



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Natural Resources

OFFICE OF PROJECT MANAGEMENT AND PERMITTING

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January 18, 2024

Douglas W. O'Donnell
Deputy Commissioner for Services and Enforcement

Submitted via Federal eRulemaking Portal at: <http://www.regulations.gov>

Re: Section 30D(a) of the Internal Revenue Code (Section 30D) Excluded Entities
IRS and REG-118492-23

Dear Mr. O'Donnell,

American sourcing, including domestic extraction and processing, of materials necessary for electric vehicles (EVs), batteries, and components such as charging stations, is essential for meeting the requirements of the U.S. Inflation Reduction Act (IRA).

The IRA and the proposed rule¹ aspire to incentivize secure and reliable supply chains through American sourcing and accomplish drastic reductions in U.S. carbon emissions and accelerate the energy transition, further increasing demand for critical and other minerals.

Quite simply, the U.S. needs more mines.² The State of Alaska (Alaska) can play a vital role in meeting the increasing demand, and supporting abundant and affordable energy, and with world-leading environmental, safety, and labor standards.

Please refer to Alaska's comments on the Section 30D credit (enclosed and incorporated). Again, Alaska requests explicit recognition of its potential and encouragement of its development both in the proposed rule and in broader federal policy initiatives.

Sincerely,

A handwritten signature in blue ink that reads "Ashlee Adoko".

Ashlee Adoko
Executive Director
Office of Project Management and Permitting

Enc: Alaska's comments on the Section 30D credit

¹ 88 Federal Register 84098, published December 4, 2023.

² Compare the International Energy Agency's (IEA's) estimates of increased demand to the U.S. Geological Survey's (USGS's) estimates of the key mineral and other resources on which the U.S. is import reliant by referring to "The Role of Critical World Energy Outlook Special Report Minerals in Clean Energy Transitions," May 2021, <https://miningpress.com/pdfs/web/viewer.php?file=/public/archivos/up57gCD9OcRiwjBKVXtnrLFk83aYE1jffCpk3RT.pdf&title=IEA%3A+THE+ROLE+OF+CRITICAL+MINERALS+IN+CLEAN+ENERGY+TRANSITIONS>, and USGS, "Mineral Commodity Summaries 2023," January 31, 2023, <https://pubs.usgs.gov/periodicals/mcs2023/mcs2023.pdf>.



June 16, 2023

Douglas W. O'Donnell
Deputy Commissioner for Services and Enforcement

Submitted via Federal eRulemaking Portal at: <http://www.regulations.gov>

Re: Section 30D(a) of the Internal Revenue Code credit (Section 30D Credit)
IRS and REG-120080-22

Dear Mr. O'Donnell,

The U.S. Inflation Reduction Act (IRA) and the proposed rule¹ aspire to accomplish drastic reductions in U.S. carbon emissions and accelerate the energy transition. Put simply, the U.S. needs more mines to ensure secure supply chains for electric vehicles (EVs), abundant and affordable energy, and the American-sourced materials necessary for U.S. manufacturing, electrification, and infrastructure.²

The State of Alaska (Alaska)³ can play a vital role in meeting the requirements in the IRA – with world-leading environmental, safety, and labor standards. This will require recognition by federal agencies, reform to federal permitting processes, and major new investment. For all the reasons below, we ask to you explicitly recognize the potential in Alaska and encourage its development both in your rulemaking and broader federal policy initiatives.

Alaska is uniquely situated to expand domestic production to meet the significantly increasing demand for critical minerals to support EVs, including batteries and corresponding components such as charging stations.

The sheer amount of critical minerals needed to support the transition is staggering. The International Energy Agency (IEA) estimates that demand for some of the necessary critical

¹ 88 Federal Register 23370, published April 17, 2023.

² Compare the International Energy Agency's (IEA's) estimates of increased demand to the U.S. Geological Survey's (USGS's) estimates of the key mineral and other resources on which the U.S. is import-reliant by referring to "The Role of Critical World Energy Outlook Special Report Minerals in Clean Energy Transitions," May 2021, <https://miningpress.com/pdfjs/web/viewer.php?file=/public/archivos/up57gCD9OcRiwjBKVXtnrLFk83aYE1jffCpk3RT.pdf&title=IEA%3A+THE+ROLE+OF+CRITICAL+MINERALS+IN+CLEAN+ENERGY+TRANSITIONS>, and USGS, "Mineral Commodity Summaries 2023," January 31, 2023, <https://pubs.usgs.gov/periodicals/mcs2023/mcs2023.pdf>.

