

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

April 9, 2025

5:33 p.m.

MEMBERS PRESENT

Senator Elvi Gray-Jackson, Chair
Representative Zack Fields, Vice Chair
Senator Cathy Giessel
Senator Bill Wielechowski
Representative Neal Foster
Representative Andy Josephson
Representative Chuck Kopp
Representative Cathy Tilton
Representative Bryce Edgmon (alternate)

MEMBERS ABSENT

Senator Bert Stedman
Senator Lyman Hoffman
Senator Scott Kawasaki (alternate)

OTHER LEGISLATORS PRESENT

Representative Jamie Allard
Representative Dan Saddler
Representative Sarah Vance
Representative Robyn Niayuq Burke
Representative Nellie Unangiq Jimmie
Representative Donna Mears
Senator Robert Myers
Senator Shelley Hughes
Senator Kelly Merrick
Senator James Kaufman
Senator Jesse Bjorkman
Senator Matt Claman
Senator Jesse Kiehl
Senator Gary Stevens

COMMITTEE CALENDAR

APPROVAL OF THE AGENDA

APPROVAL OF MINUTES

PRESENTATION(S): ALASKA LIQUEFIED NATURAL GAS PROJECT

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

RANDY RUARO, Executive Director
Alaska Industrial Development and Export Authority
Department of Commerce, Community & Economic Development
Anchorage, Alaska

POSITION STATEMENT: Co-offered the Alaska Liquefied Natural Gas Project presentation.

EMILY NAUMAN, Director
Legislative Legal Services
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: Co-offered the Alaska Liquefied Natural Gas Project presentation.

FRANK RICHARDS, President
Alaska Gasline Development Corporation
Anchorage, Alaska

POSITION STATEMENT: Co-offered the Alaska Liquefied Natural Gas Project presentation.

MATT KISSINGER, Venture Development Manager
Alaska Gasline Development Corporation
Anchorage, Alaska

POSITION STATEMENT: Co-offered the Alaska Liquefied Natural Gas Project presentation.

JANET WEISS, Vice Chair
Board of Directors
Alaska Gasline Development Corporation
Anchorage, Alaska

POSITION STATEMENT: Offered comments during the Alaska Liquefied Natural Gas Project presentation.

ACTION NARRATIVE

[5:33:55 PM](#)

CHAIR ELVI GRAY-JACKSON called the Legislative Budget and Audit Committee meeting to order at [5:33] p.m. Representatives Foster, Josephson, Kopp, Tilton, Edgmon (alternate), and Fields and Senators Wielechowski, Giessel, and Gray-Jackson were

present at the call to order. Also present were Representatives Allard, Saddler, Vance, Burke, Jimmie, and Mears and Senators Myers, Hughes, Merrick, Kaufman, Bjorkman, Claman, Kiehl, and Stevens.

APPROVAL OF THE AGENDA

[5:34:52 PM](#)

SENATOR GRAY-JACKSON announced that the first order of business would be the approval of the agenda.

VICE CHAIR FIELDS moved that the Legislative Budget and Audit Committee approve the agenda, as presented. There being no objection, the agenda was approved.

APPROVAL OF MINUTES

[5:35:10 PM](#)

SENATOR GRAY-JACKSON announced that the next order of business would be the approval of minutes.

VICE CHAIR FIELDS moved to approve the minutes for the February 26, 2025, and March 4, 2025, meetings, as presented. There being no objection, the minutes were approved.

PRESENTATION(S): Alaska Liquefied Natural Gas Project

[5:35:28 PM](#)

SENATOR GRAY-JACKSON announced that the next order of business would be the Alaska Liquefied Natural Gas Project presentation. She gave the following prepared remarks [original punctuation provided]:

First, the committee will hear from Randy Ruaro, Executive Director of the Alaska Industrial Development and Export Authority - or AIDEA - who the committee has asked to help us better understand AIDEA's 50 million dollar "corporate guarantee" to help support the project.

Second, we will hear a short presentation by Emily Nauman, Director of Legislative Legal Services. I have asked Ms. Nauman to share an overview of the statutes pertaining to AGDC so that the legislature and the

public are aware of the statutory purpose and powers that the legislature granted to AGDC in past legislation, primarily Senate Bill 138, which was passed by the legislature and signed into law by the governor in 2014.

Finally, Frank Richards, President of AGDC, will share information on issues such as AGDC's engagement with Glenfarne, who is now the lead developer and majority owner of the Alaska LNG project. Mr. Richards will help us understand Front-End Engineering Design - or FEED - as well as the conditions necessary to enter Final Investment Decision - or F.I.D. He will also talk about project timelines and the roles of the Legislature, Executive Branch and AGDC as the project moves forward. And more.

As we begin today's hearing, I want to acknowledge the important role this committee plays. We are here to do real due diligence - to examine the details, ask some tough questions, and make sure we fully understand both the risks and the opportunities. I also want to thank the team who has worked so hard to bring this project forward. Your commitment is clear, and we appreciate your hard work. Our shared goal is to make sure this project, if built, is built on the strongest possible foundation.

We have a lot of material to cover this evening and I hope we can get through it all - including questions - within a couple of hours.

[5:37:49 PM](#)

RANDY RUARO, Executive Director, Alaska Industrial Development and Export Authority (AIDEA), Department of Commerce, Community & Economic Development (DCCED), referred to a PowerPoint presentation, titled "Investing in Alaskans" [hard copy included in the committee packet]. He began on slide 2, "Constitutional Authority and Benefits to Alaska," which highlighted AIDEA's mission as outlined in Articles 7 and 8 of the Constitution of the State of Alaska: to promote the development of state resources, and to care for the health, education, and welfare of Alaskans. Both obligations are aligned under AS 44.88.010, which states that AIDEA's purpose is to "increase job opportunities and ... encourage the economic growth of the state ...", the result of which is revenue to the state through the

AIDEA dividend and jobs and benefits to Alaskans. He continued to slide 3, "AIDEA Fiscal Year 2024 Financial Highlights," which listed AIDEA's net income at \$65 million - the highest in AIDEA's history - which is expected to grow in 2025 and 2026 based on management changes and \$200 million in investments in projects, such as the Alyeschem methanol plant on the North Slope (NS), the work by HEX in the Cook Inlet, and the Aviator Hotel in downtown Anchorage.

