

Calendar No. 290

112TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ 112-129

KANTISHNA HILLS RENEWABLE ENERGY ACT

JANUARY 13, 2012.—Ordered to be printed

Filed, under authority of the order of the Senate of December 17, 2011

Mr. BINGAMAN, from the Committee on Energy and Natural Resources, submitted the following

R E P O R T

[To accompany H.R. 441]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 441) to authorize the Secretary of the Interior to issue permits for a microhydro project in nonwilderness areas within the boundaries of Denali National Park and Preserve, to acquire land for Denali National Park and Preserve from Doyon Tourism, Inc., and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the Act do pass.

PURPOSE

The purpose of H.R. 441 is to authorize the Secretary of the Interior to issue permits for a microhydro project in non-wilderness areas within the boundaries of Denali National Park and Preserve, and to exchange land managed by Denali National Park and Preserve with land from Doyon Tourism, Inc., which is located within the park.

BACKGROUND AND NEED

The Kantishna Roadhouse is owned by Doyon Tourism, Inc., which is a subsidiary of Alaska Native Corporation Doyon, Ltd. It is a full-service lodge located 92 miles inside Denali National Park and Preserve at the end of the Denali Park Road. The original roadhouse at Kantishna was built in the early 1900s, serving as a private residence, a community center, post office, and an informal

hotel accommodations for those who came visiting Kantishna in Denali Park.

The Roadhouse, like many structures within Denali National Park, is entirely off the grid and generates all of its electricity needs with a diesel generator. As a result, diesel must be trucked along Denali Park Road. The construction of this micro hydro-electric project would allow the Roadhouse to reduce their diesel use and transport by approximately 50 percent. This would result in less air and sound pollution in this remote area as well as reducing the risk of accident or spill, allowing for greater protection of visitors to the park, wildlife, and other resources in the park.

The proposed microhydro generator would be supplied by Eureka Creek, a 4-mile long stream. Some water from the creek would be diverted through an at-grade water intake with a conduit to carry water downhill to the generator housed in one of Doyon Tourism's buildings. The generator is capable of producing approximately 100 kilowatts of power. An electrical distribution line would carry the electricity to the lodge, about 600 feet from the microhydro generator. A battery bank would store surplus electricity to accommodate peak power demands and maintenance shut-downs of the generator. Water diverted from Eureka Creek through the microhydro generator would be piped to Moose Creek, less than 100 feet downstream from the mouth of Eureka Creek.

Other lodge operators in the park and the Eielson Visitor Center have successfully used a microhydro generator system to power their respective structures. H.R. 441 will allow the National Park Service to issue permits to the Kantishna Roadhouse for a similar power generation arrangement. In addition, H.R. 441 would authorize the Secretary to issue permits for other microhydro projects for in the Kantishna Hills area subject to applicable National Park Service terms and conditions.

H.R. 441 also authorizes a land exchange between Denali National Park and Doyon Tourism, Inc., for the purpose of consolidating land holdings for both the park and Doyon.

LEGISLATIVE HISTORY

H.R. 441 was introduced by Representative Don Young and passed the House of Representatives by a voice vote on October 24, 2011.

A companion measure, S. 313, was introduced in the Senate by Senators Murkowski and Begich on February 10, 2011 (S. Hrg. 112-124). The Subcommittee on National Parks held a hearing on S. 313 on May 11, 2011. At its business meeting on November 10, 2011, the Committee on Energy and Natural Resources ordered H.R. 441 favorably reported.

COMMITTEE RECOMMENDATION

The Committee on Energy and Natural Resources, in open business session on November 10, 2011, by a voice vote of a quorum present, recommends that the Senate pass H.R. 441.

SECTION-BY-SECTION ANALYSIS

Section 1 provides for the short title, the Kantishna Hills Renewable Energy Act of 2011.”

Section 2 defines key terms used in the bill.

Section 3(a) authorizes the Secretary of the Interior (Secretary) to issue permits for microhydro projects in the Kantishna Hills area of Denali National Park and Preserve.