³ Refer to the Alaska Department of Natural Resources (ADNR), Division of Geological and Geophysical Surveys (DGGS), publicly available information on reserves and resources, as well as comments on other activities and potential in Alaska, available at <https://dggs.alaska.gov/pubs/minerals>.

minerals could increase by more than 40 times by 2040.⁴ This means a tremendous amount of mining, somewhere on planet earth.

Per the IEA, lithium, graphite, cobalt, nickel, and manganese are crucial to battery performance, longevity, and energy density.⁵ Rare earths for permanent magnets are needed for EV motors.⁶ Charging stations and electricity networks will need a huge amount of copper and aluminum, with copper being a cornerstone for all electricity-related technologies.⁷

Lithium is anticipated to realize the fastest growth, as demand is predicted to increase over 40 times by 2040, followed by graphite, cobalt, and nickel at around 20-25 times.⁸ The expansion of electrical networks, requiring grid infrastructure and electrification, means that copper demand is expected to more than double over the same period.⁹ Demand for cobalt is approximated at 6 to 30 times higher than current levels, and rare earth elements could see 3 to 7 times higher demand in 2040.¹⁰

Alaska is home to vast mineral reserves – and is underexplored but geologically prospective – meaning we are likely the key to the extensive deposits and developments essential for America’s technology-focused economy, the transition to renewable energy usage, and national security.¹¹ Alaska’s Department of Natural Resources (ADNR), Division of Geological and Geophysical Surveys (DGGS) has extensive materials available on the mineral potential Alaska holds, including detailed information on reserves and resources, as well as a variety of technical and informational data. This can be reviewed at: <https://dggs.alaska.gov/pubs/minerals>.

We believe Congress has placed a significant emphasis on domestic sourcing under the IRA, and Alaska must be a part of fulfilling such a directive.

Alaska should be a vastly preferred alternative to foreign supplies of critical minerals from an environmental perspective.

Alaska’s solid environmental ethic, robust permitting process, and strict environmental and health standards, combined with its vast mineral and metal resources highlights its unique position to support the nation’s need for increased production. Mines in Alaska today are providing significant amounts of gold, zinc, and other metals with long records of environmental

⁴ IEA, “The Role of Critical World Energy Outlook Special Report Minerals in Clean Energy Transitions,” May 2021, <https://miningpress.com/pdfs/web/viewer.php?file=/public/archivos/up57gCD9OcRiwjBKVXtnrLFk83aYEljfCpk3RT.pdf&title=IEA%3A+THE+ROLE+OF+CRITICAL+MINERALS+IN+CLEAN+ENERGY+TRANSITIONS>.

⁵ Id.

⁶ Id.

⁷ Id.

⁸ Id.

⁹ Id.

¹⁰ Id.

¹¹ Additionally, Alaska could be a significant copper producer as there are multiple deposit types known to host copper, and two have defined copper resources: the Pebble copper-molybdenum-gold (palladium, rhenium) deposit and the Bornite copper-cobalt deposit.

protection while providing significant benefits to the local and indigenous communities they are adjacent to.

With hydro-power, wind, and geothermal opportunities all across Alaska, our state has clean energy resources that could be used to process mineral resources and to support positive energy transitions for surrounding communities. Many mineral prospects in Alaska are remote and not connected to an electrical grid, presenting unique challenges, and in many cases, necessitating energy generation on site. However, this challenge can become an opportunity. Areas that do not have the scale and demand to justify investments on their own can benefit from the added demand mining activity provides, and utilize power generated at scale.

To expand on the point above, according to the Energy Information Administration (EIA), in 2022, renewable energy accounted for about 33 percent of Alaska’s total electricity generation. Alaska’s many rivers offer some of the best hydroelectric power potential in the nation.¹² Large swaths of the Alaska coastline have significant wind energy resources, and Alaska’s many volcanic areas offer geothermal energy potential.¹³ Our Governor, Mike Dunleavy, recently hosted the “Alaska Sustainable Energy Conference” to highlight all these opportunities, which received support and attendance from Federal officials, including U.S. Department of Energy Deputy Secretary David Turk.¹⁴

Alaska is a leader and example of responsible, dependable, and sustainable development of minerals, oil and gas, and other natural resources. Our location at an international geographical crossroads, connecting the U.S. to both the Arctic region and the Pacific Rim, has made *sustainable* development of resources for export to all these markets a cornerstone of Alaska since statehood. In fact, the impetus to increase local control of natural resource use and development – so that local impacts and understanding could be applied to protect the environment and the resources – was a driving force behind our statehood.

