

Alaska speech

- **Intro and Thank You**
- I'm David Holt, President of Consumer Energy Alliance
 - Brief CEA intro
- **Lower 48 : An Energy Renaissance**
- We all know the importance of Alaskan energy production and the value that it brings to the broader economy. But the entire U.S. is experiencing a huge energy boom and it is impacting consumers at a very local level.
- Some now claim that Alaska energy is less important now because of the energy renaissance all across the country. 3 years ago I said that the road to US energy security run thru AK. I'm here today to say that is more true now than it was 3 years ago.
- To give you an idea of the scope of the expansion across the L48 and the impact it is having:
 - In the Eagle Ford, in the Bakken and the Marcellus states, counties, townships, and cities are being revitalized by energy production.
 - In North Dakota, real GDP growth from energy production contributed 3.26 percentage points to real GDP growth of 13.4 percent.
 - The Endless Mountain Health System hospital in Susquehanna County is doubling its square footage and expanding from 17 to 27 exam rooms. It is attracting new doctor and specialists and bringing much needed services to the rural community.
 - In Carrizo Springs school district in south Texas the local property tax values went from \$441 Million in 2010 to \$2.5 billion in two years.
 - Manufacturing is resurgent because of domestic energy production. The steel industry in Louisiana and Ohio is coming back and rust belt towns are again building homes and adding jobs. The fertilizer, once thought long dead in America is coming back with new plants cropping up across the heartland.
 - With rising labor costs in Asia and affordable shale gas here at home, American manufacturers are "on-shoring" jobs, and growing tire, chemical, machinery, and other types of manufacturing.
 - So much so that In 2012 durable goods manufacturing increased by 9.1% and was the single largest contributor to US GDP growth.
- **More than Ever, The Road to US Energy Security Run Thru Alaska**
- Alaskan energy production is just as important the rest of the country. You know it, we know it, but the rest of the country doesn't.
 - With oil resources of nearly 30 billion barrels, Alaska could fuel every U.S. domestic airline flight for the next 120 years.
 - With Alaskan gas resources you could heat every American home for the next 34 years
 - Offshore Alaska has one of the world's largest untapped reserves
 - Alaskan oil provides 11% of U.S. supply, a very significant amount
 - Alaska provides so much energy, The U.S. would have to double its current number of wind turbines to offset current TAPS production. Thats **50,000**

additional wind turbines to equal the btu's coming from TAPS. And we would have to sextuple our current solar generation.

- With the vast majority of TAPS oil feeding into west coast refineries it is very important to keep that flow as high as possible for the benefit of especially Westcoast energy consumers
 - Look at California's agriculture industry. It is the world's fifth largest supplier of food and generates in excess of \$100 billion in economic activity. It runs on TAPS oil.
 - California farmers spend about 10% of total farm expenditures on energy.
 - For every one cent increase in the diesel it takes to transport ag commodities and power tractors, the average farmer's balance sheet could be impacted by hundreds of thousands of dollars. That could mean billions in lost economic value for the entire industry.
 - Silicon Valley Tech firms and the hundreds of data centers they require to keep the internet running require TAPS oil to run. The Diesel generators that power an average data center in case of a loss of power supply could power a town of 7000 people.
 - It costs an average 41 cents a year to charge an iPhone 5, but if you count the 170 million iPhone 5's in the world, the cost is the equivalent to powering all the homes in the 128,000-person town of Cedar Rapids, IA for a year.
- **Lower 48 Production Compared to AK production**
- With the shale boom in other parts of the country, many people point to that as an excuse for not expanding production in Alaska. These resources - while revolutionary - will not be sufficient to meet domestic demand. Need more AK resources, more OCS across the country.
 - The Bakken gets a lot of attention and recently made news when the USGS raised its reserve estimates. But at 30 billion barrels, Alaska still has double what the Bakken has.
 - Chart (U.S. Liquids Supply and Demand) shows that under **the current closed-door-alaska policy**, EIA predicts that the U.S. will still need to import 35-40% of demand. Current policy for EIA includes an Alaska shut-out.
 - This chart is the same thing, but with potential AK resources included. If we increase access to AMWR, NPR-A the Beaufort and Chuckchi we could reduce imports between 10 to 15% by 2030
 - This means that we could keep a projected \$97 billion per year invested in the U.S. economy rather than sending it overseas. There are roughly 25,000 high schools across the country. That \$97 billion could pay for 4,700 new high schools. That's a new school for one in every three American school districts.
 - If California, Oregon and Washington are going to be spending \$267 million per day on oil, wouldn't you rather it come back here to Alaska and the U.S.?
- **Regulatory Roadblocks**
- As we all know, Alaska could play a much larger role than it already does, but it's not allowed to. And why? Simply because the federal government owns the land?
 - Drilling for oil and gas doesn't suddenly become less safe because its being done on public as opposed to private land.
 - The notion that we can't develop our energy resources AND protect the environment is false. We already do both and we must work with our

