

## Carbon Information Session Questions

Thank you to everyone who attended the Greater Wasilla Chamber of Commerce meeting on April 20, 2023 to hear from DNR Commissioner John Boyle about the proposed carbon legislation and opportunities for Alaska. As we couldn't get to all of the questions submitted during the Q&A period, follow up answers are being provided by the Alaska Department of Natural Resources (DNR). Please note that similar questions may have been combined, some questions were not applicable to the bills, and comments without a question are not included.

You can find more information about the bill on the Alaska Legislature website:

- Senate Bill 48 / House Bill 49 [Carbon Offset Program on State Land](#)
- Senate Bill 49 / House Bill 50 [Carbon Storage](#)

### Follow up questions

1. Where in the Mat-Su Valley are the lands reserved?
  - a. No lands in the Mat-Su Valley or anywhere else are included in HB 49.
  - b. The proposed legislation authorizes DNR to create a regulatory framework to evaluate Carbon Offset Project proposals. The Anew report "Carbon Offset Opportunity Evaluation" was intended to identify, using readily available data, potential projects that could proceed quickly in order to affirm the potential of State lands for carbon offset projects and to better understand potential processes for projects.
  - c. DNR does not have plans to undertake any particular carbon offset project or pilot at this point, including the Mat-Su opportunity included in the Anew report. If the Governor's legislation passes, then DNR would examine the State's opportunities thoroughly to ensure projects deliver the greatest possible benefit to Alaskans.
  - d. If projects are proposed, the State must complete a Best Interest Finding that would include public comment opportunities.
2. In regard to the Mat-Su carbon offset pilot in the Anew report, what is the 55-year opportunity cost to harvest those trees?
  - a. That's not an analysis we've undertaken as there is no proposed project nor harvest plan for those trees.
3. What will the cost be to set the HB49 baseline?
  - a. If HB 49 passes, the Department will require initial funding to implement the bill. However, once revenue is coming in from the state land leases and/or the state projects, those programs are intended to be paid from the revenues and not from general fund dollars. Initially, the Department expects needing \$151,900 to write regulations and stand up the first program to issue state land leases to third parties for carbon management purposes; that cost should reduce after about one year once regulations are complete. The Department expects needing \$447,100 annually to support the state projects program. If demand for either program is high, the Department may seek additional positions to be funded by the program revenues in order to meet that demand. These costs are reflected in

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the fiscal notes accompanying the bill, which are subject to continual revision through the legislative process.

4. How much CO<sub>2</sub> will it prevent/capture?
  - a. It will depend on the project. Carbon capture capacities vary widely depending on the emissions source and capture technology.
5. What will the land look like when in use?
  - a. The same as today. Alaskans will be able to continue hunting, four-wheeling, trapping, hiking, and collecting firewood etc. on State lands that include carbon offset projects
6. How much State land is being proposed for this sequestration?
  - a. The Department is not proposing specific projects at this time. State of Alaska-owned lands including State Forests, would be potentially eligible for carbon offset projects, contingent on existing statute governing specific land areas. Not all state land will be suitable for carbon offset projects.
7. Is the acreage being proposed going to be leased? Sold?
  - a. Carbon offset projects could be offered for lease, or the State could develop its own carbon offset project. No State land would be sold as a result of the carbon management bills
8. How does it benefit Alaskans Specifically?
  - a. Revenue to the State for funding government, economic activity to benefit communities, opportunities to promote and expand energy industries, and jobs for Alaskans. An additional 'layer' of land use over existing uses that protect Alaskans' access to their public lands and is compatible with other resource development (offsets).
9. Will Alaskan businesses be offered the first option for leasing State land pertaining to carbon offset purposes.
  - a. That option is not included in the current version of HB 49 as proposed
10. Who specifically is the third-party evaluator being considered?
  - a. Until HB 49 becomes law, the State cannot consider any specific third party partner.
11. How long will the carbon offset project lease be set for? Who enforces these leases?
  - a. The maximum lease term under the bill is 55 years. Leases are enforced by the Alaska Division of Mining, Land and Water
12. Was the carbon value slide overall value based on a worldwide scenario?
  - a. Yes
13. Is the money gained by this going directly to the areas impacted by the sequestration?

