



IEP Project Update

Senate Energy Committee
4/5/16

IEP GOALS

- **Supply natural gas to Interior Alaska:**
 - At the lowest cost possible
 - As many Alaska customers as possible
 - As soon as possible
- **IEP investments compliment eventual sources of gas supply from a natural gas pipe line**
- **Lower PM2.5 in nonattainment areas of Interior**

LEGISLATIVE HISTORY

- **2013: SB23 authorized IEP, funding provided**
 - Source of LNG supply limited to North Slope
 - Funding: \$125mm SETS loans, \$57.5mm capital appropriation, \$150 bond authorization
- **2015: HB 105 allowed AIDEA to explore more options to achieve the IEP goals**
 - Cook Inlet supply option authorization
 - Propane and pipeline authorization
 - Limited AIDEA's direct involvement in the market
 - "Open and competitive" intent language
 - Reporting requirements

INTERIOR ENERGY PROJECT FULL SUPPLY CHAIN FOCUS



Natural Gas
Supply and
Liquefaction
/Alternatives



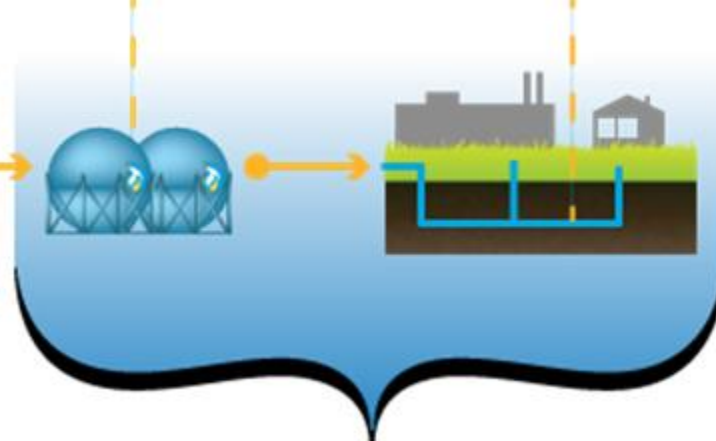
AIDEA and
Private
Industry

Transportation:
Trucking or
Railroad



Private Trucking
Contractors or
Alaska Railroad

LNG Storage
and
Regasification

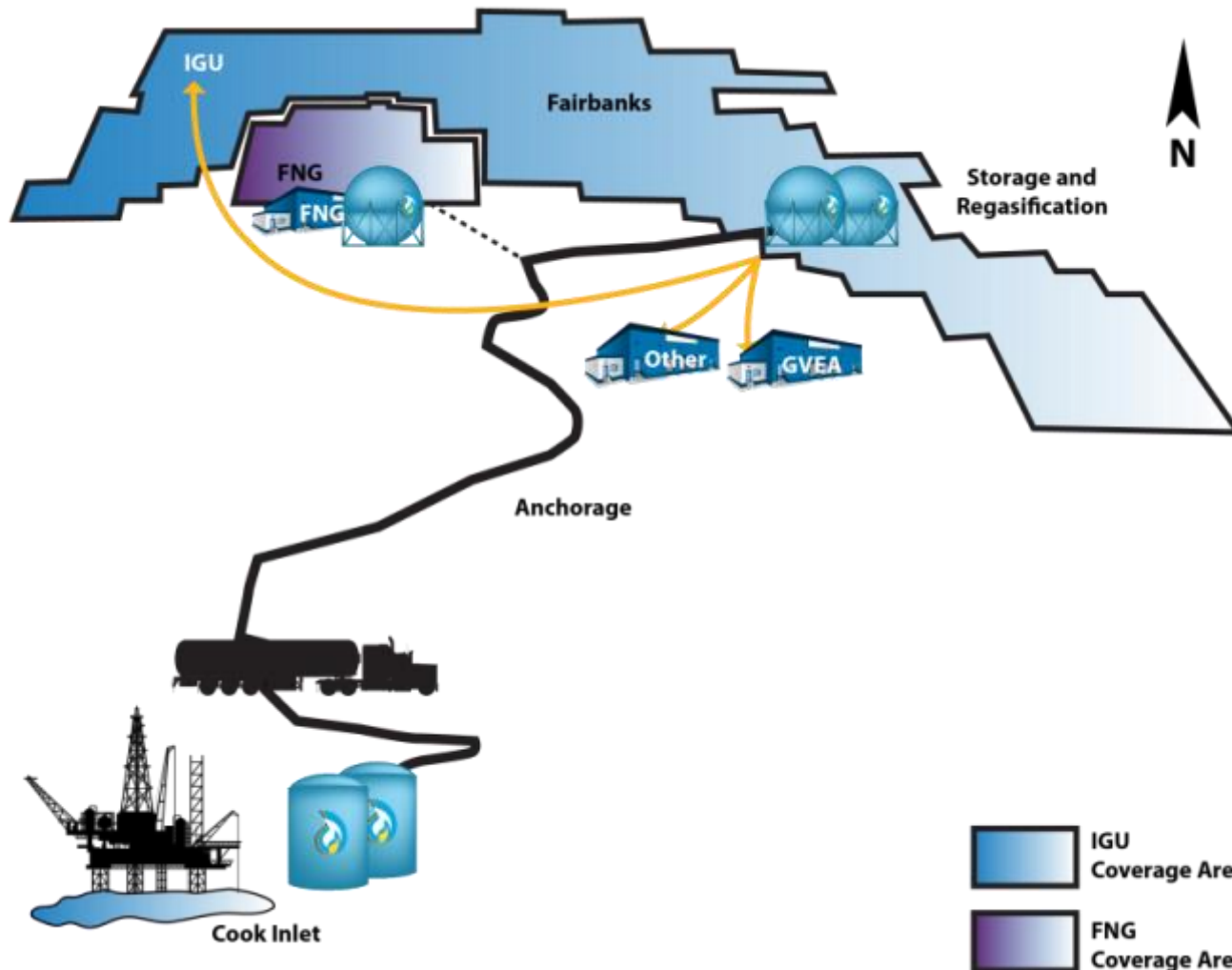


Interior Gas Utility
Fairbanks Natural Gas

Natural Gas
Distribution
System



COOK INLET PROJECT MAP



LNG SUPPLY PROGRESS

- **AIDEA issued an RFP for project partners**
 - Solicited for a wide range of IEP options (Cook Inlet, North Slope, pipeline, propane)
 - Salix's Cook Inlet LNG projected was identified as the potential project partner March 3, 2016
