

Commonwealth North Rural and Alternative Energy Study Group Principles

1. Make regions sustainable by bring down the cost of energy in rural Alaska
2. Displace more diesel fuels and incorporate new affordable ways to supply energy to rural Alaska
3. Build sustainable solutions - State programs mitigate the energy dilemma, not solve it
 - a) Intertie communities through regional grids
 - b) Use locally available renewable energy resources such as hydro, wind, geothermal

Barriers and Challenges to Cost Effective Energy Solutions

(Goal of each subcommittee – Define the barrier and develop short (1 year), mid (2-7 years), and long (7-20 years) range recommendations/solutions to overcome this barrier)

- **Financing Barriers**
 - Federal/state/private sector
 - Some communities have better grant writers than others (Technical capacity)
 - Finding out how to get access to monies after communities have received it
 - Extremely small projects on their own, too risky
 - Power sales agreements
 - Timing hurdles with legislature appropriations (losing a construction season)
 - PCE (May not be around forever)
- **Regulatory Barriers**
 - Intergovernmental relationships and tribal relationships
 - RCA
 - Takes too long, acknowledging consequences, inhibits community from certain funding eligibility, a disincentive to investment
 - Predictability and timing/process
 - In absence of regulations will not take action at all if avoidable
 - Needs a strong set of statutes
 - Complex system to navigate
 - Site control/land ownership
- **Market/Technical Barriers**
 - Human capacity, Lack of local operators and technical expertise
 - Economies of scale
 - Extreme temperatures and weather conditions
 - Low electric demand
 - Small populations
 - Remote locations, few interties, long distances between communities
 - Market distortions through an inefficient allocation mechanism of public funds
 - High construction costs
 - Power company management separated from process at local level
- **Structural Barriers (Leadership and Capacity Barriers)**
 - Lack of comprehensive state or regional energy policy
 - No core agency to coordinate rural Alaska project selection
 - Competition between rural communities
 - Lack of communication
 - Scattered decision making
 - Lack of accountability
 - Demand and supply side efficiency not being part of overall policy structure
 - Other states have FERC, Alaska does not have that
 - No life time project costing
 - Political reality on mass on the rail belt and attention to rural Alaska