



JOINT RESOURCES COMMITTEE HEARING

AUGUST 24, 2016

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Agenda

- **Recent Joint Key Messages**
- **AGDC Corporate Statements**
- **Refining the “Stage Gate”**

Where are we with the project?

The Alaska LNG project continues to make good technical progress. Pre-FEED work is over 90% complete and Pre-FEED deliverables are anticipated by mid-September.

Planning for the transition to an AGDC-led Alaska LNG project is underway with the target for commencement by the end of October with completion by the end of the year.

Key Messages

What is happening with the transition?

The Parties are working together to consider commercial options to improve the project's ability to compete in the global LNG market.

Once transitioned, AGDC will be responsible for managing the project going forward including:

- a) applying for regulatory approval,
- b) securing the commercial commitments from gas sellers, shippers, and buyers necessary to acquire the equity and debt financing that will be required to complete the project,
- c) preparing to start FEED.

Key Messages

Are the parties working collaboratively?

As part of the effort to improve the project's competitiveness, the Parties are working collaboratively to transition the project to State leadership.

They are also pursuing alternative commercial structure options and concepts that have been successfully used in global LNG projects to reduce the Cost of Supply of the project.

The goal is to have a seamless continuation of the project and maintain project momentum.

AGDC, BP, ConocoPhillips, and ExxonMobil are currently holding transition meetings with a goal to enable a seamless continuation of the Alaska LNG project. These discussions have the goal of timely transfer of information, data and work product, as well as access to assets necessary for a successful FERC filing.

Additional AGDC Messages



- AGDC has approved funding through FY2017. As part of the State's budgetary process, AGDC will provide a budget request to the Alaska Legislature for FY2018.
- AGDC will augment its current technical, commercial, and project management expertise as necessary, consistent with project progress and funding.
- AGDC plans to ensure the Alaska LNG project builds upon the tremendous expertise and accomplishments already invested into the project.
- The AGDC greatly appreciates the professional and cooperative way the parties have advanced the project to this stage and looks forward to working closely with them during the next stage of the project.

Refining the “Stage Gates”

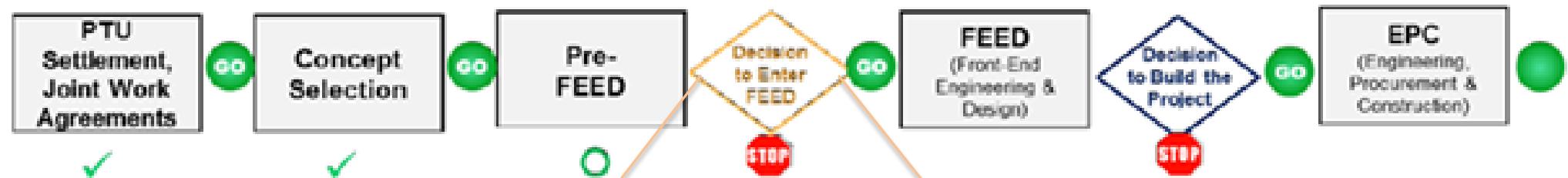


Diagram courtesy of AKLNG – Legislative Update 29Jun2016

New elements in the “Decision to Enter FEED”:

- ◊ Have we structured the project for tax and other financial efficiencies?
- ◊ Have we secured customers sufficient for financing?
- ◊ Have we identified and secured parties interested in equity investment in the infrastructure project?
- ◊ Have we identified and secured lenders for non-recourse project debt finance?
- ◊ Have we secured large EPC companies competent to manage the construction of the project and shoulder a significant part of the construction related risks?

Summary

- AGDC has accepted the challenge to lead the Alaska LNG project.
- AGDC recognizes the project will need customers, adequate financing, construction contractors, and legislative approval to move forward.
- AGDC believes the AKLNG project can be made commercially viable and can compete in the global LNG arena.
- The project offers enormous benefits to Alaska and deserves the opportunity capture Alaska's share of the global LNG market.

Thank you