

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY**

May 6, 2025

1:05 p.m.

MEMBERS PRESENT

Representative Ky Holland, Co-Chair
Representative Donna Mears, Co-Chair
Representative Bryce Edgmon
Representative George Rauscher
Representative Mia Costello

MEMBERS ABSENT

Representative Chuck Kopp
Representative Cathy Tilton

COMMITTEE CALENDAR

PRESENTATION(S) COOK INLET ENERGY FUTURE

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

GIVEY KOCHANOWSKI, Alaska Regional Director
Bureau of Ocean Energy Management
U.S. Department of the Interior
Anchorage, Alaska

POSITION STATEMENT: Gave a PowerPoint presentation on the mission of the Bureau of Ocean Energy Management.

DAVID CLARKE, Engineering Director
Alaska Marine Power
Anchorage, Alaska

POSITION STATEMENT: Gave a PowerPoint presentation on the use of hydrogen for energy in Alaska.

ANTHONY PENNINO, Member
Board of Directors
GeoAlaska
Anchorage, Alaska

POSITION STATEMENT: Gave a PowerPoint presentation on GeoAlaska and the Augustine Island project.

KEITH MEYER, Advisor for Alaska
Highly Innovative Fuels Global
Anchorage, Alaska

POSITION STATEMENT: Gave a PowerPoint presentation on Highly Innovative Fuels Global.

ACTION NARRATIVE

[1:05:10 PM](#)

CO-CHAIR KY HOLLAND called the House Special Committee on Energy meeting to order at 1:05 p.m. Representatives Costello, Mears, Rauscher, and Holland were present at the call to order. Representative Edgmon arrived as the meeting was in progress.

PRESENTATION(S) Cook Inlet Energy Future

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CO-CHAIR HOLLAND announced that the only order of business would be presentations on the future of Cook Inlet energy.

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GIVEY KOCHANOWSKI, Alaska Regional Director, Bureau of Ocean Energy Management (BOEM), U.S. Department of the Interior, gave a PowerPoint presentation on the mission of BOEM [hard copy included in the committee packet]. He noted that the subject of Cook Inlet energy has been an ongoing discussion between renewable energy companies. He highlighted BOEM's jurisdiction on slide 2, which showed the continental shelf of Alaska. He said that the 1.5-billion-acre shelf is divided into planning areas, with the newest being the High Arctic planning area. Per the focus of the discussion, he pointed out the Cook Inlet planning area, which covers south of Nikiski to Shelikof Strait. He stated that a joint federal and state workgroup has been formed to focus on energy opportunities in this planning area. He noted the different organizations involved in the workgroup.

MR. KOCHANOWSKI, on slide 3, stated that the Office of Resource Evaluation, the Office of Environment, and the Office of Leasing and Planning all fall under BOEM's Alaska regional office. On slide 4, he pointed out the estimated amount of conventional undiscovered resources in the state that would be technically

recoverable. He stated that this estimate is from the Office of Resource Evaluation. He noted that the information on the slide aligns with the current federal administration's executive order on energy in Alaska. He expressed the understanding that there are about 47 billion barrels of oil that are technically recoverable in the federal waters of Alaska. He noted that this includes Cook Inlet.

MR. KOCHANOWSKI, on slide 5, pointed out that there is also an executive order on offshore mineral development. He suggested that most of the federal waters are rich in minerals; however, this resource is not abundant in Cook Inlet. On slide 6, he stated that the Inflation Reduction Act has prioritized the geological storage of carbon. He pointed out the area in Cook Inlet that would be suitable for carbon storage, and he maintained that this area would be ideal for this type of technology. He expressed the understanding that carbon technology has not progressed nationally; however, there has been a discussion on regulations in Alaska. He suggested that Cook Inlet would be the starting point for this technology in the state.

MR. KOCHANOWSKI moved to slide 7 and pointed out that the Office of Environment has 15-to-20 ongoing studies on compliance. To inform BOEM's decision-making process, he said that these studies look at the factors of science and research. He noted that the studies include information on cultural and social science, flora and fauna, oceanography, and other factors that could affect energy and mineral development. He explained that the current study in Cook Inlet looks at how energy and mineral development would affect recreation and tourism in the region. He noted that these studies also include a public comment period.