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MR. RUARO continued through slide 4 to slide 5, "Authority of AIDEA to Issue a 'Corporate Guarantee' to AGDC/8-Star," which read as follows [original punctuation provided]:

- The type of credit facility AIDEA is offering is a "Corporate Guarantee". A promise in writing in a contract with Glenfarne/8-Star.
- The Corporate Guarantee in this case is both "limited" and "conditional."
- It is "limited" to an amount "up to" a sum certain. In this case, "up to" \$50 million. The financial liability to pay is limited to the actual cost for Front End Engineering Design (FEED) work completed when a Final Investment Decision (FID) decision is made.
- Glenfarne/8-Star pays for FEED work to be performed from its funds.
- A significant contingency amount is included in the \$50 million number. The actual amount at risk for AIDEA will likely be considerably less.
- The corporate guarantee is "conditional" because the obligation to make payment only comes into effect if there is a decision by Glenfarne/8-Star not to proceed with FID.
- If Glenfarne/8-Star chooses to go forward with the project (positive FID), then AIDEA pays nothing for the FEED work.
- Multiple statutes give AIDEA the legal authority to enter into a corporate guarantee contract with 8-Star / AGDC. AS 44.88.080(5); AS 44.88.080(9); AS 44.88.080(11); AS 44.88.080(13) and AS 44.88.080(17)

[5:44:30 PM](#)

REPRESENTATIVE EDGMON sought to clarify the business relationship between AIDEA, Glenfarne Group, LLC ("Glenfarne"), and the Alaska Gasline Development Corporation (AGDC).

MR. RUARO stated that AIDEA is not a silent partner and is analyzing the application for the credit facility.

[5:45:38 PM](#)

REPRESENTATIVE EDGMON sought to confirm that AIDEA's fiduciary duty is to the corporate guarantee.

MR. RUARO explained that AIDEA's statutory duty is to invest prudently, and to maximize gain and return, and limit risk.

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REPRESENTATIVE EDGMON asked what would happen if 8-Star Alaska, LLC ("8-Star")/Glenfarne were found to be imprudent.

MR. RUARO said the decision to go forward on the merits of the project is made by the board, who have authorized Mr. Ruaro to negotiate terms that would accomplish AIDEA's goals. He clarified that there is no final agreement with 8-Star/Glenfarne at this time, but the proposed terms would provide AIDEA with the best return of any project in its history, as not a single AIDEA dollar will have left its accounts in the Final Investment Decision (FID) scenario. Furthermore, AIDEA will earn a return on those funds while they are ringfenced and encumbered, and an additional return from the project in its later stages.

REPRESENTATIVE EDGMON sought to verify that AIDEA's returns would be inflation adjusted well into the future.

MR. RUARO agreed that the scenario for AIDEA's best returns would occur in the future.

[5:48:27 PM](#)

REPRESENTATIVE TILTON sought to confirm that with Glenfarne having 75 percent ownership, AIDEA would maintain no veto authority on the project.

MR. RUARO said that is correct.

REPRESENTATIVE TILTON asked whether AIDEA is sitting on a governance board.

MR. RUARO responded that if AIDEA were to have a seat on a board or committee, it would be to gain transparency into the front-end engineering design (FEED) procurement process.

[5:49:30 PM](#)

SENATOR GIESSEL said she was struggling with Mr. Ruaro's reference to prudent investing while simultaneously considering investment in a failed FID.

MR. RUARO said terms are being offered that would allow AIDEA to recover a significant portion, if not all, of its downside risk in a "no-go" FID decision, which would grant AIDEA ownership and control of the FEED work product that would have significant value for another project proponent.

SENATOR GIESSEL shared her understanding that ownership of the FEED product would be under AGDC's purview.

MR. RUARO stated that AIDEA is requesting terms that would provide ownership and control of the FEED product for Phase I of the pipeline.

[5:50:57 PM](#)

SENATOR GIESSEL asked, as terms are being negotiated, whether AIDEA is requiring the ability to maintain audit oversight as the project goes forward to monitor for escalating costs and delays.

MR. RUARO stated that AIDEA would not have audit oversight authority to control cost items or actions by 8 Star Alaska, LLC ("8 Star")/ Glenfarne Group, LLC ("Glenfarne").

SENATOR GIESSEL asked whether the information that AIDEA would have access to would be confidential and unavailable to the public.

MR. RUARO stated that AIDEA would bargain to make the FEED work product confidential to maintain its value.

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MR. RUARO continued to slide 7, "Why Now? What is different?" Slide 7 read as follows [original punctuation provided]:

- **Legislature Supports "Working Toward" FEED for Phase I of a Pipeline Project** "It is the further intent of the legislature that if analysis shows a positive economic value to the state, all parties would work toward Front End Engineering and Design for Phase I of a pipeline project."

- **Wood Mackenzie Report Shows a Positive Economic Value for Phase I** Alaska LNG can predictably deliver natural gas in a range between \$8.97 - \$12.80 per mmbtu; Alaska LNG will dramatically lower long-term energy prices; and Alaska LNG Phase I will deliver up to \$16 billion in additional economic benefits as compared to other options.

- **AIDEA Board (After Multiple Meetings) Passes Resolution G24-17** Board authorized AIDEA staff and the Executive Director to perform due diligence and if satisfied, to execute a "credit instrument, guaranty, or other form of debt issuance" to provide a backstop and allow FEED to advance.

- **President Trump's Trade Policies** Taiwan's state-run company CPC Corporation signed a Letter of Intent to buy gas and invest in the project. Japan is expressing interest along with Phase 1

other countries. "Japan has committed to reduce the trade deficit with us and its reliance on Russia by purchasing U.S. liquefied natural gas. I will hold them to that promise." George Glass, Nominee for Ambassador to Japan, Senate confirmation hearing.

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VICE CHAIR FIELDS shared his understanding that the letter of intent [from Taiwan's CPC Corporation] is nonbinding.

MR. RUARO said he believes that is correct.

[5:55:14 PM](#)

REPRESENTATIVE JOSEPHSON inquired about the contractual quid-pro-quo and asked whether, in the event that FID is not reached, Glenfarne would receive the \$50 million backstop and AIDEA would receive the FEED work product.

MR. RUARO explained that in the downside scenario, AIDEA is bargaining for ownership of the FEED work product, and in the upside case, AIDEA has requested a toll per square foot of gas

during the export phase. He reiterated that no final agreement has been reached.

REPRESENTATIVE JOSEPHSON recalled when the state had to spend over \$200 million to buy out Trans Canada (TC) Energy Corporation and asked whether this would serve as protection against a similar situation occurring with Glenfarne.

MR. RUARO confirmed that it's viewed as protection against downside in the event of a "no-go" FID decision.

