that this slide includes a higher level of detail than was presented previously. He said, in this case, the 45Q tax credit would generate $425 million in revenue over the life of the project. He pointed out that the majority of this revenue is eaten up by project costs (cost of capture, transportation, and injection costs). Some of the remaining $65 million will be allocated against the regulatory costs. He referenced the Carbon Storage Closure Trust Fund, which is another source of outflow from this project. He added that this is not a source of revenue but is intended to help source additional regulatory costs. He directed attention to the state revenue shown on the slide. He

noted that "exploration license" is an acreage fees. He surmised that, during exploration, companies would license a larger footprint than necessary for the ultimate injection facility, then downgrade this once they reach the point of finalizing the footprint. He said that the exploration license ends up generating a little more revenue because it covers more ground (i.e. it has a larger footprint) which is later downselected into a more compact lease and injection fees begin to come through. He noted that this scenario shows through year 11 and goes through year 66, and briefly explained the data calculations.

3:50:01 PM
MR. FITZPATRICK advanced to slide 7 and continued discussing hypothetical state revenue opportunities. He pointed out that the only change in slide 7 is the cost of capture, which was increased to $70 per ton. The post-combustion capture cost ranges from between $50 and $70 per ton. This illustrates how changing something small can result in a drastic decrease in total net profits, causing projects to become uneconomic.

3:50:57 PM
CO-CHAIR BISHOP asked if this data assumes that the 45Q tax credit would be renewed every ten years.

3:51:07 PM
MR. FITZPATRICK replied yes. He explained that this hypothetical scenario is for a 20-year facility, which could mean a renewal of the 45Q tax credits - or it could mean that the injection site continues for 20 years, during which time the storage reservoir may operate for multiple different sources.

3:51:45 PM
MR. FITZPATRICK advanced to slide 8. He explained that this compares the revenue pictures for the three scenarios presented (regional power facility CCUS, North Slope facilities CCUS, and CO2 import for sequestration). He pointed out that the North Slope facilities CCUS - increased annual capture generates additional injection fees along with enhanced oil revenues and a potential for enhanced oil recovery. He said that this is a very rough estimation. He stated that the CO2 import data refers to the potential for importing CO2 from Asia and Pacific countries and briefly described this in terms of liquified natural gas tankers (to offer a sense of scale).

3:53:31 PM

MR. FITZPATRICK advanced to slide 9 and invited Dan Stickel, chief economist for the Department of Revenue, to discuss royalty and tax under current law and under HB 50.

3:54:14 PM
DAN STICKEL, Chief Economist, Department of Revenue, Juneau, Alaska, explained that slide 9 helps to show how HB 50 relates to current law and how current law treats CCUS projects. He expressed hope that this would also address questions from the previous hearing of HB 50. He said that HB 50 does not make significant changes to current tax. He explained that production tax - which applies to all oil and gas production in Alaska - does not apply to stand-alone CCUS projects. He explained what would qualify as a lease expenditure deduction. HB 50 does not make any changes to the production tax. He said that property tax applies to any oil and gas infrastructure in the state. State property tax does not apply to a standalone CCUS project; however, municipal property taxes may apply. With respect to enhanced oil recovery, he explained that a project that involves property used for carbon capture that has a primary use in oil and gas exploration, production, or pipeline transportation, would potentially be subject to state property tax. He stated that state property tax would not apply to a standalone CCUS project (unrelated to oil and gas production). HB 50 does not change this regime.

3:57:26 PM
MR. STICKEL said that DOR has existing regulatory authority and is thus able to clarify in regulations what is subject to tax versus what is not subject to tax. He said that HB 50 does change corporate income tax law. He explained that, currently, C-corporations are subject to corporate income tax (most federal tax credits are adopted by reference). He stated that HB 50 changes this for 45Q tax credits, disallowing the 45Q tax credit under state tax. With regard to royalties, he said that the intention of HB 50 is to create regulatory structure for a standalone carbon capture project.

3:59:06 PM
SENATOR WIELECHOWSKI offered an example of a company that is drilling a well and taking advantage of the 45Q tax credits; in this case, they are storing CO2, but also extracting additional oil. He asked if this would be deductible on the lease expenditures.

4:00:00 PM

MR. STICKEL said DOR would gather details on the expenditure and determine to what extent the expenditure is an "ordinary and necessary, upstream, direct costs related to enhanced oil recovery; if it meets this requirement, it would be an allowable lease expenditure deduction under the oil and gas production tax. If it does not meet this test, it would not be allowable.