MR. KOCHANOWSKI moved to slide 8 and reviewed the Office of Leasing and Plans. He noted that leasing for all energy types would be regulated by this office; however, the only leases currently producing are involved with conventional energy. He moved to slide 9, which showed a map of the current federal leases. He stated that the left side of the slide shows a map of the leases in Cook Inlet, and he noted that Hilcorp holds them all. On slide 10, he pointed out that BOEM participates in two workgroups that address issues in the Arctic.

MR. KOCHANOWSKI moved to slide 11 and slide 12, which showed the many groups that collaborate with BOEM. He stated that outreach and engagement are key elements in BOEM's work, and he pointed

out that BOEM works with state agencies, federal partners, and non-governmental organizations. He stated that BOEM has a nation-to-nation relationship with the Native corporations in the state. He added that BOEM works mostly with coastal communities.

MR. KOCHANOWSKI moved to slide 13 and pointed out BOEM's involvement in two critical issues: the supplemental environmental impact statement for a recent lease sale in Cook Inlet and the National U.S. Outer Continental Shelf (OSC) Oil and Gas Leasing Program. He noted that with the second opportunity, BOEM could help shape the areas for lease by the federal government.

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MR. KOCHANOWSKI, in response to a question from Representative Rauscher on BOEM's annual budget, stated that currently there is not a final number, but historically for the region, it has been between \$7 million and \$10 million.

MR. KOCHANOWSKI, in response to a question from Representative Costello, stated that BOEM's involvement with the University of Alaska Fairbanks (UAF) mostly consists of research with the College of Fisheries and Ocean Sciences and the Coastal Marine Institute. In response to a follow-up question, he expressed uncertainty why the name "High Arctic" had been used for the new northern region. He noted that the U.S. only recently claimed this area. In response to a follow-up question, he stated that before this area was designated, the region had only extended into the limit of the exclusive economic zone, which is around 200 miles offshore. He stated that with the new designation, the area extends well beyond this limit, into the Arctic Ocean. In response, he explained that the Arctic Council consists of eight nations, and the last time the U.S. chaired the council was in 2015. He expressed uncertainty for when the U.S. would chair the council again, and he suggested it could be in another eight years or so.

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CO-CHAIR HOLLAND noted that there have been regulatory issues concerning land leases for renewable energy projects. He questioned whether there could be regulatory concerns for leasing renewable projects in ocean waters.

MR. KOCHANOWSKI responded that BOEM has a flexible leasing approach, and he gave an example of BOEM's approach for competitive leases. He stated that BOEM also offers research leases, and it accepts unsolicited lease requests. In response to a follow-up question concerning the use of natural sources of hydrogen, he stated that this is not a focus for BOEM, as it is mostly industry driven, and the industry is not currently pushing this. He noted the work that UAF is doing in natural hydrogen. Concerning produced hydrogen, he suggested that BOEM could be the leasing agency for offshore projects. He reiterated that BOEM is agnostic concerning the leases for the different types of energy projects. He stated that per statute, BOEM's mission is to advance security and energy development for the nation in a financially and environmentally responsible manner.

CO-CHAIR HOLLAND expressed the understanding that Cook Inlet has been identified as an area that could be used for carbon capture, utilization, and storage (CCUS). He questioned BOEM's strategy concerning CCUS.

MR. KOCHANOWSKI responded that currently BOEM is researching the potential for CCUS. He stated that the first step would be to develop the framework for offshore CCUS, which includes investigating the resource potential for storage. He added that a full program has not been developed regarding CCUS.

MR. KOCHANOWSKI, in response to a follow-up question concerning Cook Inlet priorities, stated that currently the priority is to expand the capability of conventional energy. He added that this would not preclude other opportunities. He reiterated that BOEM is a broad-based agency, and it looks at all demand and industry opportunities.

