

KEY SECTIONS OF SB 138.

29 \* Sec. 7. AS 31.25.005 is amended to read:

30 Sec. 31.25.005. Purpose. The corporation shall, for the benefit of the state, to  
31 the fullest extent possible,

-5- Enrolled SB 138

1 (1) develop and have primary responsibility for developing natural  
2 gas pipelines, an Alaska liquefied natural gas project, and other transportation  
3 mechanisms to deliver natural gas in-state for the maximum benefit of the people  
4 of the state;

5 (2) when developing natural gas pipelines, an Alaska liquefied  
6 natural gas project, and other transportation mechanisms to deliver natural gas  
7 in-state, provide economic benefits in the state and revenue to the state;

8 (3) assist the Department of Natural Resources and the  
9 Department of Revenue to maximize the value of the state's royalty natural gas,  
10 natural gas delivered to the state as payment of tax, and other natural gas  
11 received by the state;

12 (4) advance an in-state natural gas pipeline as described in the July 1,  
13 2011, project plan prepared under former AS 38.34.040 by the corporation while a  
14 subsidiary of the Alaska Housing Finance Corporation, with modifications determined  
15 by the corporation to be appropriate to develop, finance, construct, and operate an in-  
16 state natural gas pipeline in a safe, prudent, economical, and efficient manner, for the  
17 purpose of making natural gas, including propane and other hydrocarbons associated  
18 with natural gas other than oil, available to Fairbanks, the Southcentral region of the  
19 state, and other communities in the state at the lowest rates possible;

20 (5) advance an Alaska liquefied natural gas project by developing  
21 infrastructure and providing related services, including services related to  
22 transportation, liquefaction, a marine terminal, marketing, and commercial

23 support; if the corporation provides a service under this paragraph to the state, a  
24 public corporation or instrumentality of the state, a political subdivision of the  
25 state, or another entity of the state, the corporation may not charge a fee for the  
26 service in an amount greater than the amount necessary to reimburse the  
27 corporation for the cost of the service;

28 (6) [(2)] endeavor to develop natural gas pipelines and other  
29 transportation mechanisms to deliver natural gas, including propane and other  
30 hydrocarbons associated with natural gas other than oil, to public utility and industrial  
31 customers in areas of the state to which the natural gas, including propane and other

Enrolled SB 138 -6-

1 hydrocarbons associated with natural gas other than oil, may be delivered at  
2 commercially reasonable rates; and

3 (7) [(3)] endeavor to develop natural gas pipelines and other  
4 transportation mechanisms that offer commercially reasonable rates for shippers and  
5 access for shippers who produce natural gas, including propane and other  
6 hydrocarbons associated with natural gas other than oil, in the state. n the state.

20 \* Sec. 24. AS 38.05.020(b) is amended to read:

21 (b) The commissioner may

22 (1) establish reasonable procedures and adopt reasonable regulations  
23 necessary to carry out this chapter and, whenever necessary, issue directives or orders  
24 to the director to carry out specific functions and duties; regulations adopted by the  
25 commissioner shall be adopted under AS 44.62 (Administrative Procedure Act);  
26 orders by the commissioner classifying land, issued after January 3, 1959, are not  
27 required to be adopted under AS 44.62 (Administrative Procedure Act);

28 (2) enter into agreements considered necessary to carry out the  
29 purposes of this chapter, including agreements with federal and state agencies;

30 (3) review any order or action of the director;

31 (4) exercise the powers and do the acts necessary to carry out the

Enrolled SB 138 -16-

1 provisions and objectives of this chapter;

2 (5) notwithstanding the provisions of any other section of this chapter,

3 grant an extension of the time within which payments due on any exploration license,

4 lease, or sale of state land, minerals, or materials may be made, including payment of

5 rental and royalties, on a finding that compliance with the requirements is or was

6 prevented by reason of war, riots, or acts of God;

7 (6) classify tracts for agricultural uses;

8 (7) after consulting with the Board of Agriculture and Conservation

9 (AS 03.09.010), waive, postpone, or otherwise modify the development requirements

10 of a contract for the sale of agricultural land if

11 (A) the land is inaccessible by road; or

12 (B) transportation, marketing, and development costs render

13 the required development uneconomic;

14 (8) reconvey or relinquish land or an interest in land to the federal

15 government if

16 (A) the land is described in an amended application for an

17 allotment under 43 U.S.C. 1617; and

18 (B) the reconveyance or relinquishment is

19 (i) for the purposes provided in 43 U.S.C. 1617; and

20 (ii) in the best interests of the state;

