

## Why Alaska's Railbelt Needs a Renewable Portfolio Standard (RPS)

- 1) **Railbelt utility rates are going to increase dramatically in the next five years if we do not diversify our generation portfolio.** Cook Inlet natural gas, which the Railbelt region has relied on for over 50 years for electricity generation and heating, is becoming both scarcer and more expensive. A recent study by Alaska's Department of Natural Resources (DNR) shows the supply of Cook Inlet natural gas failing to meet demand as soon as 2027. The Railbelt utilities are currently considering importing liquefied natural gas (LNG) to make up for the shortfall. Importing LNG will be very expensive. Today, the spot price for LNG in the Asia Pacific market is more than *three times* the current price of Cook Inlet gas. Importing LNG would dramatically increase the costs of both heating and electricity for Railbelt consumers. Increasing rates in Anchorage and Fairbanks would also raise the average Power Cost Equalization (PCE) base rate, reducing the PCE subsidy for communities where the cost of electricity is already three to five times higher than the urban areas of the state. It is simply prudent economics for the Railbelt region to diversify its generation portfolio away from a dangerous dependency on gas toward a mix of 80% renewable energy resources to avoid the incredible expense of importing LNG.
- 2) **Renewable energy prices are plummeting.** Between 2009 and 2021, utility-scale solar electricity prices dropped 90% while the cost of land-based wind energy decreased 72%. Solar and wind are already competitive with natural gas – and getting cheaper. In 2022, over 75% of all new electric capacity additions in the United States were wind, solar, or batteries. A study conducted by Analysis North in 2022 found that the capital costs necessary to reach 80% renewable energy on the Railbelt would be about \$3.2 billion dollars – less than half of the \$6.7 billion in natural gas costs the region would save.
- 3) **An RPS will stabilize electric costs, keep precious energy dollars from leaving the state, diversify our economy, and attract new investment.** Alaska's overall economic performance is among the worst in the nation, with the state currently ranking as the worst in which to do business. Importing LNG will only make this problem worse by increasing the price of both heat and electricity – and thus the cost of doing business. Renewable energy provides predictable and stable energy prices which are attractive for businesses and investors. Establishing a Renewable Portfolio Standard for the Railbelt will keep hundreds of millions of dollars in the local economy and stimulate economic activity across the region. Using local renewable energy resources rather than importing expensive fuel will also strengthen and diversify Alaska's economy.

- 4) **An RPS will create thousands of new jobs.** Developing the vast wind, solar, and small hydropower resources in the Railbelt needed to generate 80% of our electricity will require a significant labor force. Those jobs will include construction workers, maintenance personnel, line men and women, electrical and software engineers, IT system technicians, wind turbine and PV technicians, electricians, utility operators and energy storage system technicians, among many others. A robust renewable energy industry in the Railbelt will also benefit rural Alaska. Expanding Alaska's renewable energy workforce will create new, in-state partners with the expertise to develop local renewable energy projects in communities across the state. Critically, this 21<sup>st</sup> century workforce will diversify our state's labor market and keep Alaska competitive in a fast-changing world.
  
- 5) **Aspirational goals don't work.** In 2010, Alaska set a nonbinding goal to generate 50% of the state's electricity from renewable sources by 2025. Since then, very little renewable electricity generation has been added. The Railbelt currently gets only 15% of its electricity from renewables. An RPS will be an enforceable standard that the utilities must comply with.
  
- 6) **Wind and solar can be developed quickly.** Compared to mega-projects like an in-state gas pipeline, smaller wind and solar energy projects can be brought online by 2027 – quickly enough to address predicted natural gas shortages.

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