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DAVID CLARKE, Engineering Director, Alaska Marine Power (AMP), gave a PowerPoint presentation on the use of hydrogen in Alaska for energy [hard copy included in the committee packet]. On slide 1, he noted that Japan would be one of the targeted export markets for Alaska hydrogen. He moved to slide 2 and expressed the opinion that, as Asia moves away from fossil fuels, Alaska would be well-positioned for exporting renewable energy. He asserted that the state could export oil, liquified natural gas, and low-carbon hydrogen, as these types of energy would not be mutually exclusive. He expressed the opinion that Alaska hydrogen would be competitive, executable, and bankable, as

hydrogen could be exported, as well as used locally for aircraft fuel and electricity. He stated that the role of AMP would be project developer.

MR. CLARKE, in response to a question from Co-Chair Holland, stated that low-carbon hydrogen would be less dense than pure hydrogen, and it would be more marketable to Japan. He added that low-carbon hydrogen would be 70 percent green energy. Concerning the term "blue hydrogen," he responded that this would depend on how the hydrogen is produced, and it may or may not fall under the definition of low-carbon hydrogen.

MR. CLARKE moved to slide 3 and discussed AMP's mission, which is to develop a significant energy resource in Cook Inlet. He stated that, before starting AMP, he and the cofounder had long careers in the oil and gas industry. He expressed the opinion that these careers are relevant in the development of offshore wind energy and reducible carbon hydrogen. He moved to slide 4, which showed an overview of the topics that would be covered in the presentation. He pointed out that he would address exporting excess renewable energy, exporting excess carbon dioxide (CO₂), making excess CO₂ into aviation fuel, and electrifying energy. He noted that electrified energy could be used to power mines in the state, and it could also be added to the Railbelt grid.

MR. CLARKE moved to slide 5, which showed a map of the energy potential for wind in Cook Inlet. He noted that the dark blue shade on the map represents strong wind. He stated that there is also strong wind on the Aleutian Islands, but this area lacks infrastructure. He discussed the high quality of the wind in Lower Cook Inlet, as shown on the map in the yellow circle. He stated that this wind could annually produce 64 megawatts, which is almost double the capacity produced by Fire Island Wind.

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MR. CLARKE, in response to a question from Representative Rauscher, stated that the Railbelt could absorb around one-half of a megawatt of energy. In response to a follow-up question on the usage of exported energy, he stated that he would cover this in an upcoming slide.

CO-CHAIR HOLLAND interjected that currently the Railbelt uses one-half of a gigawatt of energy. He stated that the projects under discussion are on the gigawatt level, which could supply

the entire Railbelt "a couple times over." He reiterated the large size of the projects under discussion.

CO-CHAIR MEARS commented that these types of large projects would not make sense for local usage only. She expressed the understanding that to have cheap local energy, there would need to be a large demand.

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MR. CLARKE moved to slide 6 and continued the discussion on Lower Cook Inlet. He indicated on the map that the area between Augustine Island and the Barren Islands would have the best wind. He stated that this area has the potential for 10 gigawatts of offshore wind, which is 20 times the Railbelt's usage. He noted that a cable could be ran from this site to Nikiski. He discussed the high quality of this wind compared with national rates.

MR. CLARKE moved to slide 7 and stated that for Alaska hydrogen to compete, at least one-half a gigawatt of power would need to be produced. He pointed out that this would be produced in phases, with the first phase producing 50-to-100 kilotons of hydrogen a year. He added that the ultimate potential would be 10 times this amount. He discussed Cook Inlet's "great geography" for this production, and he noted that Cook Inlet has a long history of exporting energy.

MR. CLARKE, in response to a question from Co-Chair Holland, stated that the level of demand from Japan and other countries would be discussed on slide 9.

MR. CLARKE, in response to a question from Representative Edgmon, stated that the president's executive order on unleashing Alaska's energy potential would provide AMP advantages, as these projects would fit into the administration's long-term goals. In response to a follow-up question concerning whether the benefit would be from funding or permitting, he stated that there is the potential of producing a large amount of liquid hydrogen and ammonia for export, as Japan is expected to pay a premium.

REPRESENTATIVE EDGMON expressed the opinion that his question was unanswerable at this time.