We believe the skilled workforce, established standards, experienced communities and local governments, and coordinated state and federal regulators are poised to support a secure, reliable U.S. supply chain and satisfy our nation’s demand for critical minerals – if the federal government can recognize and support these capacities. Right now, the international alternatives do not come close to comparing in terms of capacity and commitment to protect the environment.

¹² EIA, “Alaska State Profile and Energy Estimates,” March 16, 2023, <https://www.eia.gov/state/analysis.php?sid=AK#106>, citing U.S. Department of Energy (DOE), *New Stream-reach Development: A Comprehensive Assessment of Hydropower Energy Potential in the United States* (April 2014), Region 19-Alaska, p. 169-172.

¹³ EIA, “Alaska State Profile and Energy Estimates,” March 16, 2023, <https://www.eia.gov/state/analysis.php?sid=AK#106>, citing DOE, Energy Efficiency and Renewable Energy, WINDEXchange, *Wind Energy in Alaska, Maps & Data*, accessed February 18, 2023, and ADNR, DGGS, *Geothermal Energy*, accessed February 18, 2023.

¹⁴ Energy.Gov, “Recap: Deputy Secretary David Turk Visits the 49th State,” June 5, 2023, <https://www.energy.gov/arctic/articles/recap-deputy-secretary-david-turk-visits-49th-state>.

The proposed rule should reflect U.S. Congress’s intent to reduce U.S. dependence on foreign supplies of critical minerals so that the U.S. is not even indirectly beholden to countries that have lower environmental standards and incompatible values.

Currently, global minerals markets and their associated supply chains are found in a small number of countries. The most recent U.S. Geological Survey (USGS) Mineral Commodity Summaries¹⁵ indicates the U.S. is 100 percent import-reliant for 15 key mineral resources and more than 50 percent import-reliant for an additional 31. This is untenable given the growing global demand and competition for minerals that power economies.¹⁶

The purpose of the Section 30D Credit is to accelerate the energy transition to low carbon technologies, to limit U.S. reliance on non-domestic supplies for EV manufacturing, to ensure reliable and secure supply chains, and to bring manufacturing back to America.

Counting foreign sources as “domestic,” as in the proposed rule, could undermine the purpose of the Section 30D Credit when truly domestic sources are not recognized and prioritized. In addition to supply security issues, many countries, even economic and policy partners of the United States, may not have environmental standards as high as those in Alaska, and they may lack sufficient resources to devote to compliance and enforcement,¹⁷ in conflict with the current federal Administration’s environmental and climate agenda.

To reduce reliance on foreign sources, the U.S. should support responsible domestic production, and developments in Alaska stand to make significant contributions to this end.

Furthermore, according to the USGS, some of the countries listed as non-domestic sources do not appear to be substantial producers of the critical minerals.¹⁸ Offering these foreign sources equal footing with potential Alaska producers could create ample opportunities for countries that do not have free trade agreements with the U.S. to effectively launder their supply of critical minerals by shipping them to listed countries where they would be processed and shipped to the U.S. as approved sources. At minimum, USGS should be consulted to ground truth some of the assumptions being made about the environmental standards and compliance and enforcement histories of these countries before accepting them as viable sources.

¹⁵ USGS, “Mineral Commodity Summaries 2023,” January 31, 2023, <https://pubs.usgs.gov/periodicals/mcs2023/mcs2023.pdf>.

¹⁶ Compare the IEA’s estimates of increased demand to the USGS’s estimates of the key mineral and other resources on which the U.S is import-reliant by referring to “The Role of Critical World Energy Outlook Special Report Minerals in Clean Energy Transitions,” May 2021, https://miningpress.com/pdfjs/web/viewer.php?file=/public/archivos/up57gCD9OcRiwjBKVXtnrLFk83aYEljffCp_k3RT.pdf&title=IEA%3A+THE+ROLE+OF+CRITICAL+MINERALS+IN+CLEAN+ENERGY+TRANSITIONS, and USGS, “Mineral Commodity Summaries 2023,” January 31, 2023, <https://pubs.usgs.gov/periodicals/mcs2023/mcs2023.pdf>.

¹⁷ There is little information available on the environmental standards or compliance or enforcement histories of the countries listed. Safeguards appear to be built into the free trade agreements; but they are aspirational goals and not legally enforceable.

¹⁸ USGS, “Mineral Commodity Summaries 2022,” January 31, 2022, <https://pubs.usgs.gov/periodicals/mcs2022/mcs2022.pdf>.

The intent of the IRA is to bring our energy and manufacturing supply chains onshore to protect our national security, reduce our dependence on foreign adversaries, and create jobs in the U.S. The U.S. cannot depend on China and Russia for the materials and manufacturing necessary to power our nation.