4:00:34 PM
SENATOR WIELECHOWSKI asked if any degree of relatedness would result in the full deduction - or if some projects would only be allowed a partial deduction.

4:00:48 PM
MR. STICKEL replied that DOR would consider these on a case-by-case basis.

4:01:10 PM
SENATOR WIELECHOWSKI asked for clarification on whether, once a project meets the criteria, the deduction would be "all or nothing" or whether it would potentially be a partial deduction based on the proportionality.

4:01:17 PM
MR. STICKEL replied that any cost that meets the aforementioned requirements would be a deductible cost.

4:01:41 PM
SENATOR WIELECHOWSKI expressed concerns. He commented that the costs are substantial. He said that the state would finance the lease expenditures and the company would receive the tax credit. He opined that this is not fair and could be considered "double-dipping." He said that he has an amendment prepared to address this.

4:02:27 PM
CO-CHAIR BISHOP shared an example of a North Slope producer capturing 10 metric tons of CO2 per year and storing half (taking advantage of the 45Q tax credit on this half) while using the other half for enhanced oil recovery. He asked whether this producer could take advantage of the 45Q tax credit for the half used for enhanced oil recovery.

4:03:14 PM
MR. STICKEL replied that in each scenario, DOR would gather information and make a decision. He directed attention to slide 9, which contains the criteria for determining whether a particular expenditure would impact production taxes. He

reiterated that HB 50 does not make any changes to current law. He said that a standalone CCUS project does not meet the requirements and therefore those costs would not be deducted. If the CCUS project is associated with enhanced oil recovery, DOR would determine whether it meets the requirements of "ordinary and necessary, upstream, direct costs related to enhanced oil recovery." He explained that this is the threshold used to determine whether the expenditures would be deductible against a production tax or not.

4:04:30 PM
SENATOR DUNBAR noted that C corporations are subject to the income tax. He wondered whether the taxes would apply the same way to an S corporation. He asked if it is the nature of the entity or the nature of the tax that matters.

4:04:58 PM
MR. STICKEL replied that the type of corporation does not impact royalties, production taxes, or property taxes. The corporate income tax is levied on C corporations; S corporations are not subject to this tax.

4:05:37 PM
SENATOR DUNBAR offered a hypothetical scenario in which the law was changed, and certain S corporations were then subject to the corporate income tax. He asked whether it would apply in the same way - and whether these corporations could then use the 45Q tax credits.

4:05:58 PM
MR. STICKEL replied that any companies newly subject to the corporate income tax, under current state law, would be able to apply the 45Q tax credit to a portion of their state tax. He explained that this is disallowed under HB 50.

4:06:27 PM
SENATOR WIELECHOWSKI directed attention to slides 6 and 7, which are hypothetical scenarios for a regional power facility. He asked whether a similar hypothetical scenario is available for a North Slope project.

4:06:57 PM
MR. FITZPATRICK answered no. He explained that DOR only considered the revenues for the North Slope project.

4:07:17 PM
SENATOR WIELECHOWSKI asked if analysis was done.

4:07:24 PM
MR. FITZPATRICK replied that DOR took the analysis from the first scenario (on slide 6) but did not independently evaluate the costs for the North Slope. He directed attention to the costs associated with scenario 1 (slides 6 and 7) and said that those costs are publicly reported and can then be scaled up using the same cost-per-ton metric. He explained how this could be applied to the North Slope to determine those costs.

4:08:48 PM
SENATOR WIELECHOWSKI directed attention to slide 6 and asked for confirmation of his understanding of the projected capture costs and project costs, and the potential North Slope costs.

4:09:15 PM
MR. FITZPATRICK clarified that DOR is hypothesizing these numbers.

4:09:22 PM
SENATOR WIELECHOWSKI agreed that it is all hypothetical. He said it would be eight times extrapolated. He shared his calculations and asked for confirmation that the project costs would be $2.4 billion.

4:09:47 PM
MR. FITZPATRICK agreed that costs would be approximately $2.4 billion.

4:09:55 PM
SENATOR WIELECHOWSKI asked what percent would go to enhanced oil recovery.

4:10:03 PM
MR. FITZPATRICK replied that in this hypothetical scenario, 50 percent was hypothesized; however, it could be more or it could be less. He added that it also depends on the opportunities for enhanced oil recovery (using the CO2). He emphasized that there is limited data available and therefore these are very rough estimates.

