WHAT ALASKA LNG MEANS FOR ALASKA
FAQs for the Alaska Legislature

What is Alaska LNG?

Alaska LNG is the energy infrastructure project originally designed by a joint venture of ExxonMobil, ConocoPhillips, BP and AGDC to commercialize the natural gas from Alaska's North Slope, the largest untapped natural gas reservoir in North America. Alaska LNG has three subprojects: a gas treatment plant on the North Slope to remove carbon dioxide from natural gas, an 807-mile pipeline from the North Slope to Nikiski, and an LNG facility and shipping terminal in Nikiski. North Slope natural gas will be delivered via pipeline so Alaskans can use it for heating, generating electricity, and other industrial uses. The natural gas will be produced into liquefied natural gas (LNG) to export to Asian markets. Alaska LNG's high-volume design means that Alaskans will benefit from low-cost energy that would otherwise be unavailable to Alaska's small population.

What is happening with Alaska LNG?

AGDC, the state corporation charged with developing Alaska's North Slope natural gas, has reached an agreement with Glenfarne, a qualified private-sector LNG developer, to take over the development of Alaska LNG. AGDC led the development of Alaska LNG from 2017 to 2025, but the costs and risks of developing the Alaska LNG megaproject have now shifted from AGDC to an energy company with industry expertise.

What is in the development agreement between AGDC and Glenfarne?

AGDC's agreement with Glenfarne to develop Alaska LNG includes:

- Private funding to complete the final design work needed to reach an ultimate go/no-go decision to construct Alaska LNG;
- Specific timelines for key project development milestones;
- Priority gas for Alaskans at the lowest possible cost;
- Opportunities for the state to make future investments in Alaska LNG if the legislature determines it makes sense for Alaska;
- Governance and oversight responsibilities reflecting AGDC's minority ownership share.

Who is Glenfarne?

Glenfarne is an international energy company with two LNG projects under development on the U.S. Gulf Coast, operational renewable energy projects in Central and South America, and operational grid stability projects that ensure a stable flow of electricity to end users. Glenfarne became interested in developing Alaska LNG following an introduction to AGDC by ExxonMobil and Goldman Sachs.

Why did AGDC select Glenfarne and were there other candidates?

AGDC conducted an exhaustive, public and multi-year market search for an experienced industry developer with the financial, technical, and operational resources necessary to

successfully advance an energy infrastructure project as large and complex as Alaska LNG on a timeline that best serves the needs of Alaskans. AGDC engaged with numerous parties and evaluated every written and documented proposal submitted during that time, independently and in consultation with advisors such as Goldman Sachs, in a thorough due diligence process. Glenfarne presented a comprehensive project finance and development plan and engaged with AGDC in hundreds of hours of information sharing which culminated in an exclusive development negotiation and term sheet agreement. Once the AGDC-Glenfarne agreement was finalized, other parties expressed new or renewed interest in Alaska LNG. A project of Alaska LNG's size will offer numerous opportunities for additional investors and developers to participate.

Did AGDC conduct due diligence on Glenfarne?
Yes. AGDC conducted rigorous due diligence based on an extensive review of information provided by Glenfarne, through independent third-party review, and through internal AGDC review. AGDC's review included consultation with the Commissioners of the departments of revenue and natural resources and close coordination with the Alaska Attorney General's office. AGDC found no issues of concern and the AGDC Board voted to approve the agreement with Glenfarne.

What are the next steps for Alaska LNG?
- ✓ Alaska LNG has completed an advanced level of engineering and environmental design work.
- ✓ All major permits for the construction of Alaska LNG have been received.
- ✓ Transition to Glenfarne, a qualified industry developer.
- ☐ Final engineering design work including definitive designs, budgets, contracts, and schedules.
- ☐ Final investment decision, or FID. FID occurs when commercial agreements, such as natural gas agreements with Alaska utilities, and LNG agreements with Asian buyers, are in place and investors are fully committed to construct the project.
- ☐ Construction and operation. Delivering gas to Alaskans first and then adding exports.

When will Alaska LNG begin delivering gas?
Alaska LNG could begin delivering gas to Alaskans as soon as 2030 or 2031, and LNG exports to Asia could begin shortly thereafter.

Why is the pipeline being developed first?
AGDC prioritized development of the pipeline in response to the Cook Inlet energy shortage. Glenfarne will focus on completing design work and undertaking an FID for the pipeline first to deliver North Slope gas to Alaskans as rapidly as possible. Developing the gas treatment plant and the LNG terminal, required for export, are expected to occur shortly after work begins on the pipeline.

What is the state receiving in exchange for Glenfarne's investment in Alaska LNG?

AGDC's agreement with Glenfarne divests 75% of Alaska LNG to Glenfarne. In exchange, Glenfarne has agreed to develop Alaska LNG to a final investment decision, including paying for all the development costs and assuming the development risks. AGDC retains a 25% share of the company managing Alaska LNG, known as 8 Star Alaska, in perpetuity. The state will have the option to invest up to 25% in each of the three Alaska LNG subprojects and receive profits from the operations of those individual subprojects throughout the project's 30-year authorization and beyond. Glenfarne and other investors it brings to the table will fund all project costs unless the state chooses to make further investments. Even with no added investment, Alaska will receive billions of dollars of benefits when Alaska LNG is competed, including royalties, taxes, thousands of jobs, much lower energy bills, and cleaner air in Interior Alaska, which has very limited access to natural gas today.

Is Alaska LNG safe for the environment?

Yes. Energy regulations and permits in Alaska are among the strictest in the world, and building an LNG project in Alaska is much safer and cleaner than in other parts of the world. Alaska LNG will for the first time deliver an abundant supply of clean natural gas to Interior Alaska which has historically depended on wood, fuel oil, and coal for heat and energy. These fuel sources produce more emissions and pollute the air, particularly in winter. Coal use is rapidly growing in Asia as an energy source, and by offsetting coal growth with LNG from Alaska in Asia, Alaska LNG can reduce global emissions by up to 2.3 billion tons.