- **Current status**
 - Ongoing negotiations to finalize commercial structure with Salix
 - Cook Inlet gas supply negotiations with multiple producers

DISTRIBUTION PROGRESS

AIDEA Pentex acquisition

- Fairbanks natural gas parent company
- AIDEA reduced rates to current FNG customers
- Transitional ownership; planned sale to the IGU

Natural gas distribution system financing

- FNG has installed 68 miles of new pipeline in the core of Fairbanks – 37 miles 2014 & 31 miles 2015
- IGU has installed 73 miles of new pipeline in North Pole
- Financed with SETS
- Prepares community for new source of LNG

QUARTERLY REPORTS TO LEGISLATURE



AIDE Alaska Dept. of Industrial Development

InteriorEnergyProject.com



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InteriorEnergyProject.com

IEP PROJECT MILESTONES

REVISED MARCH 2016



Milestone	<u>Oct 30</u> BAFO's Due	<u>Dec 3</u> AIDEA Board meeting	<u>March 3</u> Top Ranked Proposal	<u>April 28*</u> Project Authorization	<u>June 23*</u> Final Investment Decision
RFP Process	Evaluate BAFO's Announce 2 Top-Ranked Finalists	Top Two Ranked Finalists identified BAFO Clarification and Information requested from Top Two Finalists Committee to Reconvene when Information complete	Top Ranked Proposal Identified Final Term Sheet and Finance Terms to be Negotiated	Project Plan Presented to Board If Project Authorized, FEED work to proceed to FID	Commercial Terms Final Design and Construction Cost Estimates Equipment and Construction Contracts



**Tentative Dates*



interiorenergyproject.com