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MR. CLARKE moved to slide 8 and discussed the global hydrogen market, and he expressed the understanding that Europe would be importing low-carbon hydrogen from the NEOM project in Saudi Arabia. He stated that this wind and solar project would produce 200,000 [metric tons] per year of hydrogen, which would be exported as liquid ammonia. On slide 9, he expressed the understanding that Japan would also be importing low-carbon hydrogen, and he discussed legislation in Japan that targets greenhouse gas reduction. He noted that Japan has proposed to pay the difference in cost between green hydrogen and grey hydrogen for 15 years. He reiterated that Japan is looking for low-carbon hydrogen, not green hydrogen. He expressed the opinion that this would be a "huge market."

MR. CLARKE, in response to a question from Co-Chair Holland, pointed out that there is a large gap in global supply for Japan's demand. He stated that this is addressed on slide 10. He moved to slide 10 and pointed out that Australia would be the main competitor for this market, and it already has multiple projects in phase 1. He stated that the difference between Australia and Alaska is that Australia would be using onshore wind and solar only. He pointed out that Alaska would be closer to Asian markets.

MR. CLARKE moved to slide 11 and stated that airlines would need to transition to sustainable aircraft fuel (SAF) for international routes. He noted that airlines in Anchorage are already addressing this, as Anchorage has a busy international air cargo port. He expressed the opinion that importing SAF could be difficult because demand will likely exceed supply; however, he noted that SAF could be made from low-carbon energy and Cook Inlet wind. He stated that AMP has partnered with a SAF specialist, and there is an ongoing state sponsored study.

MR. CLARKE moved to slide 12 and discussed supplying energy to hard rock mines in the state. He expressed the understanding that international miners have been under pressure to reduce environmental impacts; therefore, alternatives to fossil fuels are being sought. He suggested that electric-powered mines could be an alternative.

MR. CLARKE, in conclusion, moved to slide 13. He expressed the opinion that Alaska could become "a renewable energy superpower." He suggested that the Alaska hydrogen project could serve internal and export markets.

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CO-CHAIR MEARS discussed the momentum for using electricity for mining, which includes electrifying all the mining equipment. She questioned whether this goes along with his experience.

MR. CLARKE responded in the affirmative. He stated that many new international mines are electrified, including the equipment and the trucks. He expressed the understanding that this would reduce the fuel spill risk. In response to a follow-up question, he expressed agreement that this would also reduce the pressure on the supply chain and the cost of diesel.

REPRESENTATIVE COSTELLO questioned the cost of transitioning from jet fuel to alternative fuel. She also questioned the availability of this alternative fuel at destination ports.

MR. CLARKE responded that there is a study being conducted on this fuel supply. He stated that the fuel would begin with a blend of SAF, and over time, the percentage of SAF would increase. He stated that some airlines are starting to blend SAF with kerosine. He pointed out that Europe is already mandating a percentage, and he expressed the opinion that the airlines would be the driver for this market in the U.S. He noted that this is a very strong trend.

MR. CLARKE, in response to a question from Co-Chair Mears on Alaska's progress, stated that customers for renewable energy would need to be in place before a windfarm and other infrastructure could be developed. He indicated that this is why the Japanese market is being pursued. In response to a follow-up question on barriers to development, he pointed out the current pause in the leasing of new windfarms. He expressed the opinion that the proposed Cook Inlet windfarm project would be permitted, as it would comply with the current administration's objectives by creating an energy export.

CO-CHAIR MEARS expressed the understanding that this is a federal barrier.

MR. CLARKE expressed the understanding that the Kenai Peninsula Borough is pro-development. He expressed the opinion that Nikiski would be a great site for the production of hydrogen.

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MR. CLARKE, in response to a question from Representative Rauscher, stated that because of Alaska's location and its

quality of renewable energy resources, it could easily export to Asia. He added that Alaska is a pro-development state. In response to a follow-up question, he stated that Alaska is the focus because Japan does not have the same potential for power. He noted that Alaska has the infrastructure for development, while projects in Australia would be very remote.

MR. CLARKE, in response to a question from Co-Chair Holland on the economic value of the proposed projects, suggested that the exports would produce thousands of high-paying jobs. He added that there would also be revenue from the offshore wind farm leasing. He suggested that there could be multimillion-dollar power plants in Nikiski, and these would generate tax dollars.