4:10:50 PM
SENATOR WIELECHOWSKI said that, assuming its 50 percent, total project cost would fall around $1.2 billion.

4:11:00 PM
MR. FITZPATRICK replied that this is correct.

SENATOR WIELECHOWSKI shared his understanding that the lease expenditures are 35 percent. He asked for confirmation of his understanding that taxes would therefore be reduced by $450 million.

4:11:18 PM
MR. STICKEL explained that to the extent any costs for enhanced oil recovery meet the threshold of ordinary and necessary, upstream, direct costs, they would be allowable lease expenditure deductions under the oil and gas production tax. He said that this tax consists of a net profits tax with a 35 percent tax rate and a gross minimum tax floor. The maximum potential benefit would be 35 percent of lease expenditures.

4:12:01 PM
SENATOR WIELECHOWSKI shared his understanding that, according to his calculations, if the company has roughly $2.4 billion in expenditures (assuming 50 percent), then the state would lose roughly over $400 million in production taxes. He asked for clarification that these calculations are correct.

4:12:24 PM
MR. STICKEL said that the potential lease expenditure deduction could be $400 million.

SENATOR WIELECHOWSKI pointed out that this is not reflected in the data provided by DOR.

4:12:44 PM
MR. CROWTHER replied that the data in the presentation reflects hypothetical revenues and is not an analysis of all costs and potential revenue. He pointed out that Senator Wielechowski's calculations presume that all of the costs would fit the deduction requirements; however, he shared his belief that DNR has not made this the case for a category of costs. He stated that DNR is not asserting that the cost of capture is - or is not - a lease expenditure.

4:13:47 PM
SENATOR WIELECHOWSKI asked whether DNR believes that it is important to inform the legislature that it could cost the state over $400 million in lost production taxes for a single project.

4:14:27 PM
SENATOR CLAMAN said that, in 2023, the legislature passed legislation related to carbon offset in the timber industry. He

asked if the state has entered into any contracts since the legislation was passed.

4:14:55 PM
MR. CROWTHER shared his understanding that DNR has proposed draft regulations which are currently moving through the public review process. Once this process is complete, DNR will begin to review potential projects. He noted that conceptual projects have been proposed; however, the regulations are not final and therefore no contracts have been issued.

4:15:20 PM
SENATOR CLAMAN said that the hypothetical scenarios are interesting; however, the projects would require a substantial investment by commercial interests. Additionally, distance between the production and storage sites may be an issue. He said that he understands opening the pathway for this opportunity. He questioned what would happen if those opportunities did not develop.

4:16:50 PM
JOHN BOYLE, Commissioner, Department of Natural Resources, Anchorage, Alaska, replied that this is a relevant question. He referred to the earlier question about carbon offset projects in the forestry sector and said that there has been interest. He said that DNR has received interest in carbon offset development opportunities from a variety of sectors and expressed confidence that opportunities would develop, once the regulations are in place. With regard to CCUS, he said DNR has had many conversations with developers.

4:19:12 PM
MR. BOYLE shared about the US Department of Energy's recent trip to Japan, which included discussion of Alaska potentially storing captured Japanese carbon and the possibility of a US carbon sequestration hub. He noted that this would apply to imported carbon. He indicated that there are many operators interested in creating hydrogen, methanol, ammonia production facilities and capturing CO2 is essential to these operations. He noted that Alaska is in a unique geopolitical position that holds significant interest and investment potential.

4:21:32 PM
CO-CHAIR GIESSEL noted that the focus of this hearing is the fiscal aspects of HB 50 and suggested that this question be taken up at a later time.

4:22:26 PM
NICHOLAS FULFORD, Senior Director, Gas and Energy Transition, GaffneyCline, Houston, Texas, delivered a presentation on HB 50. He advanced to slide 2 and began by discussing the wider business sector as it relates to carbon capture and storage (CCS). Many of these projects are in the Gulf Coast area of the United States, which he surmised would serve as a guide for Alaska's business model. He pointed out that projects are emerging in response to a demand - emitters need to find somewhere to store CO2. He gave several examples of the kinds of projects that are in need of CO2 storage. He explained that each program must have sufficient funds to pay for the elements in the chain. He noted that for every $1 invested in geological storage, $7 or $8 are invested into carbon capture.

