

February 26, 2025

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Capitol, Room 518
Juneau, Alaska 99801

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Capitol, Room 516
Juneau, Alaska 99801

The Honorable Donny Olson
Co-Chair, Senate Finance Committee
Alaska State Capitol, Room 508
Juneau, Alaska 99801

Dear Co-Chairs Hoffman, Stedman, and Olson:

This letter is in response to questions raised in the February 12, 2025, meeting of the Senate Finance Committee for the Alaska Gasline Development Corporation (AGDC).

1. Did the AGDC board approve the execution of the Glenfarne exclusivity agreement?

The AGDC Board provides ongoing oversight of AGDC activities and authorizes binding project development agreements. AGDC staff keeps the AGDC Board informed about negotiations with Glenfarne and the development of the exclusivity agreement, which establishes terms that will carry forward to definitive project development agreements. The exclusivity agreement, which does not require board action, is a necessary step towards binding project development agreements, which will require board action.

AGDC's Board did authorize a detailed strategic plan to guide staff work, and this work plan has led to the negotiation of these definitive agreements. Current AGDC priorities established by the board include:

- Pursue Phase 1 of the Alaska LNG Project, which will accelerate construction of the Pipeline;
- Lead the overall project development by securing LNG offtake agreements and private sector funds for project development activities; and
- Develop and sign project development agreements with Lead Parties to advance the project through Front-End Engineering and Design (FEED) to Final Investment Decision (FID).
 - The Alaska Legislature will have the right, but not the obligation, to invest in any subproject .

2. Prior to executing the exclusivity agreement with Glenfarne, was Goldman Sachs aware that AGDC was going to execute an exclusivity agreement with Glenfarne?

AGDC regularly consults with Goldman Sachs regarding the development of the Alaska LNG Project.

3. Did AGDC seek Goldman Sachs' input on the selection of Glenfarne as preferred party to lead the project development?

AGDC regularly consults with Goldman Sachs regarding the development of the Alaska LNG Project.

4. Did Goldman Sachs introduce AGDC to Glenfarne?

Goldman Sachs identified Glenfarne as a target investor in February 2023. ExxonMobil provided the actual introduction of Glenfarne in early 2024, after AGDC began marketing a phased approach to the project. AGDC continues to regularly consult with Goldman Sachs regarding potential Alaska LNG investment partners, as well as our engagement with Glenfarne.

5. Can you provide a copy of the exclusivity agreement AGDC signed with Glenfarne?

The exclusivity agreement is governed by standard commercial confidentiality provisions and therefore, AGDC cannot provide a copy of the agreement to the committee. The exclusivity agreement provides AGDC and Glenfarne with a timeframe to develop binding project development agreements. The exclusivity agreement does not contain financial obligations for AGDC or the State of Alaska.

6. Is AGDC responsible for any penalties under the terms of the agreement you signed with Glenfarne?

The exclusivity agreement does not financially commit the State of Alaska or AGDC.

7. What is the purpose of the \$50 million backstop? Why is this backstop coming from AIDEA instead of the Legislature?

AGDC sought ways to accelerate the development of the Alaska LNG pipeline to deliver North Slope gas to Alaskans as rapidly as possible to address the Cook Inlet gas shortage. The AIDEA backstop resolution, passed in December 2024, advanced the development timeline by as much as six months.

8. Provide a breakdown of AGDC's contractual costs.

Please see the next page for a breakdown of AGDC's contractual costs.

AGDC's FY2025 Contractual (Services) Expenditures (\$ whole dollars):

Technical and legal expertise needed for development of agreements/contracts with investor(s), utilities, base industrial customers, gas purchase and gas sale agreements	Legal expertise Embedded contract staff	\$1,250,000 \$780,000
Expertise to work with Department of Energy on the establishment of loan guarantees	Contract expertise	\$250,000
Maintain compliance and secure data management systems, geographic information systems capabilities, and stakeholder databases	Embedded contract staff	\$600,000
Keep permits current and interface with State of Alaska and federal regulators ranging from water quality, culture resources, material sites, and highway use agreements	Embedded contract staff	\$270,000
Payment of permit and land lease fees		\$250,000
Support AGDC's role as minority owner representing the State's interests during FEED with technical, regulatory, and project management expertise	Embedded contract staff	\$800,000
TOTAL		\$4,200,000

Please contact the AGDC office if you have further questions.

Sincerely,



Frank T. Richards
President

cc: Jordan Shilling, Director, Governor's Legislative Office
Rob Carpenter, Deputy Director, Legislative Finance Division
Josie Stern, Policy Analyst, Office of Management and Budget