



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

May 11, 2026

Submitted electronically via: House.Rules@akleg.gov

Representative Louise Stutes, Chair
House Rules Committee
Alaska State Legislature
Juneau, Alaska

RE: Support for HB 271C, Kitchen Lights Unit Royalty Modification

Dear Chair Stutes,

On behalf of the Resource Development Council for Alaska (RDC), I write in support of HB 271 Version C, legislation intended to strengthen natural gas production and encourage greater competition in Cook Inlet at a critical time for Alaska's energy future.

RDC is a statewide, non-profit trade association founded in 1975. Our membership is comprised of individuals and companies from Alaska's fishing, tourism, forestry, mining, and oil and gas industries and includes Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

Cook Inlet remains an essential source of natural gas for Southcentral Alaska and portions of the Interior. As outlined in the bill findings, continued gas production in the basin is necessary to ensure reliable and affordable energy for utilities and ratepayers, protect jobs, and reduce reliance on imported fuels. These concerns are underscored by the Alaska Division of Oil and Gas' 2022 Cook Inlet forecast, which warns of a potential Railbelt natural gas shortfall as early as 2027. I would also note that the Kitchen Lights Unit currently carries a total royalty percentage significantly above many comparable units in the basin.

HB 271 would make royalty modification opportunities available to all Cook Inlet producers if they can demonstrate that the reduced royalty structure will result in savings to end users of natural gas. This legislation essentially extends in statute royalty relief rates that have been established by the Department of Natural Resources in regulation. This approach appropriately balances the state's interests with the need to encourage continued investment and competition in a mature basin facing rising development costs and declining output.



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HB 271 also requires regular reporting and analysis related to production, investment, royalty revenues, and impacts on consumer energy costs. These provisions help ensure transparency and provide policymakers with the information necessary to evaluate the effectiveness of the program over time.

As Alaska works to maintain affordable and reliable energy for residents and businesses, policies that incentivize responsible in-state production are increasingly important. Supporting continued development in Cook Inlet can help reduce long-term energy uncertainty while strengthening economic activity and investment opportunities across the state. HB 271 provides an important step towards addressing these economic realities while still ensuring that public benefits remain central to the policy.

Thank you for your consideration and your continued attention to Alaska's energy security and economic future.

Sincerely,

Connor Hajdukovich
Executive Director
Resource Development Council for Alaska

CC: Representative Zack Fields



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