4:24:35 PM
MR. FULFORD shared the two principles that govern the economics of CCS - the concentration of CO2 in need of sequestration, and the pressure. He explained that the base source category includes gas processing, synthesis gas, ethanol, ammonia, and some applications of hydrogen, all of which work under 45Q tax credits. The next source category includes coal, cement, and the "hard to abate" sector, which includes iron, steel, and cement, among others. With respect to the potential success of CCS, he said that most global emissions fall within the "hard to abate" sector. He stated that the gulf coast projects are addressing the tip of the iceberg. He noted that growth and development is attempting to move toward more challenging projects.

4:26:12 PM
MR. FULFORD advanced to slide 3 and discussed the economic cost curve for CCS projects. He said that the challenges around pressure and purity result in a cost curve that begins very low and quickly expands upward. He noted that direct air capture falls at the high point of the curve, in the region of $100s per ton. He explained that, historically, in the context of the 45Q tax credits, there has been significant material incentive to allow producers to receive the credit, make the investment, and have an economic return. He pointed out that economic rent that supports investment falls on the lefthand side of the graph.

4:27:10 PM
MR. FULFORD advanced to slide 4 and continued to discuss the economic cost curve for CCS projects. He briefly described the incentives around carbon capture and how they have grown. He noted that the costs for CCS are decreasing. He explained that the hub-based business model for CCS is beneficial because

amalgamating a series of emissions - and building one large carbon sequestration unit to deal with it - results in decreased costs. This is a gradual emergence of a more material, CCS addressable market that is able to address hard to abate projects.

4:28:27 PM
MR. FULFORD advanced to slide 5 and discussed how higher costs will impact marginal CCS projects. He noted that the question of how to achieve a suitable balance between profitability and revenue for the state has been discussed with regard to HB 50. He said in this emerging, highly speculative world, it is difficult to pin down the economics of a project. He added that the projects he has worked on have had challenging economics. He referred to the graph on slide 5 and said that the revenue curve is based on 45Q tax credits and noted that the cost curve is just beginning to go down. This slide illustrates the effect of a fixed charge on leasing costs for acreage. He explained that the effect of a minimum charge would be to mitigate the benefit of the 45Q tax credit. This would move the revenue curve down. He explained the impact this would have on the range of profitable projects. He surmised that one unintentional cost would be potentially jeopardizing projects that would otherwise have gone ahead. Other projects would have the necessary economic rent to support the charges. He offered the export of CO2 from Japan as another example of an instance when creating an economically viable plan could be impacted by a minimum charge on leasing.

4:31:14 PM5
MR. FULFORD advanced to slide 6 and discussed how higher costs would impact CCS projects. He said that past projects have involved a single LNG plant and a single sequestration storage unit. However, hub-based business model is gaining momentum in the lower 48. He highlighted the financial and commercial implications of this type of program. He described the way in which risk is transformed along the chain.

4:33:34 PM
CO-CHAIR BISHOP asked for clarification of the potential downside risks of 45Q incentives.

4:33:45 PM
MR. FULFORD explained that investors are concerned with "regulatory risk." He pointed out that the 45Q tax credit has a 12-year limitation - and there is question about what will happen after 12 years, as most of the projects have the

potential to run for 20-40 years. Some investors decline to invest in CCUS due to the risk associated with government sponsored revenue streams. Others are taking advantage of the 12-year revenue stream and not expecting more. More progressive investors recognize that CO2 capture is growing in importance and assuming that the 45Q tax credit will exist indefinitely with the potential to be increased. He stated that, no matter the jurisdiction, the CCUS revenue model is always driven by policy.

4:35:28 PM
SENATOR KAUFMAN asked if Mr. Fulford had prepared a risk register. He opined that all risk should be tabulated in order to prepare for potential issues.

4:36:48 PM
MR. FULFORD replied that a risk register was not within the scope of his work with DNR; however, he shared that he is chair of an international CCS working group that recently published a risk register. He said that he would share the details of the risk register with the committee. He noted that the aforementioned risk register focuses on commercial risk along the value chain, although there are other documented programs that focus on physical risk and reservoir risk in particular. He added that this is typically closely monitored via regulatory frameworks.

4:37:51 PM
MR. FULFORD advanced to slide 7 and said that this translates theoretical risks into "investability." He explained that CCS projects are typically measured in terms of "levelized cost of storage" - similar to what is done with an oil and gas project. He briefly described this process, including pore space leasing and upfront fees. He noted that in Texas and Louisianna this is typically negotiated directly with the private landowner. He said that this type of analysis provides a pure, economic perspective on the "break-even cost" of a CCS project. He explained how this relates to projects utilizing a hub-model, which requires risk transfer. He stated that while analysis can begin with a technical financial evaluation of the facility, additional risks and their implications must also be considered.