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- a. Revenue from state carbon offset projects would, after project costs are paid, contribute to the state general fund.
  - b. Fees from CCUS (carbon capture, utilization, and storage) carbon storage projects would contribute to the permanent fund and the general fund, as well as cover State staffing costs
14. How will it affect any forest or trees needed for use?
- a. Forested land enrolled in a carbon offset project can still be harvested in accordance with existing statutes. DOFPP will be able to actively manage forests enrolled in a project, including providing for ongoing harvest.
15. What happens if there is a fire and your trees are ruined?
- a. A carbon offset project has to be developing according to the rules set by a 'registry', which is independent, nonprofit organization unaffiliated with the developer or the credit buyers that acts to ensure the integrity of the project and the credits generated by the project. For forestry-type projects, registries require a portion of the credits generated by the project go into a buffer pool, which serves as a sort of insurance against fire, beetlekill, windthrows and the like. This buffer pool protects the state project in case of natural disaster.
16. Does this affect private property?
- a. No. HB 49 only covers land owned by the State of Alaska. Other private landowners, such as Alaska Native corporations, already have carbon offset projects on their lands.
17. How will the injection of CO<sub>2</sub> back into the ground affect our water?
- a. Injecting CO<sub>2</sub> in subsurface formations should not affect potable water supplies. CO<sub>2</sub> would be injected only in porous and permeable subsurface formations at depths greater than 2600 feet, well below any potable water sources, and nearly all target formations are 1000s of feet deeper than 2600 feet. The target formations will be in trapping configurations and overlain by impermeable layers that will stop CO<sub>2</sub> from migrating upward to shallower depths where potable water supplies could be located.
18. Who is paying for the infrastructure?
- a. Project developers that lease the land from the State. If the State develops carbon offset projects itself, it would evaluate if additional infrastructure is needed.
  - b. Infrastructure is less likely for State carbon offset projects. If a road for example is needed, that would be part of the project costs that are paid by the sale of credits generated by the project.
19. Who will run this?
- a. The Department of Natural Resources would manage the carbon offset projects on State land program. The CCUS carbon storage program would be jointly managed by DNR and Alaska Oil and Gas Conservation Commission.

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20. Who pays for this?
- For carbon offsets: lessees pay the State to lease land for carbon purposes. For State carbon offset projects, the project generates revenue from credit sales that pays the costs of the project.
  - CCUS: Both the DNR licensing/leasing program and AOGCC permitting program are designed to be funded by fees assessed to the operator. Additionally, long-term management by DNR and liability for injection facilities after injection operations are completed will be funded by separate fees that are allocated to a fund for that purpose.
21. When will the state get full control of the land back?
- At the end of the lease, which will include options for withdrawing State land and reimbursing project developers if needed
  - Carbon purpose leases to third parties work just as any other state lease. For State projects, the state retains control of its lands through the project term.
22. When will you allow public input/public comment?
- Public comments are being accepted by the [Alaska Legislature](#) now. If the carbon management bills pass, the State of Alaska will develop regulations that the public will have an opportunity to comment on. And for each project or lease proposed, DNR will complete a Best Interest Finding that requires a public comment period.
23. When will it start paying off and how much?
- That will depend on the actual projects proposed. For instance, three potential pilot projects identified in the Anew report “Carbon Offset Opportunity Evaluation” would bring in an estimated \$311 million over 40 years. The Department expects even higher potential.
24. How many more government jobs will this require?
- Minimal. See fiscal notes attached to the bills
  - For carbon offset projects, 1 person to lead the program and 1 administrative support person, plus one DOFPP person. For carbon purpose leases, 1 MLW person. Funded by the program revenues once available.
25. Will DNR be making the rules and regulations for the administration’s carbon offset program?
- DNR will make the regulations to implement the parts of the legislation it will have to manage (i.e., [Title 38 of the Alaska Statutes](#)) after the laws become effective. This process is overseen by the Lieutenant Governor and has opportunity for public input ([see description here](#))
26. Have these rules and regulations been written already? Are they available for public scrutiny before they are enacted?
- The regulations have not been written.
  - If the legislation passes, there will be an opportunity for public comment on the proposed regulations.

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27. What will the CO<sub>2</sub> Pipeline cost?

- a. There is not currently a plan for a CO<sub>2</sub> pipeline. Furthermore, the State would not be responsible for funding any CO<sub>2</sub> pipelines in support of a CCUS project.

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