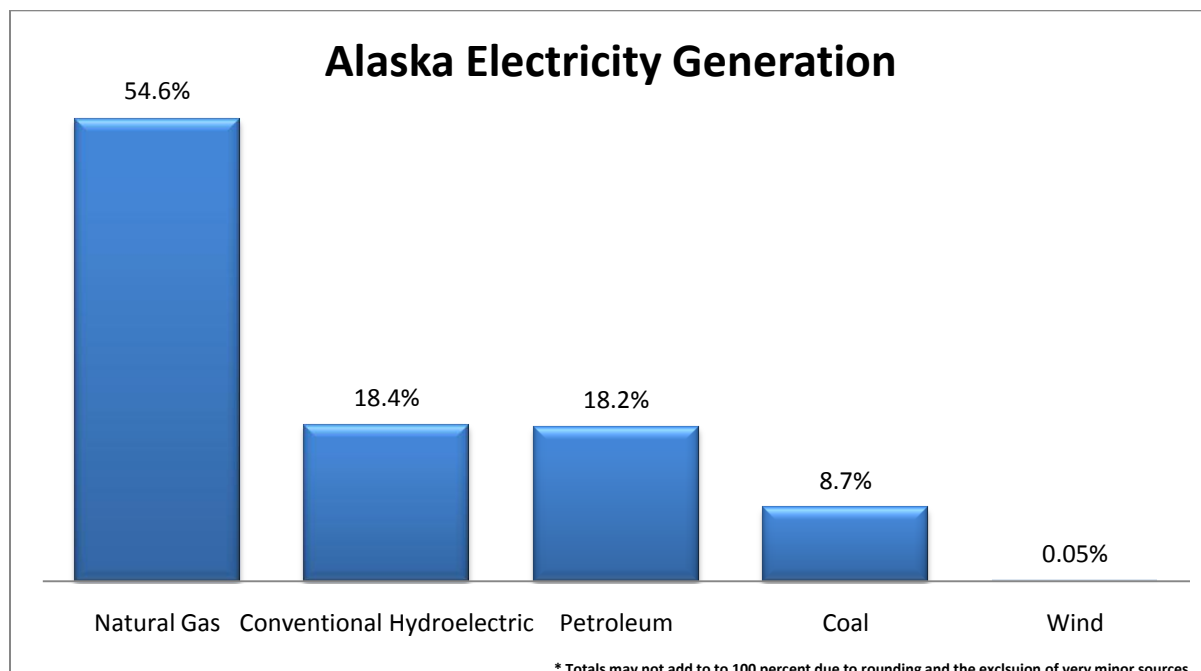




# Alaska Energy Facts

Alaska – Select Economic and Energy Data <sup>†</sup>		State Rank
Real Gross Domestic Product, per capita	\$43,640	6th highest
Unemployment	8.5%	21st lowest
Gasoline Price, per gallon	\$3.46	2nd highest
Electricity Price, per kWh	15.24¢	5th highest

Alaska has some of the highest electricity and gasoline prices in the country. This is not surprising because Alaska is large, remote, and sparsely populated. These factors lead to high transportation costs for both gasoline and electricity. Even though Alaska has vast coal reserves, natural gas produces the majority of the state’s electricity. Alaska’s rivers and mountains make it well-suited for hydropower, which produces nearly a fifth of Alaska’s electricity. Alaska produces a higher percentage of its electricity from petroleum than almost any other state because many remote rural communities use diesel to generate electricity. Though Alaska is considered to have substantial wind energy potential, wind contributes minimally to the state’s electricity supply currently.



Alaska is home to vast reserves of oil and natural gas. The state contains some of the largest oil fields in the country, including Prudhoe Bay, the largest conventional oil field in the United States. Excluding the federal offshore areas, Alaska is the country’s second largest oil producer. The Trans-Alaska Pipeline can pump up to 2.1 million barrels of crude oil per day, more than any other pipeline in the United States. Most of Alaska’s natural gas is consumed in-state,

though the state hosts the only liquefied natural gas (LNG) exporting terminal in the country, exporting LNG primarily to Japan. Alaska also has extremely large coal deposits.

### **Regulatory Impediments to Affordable Energy**

Although affordable energy is a vital component of a healthy economy, regulations frequently increase energy costs. Regulations imposed in the name of reducing carbon dioxide and greenhouse gas emissions are especially costly. Carbon dioxide is a natural byproduct of the combustion of all carbon-containing fuels, such as natural gas, petroleum, coal, wood, and other organic materials. Today, there is no cost-effective way to capture the carbon dioxide output of the combustion of these fuels, so any regulations that limit carbon dioxide emissions will either limit the use of natural gas, petroleum, and coal, or dramatically increase their prices.

Below are some facts about Alaska's regulatory environment that are likely to affect the cost of energy or the cost of using energy. Alaska has thus far avoided many of the costly energy policies other states are implementing.

- **Alaska does not cap** greenhouse gas emissions.
- **Alaska is an observer** of the Western Climate Initiative (WCI), a regional agreement among some American governors and Canadian premiers to target greenhouse gas reductions. The central component of this agreement is the eventual enactment of a cap-and-trade scheme to reduce greenhouse gas emissions 15 percent below 2005 levels by 2020. As an observer of the WCI, Alaska would not be bound to agreements made by WCI members.
- **Alaska does not require** utilities to sell a certain percentage of electricity from renewable sources.
- **Alaska does not require** gasoline to be mixed with renewable fuels.
- **Alaska does not impose** automobile fuel economy standards similar to California's, which include attempts to regulate greenhouse gas emissions from new vehicles.
- **Alaska requires** new residential and commercial buildings to meet energy efficiency standards. The state's Building Energy Efficiency Standards (BEES), which apply to both residential and commercial buildings, are based on the 2006 International Energy Conservation Code (IECC), with Alaskan amendments that require additional insulation in buildings in northern Alaska.<sup>1</sup> The IECC, developed by the International Code Council, is a model code that mandates certain energy efficiency standards.
- **Alaska does not impose** state-based appliance efficiency standards.
- **Alaska does not allow** utilities to "decouple" revenue from the sale of electricity and natural gas. Some states decouple revenue from actual sales, allowing utilities to increase their revenue by selling less electricity and natural gas.

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<sup>†</sup>Data Sources: Real GDP per capita 2008: Bureau of Economic Analysis, *News Release: GDP by State* (June 2, 2009), [http://www.bea.gov/newsreleases/regional/gdp\\_state/gsp\\_newsrelease.htm](http://www.bea.gov/newsreleases/regional/gdp_state/gsp_newsrelease.htm); Unemployment: Bureau of Labor Statistics, *Regional and State Employment and Unemployment—February 2010* (Mar. 10, 2010); Gasoline Prices: American Automobile Association, *AAA Daily Fuel Gauge Report* (Mar. 30, 2010); Electricity Prices: Energy Information Administration, *Electric Power Monthly*, Table 5.6.B., Average Retail Price of Electricity, (March 15, 2010), [http://www.eia.doe.gov/cneaf/electricity/epm/table5\\_6\\_b.html](http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_b.html); Electricity Generation Data: Energy Information Administration, *Electricity Generation 2009*, [http://www.eia.doe.gov/cneaf/electricity/epa/generation\\_state\\_mon.xls](http://www.eia.doe.gov/cneaf/electricity/epa/generation_state_mon.xls).

<sup>1</sup> Building Codes Assistance Project, Code Status: Alaska, <http://bcap-energy.org/node/53>.