4:40:52 PM
SENATOR WIELECHOWSKI pointed out that the costs for these projects differs greatly from the Gulf Coast to Alaska. He noted on the Gulf Coast, the cost is $20-$25/ton, while DNR estimates the cost in Alaska to be $72-$82/ton. He asked if these costs

are reasonable - and if it is likely that this will be the actual cost in Alaska.

4:41:21 PM
MR. FULFORD replied that it depends on the specifics of the project. He added that, at this point, many speculative projects can be considered. He said that he does not see any error in the data provided by DNR. However, consideration of compression would likely have a large impact.

4:42:21 PM
SENATOR WIELECHOWSKI asked if other states are providing tax incentives for CCS projects.

4:42:50 PM
MR. FULFORD replied that he is unaware of states providing material tax provisions being introduced. He said that the economic typically rely on the 45Q tax credits. He explained that, with enhanced oil recovery projects, the difference between the $60/ton offered by 45Q tax credits and the $85/ton for geological permanent sequestration is often made up by the fee the CO2 user is prepared to pay for the enhanced CO2. As a result, the EOR economics and the sequestration economics look fairly similar for most of the projects he has considered.

4:44:09 PM
CO-CHAIR GIESSEL indicated the committee would briefly interrupt the hearing on HB 50 and take up consideration of a governor's appointee.

4:44:29 PM
CO-CHAIR GIESSEL turned the gavel over to Co-Chair Bishop.

CONFIRMATION HEARING ALASKA COMMERCIAL FISHERIES ENTRY COMMISSION

4:44:38 PM
CO-CHAIR BISHOP announced consideration of governor's appointee, Michael Porcaro, to the Alaska Commercial Fisheries Entry Commission (CFEC).

4:45:12 PM
MICHAEL PORCARO, Appointee, Anchorage, Alaska, testified as the governor’s appointee to the Alaska Commercial Fisheries Entry Commission (CFEC). He shared a brief work history. He said that his work with CFEC has been one of the most fulfilling of his career. He emphasized the importance of the fishing industry's

impact on the state's economy, as well as its social and cultural importance. He shared about his experience working on CFEC and indicated that an initial lack of board members resulted in a steep learning curve when he began his time on CFEC. He said that Commissioner Haight mentored him and indicated that this was a positive experience.

4:46:55 PM
MR. PORCARO said that CFEC needs a systems modernization, which has been funded and will greatly improve the board's functioning. He said that CFEC also needs to undergo a records reduction, which can be done by digitizing documents. He stated that CFEC is currently spending approximately $50 thousand per year on storage for the aforementioned documents. He stated that, as a member of CFEC, he has participated in fisheries meetings and met with a variety of fisheries related groups. He said that, during his time on the board, CFEC held public meetings on the limits placed on the Prince William Sound shrimp pot fishery. He said CFEC is currently working to address personnel and recruitment needs. He said that CFEC is working to ensure that fisheries are healthy and profitable.

4:49:29 PM
MR. PORCARO said that he discovered many emergency transfers while working through a backlog of CFEC cases. He stated that many of these were transferred to children. He said that they sent out a survey to determine a minimum - and maximum - age for these transfers. He expressed satisfaction with the outcome of the survey and indicated that both the survey respondents and CFEC members were in agreement with respect to the appropriate age limitations. He said that he would make this survey data available to the committee. He stated that CFEC also works with child enforcement to determine when permits can be sold and who will receive the money from the sale in cases that involve dependent children. He said that CFEC has strong relationships with a variety of state organizations, including state troopers and other law enforcement. He indicated that CFEC is working to fill board positions and would continue working on legislative priorities.

4:52:41 PM
SENATOR KAWASAKI referenced an article in which Bobby Thorstenson (a prominent figure in Alaska fisheries) argued that Mr. Porcaro "is not a fish person." He asked Mr. Porcaro to share more about his background.

4:53:22 PM

MR. PORCARO replied that he does not have any experience in commercial fishing. He pointed out that there is no statutory requirement of fisheries experience in order to fill the position on CFEC. He opined that it is a benefit that he does not have preconceived ideas and is continually learning about the industry. He indicated that he has many teachers and can turn to staff when he needs additional support. He argued that committee members should not be concerned about his limited fisheries experience. He emphasized that he has experience in management and communications and has been successful.

