

Alaska Industrial Development and Export Authority Alaska Energy Authority

SB 23 AIDEA Development Project Financing for a Liquefied Natural Gas Production and Distribution System

**AEA Policy Presentation on SB 23
Senate Labor and Commerce Committee**

February 19, 2013 – Juneau, AK

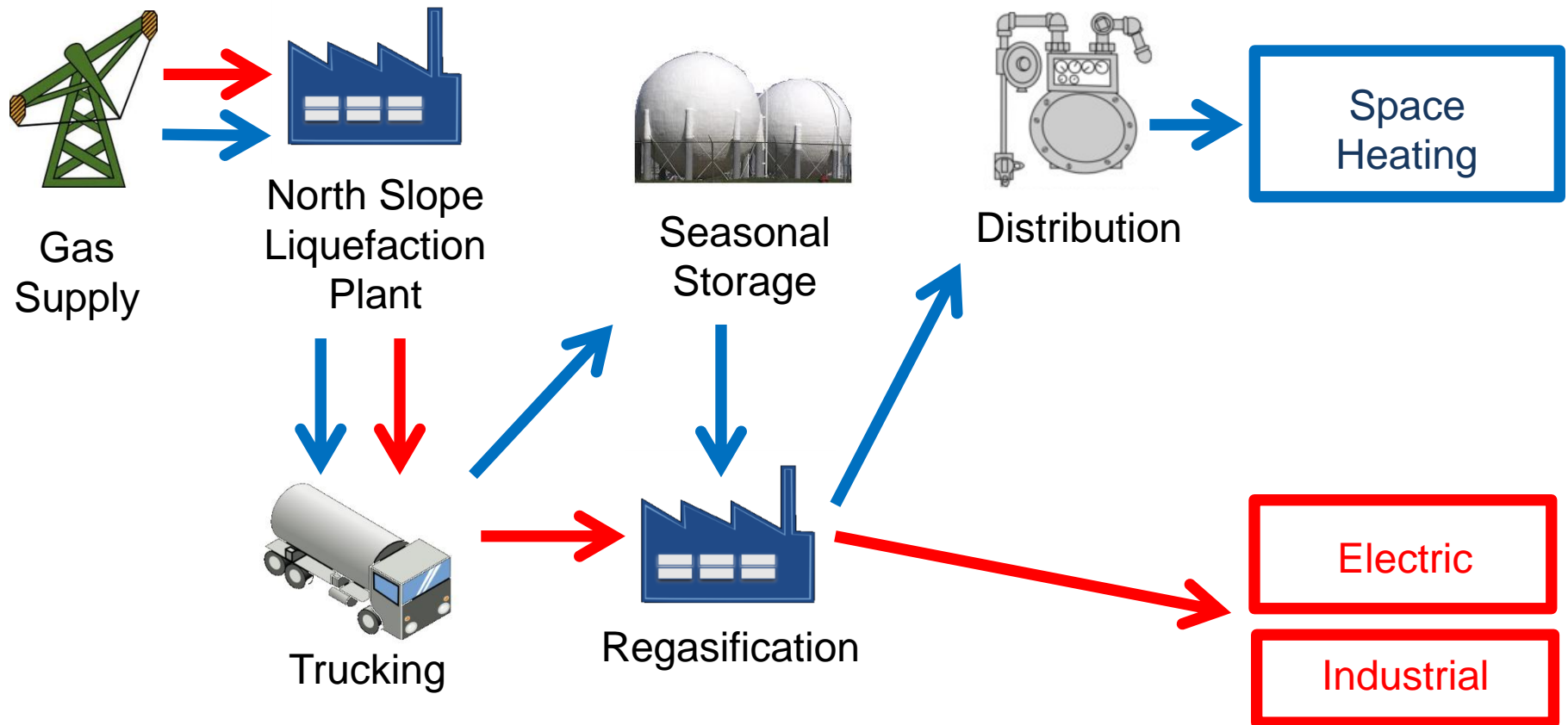
Project Goals

- Provide lowest cost energy to most Interior Alaska consumers as soon as possible
- Get gas first to Interior Alaska while assuring long-term access to gas from liquefaction plant for all Alaskans
- Utilize private sector mechanisms as much as possible to leverage private investment

Project Description

- Natural gas will be liquefied on the North Slope and trucked to Interior Alaska
- Primary LNG demand anticipated to be Fairbanks and North Pole
- LNG will be temporarily stored and re-gasified in Interior Alaska
- Natural gas distribution system with storage to supply natural gas for heating