Subsection (b) directs that each permit be in accordance with terms and conditions generally applicable to units of the National Park System and subject to such other terms and conditions as the Secretary determines to be necessary.

Subsection (c) requires completion of any environmental analysis required by National Environment Policy Act within 180 days of submission of the application for issuance of the permit.

Section 4(a) authorizes an exchange of land managed by Denali National Park and Preserve that is near the microhydro projects to Doyon Tourism, Inc., in exchange for approximately 18 acres owned by Doyon Tourism, Inc., within the Galena patented mining claim. The purpose of the land exchange is to consolidate lands managed by the park and those owned by Doyon Tourism, Inc.

Subsection (b) directs that the Kantishna Hills Micro-Hydro Area map numbered 184/80,276 and dated August 27, 2010, be available for public inspection in the appropriate offices of the National Park Service.

Subsection (c) provides that the Secretary seek to complete the land exchange no later than February 15, 2015.

Subsection (d) requires the land exchange be subject to the laws and policies applicable to land managed by the National Park Service and to such terms and conditions as the Secretary deems necessary.

Subsection (e) authorizes an equalization of values of the lands to be exchanged by adjusting the acreage should the parcels being exchanged be determined to not be of equal value.

Subsection (f) requires the Secretary to manage the land acquired from Doyon Tourism, Inc., to be administered as part of Denali National Park and Preserve.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

H.R. 441—Kantishna Hills Renewable Energy Act of 2011

H.R. 441 would authorize the Secretary of the Interior to issue permits for microhydroelectric projects in the Kantishna Hills area of the Denali National Park and Preserve in Alaska. The legislation also would authorize an exchange of land between the Department of the Interior and Doyon Tourism, Inc.

Based on information from the National Park Service, CBO estimates that implementing the act would have no significant impact on the federal budget. Enacting H.R. 441 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 441 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

On June 27, 2011, CBO transmitted a cost estimate for H.R. 441 as ordered reported by the House Committee on Natural Resources

on June 15, 2011. The two versions of the legislation are identical, and the CBO cost estimates are the same.

The CBO staff contact for this estimate is Martin von Gnechten. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out H.R. 441.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of H.R. 441, as ordered reported.

CONGRESSIONALLY DIRECTED SPENDING

H.R. 441, as ordered reported, does not contain any congressionally directed spending items, limited tax benefits, or limited tariff benefits as defined in rule XLIV of the Standing Rules of the Senate.

EXECUTIVE COMMUNICATIONS

The testimony provided by the National Park Service at the May 11, 2011, Subcommittee on National Parks hearing on S. 313 follows.

STATEMENT OF STEPHEN E. WHITESELL, ASSOCIATE DIRECTOR, PARK PLANNING, FACILITIES AND LANDS, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR

Mr. Chairman, thank you for the opportunity to present the views of the Department of the Interior on S. 313, a bill to authorize the Secretary of the Interior to issue permits for a micro-hydro project in non-wilderness areas within the boundaries of Denali National Park and Preserve, and for other purposes.

The Department supports this legislation with amendments and recognizes improvements made from the similar bill introduced in the previous Congress. S. 313 would authorize the Secretary of the Interior to issue permits for micro-hydro projects in a limited area of the Kantishna Hills in Denali National Park. The legislation would also authorize a land exchange between the National Park Service (NPS) and Doyon Tourism, Inc. (Doyon) involving lands near the historic mining community of Kantishna that would be mutually beneficial to the NPS and Doyon.

This legislation will reduce the use of fossil fuels in the park, and thus lessen the chance of fuel spills along the park road and at the Kantishna lodges. It will lower the number of non-visitor vehicle trips over the park road, lessen the noise and emissions from diesel generators in

the Moose Creek valley, and support clean energy projects and sustainable practices while ensuring that appropriate review and environmental compliance protects all park resources.

Doyon Tourism, Inc., a subsidiary of Alaska Native Corporation Doyon, Ltd., has requested permits from the NPS to install a micro-hydroelectric project on Eureka Creek, near their Kantishna Roadhouse. The NPS supports the intent of this project, however, neither the Secretary nor the Federal Energy Regulatory Commission (FERC) has the statutory authority to issue permits for portions of hydroelectric projects within national parks or monuments. We believe that the authorization contained in this legislation is necessary to enable the NPS to allow this micro-hydroelectric project within the park.

