

ALASKA STATE LEGISLATURE

Session
State Capitol Building, Room 125
Juneau, Alaska 99801-1182
Phone (907) 465-2995
Fax (907) 465-6592

Interim
716 West Fourth Avenue, Suite 430
Anchorage, Alaska 99501
Phone (907) 269-0250
Fax (907) 269-0249



Chair
Senate Special Committee on Energy
Senate Special Committee on
World Trade, Technology, and Innovations

Co-Chair
Senate Resources Committee

Member
Senate Judiciary Committee
Joint Armed Services Committee

Senator.Lesil.McGuire@legis.state.ak.us

SENATOR LESIL MCGUIRE

SPONSOR STATEMENT FOR SENATE BILL 287

"Act amending the powers and duties of the Alaska Railroad Corporation and the Alaska Housing Finance Corporation related to the exercise of authority to purchase, transport, and sell natural gas produced on the North Slope for in-state use, and transferring exclusive and primary responsibility for the initiation and development of that project from the Office of the Governor and the Department of Natural Resources to those corporations; and providing for an effective date."

Since the discovery of natural gas in Cook Inlet by Unocal in 1958, the residents of Southcentral Alaska have enjoyed relatively cheap and abundant energy. While the development of Cook Inlet natural gas reserves over the succeeding decades was eclipsed by the discovery of the mammoth reserves at Prudhoe Bay; the Inlet has provided gas to generations of Alaskans and fueled the growth of Southcentral since statehood. From the LNG export terminal to the value-added manufacturing facility producing fertilizer at Nikiski, natural gas created an industrial hub on the Kenai. Cheap gas also fueled electric generation throughout the Railbelt, heated homes and facilitated economic growth throughout the region.

Today however, gas supplies in Cook Inlet are declining; threatening the energy security of major segments of Alaska's population. The challenge facing Southcentral is certainly not new; the residents of interior and rural Alaska have faced similar circumstances for generations. That is why the solution lies not in meeting the needs of Southcentral through imported LNG or stop-gap measures, but in a broader strategy to deliver gas to Alaskans. The vast supplies of gas on the North Slope provide an opportunity to meet not only the existing needs in Cook Inlet, but to distribute gas more widely across the state. In communities as diverse as Bethel and Fairbanks, community leaders are working to develop ways to get gas to their community and their efforts ultimately depend on access to a stable supply of gas.

Senate Bill 287 takes an important step towards that goal by tasking the Alaska Railroad, a public corporation of the State of Alaska with developing the Alaska Stand Alone Pipeline (ASAP) project. Work on the ASAP project was started in the latter days of the 2009 legislative session, when language was attached to the Supplemental Appropriations bill (Ch. 14 SLA 09) authorizing work on an in-state natural gas pipeline. As the project has progressed, the need to accelerate its development has become more apparent as the discovery of large deposits of previously inaccessible natural gas reserves in the lower 48 have clouded the future of the American natural gas market. SB 287 moves the ASAP pipeline project beyond legislative intent language into a more enduring statutory framework that will enable the project to progress.

Bringing Alaskans' natural gas to Alaskans will invigorate the economy and should enable the development of value-added industries; providing jobs in-state and a strong economic legacy to Alaskans. While the future demand for gas in the Lower 48 is questionable, the need for gas in Alaska is self-evident. SB 287 focuses the attention on that need and takes a first step toward bringing the energy security Cook Inlet has enjoyed statewide.