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MR. RUARO jumped to slide 9, "What's in it for AIDEA?" Slide 9 read as follows [original punctuation provided]:

- A Significant Return per year of operation of the project
- A possible share of tax savings (tax exempt financing, etc.)
- Meets mission of AIDEA / Economic development and jobs
- Brings gas and affordable energy to Railbelt for residential and commercial use. (Data centers, manufacturing, chemical production, etc.)

[6:00:04 PM](#)

MR. RUARO continued to slides 11-12, "AIDEA Tax Exemptions," which read as follows [original punctuation provided]:

AS44.88.140. Exemption From Taxation.

(a)"the real and personal property of the authority and its assets, income, and receipts are declared to be the property of a political subdivision of the state and, together with any project or development project financed under AS 44.88.155-44.88.159 or 44.88.172-44.88.177, and a leasehold interest created in a project or development project financed under AS 44.88.155-44.88.159 or 44.88.172-44.88.177, devoted to an essential public and governmental function and purpose, and the property, assets, income, receipts, project, development project, and leasehold interests shall be exempt from all taxes and special assessments..."

Federal Laws and tax issues:

- Issuance of tax-exempt financing (Revenue Ruling 63.20)
- Exemption from income taxes (IRC 170(c)(1))
- New Market Tax Credits / Program and Allocation for ANCSA Corporations and Tribes

[6:02:03 PM](#)

MR. RUARO continued to slide 13, "What are New Market Tax Credits and Programs," which read as follows [original punctuation provided]:

- To access the tax credits, a certified Community Development Entity applies for authority to deploy the tax credits.
- This entity selects projects and structures transactions that include a tax credit investor.
- The investor provides capital and receives its economic benefit from tax credits, not capital repayment. This results in a subsidy for the project.
- There are several new market tax credit programs, including a program for ANCSA corporations and Tribes.

[6:03:06 PM](#)

REPRESENTATIVE TILTON asked whether AIDEA would receive anything if only Phase I was completed.

MR. RUARO said terms are being negotiated that would allow AIDEA a return during Phase I; however, he said AIDEA is cognizant that the returns would be coming from Alaskans versus Liquefied natural gas (LNG) export customers, so the goal is to balance the interests of the affected parties and create fair terms for everyone.

[6:03:51 PM](#)

REPRESENTATIVE TILTON cited concerns about national security and foreign influence and asked whether AIDEA is looking into working with federal agencies to address these risks.

MR. RUARO said when a project proponent comes to AIDEA as a foreign corporation or country, there is an attempt to discern whether there are any Committee on Foreign Investment in the United States (CFIUS) issues; although in this case, it has not been found to be an issue.

REPRESENTATIVE TILTON asked how involvement in this project could help lower the price of gas for Alaskans.

MR. RUARO explained that any federal tax savings would be largely passed on to Alaskan consumers. In addition, AIDEA is active in other projects, such as those involving HEX in the Cook Inlet and IGU out of Fairbanks.

[6:06:10 PM](#)

REPRESENTATIVE EDGMON asked whether, during the construction of Senate Bill 138 [passed during the Twenty-Eighth Alaska State Legislature], AIDEA's role was contemplated to be what it is today.

MR. RUARO said AIDEA's statutory authority was drafted in 1967 and enacted via House Bill 526 [passed during the Nineteenth Alaska State Legislature], which granted the ability to contract with other state agencies and corporations.

[6:07:20 PM](#)

REPRESENTATIVE EDGMON pointed out that the statutes are 60 years old. He sought to better understand AIDEA's role through the FID process.

MR. RUARO explained that AIDEA's role is a small component of the larger project limited to the FEED work product.

REPRESENTATIVE EDGMON sought to verify that the larger underwriters of the project are determined during FID. He said he's struggling to arrive at AIDEA's level of confidence, as the FEED process has not been completed.

MR. RUARO said the FID process would determine whether AIDEA is liable for the FEED work product or whether AIDEA would pay no dollars and receive a significant return. On the downside, he shared his belief that ownership of the FEED work product would recoup its value. He expressed confidence that AIDEA would either do "super well" or be able to cover its liability.

REPRESENTATIVE EDGMON sought to verify that AIDEA does not have a governance role in this project.

MR. RUARO said that is correct.

[6:11:25 PM](#)

The committee took a brief at-ease at 6:11 p.m.

[6:11:43 PM](#)

SENATOR GIESSEL questioned how \$50 million was arrived at.

MR. RUARO said the number was received in the application to AIDEA and is still in flux. He added that the board adopted a resolution that would not permit it to go higher, but it could be lowered.

[6:12:40 PM](#)

REPRESENTATIVE KOPP asked whether there are legislative barriers to be cognizant of.

MR. RUARO said he did not foresee any legislative barriers for the AIDEA component.

[6:13:41 PM](#)

REPRESENTATIVE JOSEPHSON asked about the seeming panic or urgency that subsequently dissipated in relation to the \$50 million in the governor's supplemental budget.

MR. RUARO stated that AIDEA realized it could provide a form of encumbrance or backstop ringfence of funds that did not require any dollars leaving its accounts. That, combined with an extended timeline for completion of FEED, meant that there was no need for a supplemental request, and it was subsequently withdrawn.

[6:15:28 PM](#)

EMILY NAUMAN, Director, Legislative Legal Services, Legislative Affairs Agency (LAA), referred to a PowerPoint presentation, titled "The Statutes of the Alaska Gasline Development Corporation" [hard copy included in the committee packet]. She began on slide 2, "Purpose: AS 31.25.005," which read as follows [original punctuation provided]:

The corporation shall, for the benefit of the state, to the fullest extent possible,

- "develop and have primary responsibility for developing natural gas pipelines, an Alaska liquefied natural gas project, and other transportation

mechanisms to deliver natural gas in-state for the maximum benefit of the people of the state" AS 31.25.005(1)

- "when developing natural gas pipelines, . . . provide economic benefits in the state and revenue to the state" AS 31.25.005(2)
- "maximize the value of the state's royalty natural gas" AS 31.25.005(3)
- "advance an Alaska liquefied natural gas project by developing infrastructure and providing related services, including services related to transportation, liquefaction, a marine terminal, marketing, and commercial support" AS 31.25.005(5)

[6:18:26 PM](#)

MS. NAUMAN continued to slide 3, "Powers: AS 31.25.080," which read as follows [original punctuation provided]:

The corporation may

- "enter into agreements with other persons for joint ownership [or] joint operation of ... an Alaska liquefied natural gas project; " AS 31.25.080(a)(1)
- "transfer or otherwise dispose of all or part of . . . an Alaska liquefied natural gas project, or an interest in an asset of the corporation" AS 31.25.080(a)(6)
- "make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including a contract with a person, firm, corporation, governmental agency, or other entity" AS 31.25.080(a)(11)
- "do all acts and things necessary, convenient, or desirable to carry out the powers expressly granted or necessarily implied in this chapter" AS 31.25.080(a)(20)
- "acquire an ownership or participation interest in an Alaska liquefied natural gas project. . . or an entity or joint venture that has an ownership interest in or is engaged in the planning, financing, acquisition, maintenance, construction, and operation of an Alaska liquefied natural gas project" AS 31.25.080(a)(23)

[6:19:42 PM](#)

MS. NAUMAN continued to slide 4, "Executive Branch Oversight," which read as follows [original punctuation provided]:

"The corporation may, after consultation with the commissioner of revenue and the commissioner of natural resources, enter into contracts relating to an Alaska liquefied natural gas project, including contracts for services related to operation, marketing, transportation, gas treatment, marine terminal operation, or liquefaction" AS 31.25.080(a)(24)

"The attorney general shall ... be the legal counsel for the corporation for legal services related to the development of contracts and agreements by the corporation that relate to an Alaska liquefied natural gas project"
AS 31.25.050(b)(1)

[6:20:42 PM](#)

MS. NAUMAN continued to slide 5, "Contract Confidentiality," which read as follows [original punctuation provided]:

"The corporation may enter into confidentiality agreements necessary to acquire or provide information to carry out its functions" AS 31.25.090(f)

"Information and trade secrets of the corporation are confidential ... if the corporation determines that disclosure would cause commercial or competitive harm or damage to the corporation" AS 31.25.090(h)

[6:21:29 PM](#)

MS. NAUMAN turned to slide 6, "Legislative Oversight," which read as follows [original punctuation provided]:

"The board shall present to the legislature by January 10 each year a complete accounting of all assets of the corporation" AS 31.25.140(c)(3)

[6:22:14 PM](#)

VICE CHAIR FIELDS referred to slide 4 and shared his understanding that, while other proposals were presented that may have had better terms for the state, Mr. Richards of AGDC

signed an exclusivity agreement with Glenfarne without consulting the board or the attorney general (AG). He asked whether entering into an exclusivity agreement in that manner endangers either the terms of the contract or AGDC's ability to convey a 75 percent ownership share.

MS. NAUMAN said she didn't have enough information to answer that question; however, she said she wouldn't necessarily categorize that kind of negotiation under this statute; nonetheless, it seems to contemplate more review of contracts and agreements of the corporation than negotiations.

VICE CHAIR FIELDS questioned the implications of 8 Star being incorporated in Delaware versus Alaska in terms of transparency and oversight.

MS. NAUMAN acknowledged that the state may lose some oversight because the executive branch monitors the activity of corporations in the state; however, she said she could not speak directly to how much information would be lost.

[6:24:30 PM](#)

REPRESENTATIVE TILTON asked whether the legislature has the authority to impose conditions on the LNG project operations involving foreign entities.

MS. NAUMAN explained that there are separation of powers limits to what the legislature could amend the statutes to cover. Firstly, even if the legislature was looking for more involvement in this process, there are limits to the extent that the legislature could be required to ratify these types of contracts. The second limitation is that the contract has been executed, and both the U.S. and Alaska Constitutions prohibit the legislature from enacting laws that impair existing contracts.

[6:26:05 PM](#)

REPRESENTATIVE TILTON asked whether the legislature could require the Legislative Budget and Audit Committee to review foreign contracts related to state-backed energy projects.

MS. NAUMAN expected that to the extent that there were no other laws prohibiting that, such as a confidentiality requirement, then the Legislative Budget and Audit Committee could investigate through its investigatory powers.

6:26:53 PM

REPRESENTATIVE TILTON asked whether there are legal recourses for the state if Glenfarne were to default on the state's deliverable obligations or sells to a foreign entity.

MS. NAUMAN did not know the answer, as she had not seen the contract between Glenfarne and AGDC.

REPRESENTATIVE TILTON asked whether there are any enforceable mechanisms in place that require Glenfarne to maintain a minimum level of Alaska ownership or operational presence.

MS. NAUMAN responded no. There are several existing resident work requirements in statute, but not in this set of statutes.

6:27:50 PM

REPRESENTATIVE EDGMON expressed surprise that there's not more legislative oversight, as the constant monitoring of a "mega" project is an absolute necessity, and the legislature could be on the hook down the road given its appropriation authority. He asked whether Legislative Legal Services could be the expert on this or whether third party counsel should be consulted.

MS. NAUMAN asserted that Legislative Legal Services would be the best choice for drafting statutes providing oversight to AGDC; however, complex oil and gas contracts are not something the office has specific knowledge about for this type of project.

6:30:16 PM

REPRESENTATIVE KOPP asked whether there is wiggle room for Glenfarne to extract more money, subsidies, or royalties from the state if the market were to take the wrong turn.

MS. NAUMAN did not know the answer.

6:32:41 PM

FRANK RICHARDS, President, Alaska Gasline Development Corporation (AGDC), referred to a PowerPoint presentation [included in the committee packet], beginning with an overview on slide 2, "Presentation Topics," which read as follows [original punctuation provided]:

- AGDC's statutorily defined authorities
- Engagement with Glenfarne
- Alaska LNG Project, Front-End Engineering Design (FEED), and Final Investment Decision (FID)
- Glenfarne structure, definitive agreements/timelines
- Roles of Legislature, Executive Branch, and AGDC
- Administration support

MR. RICHARDS continued to slide 3, "AGDC," which read as follows [original punctuation provided]:

The Alaska Gasline Development Corporation (AGDC)

- Independent, public corporation owned by the State of Alaska (SOA)
- Created by the Alaska State Legislature

Mission

- Maximize the benefit of Alaska's vast North Slope natural gas resources through the development of infrastructure necessary to move the gas to local and international markets

AGDC divested 75% ownership of a wholly-owned subsidiary that is advancing the Alaska LNG Project to Glenfarne Group, LLC

[6:35:23 PM](#)

VICE CHAIR FIELDS asked about the value estimate of 75 percent ownership.

[6:35:38 PM](#)

MATT KISSINGER, Venture Development Manager, Alaska Gasline Development Corporation (AGDC), answered that the 75 percent was transferred in exchange for taking the project to FID, which is estimated at \$150 million.

MR. RICHARDS clarified that encompasses the entire AK LNG project.