The rising demand for EVs necessitates a reformed federal permitting regime that emphasizes timeliness and cost-effectiveness, fosters investment certainty, and continues to protect the environment and public health.

Mining in Alaska is heavily regulated – with effective standards that result in real protection. Alaska has regulations that protect the environment through comprehensive development and production standards, disturbance setbacks, ground water protection measures, financial assurance requirements, spill reporting, and reclamation requirements. These emphasize planning, consultation, preparedness, and mitigation, and ensure that from start to finish, environmental impacts are scrutinized, regulated, and mitigated to the greatest extent practicable. Additionally, Alaska adheres to workplace safety, labor laws, and numerous regulations that ensure natural resource industries perform to the highest standards.

However, inconsistencies in the National Environmental Policy Act (NEPA) implementation, compounded by federal interagency contradictions, leads to endless permitting and litigation delays. To increase efficiency, NEPA reform, which Alaska strongly supports, is critically important to advancing responsible mining and other development.¹⁹ IEA confirms this need in its 2022 battery supply chain report, stating that “Governments must leverage private investment in sustainable mining and ensure clear and rapid permitting procedures to avoid potential supply bottlenecks.”²⁰ This investment cannot occur on the scale needed without addressing these federal permitting issues, and limiting the timeline and scope of litigation that is currently driving investment out of the U.S.

This need is even greater when considering the U.S. need to address domestic limitations on economically extracting, refining, smelting, recycling, and value-added manufacturing for critical minerals – all of which are currently largely done outside the U.S. Bringing these capacities into the U.S. is a critical part of mineral security.

The federal government should acknowledge the need for both exploration and infrastructure development necessary for domestic production of critical minerals.

Alaska has seen repeated and significant federal delays to infrastructure projects – like the Ambler Road – that would play a key role in the exploration and development of future domestic critical mineral supplies. Blocking or limiting the construction or expansion of needed projects impedes consumer access to safe, affordable minerals. Reforms that promote timely and

¹⁹ State of Alaska comments on updates to the regulations implementing the procedural provisions of NEPA, CEQ-2019-0003, <https://www.regulations.gov/comment/CEQ-2019-0003-171461>.

²⁰ IEA, “Global Supply Chains of EV Batteries,” July 2022. <https://www.iea.org/reports/global-supply-chains-of-ev-batteries>.

consistent permitting and continued access for exploration, infrastructure development and maintenance, while protecting the environment, wildlife, and subsistence resources, should be supported.

Additionally, the fact that opponents of mine and other infrastructure developments are increasingly using the courts and regulatory processes to stifle needed projects should be recognized and addressed. As Alaska and the nation seek ways to get the economy back on solid ground, the improvement of processes and the decrease in permitting barriers is needed. The investment community looks for efficiencies as they weigh options for where to invest. Alaska and other parts of the U.S. must be boosted as safe, reliable, and established places to invest.

Federal agencies, like the U.S. Department of the Interior (DOI), are delaying the potential development of critical mineral resources in Alaska contrary to the IRA.

As mentioned above, the Ambler Mining Access Road, which is intended to provide access to one of the world’s most prospective mineral exploration areas, including zinc and copper, went through a rigorous NEPA Environmental Impact Statement (EIS) process that reached a Record of Decision (ROD) in July 2020. These documents are based upon decades of reliable data and represent the culmination of years-long collaborate efforts among state, federal, and local agencies and stakeholders who devoted significant resources and expertise to the federal NEPA process.

The Tanana Chiefs Conference, along with the villages of Allakaket, Alatna, Evansville, Huslia and Tanana, filed a lawsuit against the DOI in 2020. On May 17, 2022, Judge Gleason of the U.S. District Court for Alaska granted a motion by the DOI to remand the decision back to the agency without vacatur. The DOI said that the NEPA analysis was flawed; the effect is that the ROD for the Ambler EIS has been withdrawn. The BLM released a notice of intent to prepare a supplement EIS on September 20, 2022, to address subsistence impacts and consultation with tribes under Section 106 of the National Historic Preservation Act. Cooperating Agency meetings to develop the alternatives for the Supplemental EIS did not occur for nine months. This is inconsistent with prioritization of domestic sources of critical minerals.

Mines in Alaska could extend long-term employment opportunities and potentially expand them to areas that continue to be some of the most economically underprivileged in the U.S., supporting Equity, Environmental, and Energy Justice (EEEJ) priorities.

