

Fact Sheet: CS for SS for House Bill 4 (FIN)

House Bill 4 (HB 4) provides the framework for the Alaska Gasline Development Corporation (AGDC) to serve as Alaska's natural gas pipeline corporation, connecting Alaskans with an Alaska resource.

Specifically, HB 4 directs AGDC to continue developing the 500 million cubic feet per day pipeline described in the July 2011 Project Plan, carrying North Slope gas to Fairbanks and Southcentral at the lowest possible costs, without delay.

At the same time, HB 4 provides AGDC the structure to consider other instate natural gas projects now and in the future, and positions AGDC to participate on Alaskans' behalf in a larger pipeline to tidewater with an LNG export component, such as the project advocated by the governor.

Generally, House Bill 4:

1. Sets a framework for AGDC to be Alaska's gas pipeline entity by defining its duties and responsibilities as a stand-alone public corporation of the state. For example, HB 4 establishes AGDC as a state corporation and provides AGDC the ability to enter ownership and operating partnerships; issue revenue bonds that would be paid back with pipeline revenue guaranteed through long-term contracts; enter into confidentiality agreements necessary to participate in pipeline projects with private-sector entities; and exercise the state's existing power of eminent domain as a last resort if good-faith negotiations are unsuccessful. HB 4 also calls on AGDC to analyze other pipelines connecting gas to more Alaskans, once a mainline is under construction.
2. To avoid redundancy in state spending and gasline work, HB 4 calls on state agencies to share information and assist AGDC. At the same time, HB 4 directs AGDC to avoid duplicating state efforts and spending.
3. HB 4 resolves outstanding issues that, left unchecked, would create uncertainty and risk as AGDC prepares for an open season on the instate gasline and future lines. These uncertainties include how an instate gasline would be regulated; whether a carrier would be able to operate as a contract carrier, offering the firm, contractual service needed to secure project financing; and limiting delays related to judicial review of state leases, permits and other decisions. The contract carrier regulatory framework in HB 4 supports mandatory expansions with commercially viable opportunities, requires fair open seasons to allocate pipeline capacity, and reinforces the state's policy to advance gaslines that encourage oil and gas exploration in Alaska.
4. As HB 4 empowers AGDC to act on behalf of Alaskans' interests in providing natural gas to Alaskans, this legislation calls on state and local governments to participate in ways that will reduce the rates Alaskans pay for gas. For example, HB 4 waives property taxes during pipeline construction, and requires that state and local resources like water, sand and gravel be made available at usual rates, but not rolled into the costs Alaskans would pay for the gas.