LNG Trucking Value Chain



Governor's Finance Package

- \$50 million General Fund appropriation
 - Directly reduces the cost of LNG
- \$150 million AIDEA bonds
 - 3% interest rate (projected rate based on current market rates)
- \$125 million SETS capitalization
 - 3% interest rate
 - Flexibility to provide optimal commercial structure
- **\$325 million total 2013 package**
- \$30 million natural gas storage credit
 - \$15 million tax credit per qualifying storage tank
 - Created through previous legislative action
- **\$355 total Governor's package**

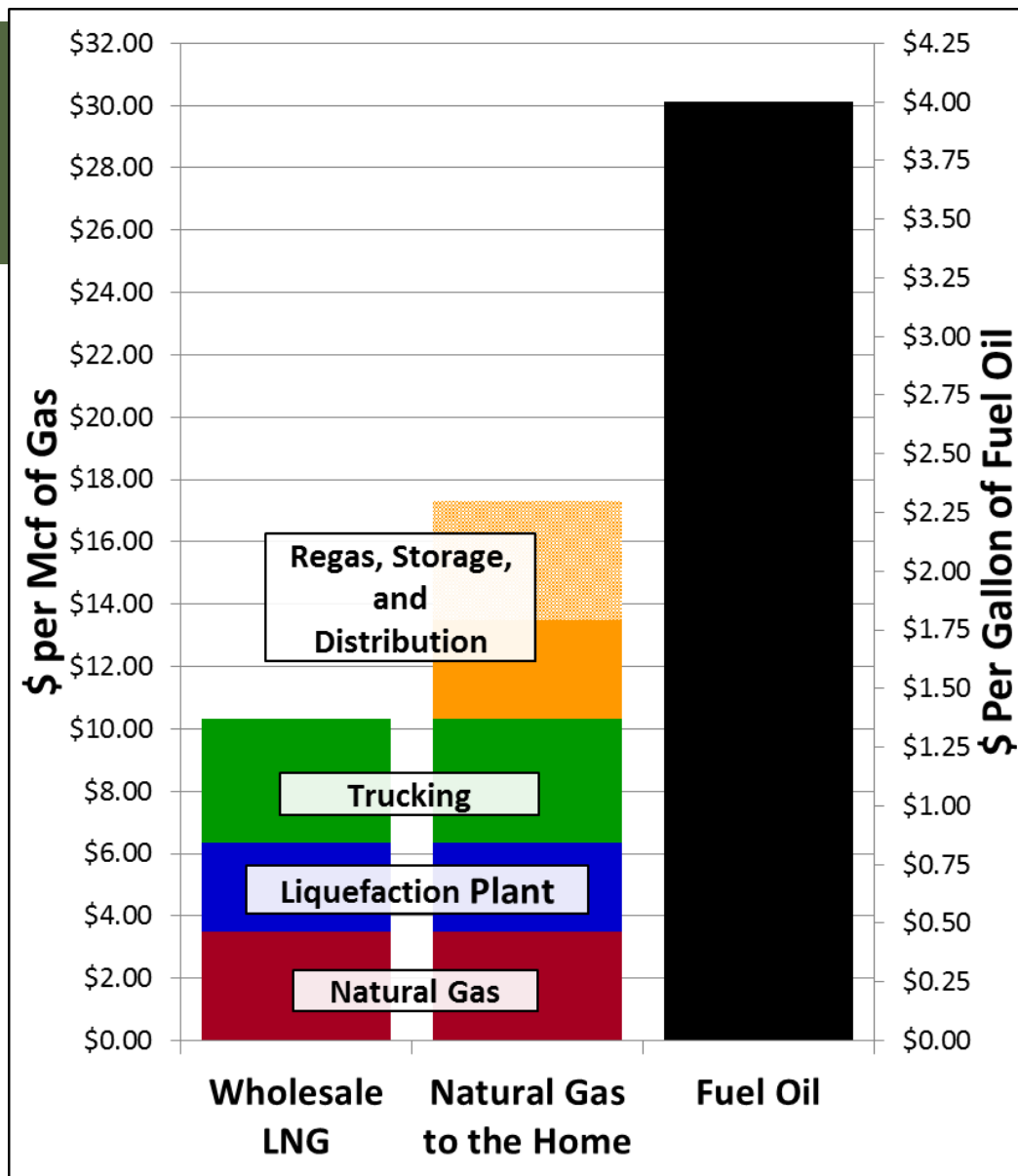
