

ALASKA STATE HOUSE OF REPRESENTATIVES



State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement

House Bill 132

House Bill 132 affirms the policy direction for the Alaska Gasline Development Corporation (AGDC).

The Legislature set this policy direction in 2013 when creating AGDC, and in 2014 when approving AGDC's involvement in the Alaska LNG Project in conjunction with SB 138.

HB 132 recognizes that AGDC is already engaged as a partner on behalf of the State in the Alaska LNG Project, which is the project most likely to deliver the greatest benefit to Alaskans.

Because the Alaska LNG Project is most likely to deliver the greatest benefits to Alaskans, House Bill 132 ensures that AGDC maintains its commitment to this project and does not embark on a duplicative, competing project, until the future of the Alaska LNG Project is more certain. Per House Bill 132, AGDC would be free to pursue other projects at the earliest of three dates; 1) if a party to the Alaska LNG Project withdraws, 2) if the Alaska LNG Project proceeds into the Front-End Engineering and Design (FEED) phase, and 3), July 1, 2017.

The legislation further recognizes that the State is prudent to maintain its back-up plan, the ASAP project, in case the State's partners in the Alaska LNG Project fail to commit to the next development phase, FEED. Should that occur, AGDC is poised to re-solicit gas buyers and gas sellers, and to upgrade the ASAP proposal as supported by the market.

To avoid a duplicative or competing project, the legislation prohibits use of the Instate Natural Gas Pipeline Fund to pay for work on a project that would export more gas than it would deliver instate. House Bill 132 also requires AGDC to have the written consent of a gas owner/controller before attempting to market that entity's gas to a third party.

Keys to megaproject success include the elimination of competing objectives, and the alignment of stakeholders along a single project. With the unprecedented momentum to date of the aligned Alaska LNG Project, contemplation of competing projects increases risk and uncertainty that threaten success.

This legislation ensures that AGDC retain the course set by the Legislature in creating AGDC and providing a framework for AGDC to advance the state's interests as a full participant in the Alaska LNG Project.