

## **REDUCING FUEL COSTS WITH OUR NEW OIL REVENUE**

Recently the governor asked for suggestions for using the new oil revenue surplus. Some suggestions on first hearing seem just and helpful, but when thought through, they don't pan out as the best options. Some people want the state to subsidize the cost of heating fuel until the gas line is built, saying that will "stabilize" prices of fuel oil. I know that Alaskans are struggling to keep their homes heated. Just today I received a delivery, and the price is \$3.20 per gallon. Here's a better way to solve this problem:

The solution is to retrofit with insulation and energy conservation efforts as many existing homes as we can with proven methods in use by weatherization contractors. Often 30-50% or more of home energy use can be saved with just a few thousand dollars of wise investment in energy efficient improvements. At the Sustainable Northern Shelter Conference here in Fairbanks in October, local Interior Weatherization expert James Lee showed many examples of amazing savings and paybacks with investments of \$4-8000 dollars. He was one of the most popular and credible presenters at the conference. His examples were all real numbers from experience. Keep in mind that \$4-8000 is one to two years of fuel costs at today's rates, for many houses in the Interior. And these prices will likely rise.

There are many additional reasons why this approach is far superior to simply subsidizing fuel costs. Subsidizing fuel is just throwing good money after bad. If you just subsidize fuel use, the problem never gets smaller, and is almost guaranteed to get bigger. But, if you use the money to subsidize loans for weatherizing homes (insulating), many very positive things happen. First, you make access to the money and the solution available to those who need it. And a subsidy here is worthy, because it actually pays back. Second, you employ local people to use local materials to solve local problems to keep the money in the local economy. None of these benefits are realized if you simply subsidize fuel use. Third, you build local skills, and lower living costs. An additional need is the improved availability of energy ratings, which can serve as quality control on the work done. These techniques and skilled people can do "before and after" performance tests on homes to ensure that the real savings will accrue because the work was done correctly. Fourth, regardless of which fuel source is available in the future, the saving goes on as long as the house lasts. The less heat you need for comfort and health, the less you'll ever have to buy, whatever the price. You are no longer held hostage to increasing prices, at least not to the same degree. Insulation and weatherization retrofits are a very real insurance policy against future utility costs. There is no better insurance you can buy, because you won't ever have to make a claim, and the savings are as certain as fuel cost increases.

So if the state really decided to help us, here's what should be done:

1. Make energy efficiency loans available at a subsidized rate to Alaskans everywhere, payable in some measure against savings.
2. Train more local workers to do retrofits of housing. The shelter industry is the obvious place to start, as are the vocational schools.

3. Train energy raters and subsidize the rating process, so that we know we've actually done good work and can guarantee the savings.
4. Build on this idea with vast information outreach, and good advice.

Finally, consider what will happen if we *don't* do something like this program. Fuel prices will continue to make us poorer. Fossil fuel emissions will continue unabated, and we'll continue to be held hostage to fuel needs. The cheapest and easiest energy you'll ever buy is that which you never needed in the first place. This is one of the best ways I can imagine we could ever use our one-time oil revenue. Oh, and your house might actually be more comfortable, too!

Rich Seifert

Rich Seifert is the UAF Cooperative Extension Energy and Housing Specialist. He retrofitted his own home in 2005, and is developing a new course on retrofitting.

December 24, 2007