

Sponsor Statement

SB 164

Prohibiting a Right-of-Way Lease for an Over the Top Gas Pipeline Route

Commercialization of North Slope natural gas has been one of the legislature's top priorities. The potential benefits of commercialization include short and long-term jobs, additional state and municipal revenues, opportunities for new industries, and cheap, clean energy for much of the state. Individually legislators have opposed the "over the top" route because it does not maximize these potential benefits. This bill would amend AS 38.35, the Right-of-Way Leasing Act, to preclude the DNR Commissioner from issuing a right-of-way lease for an over the top route. Passage of this bill shows that the legislature finds that this route would not be in the state's best interests.

The bill would amend the declaration of the legislative policy regarding the issuance of a right-of-way lease. AS 38.35.010 currently reflects that a pipeline:

1. can "significant[ly] contribut[e] to the welfare of the people of the state;" and
2. should "maximize the contribution to the development of human resources of this state, increase the standard of living for all of its residents, advance existing and potential sectors of its economy, strengthen free competition in its private enterprise system, and carefully protect its incomparable natural environment."

The bill would add these policies:

1. the constitutional requirements that the state's resources be developed for the "maximum use consistent with the public interest," and directing the legislature to provide for "the utilization, development, and conservation of all natural resources belonging to the State ... for the maximum benefit of its people;"
2. North Slope natural gas should be available to meet in-state demand;
3. North Slope natural gas should be developed to maximize short-term construction, and long-term operation and maintenance employment;
4. North Slope natural gas should be developed to add to the long term property tax base;
5. a North Slope natural gas pipeline to the North American market should be designed and located to enhance the possibilities for construction of new industries in Alaska and other pipelines to Alaska tidewater; and

6. a North Slope natural gas pipeline should use available infrastructure and utility corridors for construction of the pipeline and to minimize environmental impacts.

Finally, the bill would conclude that based on these policies, the commissioner may not grant a right-of-way across state lands in and adjacent to the Beaufort Sea for an over the top route until a southern route is built. Basically, the bill recognizes that an “over the top” route is not in the state’s best interests.