

# SB 280 CS Version H, Senate Resources

**Senate Resources Committee**

**7<sup>th</sup> May 2026**

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# Basis of Opinion

This document reflects GaffneyCline’s informed professional judgment based on accepted standards of professional investigation and, as applicable, the data and information provided by the State of Alaska Legislative Budget and Audit Committee and/or obtained from other sources (e.g., public domain), the scope of engagement, and the period over which the evaluation was undertaken.

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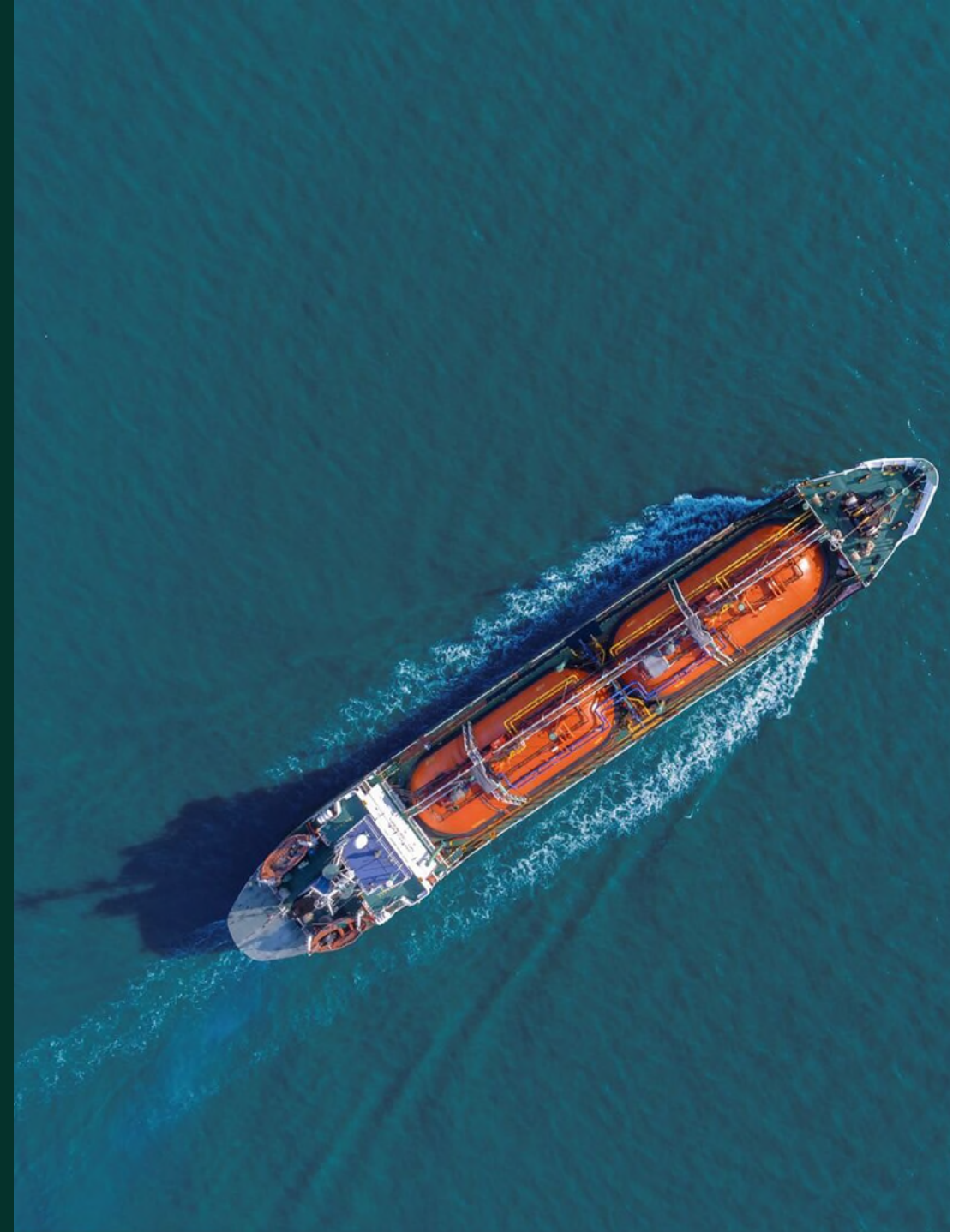
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Staff members who prepared this report hold appropriate professional and educational qualifications and have the necessary levels of experience and expertise to perform the work.