[6:36:09 PM](#)

MR. RICHARDS resumed the presentation to wrap up slide 3. He then continued to slide 4, "AGDC's Authority," which read as follows [original punctuation provided]:

Alaska Statute (AS) 31.25 - Article 1. Organization, Administration, and Powers

- AS 31.25.005 Purpose to Develop Natural Gas Pipeline & Provide Economic Benefits and Revenue to the State
- AS 31.25.065 Personnel Exempt from State Personnel Act
- AS 31.25.080(a) Powers and Duties
 - (1) Determine form of ownership and operating structure
 - (6) Transfer or otherwise dispose of interest in an Alaska LNG project
 - (11) Make and execute agreements and contracts
 - (24) Enter into contracts
- AS 31.25.090 Confidentiality
- AS 31.25.101 State Corporation Acting in the Best Interest of the State
- AS 31.25.120 Authority to Create Subsidiaries
- AS 31.25.140 Exemption from State Procurement Code
- SB 138, Section 76 amends uncodified law to provide the means for Alaskans to participate in the ownership of the pipeline

[6:37:08 PM](#)

SENATOR WIELECHOWSKI asked whether AGDC had calculated a potential exposure to itself or other state agencies if Glenfarne were to decide not to reach the FID.

MR. KISSINGER answered that there is no further exposure to the state through these contracts based on whether or not the projects go to FID; however, there is an opportunity at FID to invest at 25 percent. In response to follow-up questions, he stated that the obligation of Glenfarne is to take the project to FID; the next step would be a notice to proceed in construction. There would be no penalty to Glenfarne for not achieving FID by a certain time. He clarified that Glenfarne must make diligent efforts until reaching an FID. He confirmed that if Glenfarne completes FID but does not begin construction, then the state would have the ability to recover the assets and control of the project. He said there is no strict obligation in regard to require Glenfarne to return control if it completes FID and does not begin construction, but there are provisions that would allow the state to advance the provisions itself in the event that Glenfarne fails to achieve an FID and decides to abandon its obligation to diligently develop the project. He confirmed that a payment is not required to reacquire control of the project. To a follow-up question, he stated that there is a "claw back mechanism," the details of which are confidential.

SENATOR WIELECHOWSKI asked whether AGDC or the state would be required to pay Glenfarne market value for work product and approvals to reacquire control of the project.

MR. KISSINGER offered his understanding that the [question] was moving into the confidential nature regarding milestones and abandonment. In response to a follow-up request for understanding, he explained that that is sensitive information that would be "negatively impactful to the project in the event that there would be others looking to try and wrest control of the project."

[6:41:07 PM](#)

MR. KISSINGER, in response to Representative Josephson, stated that the definitive agreements entered into with Glenfarne were done without an AIDEA backstop and would allow AGDC to move forward with or without an AIDEA backstop.

MR. RICHARDS, in response to a follow-up question, explained that AGDC initiated discussions with the AIDEA Board, and at that time there were no definitive agreements to move the project forward. He said \$50 million was the top line estimate to conduct FEED for the pipeline, with the total project being \$150 million. One aspect of the negotiation was consideration of the "upside" to AIDEA, the beneficial terms for AIDEA for use of its funds. Regarding a "downside," he said AIDEA wanted to make certain that if its funds were drawn on and needed to be able to repay the FEED work efforts, there would be an asset that would be available for AIDEA to market. He continued:

So, that's where ... AGDC would be working with the developer to move forward through FEED. If AIDEA, in the backstop, were negotiated and consummated in the deal, and ultimately a final investment decision was not made, then AIDEA's collateral at that time would be that FEED work backstop. And they would use that as a potential then to find other parties to come in and take the project through to FID.

[6:44:11 PM](#)

REPRESENTATIVE JOSEPHSON asked whether there are triggering events that would extend or ratify the contract in which AGDC is entering or others that would lead to the termination of those contracts.

MR. KISSINGER answered no.

[6:44:41 PM](#)

VICE CHAIR FIELDS recalled that Goldman Sachs had screened multiple companies and did not say that Glenfarne was the best project owner. He pointed out that there were multiple proposals with at least one guaranteeing the state 25 percent ownership, while under this proposal the state is guaranteed nothing. He questioned why AGDC would proceed with what seems objectively to be the worst deal for the State of Alaska.

MR. RICHARDS responded that AGDC was only in discussions and has never seen written terms; it is in the process of moving forward with the entire AK LNG project. He said during talks with Glenfarne, there was "a carve-out of the opportunity to talk to folks about the Phase I project." In that scenario, he continued, AGDC was "in discussions with them" to the point when the final terms with Glenfarne were made and AGDC notified the other parties that it had entered into agreement with Glenfarne. At that point, he explained, "there was no prohibition" that would prevent them from coming in, in the future.

VICE CHAIR FIELDS said he doesn't understand why keeping terms secret is advantageous or enhances credibility.

MR. RICHARDS pointed to commercially sensitive aspects of agreements.

VICE CHAIR FIELDS said if terms were disclosed, it would make it more likely for investors to get involved. Based on the lack of information disclosed, there is a lack of confidence that any of the gas is guaranteed to be delivered to Alaska on favorable economic terms.

MR. KISSINGER recalled that the Alaska Advantage Principles were reviewed, in which the 500 million standard cubic feet (scf) for Alaska is guaranteed. Also, within the principles is a commitment to expand the volume in the event that Alaska moves from its current 200 million to over 500 million. Further, there is a final Alaska Advantage Principle that states that gas must be at the lowest possible price to Alaskans. He concluded that AGDC has oversight rights of all those principles.

[6:49:33 PM](#)

VICE CHAIR FIELDS asked who is in charge of setting that rate of return for Glenfarne.

MR. KISSINGER indicated that a future slide would address FID and long-term commitments for Alaska utilities.

VICE CHAIR FIELDS asked whether the agreement does anything in terms of property tax.

MR. RICHARDS answered that there is no consideration for property tax.

[6:52:39 PM](#)

REPRESENTATIVE TILTON, regarding instate delivery and commitment to communities, asked whether Glenfarne has any binding commitment to provide affordable in-state energy access to rural and coastal communities.

MR. KISSINGER answered no, with respect to coastal and rural Alaska. To a follow-up question, he indicated the principle around 500 million is reserved for Alaskans in the Railbelt "and other off-take along the pipeline route." To a final follow-up question, he confirmed that Alaska would have first right of refusal if Glenfarne receives or sells their shares.

[6:53:45 PM](#)

SENATOR WIELECHOWSKI asked whether there is a difference between a definitive agreement and a final contract that obligates Glenfarne to complete FEED.

MR. KISSINGER answered they are one and the same. He added that the definitive agreement means the suite of agreements that AGDC entered into with Glenfarne with respect to the 75 percent transfer and Glenfarne's commitment to take the project to FID. In response to a follow-up question, he said the governing law is Delaware law.

