

ALASKA ENERGY FUTURES TRUST

Alaska faces a wonderful and exciting transition from the present dominant use of fossil fuels to run our economy to inevitably basing our energy use primarily on renewables. We also face an opportunity in the prospect of one or several gaslines to utilize Alaska's North Slope gas. There is much attention to all these matters in the Alaska press these days and also some very important thinking and experience to be brought to bear to establish the *Alaska Energy Futures Trust*.

Paul Woodman of Interior Weatherization, Todd Hoener of GVEA, and Rich Seifert of the University of Alaska, Cooperative Extension Service have decided to put forth this draft proposal to establish the *Alaska Energy Futures Trust* and use it to finance all energy efficient programs including low income weatherization, energy efficiency mortgage programs, residential rebate programs for mortgages, home energy rating services, training and educational activities, and eventually financing of commercial and residential renewable energy technologies for use in Alaska.

There are many barriers for funding energy efficiency programs and renewable energy resource development in the state of Alaska. These are not only capital limitations but also information costs and misinformation, performance uncertainties and expectations, product availability, and the uncertain and fluctuating prices of oil and gas. Recognizing all these, we believe the *Alaska Energy Futures Trust* should be established for funding energy efficiency and renewable energy programs in the state of Alaska so as to target the market in transforming activities, such that Alaska becomes once again the leader in the Arctic and sub-arctic region. Of course an important purpose for the creation of the *Alaska Energy Futures Trust* is to reduce the total energy service costs for all Alaskans, and this is certainly consistent with the broad public policy goal of economic efficiency. But it should also be aimed at financing an ultimate transition to a more energy efficient and renewable based economy. The time horizon for the utilization and development of the futures trust is long but we should not hesitate to urge its establishment, particularly in light of the potential for gleaning funding for it from the gas development, which is pending in Alaska.

Environmental protection is another broadly recognized benefit that can arise from the *Alaska Energy Futures Trust*. Use of renewable energy resources and energy conservation avoids environmental emissions from the site of use of primary fuel production, fuel transportation and storage, and consumption. By using the funding of the *Alaska Energy Futures Trust* to develop energy efficiency programs and renewable energy technologies and applications, air pollution emissions and the emissions of greenhouse gases will ultimately be eliminated. As we increase the fraction of energy demands supplied by renewable resources, we will, at the same time preserve valuable petroleum and natural gas resources to be used as a feedstock for the petrochemical industry or exported. Either way this is a win-win situation for Alaska.

The rationale for the *Alaska Energy Futures Trust* is to meet a goal for Alaska to rely 100 percent on renewable energy within 50 years. In keeping with this, the *Alaska Energy Futures Trust* would promote the use of renewable energy and energy efficiency, and help overcome the market barriers that all new technologies face. Eventually, this should bring them to a point of cost competitiveness with other supply resources (see article on Alaska Sun Coalition for solar energy in adjacent article). Perhaps most important of all though, is that at the same time these barriers are being overcome the *Alaska Energy Futures Trust* allows for a smooth and cost effective transition from fossil fuel-based to renewable-based economy. The state of Alaska must support the creation and intentions of the *Alaska Energy Futures Trust* in order for this concept to work.