



Senate Resource  
4/3/15

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SB 50  
IEP Status Update

# IEP GOALS



- **Supply natural gas to Interior Alaska:**
  - At the lowest cost possible
  - As many Alaska customers as possible
  - As soon as possible
- **IEP investments compliment eventual sources of gas supply from a natural gas pipe line**
- **Lower PM2.5 in nonattainment areas of Interior**

# IEP: CURRENT STATUS

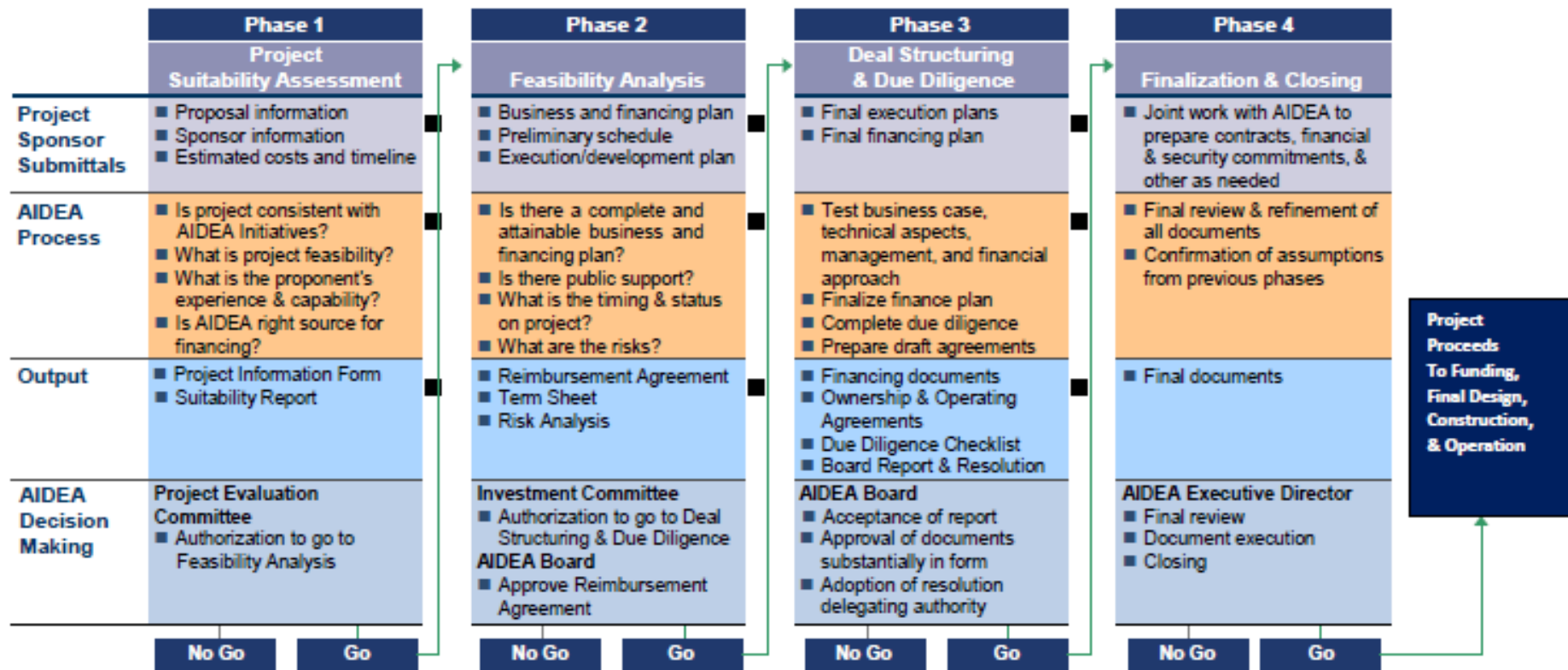
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- **Pursued development of a North Slope LNG supply through Concession Agreement**
- **AIDEA/AEA are now evaluating infrastructure to deliver natural gas from Cook Inlet**
- **AIDEA is financing the buildout of natural gas distribution in Fairbanks and North Pole**

# AIDEA'S DUE DILIGENCE PROCESS

The North Slope project under the Concession Agreement did not proceed because it did not pass AIDEA's due diligence process and Board Approval.