The Kantishna Roadhouse, at the end of the 92-mile-long Denali park road, has been in business for 28 years, hosts approximately 10,000 guests per summer, and currently uses an on-site 100 kilowatt (KW) diesel generator to provide power for the facility. The proposed hydroelectric installation would reduce use of the diesel generator at the lodge. Currently, delivery of diesel fuel to the lodge requires a tanker truck and trailer to be driven the entire length of the Denali park road. Noted for its undeveloped character, the road is unpaved for 77 miles of its 92-mile length, crosses high mountain passes without guardrails, and is just one to 1½ lanes wide with pullouts. The road is justly famous for wildlife viewing opportunities and in order to protect wildlife as well as the road's scenic wilderness character, vehicle traffic is limited. Reducing the amount of diesel fuel hauled over this road in tanker trucks protects park resources by reducing the risk of accident or spill, and simultaneously reduces overall vehicle use of the road.

Eureka Creek is a 4-mile-long stream that drains a 5 square-mile watershed and discharges about 15 cubic feet per second (cfs) during the summer. Most of the floodplain has been disturbed by past placer mining, but no mining claims exist on the creek now and no other landowners besides Doyon and the NPS own any property near this floodplain. The project would include an at-grade water intake, with no impoundment, about one mile upstream of where Eureka Creek crosses the park road.

Camp Denali, another lodge in the Kantishna Hills, is within the area addressed by this legislation. Camp Denali opened in 1952 and the owners installed a micro-hydro generator system prior to the 1978 Presidential proclamation that included Kantishna as a part of what is now Denali National Park. After 1978, Camp Denali became a private in-holding surrounded by the park, and found that parts of its micro-hydro power system were within the park, a situation that the NPS lacks the authority to permit or retain. This legislation, if amended, would allow the NPS and the owners of Camp Denali to work out permit conditions for those parts of the existing hydro project that

are now on park land. Besides the Kantishna Roadhouse and Camp Denali, two other lodges in Kantishna may pursue similar projects in the future and thus would benefit from the authority granted in this legislation.

Doyon owns 18 acres on the patented Galena mining claim in the Kantishna Hills and would like to exchange that acreage for park land in Kantishna of equal value near its other properties. The NPS would also like to pursue this exchange to consolidate land holdings in the area. Existing land exchange authority under the Alaska National Interest Lands Conservation Act (ANILCA) and other legislation is sufficient to affect this exchange. Thus, while we believe that this provision is unnecessary, we support its intent.

Our concerns with the bill are as follows:

(1) The bill as introduced requires the Secretary to complete National Environmental Policy Act compliance within 180 days of enactment. While the Department supports a speedy response to the applicant, we suggest the 180-day clock start upon submission of a complete application to the NPS.

(2) The permitting authority provided by this bill would apply to several micro-hydroelectric projects in the Kantishna area, yet various elements of the bill as introduced appear to apply solely to a project by Doyon. Technical corrections to address this are identified in an attachment to this testimony.

We believe that the permitting authority granted in S. 313 would provide a tool that the Secretary could use to lower fossil fuel use in Denali National Park, while protecting park resources, and that a land exchange would be hastened through passage of this legislation. We would welcome the opportunity to work with the sponsor and this committee to address our concerns and recommendations.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions that you may have.

ATTACHMENT

The NPS suggests the following technical corrections to H.R. 313:

(1) On p. 1, line 2 of the long title, strike “for a microhydro project in nonwilderness” and insert “for microhydro projects in nonwilderness”.

(2) On p. 3, line 1, strike “(i) the intake pipeline located on Eureka Creek, approximately ½ mile upstream from the Park Road, as depicted on the map;” and insert “(i) intake pipelines;”

(3) On p. 3, line 8, strike “line” and insert “lines”.

(4) On p. 3, line 14, strike “PROJECT” and insert “PROJECTS”.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by the bill H.R. 441, as ordered reported.