# Agenda

## Topics to be Covered




- ***LNG project data disclosures to enable fiscal policy development***
- ***Gas supply arrangements and impact on fiscal outcomes***
- ***International LNG pricing / implications for AK LNG***

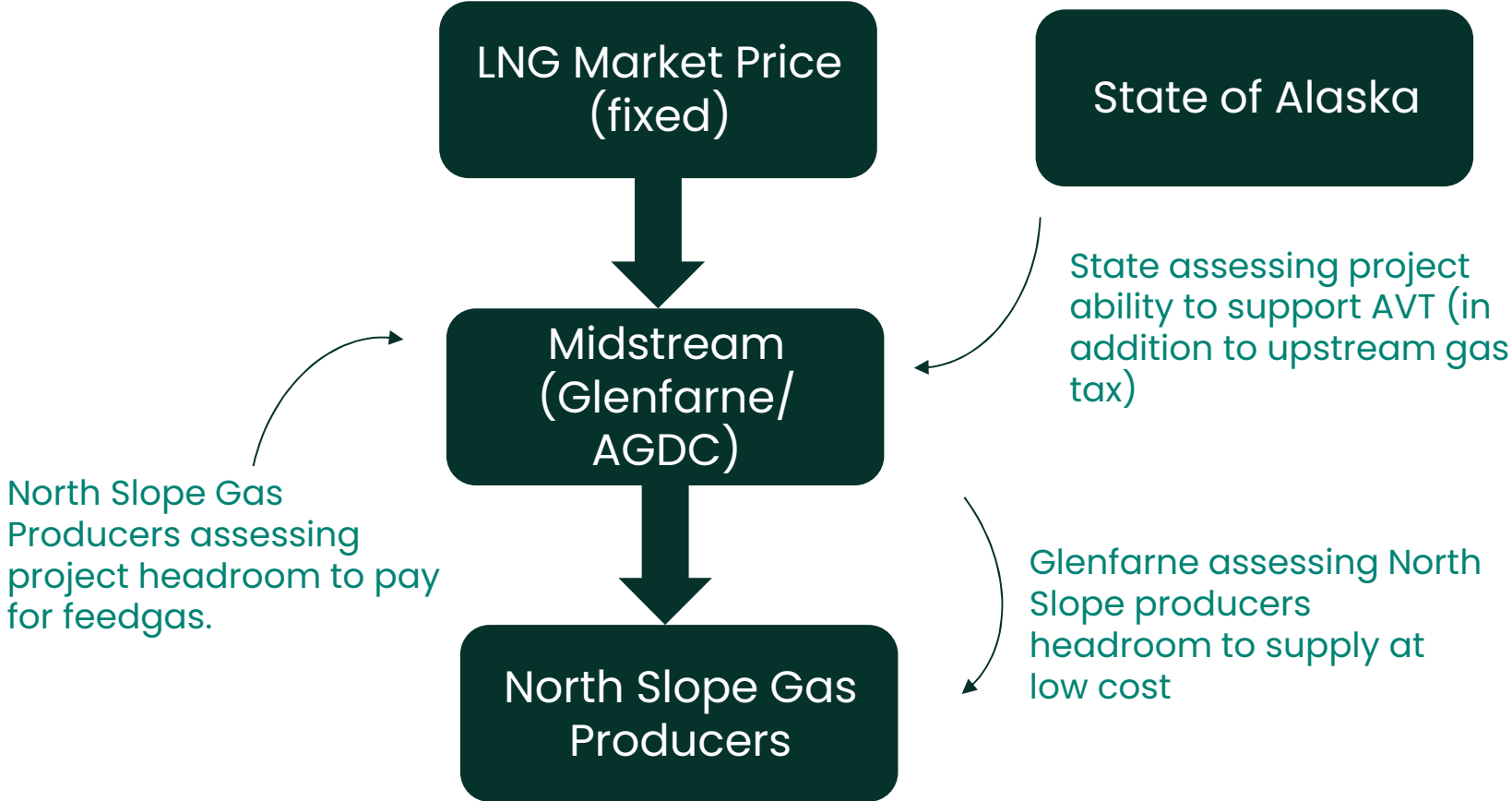


# Financial Disclosure to Aid Fiscal Policy

- Resource rich jurisdictions typically require greater disclosure
  - Constitutional obligations
  - Impact on citizens standard of living
- Numerous examples of LNG developers and governments sharing financial data
  - Always within a confidential framework
  - Strictly defined types of data
- International Monetary Fund have a formal framework and guidelines (FARI – Fiscal Analysis of Resource Industries)
  - Budget costs (Class IV, III or II) and phasing, financing structures typical at FEED/pre-FID