MR. CLARKE, in response to a question from Representative Costello on royalties from wind farms, stated that these royalties would not be as significant as those on oil and gas developments would. He suggested that there could be some significant revenues, but he noted that this element has not been completely determined.

MR. CLARKE, in response to a question from Co-Chair Holland on regulatory requirements, expressed the belief that AMP has everything it needs, as the windfarm would be located in federal waters, and it would be under BOEM. He observed the pause on federal leasing; however, he expressed the understanding that this would be temporary. In response to a follow-up question on the needed financial commitments, he expressed the understanding that the proposed windfarm would be easier to finance than a large liquified natural gas project. He explained that these types of projects would be developed in phases, so they could start small while the business is grown. He reiterated that the new Japanese hydrogen law would guarantee the difference between the price of green and grey hydrogen for 15 years, and he added that this would be helpful for financing. In response, he affirmed that the first phase of a project would cost around \$5 billion.

[2:05:35 PM](#)

ANTHONY PENNINO, Member, Board of Directors, GeoAlaska, gave a PowerPoint presentation on GeoAlaska and the Augustine Island project [hard copy included in the committee packet]. On slide 2, he noted that Mount Augustine is in Lower Cook Inlet. He pointed out its proximity to the Railbelt grid. He also noted the green shaded area in the picture, as this shows GeoAlaska's acreage. He pointed out that the orange shaded area represents

GeoAlaska's newly leased area; however, he stated that he would be focusing only on the green area. In response to a committee question, he clarified that these are all state leases.

MR. PENNINO moved to slide 3, which showed a summary of GeoAlaska's subsurface analysis work during the last two years. He gave details on this process, stating that the analysis has provided the prospects for geothermal on Augustine Island. He pointed out the potential resources that the surveys have identified. He noted the red area on the slide that represents the magma chamber. He added that because of its potential eruption events and the effect on aviation, Mount Augustine is probably the most studied volcano in the country. He discussed the significance of the magma chamber, as it is one of the shallowest on the planet. He noted that this gives it a high potential for producing power and electricity. He estimated that 204 megawatts of power could be produced.

MR. PENNINO moved to slide 4 and cited John Eichelberger, PhD, who has studied Mount Augustine for many years. He discussed the untested technology of working very close to the magma, as this could produce 10 times the power. He stated that GeoAlaska is interested in this technology, as it could be reproduced in other locations locally and globally.

MR. PENNINO moved to slide 5 and discussed the potential uses of baseload geothermal power. He suggested that this would be low-carbon reliable power. He indicated that the geothermal project could have a long lifespan, and he called it "a renewable infinite resource" that could replace coal and natural gas. He noted the new goal of Alaska's Renewable Portfolio Standard, as it has been lowered to 50 percent by 2035. He discussed the potential uses for excess power production, including powering data centers and producing SAF. He discussed the value of geothermal as a means for decarbonized electricity, remarking that this would help customers reach a net-zero goal.

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MR. PENNINO, in response to a question from Co-Chair Mears, expressed the opinion that the marketplace would be open to low-carbon energy. He expressed the understanding that most companies obtain a net-zero status from buying carbon credits, which would create a Scope 2 or Scope 3 [carbon footprint], while a Scope 1 [carbon footprint] would denote a net-zero emissions profile. He gave the example of data centers having the desire for a Scope 1 [carbon footprint], as this scope would

be attractive to customers. He expressed agreement with the follow-up comments on the desirability of preexisting infrastructure for the production of low-carbon energy.

MR. PENNINO moved to slide 6 and discussed the commercial aspects of baseload geothermal power. He stated that geothermal power would not just be in the form of electricity, but it could also come from the associated steam and heat. He read from the slide, stating that, with power purchase agreements (PPAs), geothermal energy could be used in power grids. He noted that the Inflation Reduction Act would provide an investment tax credit of around 30 percent. He expressed the opinion that the biggest commercial element would be the monetization of environmental attributes, such as with Renewable Energy Certificates and carbon offsets in the marketplace.