SENATOR WIELECHOWSKI asked whether the state might need to pay Glenfarne if Glenfarne secures control by conducting FEED but refuses to build the project.

MR. KISSINGER answered, "No, that's not embedded in the agreement nor is there a route for that in the agreements." In response to a follow-up question, he confirmed that there has

been no "fairness opinion" conducted by any other investment bank.

[6:55:56 PM](#)

REPRESENTATIVE JOSEPHSON asked whether, if it's true that tariffs on gas pipelines are not regulated by the Federal Energy Regulatory Commission, Alaskans should be concerned about excessive transportation costs that would reduce the state's tax and royalty revenues.

MR. RICHARDS answered that this issue is outside his jurisdiction. Notwithstanding that, he offered his understanding that in consideration of the gas volumes flowing for Alaska under Phase I, the Regulatory Commission of Alaska (RCA) will want to understand the cost of that tariff and, thus, would be looking out for the interest of Alaska rate payers.

MR. KISSINGER added a reminder that these would all be long-term contracts and local utilities would be part of the cost conversation.

[6:58:13 PM](#)

REPRESENTATIVE EDGMON asked who is in control during the FID process.

MR. RICHARDS referred to slide [24] and answered the governance committee under 8 Star Alaska. In response to a follow-up question regarding slide 24, as to why AGDC would not have representation equal to that of a subsidiary company, he said AGDC and Glenfarne would look for qualified Alaskans to represent the interest of the state. He described Glenfarne as "the quarterback" - the leader of the project by virtue of having assumed the 75 percent ownership of 8 Star Alaska and Glenfarne will commit to cover all the cost and AGDC will be carried. He said AGDC would be meeting with Glenfarne to go over the provisions.

[7:01:11 PM](#)

MR. RICHARDS, in response to further questions from Representative Edgmon, expounded on the current transition period, speaking about the ability to bring in qualified entities that have the experience to move things forward, and describing AGDC's role as the minority governance representing the state's interest. He said getting to a point of investor

confidence involves FEED efforts toward an updated cost estimate.

[7:05:10 PM](#)

MR. RICHARDS, in response to Senator Wielechowski, said the three 8 Star board members that are able to vote are the two Glenfarne members and one AGDC member.

MR. KISSINGER, in terms of whether AGDC would have the right to approve of an acquisition by a foreign government or private entity, noted there is a prohibited persons clause in the agreement, with certain individuals described therein. Further, he said there is a right of first refusal on any sales of shares of 8 Star. To another question, he confirmed that if Glenfarne were to file for bankruptcy, then [AGDC would be able to automatically recover the assets and authorizations necessary to develop the project]. He emphasized that Glenfarne would be bringing competent partners into the project.

[7:06:33 PM](#)

SENATOR GIESSEL questioned the confidence being placed in Glenfarne despite it accepting projects on a smaller scale that have not reached FID.

MR. RICHARDS responded that AGDC did its due diligence to determine whether Glenfarne would have the wherewithal to do this project. He shared some history of Glenfarne including its project finance background. He said Glenfarne would be bringing competent partners into the project.

SENATOR GIESSEL emphasized the crucialness of having a third-party auditor to make sure the project stays on task, with expenditure controls.

[7:10:40 PM](#)

MR. RICHARDS, in response to a request from Representative Foster regarding slide 24, confirmed that the three board members make the selection of the fourth independent director and that the independent director would not be a voting member on the board.

[7:11:39 PM](#)

VICE CHAIR FIELDS questioned how AGDC could have one seat on the board and maintain veto over decisions.

MR. RICHARDS answered that the board has certain decisions that are reserved for the board; the managing member, as with Glenfarne, has certain rights and AGDC, as the minority member, also has certain rights "exclusive to the rights of the board." As to whether Glenfarne could change who the neutral person was, he said he thinks that could happen under unanimous consent. As to whether there would be penalties if Glenfarne does not commence service by a certain date, he said that would be after FID, and those checks and balances would be in the subproject LLC agreements, which are yet to be negotiated.

[7:14:09 PM](#)

REPRESENTATIVE KOPP expressed the desire to hear the remainder of the presentation rather than continuing the question-and-answer process that is jumping around within the presentation material.

[7:15:40 PM](#)

The committee took a brief at-ease at 7:15 p.m.

[7:16:34 PM](#)

MR. RICHARDS resumed the presentation on slide 5, "Attorney General's Opinion," which read as follows [original punctuation provided]:

- AGDC's execution, delivery, and performance of the transaction was reviewed by the AG's Office and considered in compliance with all applicable laws
- Compliance included AS 31.25.080(24), which requires AGDC to consult with the Commissioner of Revenue and Commissioner or Natural Resources prior to entering into contracts relating to an Alaska liquefied natural gas project, including contracts for services relating to operation, marketing, transportation, gas treatment, marine terminal operation, or liquefaction
- AGDC consulted directly with the Department of Revenue and the Department of Natural Resources, with oversight and advice provided by the AG's Office

- Consultation sessions were provided on February 14, 2025, February 24, 2025, and March 10, 2025, by AGDC, with participation from the AG's Office
- The AG's Office also provided advised [sic] on and provided oversight to a virtual data room of information provided to authorized users from the Department of Revenue and the Department of Natural Resources

[7:17:55 PM](#)

MR. RICHARDS continued through slide 6 to slide 7, "Process of Engagement," which read as follows [original punctuation provided]:

AGDC Sought Private Investment

- 2019 to 2024 - AGDC solicited for private sector partners
- 2022 - Re-engaged Goldman Sachs for capital raise
- Strong Support from the Alaska Delegation - Senators Sullivan & Murkowski
- Energy Trade Missions to Asia with Governor Dunleavy & Senator Sullivan
- U.S. Ambassador Emanuel promoted Alaska LNG as a strategic energy asset

Public Engagement

- Presentations to the Alaska Legislature, Resources Development Council, Local Governments, Alaska Native Corporations, and Community Councils
- Stakeholders and potentially impacted parties
- Board meetings that are public noticed
- Legislative representatives assigned to the Board
- More than 130 public or open-house meetings and public outreach events

[7:20:11 PM](#)

MR. KISSINGER continued to slide 8, "Formal Engagement with Glenfarne," which read as follows [original punctuation provided]:

- **June 2022 - AGDC initial engagement with Glenfarne**
- **February 2024 - Goldman Sachs provided an Investor Outreach List including Glenfarne**
- **March 2024 - ExxonMobil recommended meeting with AGDC**

