







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





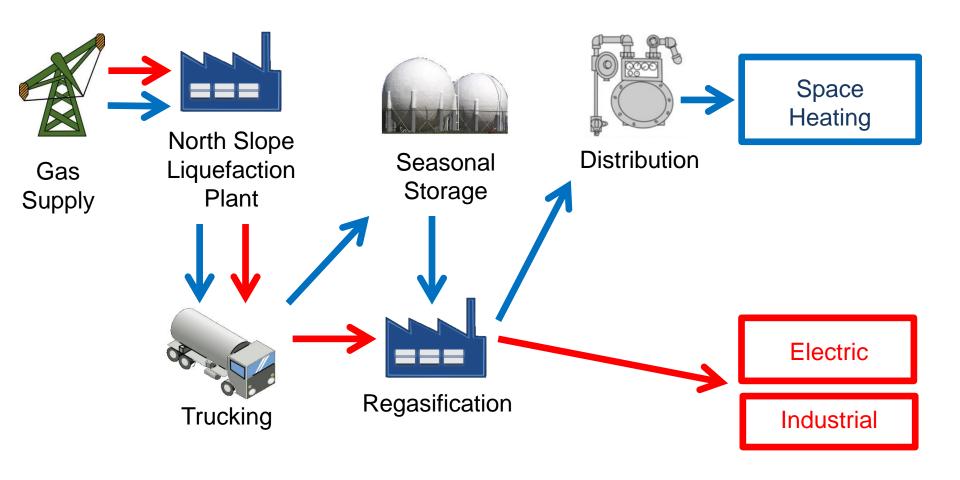
Project Description

- 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 regasified 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





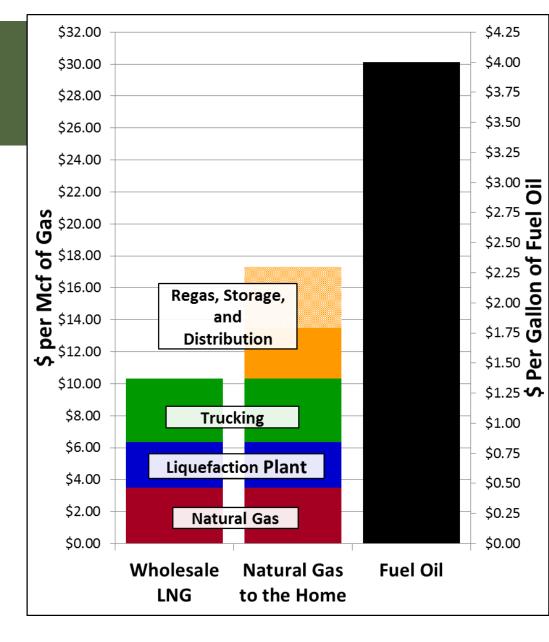
LNG Lowers Energy Costs

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

| | | | 2013 2014 | | | | | | | | | | | | | | | | | | | 20 | 15 | | | | | | | | | | | | | |
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| Business Development | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Natural Gas Demand Analysis | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Review of Submitted Proposals | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Team Commitment Agreements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gas Sale/Purchase Agreements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Plant Financing Complete | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ļ |
| Plant and Storage/Regas | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Site and Pipeline Permitting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Approve Plan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Site Preparation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Design Plant and Storage/Regas | | | | | | | | | | İ | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Procure Long Lead Time Equipment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Supply Pipeline Construction | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Installation of Plant Equipment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commissioning of Project | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| First Gas Delivery | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gas Transmission and Distribution | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Phase I Build-out Construction | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Phase 2 Build-out Construction | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commercial Operation - First Gas | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | Т |





AIDEA and AEA

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