

HOUSE BILL NO. 465

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Introduced: 2/16/04

Referred: House Special Committee on Oil and Gas, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act amending the purpose of the Alaska Natural Gas Development Authority to**
2 **include planning, developing, constructing, managing, or operating an economically**
3 **viable gas pipeline project from the North Slope of Alaska by a route that parallels the**
4 **Trans Alaska Pipeline System or the Alaska Highway; authorizing evaluation of**
5 **opportunities for private sector involvement in the project; amending requirements**
6 **related to the Authority's preparation of a development plan; and providing for an**
7 **effective date."**

8 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

9 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
10 to read:

11 FINDINGS. The legislature finds that

12 (1) the Alaska Natural Gas Development Authority was created for the
13 purpose of planning, developing, constructing, managing, and operating a gas pipeline from

1 the North Slope of Alaska to tidewater at a point on Prince William Sound and a spur line to
 2 the southcentral Alaska natural gas distribution grid, but there may exist other economically
 3 viable projects to bring Alaska gas from the North Slope to market; and

4 (2) it is in the best interests of the state

5 (A) to include any economically viable project for consideration by the
 6 Alaska Natural Gas Development Authority by a route that parallels either the Trans
 7 Alaska Pipeline System or the Alaska Highway;

8 (B) to expand the purpose of the Alaska Natural Gas Development
 9 Authority to include planning, developing, constructing, managing, and operating an
 10 economically viable gas pipeline from the North Slope of Alaska by a route that
 11 parallels the Trans Alaska Pipeline System or the Alaska Highway to the Canadian
 12 border for interconnection with a related Trans Canada line; and

13 (C) to authorize, as part of the Authority's development planning,
 14 evaluation of opportunities for private sector involvement in the planning,
 15 development, construction, management, and operation of the project.

16 * **Sec. 2.** AS 41.41.010(d) is amended to read:

17 (d) The acquisition of natural gas from the North Slope and its delivery to
 18 [TIDEWATER FOR SHIPMENT TO] market by the authority is an essential
 19 government function of the state.

20 * **Sec. 3.** AS 41.41.990(3) is amended to read:

21 (3) "project" means the gas transmission pipeline, together with all
 22 related property and facilities, to extend from the Prudhoe Bay area on the North Slope
 23 of Alaska **by a route that parallels the Trans Alaska Pipeline System or the**
 24 **Alaska Highway to the Canadian border for interconnection with a related Trans**
 25 **Canada line, or by a route** to tidewater at a point on Prince William Sound, and a
 26 [THE] spur line [FROM GLENNALLEN] to the Southcentral gas distribution grid,
 27 and includes planning, design, and construction of the pipeline and facilities as
 28 described in AS 41.41.010(a)(1) - (5).

29 * **Sec. 4.** The uncodified law of the State of Alaska enacted in sec. 5(a), 2002 General
 30 Election Ballot Measure 3, is amended to read:

31 (a) Not later than **January 1, 2005,** [ONE YEAR AFTER THE FIRST

1 MEETING OF] the board of directors of the Alaska Natural Gas Development
 2 Authority [, THE BOARD] shall produce [A] development **plans** [PLAN]. **Each**
 3 [THE] development plan must include

- 4 (1) estimates of construction costs and timelines;
 5 (2) gas procurement prices;
 6 (3) use of the state's royalty gas;
 7 (4) estimates of revenue to the general fund and the Alaska permanent
 8 fund;
 9 (5) a revenue sharing plan with municipal governments;
 10 (6) a plan for delivery and pricing of natural gas to communities along
 11 the pipeline route and to Southcentral Alaska through a spur line;
 12 (7) a plan for delivery and pricing of LNG to Yukon River and coastal
 13 communities;
 14 (8) a payment schedule to companies providing permits or other
 15 valuable assets;
 16 (9) a marketing plan to approach potential buyers;
 17 (10) a plan to maximize Alaska hire, including project labor
 18 agreements; [AND]
 19 (11) a plan to ensure meeting the highest environmental and safety
 20 standards, including a citizens advisory council; **and**
 21 **(12) an evaluation of the opportunities for private sector**
 22 **involvement in the planning, development, construction, management, and**
 23 **operation of the gas transmission pipeline project.**

24 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).