

AIDEA Role and Approach for HCR 19
Prepared for the House Labor and Commerce Committee
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HCR 19

Urging the Alaska Industrial Development and Export Authority to **present a business case** to the Alaska State Legislature that includes a method for financing, a plan to solicit proposals for a public and private venture, and an objective **analysis of the economic and business feasibility** of a state-built and privately operated fuel storage facility that would serve the public interest.

AIDEA's Role

- Provide an objective analysis examining both the economic development impact and feasibility of a storage facility as well as the long term viability of the project
- As part of the analysis identify potential private and public sector users of the facility
- In conjunction with EconOne, look all aspects of the fuel supply system in the State and the impact additional storage would have for the different regions
- Examine possible ways of financing this project which could include AIDEA financing through ownership as a Development Finance Project (AS 44..88)
- As a possible owner of the storage facility, act as a consolidator for multiple users and demands assuring open access to storage

Economic and Business Feasibility Analysis

- Examine jet fuel security, including:
 - Commercial – Air Cargo
 - Military – Elmendorf (currently short 350,000 barrels of storage), Eielson
- Examine opportunities and threats to the existing fuel supply chain
- Address potential storage opportunities for fuel delivery to Western Alaska
- Examine the supply needs for Railbelt gasoline
- Conduct an economic impact analysis on current and additional storage capacity with regards to net economic activity, job retention and growth, and economic diversification.
- Identify potential way forward to secure users of the facility (obtaining operator, open access to users, open season on storage commitments) prior to financing

Action Plan

1. Market Analysis – EconOne (Currently being performed under the direction of the Department of Law)
2. Engineering Layout and Cost Estimate (AIDEA)
3. Develop the requested business case looking at potential unmet market needs, impact on businesses, impact of market risks, impact of supply risks as well as determining the “best fit (AIDEA and EconOne)
4. Report back to the Legislature (AIDEA)

The mission of the Alaska Industrial Development and Export Authority is to promote, develop and advance economic growth and diversification in Alaska by providing various means of financing and investment