# NORTH SLOPE AND COOK INLET: COMPARING PROJECTS



## Cook Inlet

## North Slope

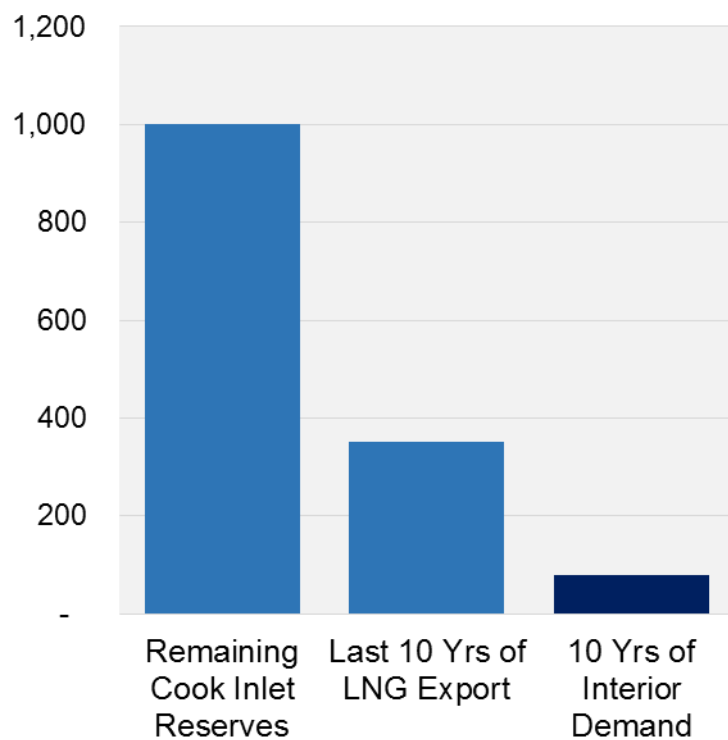
<b>Natural Gas Supply</b>	Supply still uncertain but indications are positive	Abundant supply at low cost, existing contracts in place
<b>LNG Plant Costs</b>	Cheaper to construct and operate, "off the shelf"	Expensive to design and construct for North Slope conditions
<b>Trucking/ Rail</b>	Lower trucking costs, large trailer potential, rail option	Trucking is more expensive but feasible
<b>Storage and distribution</b>	No significant change in design and costs	

**Conclusion:** If affordable natural gas is available, a Cook Inlet LNG project is favorable

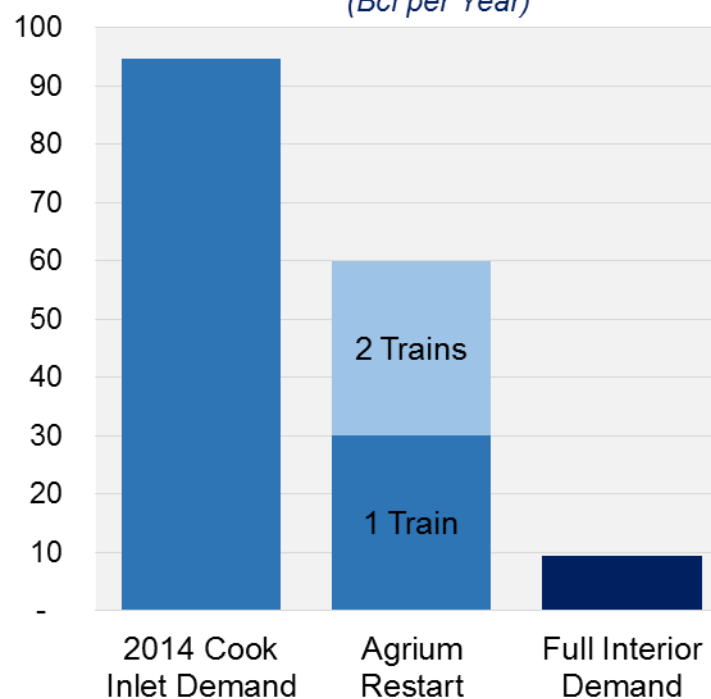
# HOW DOES THE INTERIOR DEMAND COMPARE?

- 1st 10 Years Projected Total Demand: **80 Bcf**
- Annual Demand at Full Buildout: **9.5 Bcf**