- ExxonMobil made introductions to Glenfarne CEO
- In subsequent face-to-face meetings, AGDC rolled out the phasing concept
- **April - June 2024 - More advanced discussions and face-to-face meetings**
- **June 2024 - Letter of Intent (LOI) signed**
 - Full scope of the Alaska LNG Project
 - Initiated a due diligence period
 - Allowed AGDC to hold commercial discussions with other potential lead parties for Phase 1 pipeline, as a contingency
- **December 2024 - Amendment to the LOI was executed**
 - Included a Draft Term Sheet setting forth the key terms for the Definitive Agreements
 - Identified an Interim Period of 60 working days to complete the negotiation and finalization of the Definitive Agreements

[7:25:04 PM](#)

MR. RICHARDS continued through slide 9 to slide 10, "Alaska LNG Overview," which read as follows [original punctuation provided]:

North Slope Gas Supply

- 40 Tcf of gas reserves in PBU and PTU
- 122 Tcf of total "Proved Producing Reserves" in Alaska*
- Potential supply from Great Bear Pantheon

Arctic Carbon Capture (ACC)

- Adjacent to existing PBU gas plants, will remove and sequester 7 million tons of CO2 annually and condition gas to LNG specifications

Natural Gas Pipeline

- 807-mile pipeline from Prudhoe Bay to Nikiski, follows existing oil pipeline and highway system, with gas delivered to Alaska communities and the LNG plant

Alaska LNG Facility

- 20-MTPA LNG facility located in Nikiski near the legacy Kenai LNG Plant

[7:27:14 PM](#)

MR. RICHARDS turned to slide 11, "Phase 1 of Alaska LNG," which read as follows [original punctuation provided]:

Alaska LNG is a fully permitted integrated \$43.8 bn LNG export, pipeline, and gas treatment project

Phase 1 is the pre-build of the pipeline from the North Slope of Alaska to Southcentral Alaska - \$10.8 bn

Phase 2 is the construction of North Slope gas treatment and LNG export facilities - \$33 bn

By phasing Alaska LNG, Alaska can utilize existing permits to quickly provide gas for Alaskans and provide infrastructure for future LNG exports and industrial use

[7:28:21 PM](#)

MR. RICHARDS continued to slide 12, "Evolution to Private Developers," which read as follows [original punctuation provided]:

2013-2016 Producer-Led
Producers provided initial scoping and engagement—important demonstration of producer support - Moderate Risk

2017-2022 State-Led
State-led initial design, permitting, and authorization—important demonstration of state support - Highest Risk

2023-Onward Developer-Led
Transition to world-class private parties for construction and operations - No State \$\$ during FEED, Option to Invest at FID

[7:29:44 PM](#)

MR. RICHARDS continued to slide 13, "Understanding FEED," which read as follows [original punctuation provided]:

"FEED" is the final step before Final Investment Decision (FID) and construction can start

FEED is a technical term used in the oil and gas industry for the final stage before an FID & construction

FEED stands for "Front-End Engineering Design"

FEED produces a final cost estimate and construction contracts ready to be executed

7:30:41 PM

MR. KISSINGER advanced to slide 14, "Conditions to Enter FID," which read as follows [original punctuation provided]:

Final Investment Decision (FID) occurs when all commercial agreements needed to underpin financing are in place and all debt and equity capital necessary to fund the entire project construction is fully committed.

FID is not simply a "decision" to build—it requires full construction funding committed and deployed by third parties.

MR. RICHARDS, in response to concerns about AGDC committing the state to financial risk in the future, pointed out that in terms of project financing, the recourse would not flow back through AGDC to the State of Alaska.

7:33:31 PM

MR. KISSINGER continued through slide 15 to slide 16, "Glenfare Ownership Structure," which read as follows [original punctuation provided]:

- Glenfarne will be the majority owner and manager of 8 Star Alaska (including Alaska LNG and Phase 1)
- Glenfarne will lead project development
- AGDC, as minority owner, will represent the State of Alaska's interests
- For each subproject, including Phase 1, Glenfarne will have the right to partner with third-party developers and investors
- These partners will fund and develop the individual subprojects under the management of Glenfarne
- The first stage of funding is FEED
- The next stage gate is FID
- The State of Alaska will have the right, but not the obligation, to invest up to 25% of construction costs by FID

[7:34:28 PM](#)

MR. RICHARDS continued to slide 17, "Project Timelines," which showed the Phase I timeline for construction of the pipeline from the North Slope to Southcentral Alaska. He noted that options to accelerate this timeline are being pursued and the legislature may have the opportunity to invest in the Phase I pipeline as early as the fourth quarter of 2025. He continued to slide 18, "An Agreement in Line with Strategy," which read as follows [original punctuation provided]:

Alaska LNG execution Strategy

AGDC's Role: Transition to Private Investors

- AGDC is seeking qualified partners and investors to advance Alaska LNG to FID
- AGDC created the project company 8 Star Alaska, LLC (8 Star) to function as the parent company of the project
- AGDC is transitioning Alaska LNG assets under 8 Star and is selling 75% equity ownership of the company to investors in exchange for taking the project to FID
- AGDC will retain a 25% carried interest in 8 Star

8 Star's Role: Manage Alaska LNG through FID

- 8 Star will be managed by private investors with AGDC being a minority owner
- 8 Star will be the project manager and retain oversight of all 3 aspects of the project through to FID
- 8 Star ownership may consist of one "lead party" with other strategic partners owning minority stakes
- At FID, 8 Star will raise the construction capital for each of the three project subcomponents

[7:36:50 PM](#)

MR. RICHARDS continued to slide 19, "Objectives Met," which read as follows [original punctuation provided]:

Key objectives set out at the beginning of investor outreach were all met in the Definitive Agreements between AGDC and Glenfarne.

- Glenfarne provides the necessary capital to cover spending through FID for Alaska LNG

- AGDC will retain a 25% carried interest in 8 Star Alaska, LLC
- Firm project milestones must be met
- Governance/oversight and rights of AGDC as minority partner in the project
- Inclusion of the Alaska Advantage Principles

[7:38:06 PM](#)

MR. KISSINGER continued to slide 20, "The Alaska Advantage Principles," which read as follows [original punctuation provided]:

- The Company will establish and maintain a substantial operational presence in Alaska
- The Company will accept tie-in requests from Alaska customers—as per design, one such tie-in will serve Fairbanks
- In-State customers get the priority right for 500 MMscfd (more than double current demand)
- Capacity will be expanded to accommodate increased demand above the original 500 MMscfd allocation
- The Project may utilize differential rates only where they both:
 1. Help maximize the flow of natural gas through the project, and
 2. Achieve the lowest possible cost of gas for Alaska utility customers

[7:39:14 PM](#)

MR. RICHARDS moved through slide 21 to slide 22, "Role of the Legislature," which read as follows [original punctuation provided]:

By FID, the State will have the opportunity to invest up to 25% equity in the construction of the project.