4:54:30 PM
SENATOR KAWASAKI asked how Mr. Porcaro feels about the rights of an entry fishery.

4:54:56 PM
MR. PORCARO replied that one of CFEC's priorities is to ensure the fishery is healthy. He said this is done with biological assessments, fish counts, among others. He stated that CFEC relies on the guideline harvest limit, which he believes is accurate. He expressed a desire to see as many people as possible fishing in Alaska - provided that the health of the fishery is maintained.

4:56:07 PM
CO-CHAIR BISHOP opened public testimony on the governor's appointment of Michael Porcaro to the Alaska Commercial Fisheries Entry Commission; finding none, he closed public testimony.

4:56:18 PM
CO-CHAIR BISHOP solicited a motion.

4:56:25 PM
CO-CHAIR GIESSEL stated that, in accordance with AS 39.05.080, the Senate Resources Standing Committee reviewed the following and recommends the appointment be forwarded to a joint session for consideration:

Alaska Commercial Fisheries Entry Commission
Michael Porcaro - Anchorage

SENATOR GIESSEL stated that signing the report(s) regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointee; the nomination is merely forwarded to the full legislature for confirmation or rejection.

4:56:52 PM
CO-CHAIR BISHOP said the committee would forward the confirmation to a joint session of the legislature.

4:57:00 PM
CO-CHAIR BISHOP turned the gavel over to Co-Chair Giessel.

HB 50-CARBON STORAGE; COOK INLET OIL AND GAS

4:57:04 PM
CO-CHAIR GIESSEL resumed the hearing on HB 50.

4:57:34 PM
FRANK PASKVAN, Affiliate Professor, University of Alaska Fairbanks (UAF) and Institute of Northern Engineering, Fairbanks, Alaska, delivered a presentation on carbon storage. He offered a brief work history and described his current work for UAF and the state of Alaska.

4:58:59 PM
MR. PASKVAN advanced to slide 2:

[Original punctuation provided.]

Affordable and Reliable Energy through Carbon Capture Use and Sequestration

Carbon Capture Use and Sequestration (CCUS) has the potential to:

- Reduce the cost of energy.
- Meet future voluntary or required emission reductions.
- Make oil-, gas-, and coal-fired heat and power plants nearly carbon-neutral.
- Remove both CO2 and pollutants.

CCUS research at UAF's Institute of Northern Engineering focuses on:

- Building knowledge and establishing a legal and regulatory framework for Alaska.
- Conducting feasibility studies to improve the use and sustainability of local energy resources.
- Innovating new energy industries in Alaska (e.g. direct air capture of CO2; hydrogen or ammonia-based fuel from natural gas).

- Developing Alaska's workforce through the Energy Resources Engineering program at the University of Alaska Fairbanks starting in the fall of 2024.

5:00:32 PM
MR. PASKVAN advanced to slide 3 and presented key takeaways for the global CCS Institute Annual Report for 2023

[Original punctuation provided.]

Global CCS Institute Annual Report for 2023

Key takeaways, changes from 2022 to 2023:

- 48 percent increase
  - The CO2 capture capacity of all CCS facilities under development has grown to 361 million tons per annum (Mtpa) – growth of 48 percent since the 2022 report.
  - 198 new facilities have been added to the development pipeline, bringing the current total to 41 projects in operation, 26 under construction and 325 in advanced and early development

MR. PASKVAN emphasized that CCS continues to gain traction globally and locally; this results in hundreds of millions in global investment dollars in carbon capture and sequestration.

5:02:00 PM
MR. PASKVAN advanced to slide 4 and discussed the theoretical project timeline. He explained that CCS projects can take years to mature from concept to execution. He added that, to be eligible for the 45Q tax credits, a project must break ground by January 1, 2033. He said that projects must lower uncertainty in order to appeal to investors. He argued that the only way to reduce a project's uncertainty is to pass carbon storage legislation. He reiterated that projects take time to mature and pointed out that the eligibility for the 45Q tax credit is quickly approaching. He argued that this underscores the current need for a regulatory and legal framework in the state.

5:03:44 PM
MR. PASKVAN advanced to slide 5 and discussed the need for CO2 storage:

[Original punctuation provided.]