- regulatory officials to hold industry to a high standard, while also creating a transparent framework for safe, cost-effective development
 - DOI and other regulators need to understand that their job is not to say NO first. They need to find a way to strike this proper balance and say “yes.”
 - Yes we can have energy production and environmental protection at the same time. We are doing it in energy plays across the country. That dynamic doesn’t stop when you enter BLM land.
- Alaska’s status as a major energy producer deserves some respect but at every turn, federal officials work to implement regulation strangulation on your state
 - Stems from the idea that local control is somehow insufficient
- For the past few decades, Washington D.C. has not helped Alaska find solutions to meeting the nation’s energy issues
 - They shut Alaska down in ANWR
 - They shut Alaska down in NPR-A
 - They shut Alaska down in the Chukchi and Beaufort
 - They wont let Alaska build roads
 - They wont clean up their messes on the North slope
 - They wont let Alaska access their vast coal resources
 - And they withhold money rightfully owed to Alaska from mineral and timber production
- The regulatory incoherence and conflicting priorities of DOI and other federal officials is the biggest hurdle to increased energy development and North American energy self-sufficiency
 - We have seen this from several previous administrations and congresses’
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- **Consequences of Reduced TAPS Production**
- The forced reductions in TAPS throughput and lower oil production in California and Alaska has led to some unsavory situations: Already, we send over \$800 million/day overseas for oil imports. With the current “closed-door Alaska policy” EIA projects that number could grow to nearly \$1.2 billion by 2040
 - Production down; imports up; price up (Declining West Coast Production chart)
The blue line is TAPS production, the red bars are foreign imports. For some perspective, the green line is the price of WTI oil.
 - This has caused Over half of West Coast oil supply to come from other countries (Where does our oil come from?)
 - Half of these imports come from OPEC countries (Increasing Reliance on Unfriendly, Unstable Sources of Oil)
- **Lower 48 Must Understand AK energy- CEA here to help**
- Ultimately, further production and advancement in Alaska will only come with support from voters in the lower 48.
- We all love and appreciate the value of TAPS. Working with each of you and our colleagues at RDC, AOGA, the Alliance, the Alaska Chamber and so many more, CEA wants to play an increased role in showcasing the importance of production in Alaska to the entire L48.
- Finding the appropriate balance to allow regulatory officials to work with industry, consumer and state officials to find sensible solutions that provide safe, environmentally

responsible and cost effective ways to develop AK resources is a CALL TO ACTION that CEA wants to help with.....

- CEA is doing all it can to educate and motivate voters on the importance of Alaskan energy production to the health and wellbeing of the US economy.
- We want to make Alaskan energy production as important to voters as the keystone pipeline is.
- We have collected over 200,000 grassroots comments on OCS, NPR-A, AMWR in the last 3 years.
- Supported a thoughtful, expansive process and against over-regulation related to the Watershed Assessment – which could have a wide-ranging impact on energy development
- Helped support efforts to reform Alaska’s energy tax structure to create expanded opportunities for development
- We work with elected officials and leaders around the country and we speak frequently on topics related to Alaska development.
- Our –CEA-Alaska letter to President Obama signed by Gov. Parnell, congressional delegation and over 200 AK businesses and individuals (Nov 2011)
- We work with Alaskan state legislators through the Energy Producing States Coalition
 - Thanks to Sen. Geisel for her strong work with the coalition
- We strongly support Governor Parnell in his leadership of the OCS Governors Coalition
 - We helped them take the message about offshore energy production to the world’s largest offshore energy conference in Houston last month, raising awareness on offshore policy to an engineering crowd
- We argue for Alaskan energy in the pages of America’s newspapers
 - Making sure they understand and appreciate the importance and potential of American energy production and what it means for our economy.
 - –500+ Media Hits in 2013; Over 120 discuss Alaska
- All of this activity will help raise the profile of Alaskan energy production
- Once we have increased support from everyday people, then we can begin to make the case with regulators and elected leaders
- We want to work with Alaska to make this happen.
 - CEA- Alaska is here on the ground and CEA is doing all it can around the nation to build support for Alaskan energy production.
 - CEA Nationally is active in 20 states and across the nation with a network that can reach consumers, business and elected leaders.
 - Work with us. Tell us what you need and how we can be of help.
- Together we can work to revitalize Alaskan energy production and bring the positive message about Alaska’s contribution to the lower 48.