LNG Lowers Energy Costs

Key Assumptions

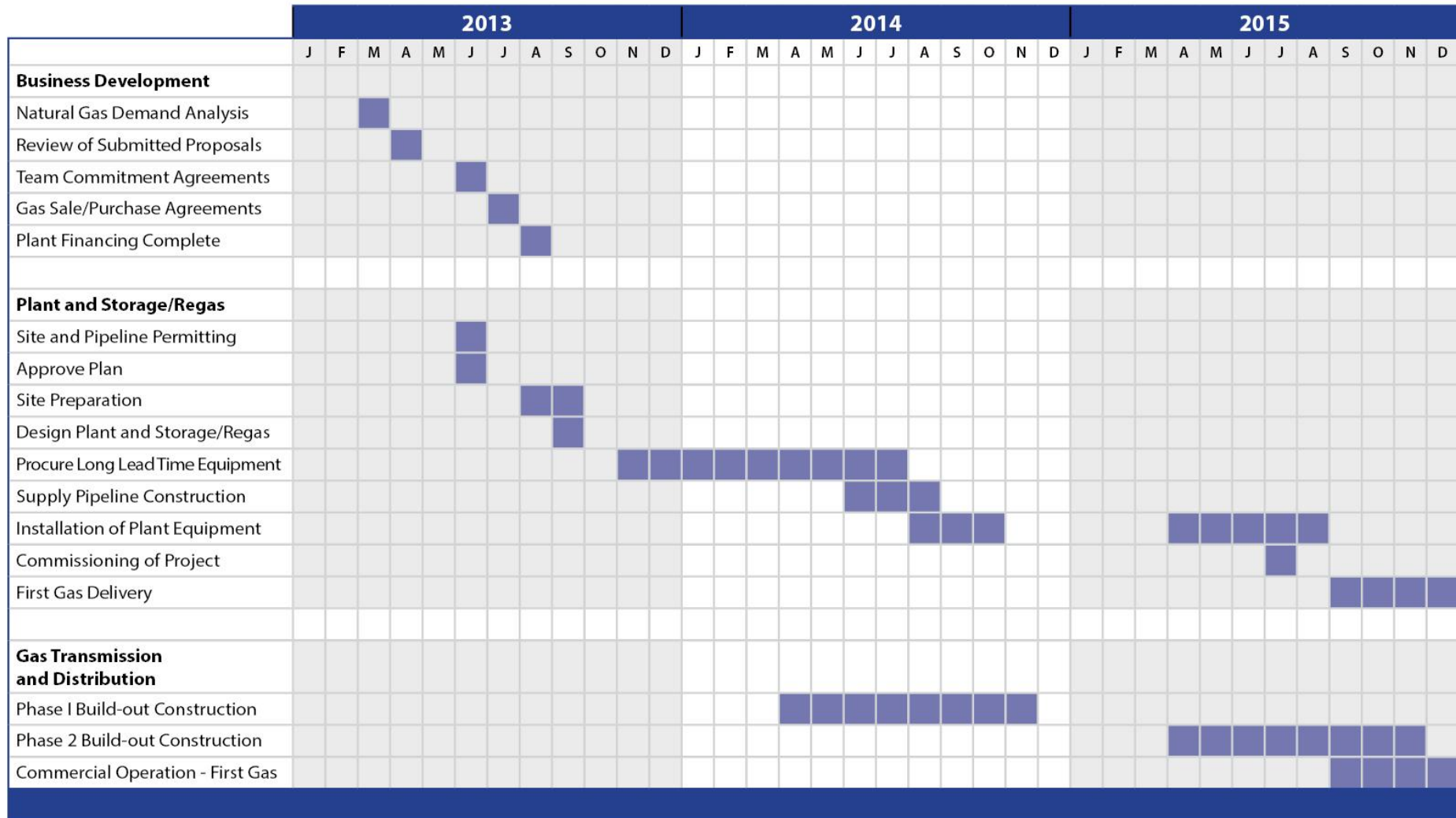
- 9 Bcf LNG Plant
- LNG plant bifurcated into two sections (industry and utility)
- \$50 million capital cost reduction applied to the 4.5 Bcf utility section
- Regas, storage, & distribution costs are presented as a range

Expected Utility Price per Mcf

- Wholesale LNG: \$10.33
- Natural Gas to Home: \$13.49-\$17.29
- Delivered price is equal to \$1.80 - \$2.31 per gallon of fuel oil



Project Timeline and Milestones



AIDEA and AEA

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