MR. PENNINO moved to slide 7 and pointed out GeoAlaska's timeframe for building a reliable energy supply in the state. He stated that GeoAlaska is owned and operated by local Alaskans. He added that GeoAlaska has been permitted for this work, and it is currently raising money to build a well on Augustine Island. He discussed the positive aspects of the island, noting that it is uninhabited state land, with no native fauna or wetlands. He added that because of the mild climate, drilling could take place year-round. He expressed the opinion that Augustine Island is attractive from a project and permitting perspective. In conclusion, he moved to slide 8, reiterating the positive points of developing Augustine Island, noting the possibility of carbon offsets and the potential for new shallow-magnum technology.

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REPRESENTATIVE RAUSCHER questioned whether PPAs would be needed to obtain capital for drilling.

MR. PENNINO responded that GeoAlaska has spoken with utility companies in the state concerning PPAs; however, he stated that it would be premature to pursue this because there are too many variables. He expressed the understanding that some independent power producers would not require the specifics of PPAs. In response to a follow-up question, he stated that GeoAlaska is raising money to drill the well, with the goal between \$8 million and \$10 million.

MR. PENNINO, in response to a question from Co-Chair Mears concerning the critical mass to move forward, stated that at

least 70 megawatts of power would need to be produced. He expressed confidence that the power produced could be more than this. In response, he stated that there would be no upper limit, as any excess power could be utilized in the state, such as putting power into the grids and producing SAF for airplanes. He discussed the example of Iceland, which has excess geothermal energy. He expressed the opinion that having excess power would be positive, as it could be monetized.

CO-CHAIR HOLLAND, concerning the uncertainty in Cook Inlet and the need for funding, questioned the process of achieving confidence for investors so the project could move forward.

MR. PENNINO acknowledged that the investment landscape has been uncertain globally and in Cook Inlet; however, he expressed the belief that once the well is drilled, GeoAlaska would have a market. He suggested that these markets would include providing power to the grids, to industry users, and for exports. Regarding the uncertainty, he said, "Like oil and gas, the first dollar is always the hardest dollar to get." In response to a follow-up question on the possibility of state funding from the Alaska Industrial Development and Export Authority, he expressed uncertainty whether state programs would fund GeoAlaska.

CO-CHAIR HOLLAND expressed the understanding that GeoAlaska is involved in the development of both demand and supply of geothermal energy. He questioned this process.

MR. PENNINO responded that after drilling there would be a better understanding of the resource and the potential for power production. At this point, he stated that demand users could be addressed. Until then, GeoAlaska would be agnostic to the different power usages. He stated that there is some confidence because of Augustine Island's location. He discussed a possible timeline for potential uses and an interconnection with grids.

CO-CHAIR HOLLAND opined that the uncertainty of the supply could affect an interconnection with the grids.

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KEITH MEYER, Advisor for Alaska, Highly Innovative Fuels Global, gave a PowerPoint presentation on Highly Innovative Fuels (HIF) Global [hard copy included in the committee packet]. He stated that HIF is focused on the usage of low carbon liquid fuels. He noted some of the investors in the company, as seen on slide 2. He explained that three of its newest investors are from Japan,

and he gave details on this. He stated that the company has several current worldwide projects, as seen on the slide.

MR. MEYER moved to slide 3 and slide 4, and he discussed HIF's demonstration facility that was built in a remote part of Chili. He explained that this facility turns wind and CO2 into gasoline. He described this gasoline as molecularly identical to traditional gasoline. He discussed the testing and usage of this gasoline by Porsche. He stated that this is one of the world's first e-fuel facility. He explained that the reason for this location is the wind profile, which exists in Alaska as well.

MR. MEYER moved to slide 5 and pointed out the e-fuel production process. He concurred with Mr. Clarke's earlier explanation on the process of making green hydrogen through electrolysis; however, he clarified renewable power would need to be used to make green hydrogen. He continued that blue hydrogen would be made using natural gas and CO2 sequestration, while grey hydrogen would be made with natural gas and no sequestration. He continued that to get the "e" designation for an e-fuel, high-grade hydrogen must be used, and this must be combined with a biogenic CO2. He added that this combination would be exportable in the form of methanol. He suggested that this would be the way to export Alaska's wind energy. He discussed the uses of methanol, which could be transformed into SAF. He stated that HIF has been working on the cost reduction of the capital for these projects.

