



Alaska Federation of Natives 2008 Federal Priorities

ALASKA ENERGY CRISIS

AFN urges Congress to address the energy crisis in rural Alaska by funding a targeted effort, in partnership with the state, to identify and develop alternative energy, to fully fund the Department of Interior and the Department of Energy's various Indian Tribal energy programs and to establish an Alaska Native energy program to create regional energy resource centers in rural Alaska.

Background: Rural Alaska villages are among the most economically depressed communities in the country. Their financial situation is worsening due to exorbitant and escalating fuel costs. It is common to pay between \$5 and \$7 or more per gallon for fuel. Winter home heating costs alone often exceed \$800 or \$1000 per month in regions that have the highest poverty rates in the state and are causing serious hardship for many Alaskan families. If left unaddressed, energy costs threaten the long-term economic and social fabric of rural Alaska.

Rural communities are almost entirely reliant on diesel oil both for heating and for the generation of electric power. Homes, businesses and offices in Anchorage, by contrast, are heated with natural gas. In rural Alaska oil is barged from Seattle to the regional centers in the summer, and distributed to more remote coastal and river communities through a variety of smaller marine transportation services. The same is true for gasoline and aviation fuel and prices have also increased. While rural Alaskans may own fewer cars and trucks per capita than other Americans, the lack of roads mean they must frequently travel by air and are heavily reliant on ATVs, snow machines, and boats for subsistence, commercial fishing, and other activities. The increasing cost of fuel, coupled with increased electricity and transportation costs is having a crippling effect on rural economies, government offices and service agencies as well as pushing families into poverty.

While Alaska's Power Cost Equalization subsidy program is an important factor in keeping rural Alaska electric costs lower than they otherwise would be, it does not address the underlying problem of using oil to generate electricity. It is critically important for the continued viability of rural communities that the dependence on petroleum be reduced, that local power generation shift to alternative energy sources, and that conservation methods be widely adopted.

Issue 1: Fully Fund the implementation of programs authorized by the Indian Tribal Energy Development and Self-Determination Act as well as by previous Acts to Congress designed to encourage conservation and development of alternative energy projects: The Indian Tribal Energy Development and Self-Determination Act was enacted in 2005 as Title V of the Energy Policy Act of 2005. It authorizes a variety of financial, technical, environmental and other programs that are intended to empower tribes to develop energy resources. Among other things, Title V authorizes the Department of Interior Office of Indian Energy Policy and Programs (OIEPP) to reduce energy costs, enhance tribal energy infrastructure and improve delivery of electricity to tribal communities. It also authorizes a multibillion loan guarantee program as well as assistance to encourage the development of renewable and non-renewable resources by tribes and tribal organizations. In addition, the Department of Energy was funded at \$6 million in FY 2008 for Indian renewable energy activities. It is critical that Congress provide funding for the effective implementation of these programs. When provided with innovative energy solutions, tribal communities are embracing them. Tribal communities in Alaska have vast renewable energy potential, and many of them are leading the way in developing wind, solar, biomass and geothermal energy sources.

Recommended Action: AFN and its member organizations join the National Congress of American Indians in urging Congress to fund the Department of Interior Office of Indian Energy Policy and Programs (OIEPP) at a minimum of \$3 million; the Indian Energy Guaranteed Loan Program at \$15 million, and the Department of Energy renewable energy and conservation programs and activities for FY 2009 at \$8.5 million.

Issue 2: Alaska Native Energy Program: Research and capital investments are needed to develop local alternative energy sources in rural Alaska but efforts should also address the lack of technical expertise and knowledge of energy alternatives at the local community level. Available funding agencies such as the Denali Commission and the Alaska Energy Authority do not have the resources to provide outreach, and largely leave it to local communities or utilities to do the research and analysis necessary to determine feasible alternative energy proposals, which then compete for a small pool of project funding. Simply finding out what alternative technologies may be viable in a given location, or how they have worked elsewhere can be a daunting task for small communities.

We strongly believe energy resource centers in rural Alaska could serve as clearing-houses for information regarding potential energy sources and alternative energy options that work in rural Alaska; energy use and cost reduction strategies; and best practices. They could also provide technical assistance, tailored to rural communities, aimed at increasing successful energy projects and proposals; and conduct outreach and training in regard to conservation.

Recommended Action: AFN and its member organizations urge Congress to:

1. Establish an Alaska Native Energy Program within the Department of the Interior or the Department of Energy and appropriate at least \$5 million per year to establish energy resource centers in rural Alaska.

2.. Congress, through a state-federal partnership, should fund a rural Alaska energy initiative to identify alternative energy resources throughout rural Alaska and provide the capital funding to transition rural Alaska communities to alternative energy sources for electric power generation, wherever it is feasible to do so, within 20 years.