

# United States Senate

WASHINGTON, DC 20510

July 14, 2010

The Honorable Barack Obama  
President  
The White House  
1600 Pennsylvania Ave., NW  
Washington, DC 20500

Dear Mr. President:

Thank you for the opportunity two weeks ago to meet with you and Senate leaders at the White House to discuss the need for comprehensive national energy legislation. Our discussions were especially relevant during my week-long visit to six Alaska communities over the Independence Day recess.

Energy is a leading concern of my constituents, for two key reasons. Alaskans already pay the nation's highest energy costs due to long distances to markets, high transportation costs, and a widely dispersed population. And Alaska has served as America's energy storehouse for decades, at one time producing up to a quarter of the nation's domestically produced oil, which generates thousands of good-paying jobs. At the same time, Alaska is ground zero for climate change, where we are experiencing its near-term impacts far more than the residents of any other state.

It is against this background I write to state my concerns as the Senate continues its deliberations on an energy plan. So far, the various versions of national energy legislation are inadequate to address Alaska's unique needs. As these deliberations continue between the Congress and your administration, I want to be clear about Alaska's priorities.

**Provide revenue sharing for affected communities:** Alaskans must be able to continue their history of sharing in revenue from oil and gas development by receiving a fair share from federal waters off the Arctic coast. Alaskans and Alaska coastal communities bear the direct impacts of offshore development, yet receive very little benefit from it. Revenue sharing would allow state and local communities, including Native villages, to ensure they have the emergency response, mitigation, and infrastructure to address the potential effects of development. I introduced the Alaska Adjacent Zone Revenue Sharing Act, S.1560, to implement a fair mechanism that ensures communities adjacent to development and most affected by it would benefit.

**Build the Alaska natural gas pipeline:** Alaska's Arctic holds tremendous natural gas reserves – an estimated 220 trillion cubic feet - which can help our nation transition to cleaner burning, renewable energy sources. S.1462, the American Clean Energy Leadership Act, contains some provisions acknowledging the national significance of these reserves, including an increase in the federal loan guarantees to assist the Alaska natural gas pipeline, which would be North America's largest private construction project. These measures are a good start, but any bill aimed at low-cost greenhouse gas pollution reduction must include greater emphasis and expanded incentives for natural gas to shift our economy to this clean-burning resource.

**Increase domestic energy production:** Today the U.S. imports about two-thirds of the oil it consumes, much of it from countries hostile to American interests. Developing America's enormous energy resources by Americans within America's borders is good for America's economic security and good for our national security.

Right now in Alaska, green-lighting three development projects would go a long way toward reducing our reliance on imported oil and increasing our use of clean-burning natural gas. First, is an estimated 13 billion barrels of oil in the National Petroleum Reserve-Alaska, set aside in 1923 as a national oil repository. ConocoPhillips has attempted to develop the first of these reserves for more than five years but the Army Corps of Engineers recently nixed its proposal to access the oil and gas in a petroleum reserve.

Second, is the oil and gas beneath Alaska's Arctic waters, which hold an estimated 27 billion barrels of recoverable oil, triple the original estimates of Prudhoe Bay. The initial leases in the Chukchi Sea alone, for which energy companies paid \$2.6 billion for the right to develop, are ready for exploration when your administration's moratorium on offshore development is lifted. S. 1462 authorizes a federal coordinator for the Alaska OCS in order to ensure that federal regulations are fairly applied, resources are protected, and these vital domestic resources can be brought to market in a timely fashion.

Finally, is the 16 billion barrels of oil and up to 83 trillion cubic feet of natural gas reserves estimated beneath the Arctic National Wildlife Refuge in Alaska's northeast corner just 50 miles from the Trans-Alaska Oil Pipeline. Despite setting aside a small portion of the Arctic Refuge for oil and gas development in 1980, subsequent Congresses and presidents have prohibited it.

**Address adaptation needs:** So far, conversations and legislation in Congress about climate change adaptation have focused on domestic habitat and international peoples. Alaska communities are facing the effects of climate change right now. The U.S. Government Accountability Office estimates more than 160 Alaska villages face flooding and erosion due to climate change. Many already are considering wholesale relocation of their communities. Others see their drinking water, transportation routes, and subsistence fish and wildlife resources threatened. The University of Alaska estimates damage to Alaska public infrastructure alone due to climate change will easily cost billions of dollars over just the next decade or two. Ironically, the same communities witnessing the effects of climate change are largely dependent on diesel fuel as their chief energy source despite strong potential for renewable energy development. Current climate legislation does not address these adaptation needs.

**Pre-empt Clean Air Act regulation of greenhouse gases:** One point virtually all my colleagues agree on is we should avoid the difficulties of regulating greenhouse gas pollution under the inflexible model used for other pollutants under the Clean Air Act. Any energy plan should confront the problem of climate change, while providing clear, workable rules and cost-effective solutions for affected industries. Any comprehensive energy policy Congress passes should protect covered entities reducing carbon output in accordance with new law from the potential for double regulation under the current reading of the Clean Air Act. In this way, industry will have certainty when it comes to the agreed-upon rules they operate under.

**Recognize Alaska hydropower as renewable:** Alaska has more than a third of the untapped hydropower potential in the United States. Much of this can be produced from tapping alpine lakes and run-of-river projects that do not endanger Alaska's precious and well-managed fisheries. While S.1462 includes some acknowledgement of this potential in its renewable electricity standard provisions, these projects still are not on an equal footing with other renewable energy technologies in Department of Energy loan and financial assistance programs. Over the long term, hydropower can be the cheapest alternative but only if adequate financing is available to project proponents.

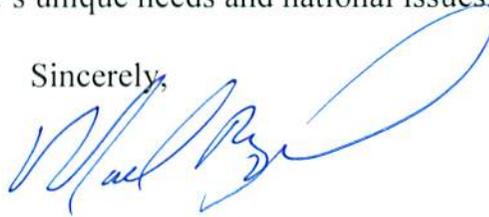
**Expand Arctic and climate research:** Your administration is to be commended for initiatives to organize management of federal lands and research about our lands, oceans, weather, and fish and wildlife through the lens of climate change. The warming Arctic brings physical changes, opens new trade routes and oil and gas development opportunities and dramatically shifts fishing grounds. Any legislation passing the Senate

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should build on this foundation and utilize existing expertise, such as the University of Alaska and the Barrow Arctic Science Consortium, to broaden our understanding of how Arctic communities can adapt to changing conditions and develop sustainable communities.

I appreciate the opportunity to bring these issues and opportunities to your attention. I pledge my cooperation with you and Senate leaders in crafting comprehensive energy legislation that addresses Alaska's unique needs and national issues.

Sincerely,



Mark Begich  
United States Senator

CC: Senate Majority Leader Harry Reid  
Senator Jeff Bingaman  
Senator Barbara Boxer  
Senator John Kerry  
Senator Max Baucus