MR. MEYER moved to slide 6 and reviewed Alaska's renewable energy options. He expressed the opinion that wind energy in Alaska is among the best in the world; however, the problem would be intermittency. He added that consistent power would be needed to justify building a multi-billion-dollar facility. He pointed out the potential for pumped hydro, as this would allow excess wind to be stored; however, he noted the problem of low demand in the state. Concerning wind intermittency, he pointed out the abundance of biomass, as it could be used to produce renewable power and biogenic CO2. He noted the offshore wind, geothermal, and hydrokinetic capabilities in the state.

MR. MEYER moved to slide 7 and expressed the opinion that Alaska's market for energy would consist mostly of exports to Asia. He suggested that SAF could be produced in the state, as many air cargo routes stop in Anchorage. He explained that Alaska is a stopover for planes flying air cargo because of the need to refuel in an effort to maximize cargo weight over fuel

weight. He continued that these refueling stopovers create a demand for SAF in the state.

MR. MEYER moved to slide 8, which highlighted Alaska's potential to advance e-fuels in regard to aviation and marine transport. He discussed the state's plan to produce 150 million gallons of SAF a year. He stated that this is in alignment with the Pacific Northwest to Alaska green corridor project, as this project is targeting carbon reduction for marine traffic. He pointed out the press release showing that California has approved the use of SAF produced by HIF, and he noted that this was the first approval in the country. He also pointed out the press release that showed Mabanaft, a marine fuel provider, has signed an agreement with HIF to accelerate the worldwide production and use of e-methanol. In conclusion, he moved to slide 9 and expressed the opinion that Alaska has "excellent" renewable energy potential. He noted its proximity to major markets for export opportunities. He suggested that all the efforts need to be coordinated, as HIF would be interested in teaming up with developers.

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MR. MEYER, in response to a question from Representative Rauscher concerning flight paths, stated that to reach North America and South America, most planes from Asia fly over Alaska. He reiterated that a stopover to refuel in Alaska would allow for more cargo on the planes. He added that this is why the airport in Anchorage is so busy. He noted that the northern route he discussed would be for ships, and using low carbon fuel on these ships would reduce the soot from the smokestacks, as this soot melts the polar ice. He noted that low carbon standards for marine fleets are currently being developed.

MR. MEYER, in response to a question from Co-Chair Holland concerning the price of the green gas produced in Chili, asserted that this gas is considered affordable but "at a premium." He stated that if the only measure of fuel were the price, dirty fuel would be the cheapest. He continued with the assertion that cleaner fuel would be more acceptable in Europe and Asia than in the U.S.

CO-CHAIR HOLLAND opined that \$6 a gallon for fuel in rural Alaska would be considered affordable, especially if tied into wind generation. He questioned how to establish a demand if projects have not been developed.

MR. MEYER expressed the opinion that efforts need to be coordinated, because currently renewable producers need demand for their products. He explained the markets, in that liquefied natural gas is bought by utilities on long-term contracts, while the fuel market is based on short-term contracts. He asserted that this creates a challenge, with one solution being a blend of low-carbon energy, so all markets would be based on the same thing. He expressed the opinion that countries are targeting decarbonization, while companies want to be competitive, and this creates a conflict. He said that Porsche and other auto companies are interested because "this fuel gives life to the internal combustion engine." He explained that using e-fuel would be a way to have electricity in the transportation sector without making the sector switch to electric. In other words, he pointed out that electricity could be turned into a fuel that could be used in cars. In response to a follow-up question concerning what the legislature could do, he stated that working together to coordinate projects would help.

CO-CHAIR MEARS expressed the understanding that the state's fossil fuel resource is going away, while the resources for renewable projects could exist into the future.

MR. MEYER expressed agreement. He stated that the renewable resources are sustainable, but they would need to be converted into an exportable liquid product.

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CO-CHAIR HOLLAND thanked Mr. Meyer and gave closing comments.

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ADJOURNMENT

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