



Juneau Commission on Sustainability

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To: Juneau Assembly

Through: Denise Koch, Director of Engineering and Public Facilities

From: Griffin Plush, Co-Chair, Juneau Commission on Sustainability

Date: June 18, 2025

Subject: The heating fuel exemption in Ordinance 2025-32 would impede CBJ's goal of using 80% local, clean energy by 2045 while failing to equitably reduce Juneau's energy burden.

Background

The Juneau Renewable Energy Strategy (JRES) shows that addressing building fuel use is critical to ensure reaching 80% by 2045. Fortunately, Juneau's low electric prices and high fuel prices mean that electrification with heat pumps almost always results in an operational cost savings. Electricity also has less volatile pricing compared to fossil heating, and thus electrification softens the impact to household and organizational budgets during economic downturns. The cost of heating and barriers to electrification are felt most acutely by the least affluent families and businesses. Heating electrification has clear benefits for Juneau's economic, social, and environmental sustainability; however consistent public policy is required to advance it.

Tax policy *is* climate policy: in other words, whenever governments adjust their revenue structures, they also need to address their climate obligations. While CBJ has done well to support faster electrification in the residential sector, the commercial sector appears to have seen less progress. While it requires further analysis, Juneau's energy use profile suggests that a substantial portion of the revenue lost under the heating fuel exemption would be from the commercial sector. Kensington Mine, for example, with approximately 4.46 million gallons of diesel used annually would avoid >\$1M in sales tax to CBJ, assuming \$4.50/gal and a 5% sales tax. An initial review suggests >\$2M in lost commercial revenue under this exemption.

Recommendations

The exemption for heating fuel in Ordinance 2025-32 should be removed or somehow limited to residential customers, and CBJ should invest revenue collected on fuel into programs that support families and businesses struggling to pay their energy costs.

Investments should include grants to Alaska Heat Smart for heat pump installations with low-income households, direct grants to nonprofits and small businesses for energy upgrades, or even the subsidization of commercial electrification via the [C-PACER](#) model adopted by Anchorage, Fairbanks, and the Matsigenka.