Since Statehood, Alaska’s economy has depended on responsible mining, oil and gas development, fisheries, and other natural resource use, to provide family-supporting, high-skilled jobs, including for rural Alaskans with limited opportunities for other employment.²¹

²¹ In 2020, 77 percent of new hires and 55 percent of total employees at Red Dog (located in Northwest Alaska, and one of the world’s largest producers of zinc) were NANA Regional Corporation shareholders. Teck, “Supporting Leadership Development of Indigenous Employees at Red Dog Operations,” Available at: <https://www.teck.com/news/stories/2022/supporting-leadership-development-of-indigenous-employees-at-red-dog-operations#:~:text=The%201982%20Development%20and%20Operating,Red%20Dog%20were%20NANA%20shareholders>.

In addition to jobs, Alaska’s mines bring significant revenues to state and local governments, and Alaska Native Corporations (ANCs).²² Specifically, in 2022, 11,400 total direct and indirect jobs were attributable to mining with wages of one billion dollars statewide, \$131 million in revenue was paid to Alaska for services like education, highways, and airports, and \$55 million in local tax revenue was paid to support services like libraries, road repairs, schools, and public safety, and \$266 million in royalty payments were paid to ANCs.²³

Many mines provide employment with transferrable skills and offer on-the-job training – setting workers up for lifetime careers. We believe the IRA supports domestic development for just these reasons – boosting professional and economic legacies built upon the good jobs for community members, while minimizing the effects of climate change on indigenous ways of life.

Effective coordination should be promoted for review and authorization of mines across regulatory agencies and industry to improve safety, environmental stewardship, economic competitiveness, and public confidence.

Coordination is especially important for mining projects as they are regulated by numerous federal, state, and local agencies. Effective coordination builds on the cornerstones of transparency, accountability, and predictability, and commensurately improves safety, environmental stewardship, economic competitiveness, and public confidence. Alaska uniquely appreciates, and can attest to, the value of a coordinating body and effective coordination, because of the ADNR Office of Project Management and Permitting (OPMP), which provides coordination across regulatory agencies and industry.

Of central importance to the U.S.’s national economy and security and to Alaska’s economy is coordination among agencies with jurisdiction over permitting and operations. Alaska and its technical and regulatory experts with significant knowledge in the prudent development and management of Alaska’s resources stand ready to coordinate and collaborate with the U.S. to achieve energy abundance, secure American jobs, spur economic renewal, and promote environmental stewardship.

²² Alaska has unique land ownership by ANCs created by the U.S. Congress in the Alaska Native Claims Settlement Act, accounting for over 44 million acres or nearly 11 percent of Alaska’s total land area. (Energy Information Administration (EIA) “Alaska Profile Analysis,” last updated March 16, 2023, citing Native American Science Curriculum, “Alaska Native Land Claims & Tribal Sovereignty Issues,” accessed June 3, 2023, <http://www.nativeamericanscience.org/alaska/alaska-native-land-claims>.) ANCs were established by Congress to provide benefits to their Alaska Native shareholders, including business services, jobs to Alaska Native people, and monetary dividends. Shares in and ownership of ANCs are subject to restrictions in federal law limiting them to Alaska Natives and their descendants, and these shares cannot be generally traded or sold.

²³ McKinley Research Group 2022 update to their report, “The Economic Benefits of Alaska’s Mining Industry,” March 2023, http://www.alaskaminers.org/files/ugd/beae26_b627cbfb0c804717a79d768f80010b30.pdf. Alaska’s oil and gas industry remains its single most important economic engine (McDowell Group, “The Role of the Oil and Gas Industry in Alaska’s Economy,” January 2020, <https://www.aoga.org/wp-content/uploads/2021/01/Reports-2020.1.23-Economic-Impact-Report-McDowell-Group-CORRECTED-2020.12.3.pdf>, and essential to Alaska’s and the U.S.’s post-pandemic recovery, as it brings cleaner energy, strengthened national security, and amplified energy affordability.

Conclusion.

Alaska has demonstrated over decades that mineral exploration, development, and production can occur safely and responsibly with the appropriate regulatory controls and environmental protections. Alaska's economy and the national economy and its security needs can be better supported with a lasting commitment to development of critical mineral resources in Alaska.

Alaska also stands ready to enable the growing U.S. economy and national security needs for EVs, renewable energy networks, and infrastructure. We encourage you to adopt rules and interpret your programs in a manner that clearly advantages the development of Alaska's minerals in a manner consistent with the spirit and letter of the IRA.

Sincerely,



Doug Vincent-Lang
Commissioner, Alaska Department of Fish and Game



Jason Brune
Commissioner, Alaska Department of Environmental Conservation



John C. Boyle III
Commissioner, Alaska Department of Natural Resources