- **However..**
  - Public disclosure on CAPEX limited to a broad range before FID is reached.
  - Information sometimes brokered through a so-called “clean team” using shared data files.
  - Small, ring-fenced group (multi-agency reps).
  - Able to redact or aggregate data, share non-sensitive summaries.
  - SB138 enabled *confidentiality framework* and made certain information *exempt from public record*.

# Gas Supply – Implications for fiscal outcome

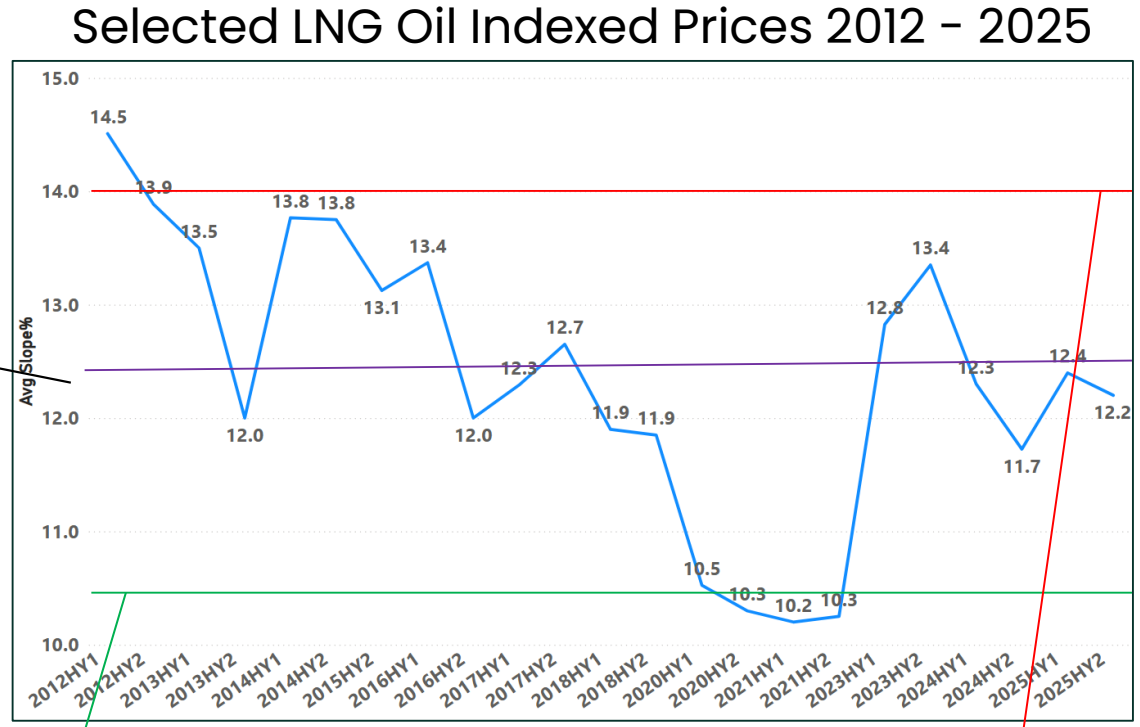
- Who will fund AVT?
  - LNG Buyers 
  - LNG investors 
  - Upstream Gas producers 
- AVT has implications for upstream gas producers as well as LNG project.
- Upstream Gas Supply Agreement (GSA) is an important feature of the state's fiscal policy decision making.
- Upstream/ Midstream profit split has tax implications.