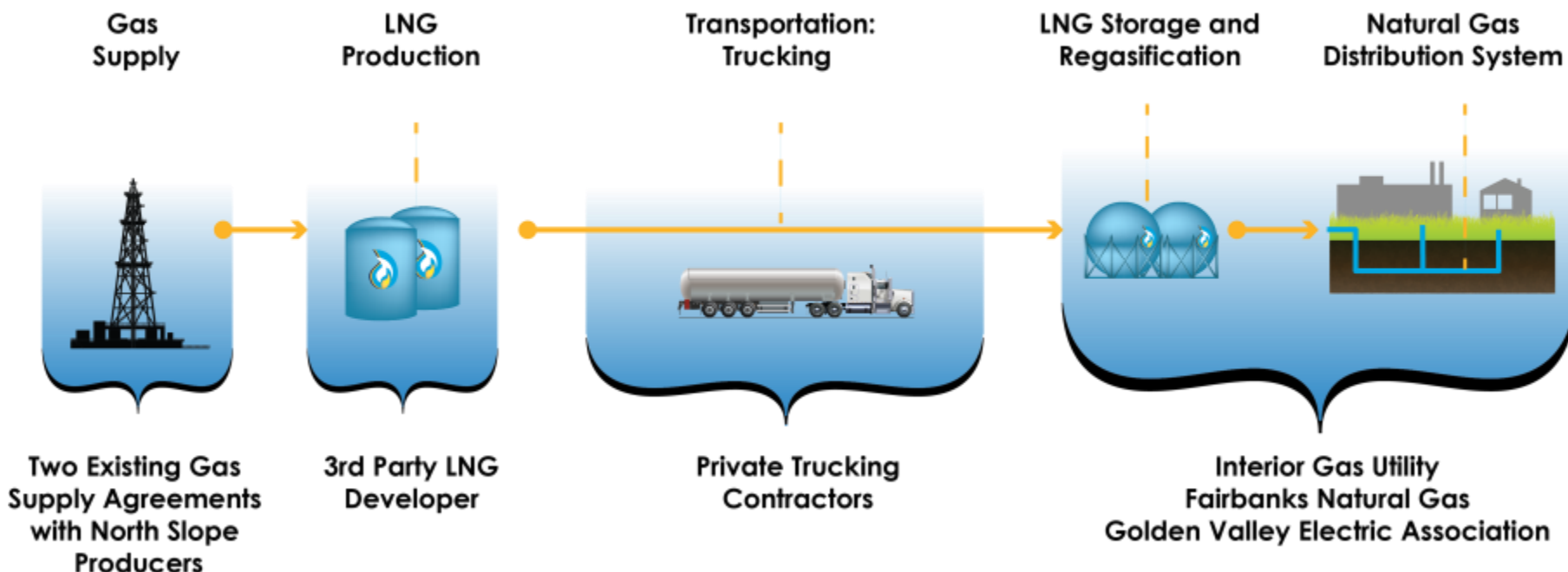
**10 Years of Interior Demand (Bcf)**



**Full Interior Demand (Bcf per Year)**



# NORTH SLOPE LNG PROJECT



The North Slope LNG Project supply chain was well vetted, providing AIDEA and the Interior Utilities with estimated costs.

The LNG production cost for a North Slope project under the Concession Agreement was too high. Alternative North Slope LNG production projects will be considered.

# COOK INLET LNG ALTERNATIVE

Gas Supply



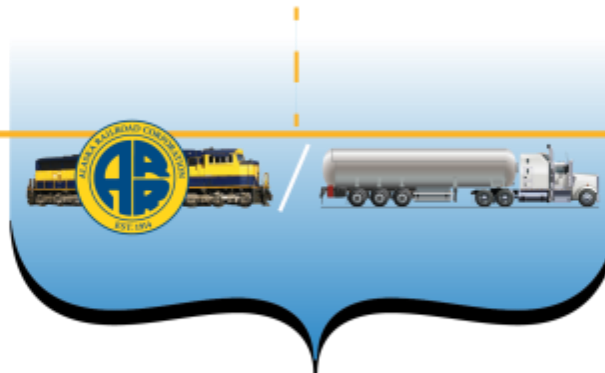
Gas Supply  
Agreement with  
Cook Inlet Producer(s)

LNG  
Production



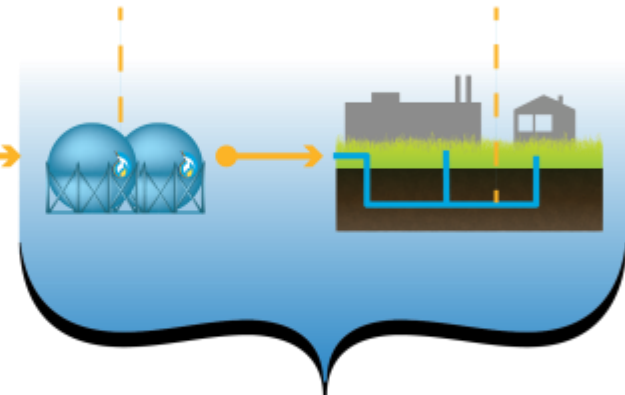
3rd Party LNG  
Developer

Transportation:  
Trucking or Railroad



Private Trucking  
Contractors or  
Alaska Railroad

LNG Storage and  
Regasification



Interior Gas Utility  
Fairbanks Natural Gas  
Golden Valley Electric Association

Natural Gas  
Distribution System

Allowance of this alternative, in addition to the North Slope supply chain authorized in 2013, is the purpose of SB50's IEP changes.

AIDEA is also encouraging and will evaluate all proposals to achieve the goals of the IEP (e.g., small diameter pipelines, full supply chain solutions, etc.)