FY2021 Operating Budget Authorization Request

ALASKA ** **GASLINE** ** DEVELOPMENT CORP.

February 6, 2020





Alaska Gasline Development Corporation (AGDC):

• Mission statement:

The Alaska Gasline Development Corporation is an independent, public corporation owned by the State of Alaska. AGDC will maximize the benefit of Alaska's vast North Slope natural gas resource through the development of infrastructure necessary to move the gas into local and international markets.

- Created by the Alaska legislature in 2013
- Currently lead party for developing the Alaska LNG Project

AGDC Re-organization



- AGDC reorganization began in July, 2019
- Primary focus is completing FERC authorization, scheduled for June 2020
- Reduced staff, contractors, office space and FY20 work activities accordingly
- FERC authorization opens door to additional potential parties, de-risks Alaska LNG
- Continue to represent State of Alaska role in Alaska LNG
- Look to other parties to unlock value and manage risk associated with Alaska LNG; AGDC to assist where possible as SOA's representative

What is Alaska LNG?

Gas Supply

- Prudhoe Bay Field 75%
- Point Thomson Field 25%

Gas Treatment Plant:

- Treat and compress 3.5 billion cubic feet/day (Bcf/d)
- CO₂ Capture Remove CO₂ and reinject into reservoir

Pipeline:

- 807-mile (1,299 km) pipeline
- Established corridor
- Multiple interconnections for instate use

LNG Production Facility:

- 20 million tonnes per annum (MTPA)
- Two berths, capable of 217,000 m³ vessels







- Commercialization of Alaska's natural gas
- New revenue source for the State of Alaska
- Increased exploration for gas reserves to supply LNG exports beyond 30 years
- Outlet for stranded natural gas associated with new oil fields
- Gas for Alaskans energy security and lower cost of energy for power generation and home heating
- Clean air reduced dependence on coal and wood

Alaska LNG Project Benefits

- Economic opportunities for Alaska businesses during construction and operation
 - ~\$7.0 billion of materials and services purchased in-state during construction
 - Trucking & Alaska Railroad
 - Marine operators, construction companies, equipment suppliers, catering, etc.
- Numerous Alaska ports for equipment, supplies, and modules
- Alaska hire preference
- Construction 11,000 jobs
- Operations 980 jobs
- Indirect and induced impacts 15,910 jobs
- Local economic benefits

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ExxonMobil & BP

- First third-party financial participation in Alaska LNG since 2016
- Each funding 1/3 of AGDC's FY20 costs up to \$10 million
- Technical assistance with Federal Energy Regulatory Commission (FERC) Draft Environmental Impact Statement (DEIS) review and analysis
- Assisting with evaluation of potential project cost reduction opportunities

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Alaska LNG Fund Balance

• AGDC operations and Alaska LNG Project direct expenses are paid out of the Alaska LNG Project Fund (A.S. 31.25.110).

\$27MM

\$13 to \$15MM

- Last appropriation to the fund was in FY2016 to cover the buyout of TransCanada by DNR.
- Fund balance 1/1/2020:
- FY20 projected expenses:
- Estimate fund balance 6/30/20: \$18 to \$22MM

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- Reduce AGDC expenditures to \$3.4 MM
- Attract investors and developers into Alaska LNG Project
- Continue working with ExxonMobil and other interested parties on project structure and capital cost reductions
- Request \$20.0MM in Designated Statutory Program Receipt Authority
- Maintain AGDC assets for maximum value
 - FERC Order and Federal authorizations
 - Federal and State ROW Grants

FY21 Budget Authorization (\$ Thousands) ALASKA GASLINE

				FY21	FY21
				Proposed	Proposed
Account	Description	FY19 Mgt Plan	FY20 Enacted *	Reduction	Authorization
100	Personal Services	\$6,235.8	\$5,785.8	-\$3,395.2	\$2,390.6
200	Travel	\$235.2	\$127.8	-\$161.6	\$0.0
300	Services	\$3,665.0	\$3,522.0	-\$2,487.2	\$1,001.0
400	Commodities	\$250.0	\$250.0	-\$210.0	\$40.0
500	Capital Outlay	\$0.0	\$0.0	\$0.0	\$0.0
	Total	\$10,386.0	\$9,685.6	-\$6,254.0	\$3,431.6
* incorporates FY20 P/S Mgt Plan values			FY21 reduction -65%		

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