ARCCS Project Determine CO2 storage volume Northern Cook Inlet

- Carbon Storage capacity, proved through engineering and geoscience, is key requirement for any CCS Project
- Beluga River Field has estimated 60+ years storage for 300 MW net biomass-coal power plant with CCS
- Project evaluates aggregating CO2 from Chugach Electric's two Anchorage natural gas power plants
- DOE awarded $9 million to UAF November 2023. Cannot be accepted until matching funds secured.
    - $2.2 million matching funds request included in UA Budget

MR. PASKVAN briefly described the Alaska Railbelt Carbon Capture and Storage (ARCCS) project. He noted that this research project is supported by Gwen Holdmann, UAF's associate vice chancellor for research for innovation.

5:07:17 PM
CO-CHAIR BISHOP inquired about the diameter of the pipeline and the cost per mile to lay the pipeline.

5:07:31 PM
MR. PASKVAN briefly explained the method used to determine the diameter of the pipeline. He said the project accounts for a 12-16-inch diameter pipeline, depending on the volume of CO2 to be moved. He noted that distance is also a factor. He said that the cost was approximately $137 million for a 75-mile pipeline. He said that the specific numbers can be found in the study, which is available for the committee to review. He stated that UAF is requesting funding support for this project.

5:08:49 PM
MR. PASKVAN advanced to slide 6:

[Original punctuation provided.]

CCS Technology and Application

- CCS Technology is Proven and Cost Effective

        - EPA states CCS adequately demonstrated technology for certain natural gas and coal-fired power generation
        - Proposing CCS, low-GHG hydrogen co-fire, or other emission controls starting in 2030 as best systems of emissions reduction (BSER)
            - Federal Register 5/23/2023 vol.88 No.99 p.33291
    - Use of Alaska's abundant Coal, Oil, and Natural Gas resources may require CCS
    - With CCS, coal and natural gas power plants across Alaska can provide reliable power
    - Coal is the most abundant fossil fuel in the U.S.
        - 27 percent of the world's coal is in the U.S. and half of all U.S. coal resources are found in Alaska.

5:11:39 PM
MR. PASKVAN paraphrased from the following sections of the Environmental Protection Agency (EPA) Fact Sheet on Greenhouse Gas Standards and Guidelines for Fossil fuel-fired Power Plants Proposed Rule:

[Original punctuation provided.]

Fact Sheet on Greenhouse Gas Standards and Guidelines for Fossil fuel-fired Power Plants Proposed Rule

Summary

On May 11, 2023, the U.S. Environmental Protection Agency (EPA) announced proposed new carbon pollution standards for coal and gas-fired power plants .... The proposed limits and guidelines require ambitious reductions in carbon pollution based on proven and cost-effective control technologies that can be applied directly to power plants. They also provide owners and operators of power plants with ample lead time and substantial compliance flexibilities, allowing power companies and grid operators to make sound long-term planning and investment decisions, and supporting the power sector's ability to continue delivering reliable and affordable electricity.

The proposed standards are based on technologies such as carbon capture and sequestration/storage (CCS), low-GHG hydrogen co-firing, and natural gas co-firing,

which can be applied directly to power plants that use fossil fuels to generate electricity (page 1).

State plans would reflect limits that go into place in 2030 for existing coal-fired units. Depending on the expected length of the units' period of operation, those proposed limits are based on CO2 emission rates achieved by natural gas co-firing or CCS (page 3).

Emission Guidelines for Existing Fossil Fuel-Fired Steam Generating EGUs (Primarily Existing Coal Units)

EPA is proposing that the BSER for coal-fired steam EGUs that will operate in the long-term (i.e., after December 31, 2039) is the use of carbon capture and storage (CCS) with 90 percent capture of CO2. The associated degree of emission limitation is an 88.4 percent reduction in emission rate (lb CO2/MWh-gross basis).

EPA has determined that CCS satisfies the BSER criteria for these sources because it is adequately demonstrated, achieves significant reductions in GHG emissions, and is highly cost-effective (page 6).

5:16:26 PM
CO-CHAIR GIESSEL commented that this seems to indicate that 45Q tax credits are available; however, there is a mandate to implement CCUS - particularly if Alaska wants to generating coal power. She directed attention to slide 8 and asked for confirmation of her understanding that CCUS does not lower the cost of energy.

5:17:01 PM
MR. PASKVAN confirmed that this is correct. He advanced to slide 8 and gave an overview of the results and conclusions of the study, "Low Carbon Biomass-coal Power with CCS: Results and Conclusions." He explained the chart titled, "Electricity Cost Comparison, With and Without CCS, $/MWh." He pointed out that continuing to use natural gas power would result in increased costs over time. He compared the cost per kilowatt hour (Kwh) of electricity for several states, including Hawaii and California. He explained that utilizing biomass-coal with carbon capture would result in a lower cost per Kwh while removing CO2.