21 (9) lead and coordinate all matters relating to the state's review and

22 authorization of resource development projects;

23 (10) enter into commercial agreements with a duration of not more

24 than two years for project services related to a North Slope natural gas project;

25 (11) in consultation with the commissioner of revenue, participate

26 in the negotiation of agreements that include balancing, marketing, disposition of

27 natural gas, and offtake and contracts and development of terms for inclusion in

28 those proposed agreements and contracts associated with a North Slope natural

29 gas project; an agreement or contract negotiated under this paragraph to which  
30 the state is a party is not effective unless the legislature authorizes the governor  
31 to execute the agreement or contract;

-17- Enrolled SB 138

1 (12) enter into confidentiality agreements to maintain the  
2 confidentiality of information related to contract negotiations and contract  
3 implementation associated with a North Slope natural gas project; information  
4 under those confidentiality agreements is not subject to AS 40.25.100 - 40.25.295  
5 (Alaska Public Records Act), except that

6 (A) the terms of a proposed contract that the commissioner  
7 presents to the legislature for the purpose of obtaining authorization for  
8 the governor to execute are not confidential and must be made available to  
9 the public at least 90 days before the proposed effective date for the terms;  
10 and

11 (B) the commissioner may share confidential information  
12 obtained under this paragraph with members of the legislature, their  
13 agents, and contractors on request under confidentiality agreements,  
14 either in committees held in executive session or individually;

15 (13) consult with the Alaska Gasline Development Corporation in  
16 the development of agreements or contracts under (10) or (11) of this subsection  
17 for project services related to a gas treatment plant, pipeline, liquefaction facility,  
18 marine terminal, or marine transportation services necessary to transport  
19 natural gas to market;

20 (14) exercise the powers and do the acts necessary to carry out the  
21 provisions and objectives of AS 43.90 that relate to this chapter.

21 \* Sec. 75. The uncodified law of the State of Alaska is amended by adding a new section to  
22 read:

23 PLAN AND RECOMMENDATIONS TO THE LEGISLATURE ON

24 INFRASTRUCTURE NEEDED TO DELIVER AFFORDABLE ENERGY TO AREAS IN  
25 THE STATE THAT DO NOT HAVE DIRECT ACCESS TO A NORTH SLOPE NATURAL  
26 GAS PIPELINE. (a) The Alaska Energy Authority, in consultation with the Alaska Gasline  
27 Development Corporation, the Alaska Industrial Development and Export Authority, and the  
28 Department of Revenue, shall, after considering the state energy policy under AS 44.99.115  
29 and sec. 1, ch. 82, SLA 2010, develop a plan for developing infrastructure to deliver more  
30 affordable energy to areas of the state that are not expected to have direct access to a North  
31 Slope natural gas pipeline. The plan must identify ownership options, different energy  
Enrolled SB 138 -66-

1 sources, including fossil fuels, hydro projects, tidal, and other alternative energy sources, and  
2 describe and recommend the means for generating, delivering, receiving, and storing energy  
3 in the most cost-efficient manner. For those citizens for whom there is no economically viable  
4 infrastructure available, the plan must recommend the means for directly underwriting the  
5 energy costs of the citizens to make their energy costs more affordable. The Alaska Energy  
6 Authority may consider the development of regional energy systems that can receive and store  
7 bulk fuel in quantity and distribute that fuel as needed within the region.

8 (b) The Alaska Energy Authority, in consultation with the Department of Revenue,  
9 shall recommend a plan for funding the design, development, and construction of the required  
10 infrastructure and may identify a source of rent, royalty, income, or tax received by the state  
11 that may be appropriated by the legislature to implement the plan.

12 (c) The Alaska Energy Authority shall provide the plan and suggested legislation for  
13 the design, development, construction, and financing of the required infrastructure to the  
14 legislature before January 1, 2017.

22 \* Sec. 77. The uncodified law of the State of Alaska is amended by adding a new section to  
23 read:

24 LEGISLATIVE BRIEFINGS. Before the first flow of gas in a North Slope natural gas  
25 project developed under the authority of this Act, the parties to the project shall, at least once  
26 every four months, provide briefings to interested legislators, legislative staff, and legislative

27 consultants on the progress of a North Slope natural gas project developed under the authority  
28 of this Act. A briefing under this section must be accompanied by a written report provided by  
29 the Department of Natural Resources of the amount of money the state may be obligated to  
30 pay a third party under an agreement or contract under AS 38.05.020(b)(10) or (11) if a North  
31 Slope natural gas project is terminated before the first flow of gas in the project.