# LNG Market Implications (Brent)

- Many Asian LNG buyers use Brent indexation, or some element of Brent.
- Indexation is a function of market conditions but also contract terms.
- LNG contracts that enable project finance can sometimes have a discounted price.

Last 12 month average of disclosed Brent pricing (Japan, India, Vietnam) 12.4%



oil price \$/bbl	50	55	60	65	70	75	80	85	90
oil slope 10.0%	\$ 5.00	\$ 5.50	\$ 6.00	\$ 6.50	\$ 7.00	\$ 7.50	\$ 8.00	\$ 8.50	\$ 9.00
10.5%	\$ 5.25	\$ 5.78	\$ 6.30	\$ 6.83	\$ 7.35	\$ 7.88	\$ 8.40	\$ 8.93	\$ 9.45
11.0%	\$ 5.50	\$ 6.05	\$ 6.60	\$ 7.15	\$ 7.70	\$ 8.25	\$ 8.80	\$ 9.35	\$ 9.90
11.5%	\$ 5.75	\$ 6.33	\$ 6.90	\$ 7.48	\$ 8.05	\$ 8.63	\$ 9.20	\$ 9.78	\$ 10.35
12.0%	\$ 6.00	\$ 6.60	\$ 7.20	\$ 7.80	\$ 8.40	\$ 9.00	\$ 9.60	\$ 10.20	\$ 10.80
12.5%	\$ 6.25	\$ 6.88	\$ 7.50	\$ 8.13	\$ 8.75	\$ 9.38	\$ 10.00	\$ 10.63	\$ 11.25
13.0%	\$ 6.50	\$ 7.15	\$ 7.80	\$ 8.45	\$ 9.10	\$ 9.75	\$ 10.40	\$ 11.05	\$ 11.70
13.5%	\$ 6.75	\$ 7.43	\$ 8.10	\$ 8.78	\$ 9.45	\$ 10.13	\$ 10.80	\$ 11.48	\$ 12.15
14.0%	\$ 7.00	\$ 7.70	\$ 8.40	\$ 9.10	\$ 9.80	\$ 10.50	\$ 11.20	\$ 11.90	\$ 12.60

Breakeven zone\* (existing prop. Tax) \$8.38  
 Breakeven zone\* (6c AVT) \$7.79

\* Based on DOR "heat map" presented to SRES using \$1 upstream price and base CAPEX

Source: ICIS/GaffneyCline analysis

# LNG Market Implications (US Gulf Coast)

- Indexation to Henry Hub plus a constant for liquefaction and fuel is the typical Gulf Coast pricing mechanism.
- Alaskan LNG would be less competitive than Gulf Coast LNG in the following outcomes:
- Existing property tax: Gas cost **more than \$1.65** OR Capex is **16.5% over base case**
- 6c/mcf AVT: Gas cost **more than \$2.17** OR Capex is **31% over base case**

Components	Description (\$/MMBtu)	
	May 2026	Comments
Average Henry Hub Futures during the period of interest	\$ 3.55	Forward price in 2030
Liquefaction Surcharge	\$ 0.53	15% for fuel and other charges
Liquefaction Tolling Fee	\$ 2.80	Average of indicated tolls for the past 12 months
Shipping Charges	\$ 2.40	Estimated shipping and canal charges
<b>Delivered Estimate</b>	<b>\$ 9.28</b>	

		oil price	50	55	60	65	70	75	80	85	90
oil slope	10.0%	\$ 5.00	\$ 5.50	\$ 6.00	\$ 6.50	\$ 7.00	\$ 7.50	\$ 8.00	\$ 8.50	\$ 9.00	
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 Breakeven zone\* (6c AVT) \$7.79

 Approximate equivalent Gulf Coast supply

\* Based on DOR "heat map" presented to SRES using \$1 upstream price and base CAPEX

Source: ICIS/GaffneyCline analysis

# Questions