THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Natural Resources
Division of Mining, Land & Water
Director's Office
550 West 7th Avenue, Suite 1070
Anchorage, Alaska 99501-3579
Main: 907.269.8600
TDD: 907.269.8411
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October 10, 2014

Re: **Land Permitting and Leasing for Wind Power Projects**
Opportunity to Comment on Proposed Regulations:

Dear Alaskan:

The Department of Natural Resources (DNR) is proposing to adopt new regulations dealing with leasing and permitting of state-owned lands for Wind Power Projects, and to revise existing regulations regarding fees, and rental rates for those authorizations, and to make minor technical corrections to the department's fee regulations. I am writing to explain these proposed changes to these regulations, why we are proposing this regulation package now and how this action relates to the ongoing resource management process. I would like to invite you to review and comment on these proposed regulations.

The State of Alaska and DNR recognize the need for diversification of its energy portfolio through the increased use of its domestic renewable and alternative energy generation potential. In 2010, the Alaska Legislature established a state energy policy with the goal of the state reducing its dependence on the use of fossil fuels by receiving 50% of it electric generation needs from renewable and alternative energy sources by 2025. Electrical power generation from Alaska's wind resources is a fundamental part of that policy. Power generated from local wind resources is also expected to reduce or limit the increasing costs of electrical energy in Alaska or provide price stability when compared to the price volatility associated with fossil fuels.

Wind power projects that were funded through the Renewable Energy Fund have produced electricity at a cost that is competitive with the alternative energy sources. In calendar year 2013, approximately 12.35 million diesel equivalent gallons were displaced by wind generation and approximately 111,980 metric tons of CO2 were avoided. Displacing diesel use in many communities in Alaska is a priority because of the high expense of diesel and its delivery.

Alaska's energy generation infrastructure outside of the Railbelt grid is comprised of a large number of small isolated systems. Wind is a local energy source available to many communities in the state. Wind energy is relatively fast and scalable, making it a good match for many Alaska communities. Wind turbines typically create more energy during colder months due to global wind patterns and denser air, the time of the year there is most demand on energy. Creating diversified energy sources in a community can be an asset, especially in the event that other sources become more expensive, or change over time.

Proposed changes to existing land use regulations
The Department of Natural Resources proposes to adopt a new chapter in Title 11 of the Alaska Administrative Code that will address the use of state land for the development of Wind Power Projects. This new Chapter will spell out requirements and standards for the issuance of land use permits for data collection at sites potentially suitable for electrical power generation. The chapter will also prescribe the specific requirements and standards regarding the competitive and non-competitive leasing and use of state-owned lands for Wind Power Projects. Changes were also made to the fee regulations for Wind Power Projects and small technical corrections to address changes made in statutes regarding Material Sales and Water Management.

Why do we need to adopt these regulation changes now?
While DNR has issued wind power project related land leases and permits in the past under its general leasing regulations, the industry has asked that DNR develop a comprehensive set of specific land use rules for land used for wind power projects that would provide consistent and predictable statewide standards and land use rates.

Opportunity for Comment.
Interested parties are encouraged to review the proposed regulations and submit any comments to DNR. Enclosed is the official "Notice of Proposed Changes in the Regulations of the Department of Natural Resources," which lists the specific areas and provides the details regarding the submission of public comment. You can view the proposed regulations, as well as an executive summary of the proposed regulations on DNR website at:

http://dnr.alaska.gov/mlw/hottopics

You are invited to comment on these proposed regulation changes to the Division of Mining, Land and Water. For your comments to be considered, the division must receive your written comments no later than **5:00 p.m. on Friday, on November 21, 2014**. Comments must be in writing, and they may be mailed, faxed, or e-mailed to the address below. Please see the Notice of Proposed Changes for additional information.

Attn: Joseph Joyner
Division of Mining, Land and Water
550 W 7th Ave., Suite 1070
Anchorage, Alaska 99501-3579
Fax: (907) 269-8904
E-Mail: dnrmlw@alaska.gov

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Joseph Joyner at 269-8511 no later than November 7, 2014, to ensure that any necessary accommodations can be provided.

For more information or a copy of the proposed regulation changes, go to http://dnr.alaska.gov/mlw/hottopics, or write to the Director's Office, Division of Mining, Land and Water, Department of Natural Resources, Attention Joseph Joyner, 550 W. 7th Avenue, Suite 1070, Anchorage, Alaska 99501-3579; or call 907-269-8511, or email at joe.joyner@alaska.gov.

Thank you for your consideration. I look forward to reading your comments and suggestions.

Sincerely,

Brent Goodrum
Director, Division of Mining, Land and Water, Department of Natural Resources