5:20:47 PM
MR. PASKVAN continued his discussion of slide 8:

[Original punctuation provided.]

Low Carbon Biomass-Coal Power with CCS: Results and Conclusions

- Biomass-coal electricity with CCS is attractive
  - Delivers affordable, reliable, clean, long-term energy security
  - Lower electricity cost than natural gas with or without CCS
  - Lower CO2 emissions than natural gas
  - Hundreds of years of local fuel supply
  - CCS lowers electricity cost since 45Q credits exceed CCS costs
  - CCS increases natural gas electricity cost since costs exceed 45Q credits, especially for high regional gas prices
- Lowering Railbelt electricity cost lowers Rural electricity cost through Power Cost Equalization
- Further engineering design can enable cost, technology, and site location improvements

5:23:23 PM
CO-CHAIR GIESSEL opened public testimony on HB 50.

5:23:58 PM
KEN HUCKEBA, representing self, Wasilla, Alaska, testified in opposition to HB 50. He argued that 45Q tax credit revenue would be harvested by outside companies, such as Santos. He shared his belief that the legislature should ensure that no 45Q tax credit monies go to foreign companies. He expressed concern regarding the safety of CCUS projects and referred to a case in Norway in which 900 feet of cap rock were fractured. He asserted that HB 50 does not contain adequate protections for potential seismic activity. He argued that the "business model" of HB 50 is intended to harvest 45Q tax credits - and expressed strong opposition to this potentially being given to foreign companies.

5:25:33 PM
TODD LINSDLEY, representing self, Anchorage, Alaska, testified in opposition to HB 50. He argued that HB 50 would enable a "gold rush" for 45Q tax credits. He stated that no evidence has been given to quantify the premise that CCUS will reverse the effects of climate change. He argued that carbon sequestration does not provide a material benefit to the state and negatively impacts the civil liberties of landowners.

5:27:05 PM
KAYCI HANSON, representing self, Ninilchik, Alaska, testified in opposition to HB 50. She said HB 50 is an attempt to greenwash the industry. She argued that removing the minimum payment for carbon storage will result in program costs that exceed any fees generated - effectively rendering HB 50 a fossil-fuel subsidy that provides no real benefit to the state. She argued that the state should focus on sustainable, green energy production - not on carbon capture projects designed by the entities responsible for creating the issue CCUS attempts to solve.

5:28:18 PM
KEN GRIFFIN, representing self, Wasilla, Alaska, testified in opposition to HB 50. He said the legislature works for the residents, not corporations and universities. He argued that the economics of HB 50 are equivalent to extortion. He asserted that the EPA recognizes that there is no climate crisis. He stated that, globally, every carbon capture project has underperformed by more than 50 percent. He questioned what this means in terms of cost and risk. He emphasized the negative impacts and asserted that Alaska's citizens do not support HB 50.

5:29:58 PM
CONNOR HAJDUKOVICH, External Affairs and Policy Coordinator, Resource Development Council, Anchorage, Alaska, testified in support of HB 50. He gave a brief overview of the Resource Development Council (RDC) and thanked the legislature for passing legislation approving class VI well primacy during the 2023 legislative session. He said that HB 50 would allow Alaska to remain competitive among CCUS programs nationwide. He indicated that implementing a CCUS program is a long process and argued that further delay could result in Alaska losing out to other states already working to establish similar programs. He said that many of RDC's member companies have adopted corporate net zero emission policies and would benefit from the creation of a CCUS program in Alaska.

5:31:27 PM
KASSIE ANDREWS, representing self, Anchorage, Alaska, testified in opposition to HB 50. She said the only incentive for CCUS projects is the 45Q tax credit, which she argued has a fraud rate of at least 90 percent. She stated that this tax credit is estimated to cost well over $100 billion. She asserted that no other action has been taken to assure the success of future CCUS projects. She argued that HB 50 is not market driven; rather, government is forcing action based on the erroneous idea that

global warming can be impacted by human activity. She asserted that carbon control is equivalent to controlling people.

5:32:40 PM
CO-CHAIR GIESSEL closed public testimony on HB 50.

5:32:57 PM
CO-CHAIR GIESSEL [held HB 50 in committee.]

5:33:58 PM
There being no further business to come before the committee, Chair Giessel adjourned the Senate Resources Standing Committee meeting at 5:33 p.m.