What does the Legislature need to make informed decisions?

- Construction and cost overrun risks
- Equity and debt finance options
- Construction spending timing and amounts
- Estimated return on equity

What does the State gain as an equity investor?

- 25% of the future profits in each of the sub-projects invested in

Additional roles of the Legislature?

- Analyzing property taxes impacts to project economics and costs to Alaskans

[7:40:59 PM](#)

MR. RICHARDS continued to slide 23, "Role of the Executive Branch," which read as follows [original punctuation provided]:

Department of Revenue

- Property Taxes/Payment in Lieu of Taxes
- Investment opportunities for Alaskans, Alaska companies, and Alaska Native Corporations

Department of Natural Resources

- Revenue-in-kind/Revenue-in-value
- Permit approvals

Departments of Fish & Game, Environmental Conservation, and Transportation & Public Facilities

- Permit approvals

Department of Labor and Workforce Development

- Workforce training

[7:42:25 PM](#)

MR. RICHARDS described the organizational chart on slide 24, "8 Star - AGDC's Role Forward," and continued through slide 25 to slide 26, "Fiscal Benefits to Alaska," which read as follows [original punctuation provided]:

State of Alaska revenues come from

- Commercialization of natural gas (royalties and production tax)
- Commercialization of unlocked Point Thomson condensate (royalties and production tax)
- Corporate income tax on upstream and midstream
- Property tax on upstream and midstream investments
- Equity investment in Alaska LNG (if elected)

Alaska Affordable Energy for Rural Alaska

- Required by Alaska Statute 37.05.610

- Develops energy in areas of the state without access to the pipeline
- The Alaska Affordable Energy Fund is to receive an annual deposit of 20% of state revenue after paying into the Permanent Fund

[7:45:27 PM](#)

MR. RICHARDS continued to slide 27, "Benefits Summary," which read as follows [original punctuation provided]:

Completing construction of the gas treatment and liquification plants and exporting natural gas will result in:

- Significantly cheaper gas for Alaskans, potentially in the \$4 to \$5 per MMBtu range
 - Could save railbelt households \$1,000 in annual heating and electric costs
 - Fairbanks residents will save even more
- Potential to attract more industry in Alaska with cheap energy costs
- 1,000 full-time permanent jobs and thousands more indirect jobs created
- Revenues to the State can be hundreds of million per year from State's investments already made
- Revenues can be significantly more if State elects to invest in any sub-project

[7:47:02 PM](#)

MR. RICHARDS moved to slide 29, "Fairbanks Gasline Project," which read as follows [original punctuation provided]:

- AGDC previously designed and permitted Fairbanks spur under ASAP
- Producers designed Alaska LNG as integrated wholesale project; permitted accordingly
- Scope changes would cause significant re-permitting delays and costs
- Preliminary agreement with a qualified Fairbanks company to fund, construct, and operate the Fairbanks Gasline Project; simultaneous startup
- AGDC will share completed ASAP permit and design work to minimize cost and schedule
- Counterparty company has requested confidentiality

[7:48:42 PM](#)

MR. RICHARDS continued through slide 30 to slide 31, "Trump Administration Support," which read as follows [original punctuation provided]:

Unleashing Alaska's Extraordinary Resource Potential

- Executive Order signed on January 20, 2025

Unleashing Prosperity Through Deregulation

- Executive Order signed on January 31, 2025

Establishing the National Energy Dominance Council

- Executive Order signed on February 14, 2025

Ensuring Accountability for All Agencies

- Executive Order signed on February 18, 2025

Joint Session of Congress - March 6, 2025 Speech

- "My administration is also working on a gigantic natural gas pipeline in Alaska...it's all set to go"

[7:49:32 PM](#)

REPRESENTATIVE JOSEPHSON recalled that in 2013, the state had an opportunity to finance 25 percent of this \$44 billion project for a return of hundreds of millions of dollars. He asked how the state could afford to invest up to 25 percent equity in the construction of the project today, and what the state would gain from this investment for its treasury.

MR. RICHARDS offered to follow up with DOR's revenue projections, which fell in the range of \$600 million per year if all the taxes from the project were received. Considering the state's current budgetary challenges, he said he does not have a "magic bullet" to identify where the nest egg would come from.

[7:52:56 PM](#)

SENATOR GIESSEL, referencing slide 11, recalled that Mr. Richards had stated that in 2023, the estimated cost of the project was \$43.8 billion, which is close to the \$44 billion in 2013 that Representative Josephson had referenced. She expressed surprise that there had been no inflationary increase and asked whether 43.8 billion is an accurate number.

MR. RICHARDS explained that the level of FEED effort conducted by ExxonMobil Corporation included a cost of \$44 billion. At

the time, ExxonMobil and BP worked in partnership to optimize the project by reviewing each component and reducing its cost from \$44 billion to \$38 billion. Since then, AIDEA has considered the cost of inflation and believes that \$43.8 billion is a relevant number. He added that getting to the accurate cost depends on FEED and the consideration of technology improvements, potential tariff impacts, and the cost of labor, for example.

[7:56:03 PM](#)

JANET WEISS, Vice Chair, Board of Directors, Alaska Gasline Development Corporation (AGDC), asked Mr. Kissinger to explain the cost to the state regarding debt equity financing.

MR. KISSINGER reported that if the state were to take a 25 percent position in Phase I, it would require \$1.25 billion in equity. If the state were to take a 25 percent position in Phase 2, it would require another \$2.5 billion, totaling \$3.5-3.7 billion for the state's total equity estimate across both stages.

[7:57:36 PM](#)

SENATOR GIESSEL asked if members were to sign non-disclosure agreements, whether AIDEA would allow them to look at the contract.

MR. RICHARDS said he would confer with AIDEA's lawyers, but he believed that would be acceptable.

[7:58:09 PM](#)

SENATOR WIELECHOWSKI recalled that when Senate Bill 138 was passed, it had a unanimous letter of support urging Alaska hire and use of Alaska contractors in a project labor agreement. He asked whether that is included in the current contract.

MR. RICHARDS responded yes; those project labor agreements would be part of the project. He emphasized that AIDEA's role is to ensure that Alaskans reap the benefits through work, lower cost, and revenue.

[7:59:00 PM](#)

SENATOR GRAY-JACKSON announced that the conversation would be continued at a future hearing. She gave closing remarks and thanked the presenters.

[7:59:41 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 7:59 p.m.