

SENATE FINANCE COMMITTEE
February 10, 2025
9:02 a.m.

[9:02:52 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman, Co-Chair
Senator Mike Cronk
Senator James Kaufman
Senator Jesse Kiehl
Senator Kelly Merrick

MEMBERS ABSENT

Senator Donny Olson, Co-Chair

ALSO PRESENT

Frank Richards, President, Alaska Gasline Development Corporation; Matt Kissinger, Head of Commercial and Venture Development, Alaska Gasline Development Corporation; Senator Cathy Giessel.

SUMMARY

^ALASKA GASLINE DEVELOPMENT CORPORATION: AGDC

[9:03:51 AM](#)

FRANK RICHARDS, PRESIDENT, ALASKA GASLINE DEVELOPMENT CORPORATION, (AGDC), introduced himself.

[9:04:22 AM](#)

Mr. Richards discussed the presentation, "Senate Finance Committee Meeting, February 10, 2025" (copy on file). He pointed to slide 2, "AGDC":

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

Current Owner and Developer of the Alaska LNG Project

- Transitioning project to private ownership under qualified developers

[9:05:48 AM](#)

Mr. Richards addressed slide 3, "Alaska LNG Overview":

North Slope Gas Supply

- 40 Tcf of gas reserves in PBU and PTU
- 122 Tcf of total "Proved Producing Reserves" in Alaska*
- Early 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

Mr. Richards explained that the pipeline was meant to capitalize the natural gas resources existing on the North Slope and had been designed to line had been designed to deliver gas from both the Point Thompson Unit (PBU) and the Prudhoe Bay Unit (PBU). He shared that the Arctic Carbon Capture plant was in Prudhoe Bay. He relayed that 7 million tons of CO2 would be removed from the gas stream and pushed back down into the geologic formations for sequestration and potentially the 45Q Tax Credits. The LNG gas would then

enter the 807-mile pipeline to be distributed to communities, ultimately ending in Nikiski where it would be liquefied. The liquefied product would be easily distributed internationally. In 2024, the project was estimated to cost \$44 billion; however, inflation and the impacts of potential new tariffs could alter costs.

Co-Chair Hoffman asked about the new tariffs.

[9:08:30 AM](#)

Mr. Richards relayed that the president was considering a 25 percent tariff on steel imports. He said that consideration of the tariffs would be ongoing while the impacts were revealed to the American people and the world.

[9:09:14 AM](#)

Co-Chair Hoffman asked whether Mr. Richards would be addressing the infrastructure costs that would be necessary to make the pipeline operable.

[9:09:30 AM](#)

Mr. Richards replied in the affirmative. He said that the presentation highlighted the overall goal set out in SB 138 - to advance forward an LNG project to commercialize the assets for Alaskans and provide gas to Alaskans and to sell on an international level - for the benefit of Alaskans.

Mr. Richards highlighted slide 4, "Phase 1 of Alaska LNG":

Alaska LNG is a fully permitted integrated \$43.8 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.

[9:11:57 AM](#)

Senator Kiehl wondered who would bear the cost of gas treatment and the removal of hydrogen sulfite and CO2 from the LNG.

Mr. Richards replied that Great Bear Pantheon had done some flow tests, which had showed very little hydrogen sulfite and CO2. He said that this could make it possible that the gas could flow directly into the pipeline for consumption. He said that, should the Great Bear Pantheon gas not come to fruition, the corporation was looking into the Point Thompson Unit, which would require an additional 62 miles of pipeline - but the Point Thompson Unit as had lower CO2 levels than the gas at Prudhoe Bay. He suggested that using the Point Thompson gas would alleviate the need for treatment of the gas for hydrogen sulfite and CO2.

[9:14:02 AM](#)

Co-Chair Stedman wondered how much of the project's capacity would be pre-sold and utilized. He queried how Phase 1 financing would be secured.

[9:14:23 AM](#)

Mr. Richards responded that the capacity on the pipeline, designed for the full flow was 3 billion standard cubic feet per day. He said that the in-state needs ranged from 180 million to 200 million standard cubic feet per day, which was a small fraction of the overall capacity of the project. He stated that the reason that the full 42-inch pipe had been considered was because that was what the permitting already indicated, and authorization from the FERC had been given for that diameter of pipe. He explained that changing the diameter of pipe would require the reopening of the environmental process and would add additional time and cost. He relayed that the design was to provide gas to Alaskan utilities and industry. He related that the next phase would include front end engineering and design, which would help define the overall cost for off takers. He asked Mr. Kissinger to speak to Co-Chair Stedman's question.

[9:16:15 AM](#)

MATT KISSINGER, HEAD OF COMMERCIAL AND VENTURE DEVELOPMENT, ALASKA GASLINE DEVELOPMENT CORPORATION, explained the financing of the project. He said that the project would be financed through a traditional project finance structure - approximately 70 percent debt and 30 percent equity. Debt would be underpinned by federal loan guarantees and the remaining would be funded by equity investors who would be backed by long-term take commitments of the ultimate buyers of the gas.

[9:17:22 AM](#)

Co-Chair Stedman asked whether the guarantee by the federal government was against a fault or late debt service payments. He queried the actual guarantee to the bond holder.

[9:17:42 AM](#)

Mr. Kissinger replied that the federal government would be guaranteeing against the fault of the buyers.

[9:17:46 AM](#)

Co-Chair Stedman asked how much volume would need to be moved to break even on the 70 percent debt service.

[9:18:08 AM](#)

Mr. Kissinger replied that the cost to deliver the in-state volumes of gas were in the \$12-\$13mmbtu range, which included the full service of the debt and the return on equity for investors.

[9:18:37 AM](#)

Co-Chair Stedman understood that if Phase 2 was never reached the state would be fine.

[9:18:43 AM](#)

Mr. Kissinger replied that it depended on the definition of "fine"; it would be less than importing LNG.

[9:18:56 AM](#)

Co-Chair Stedman clarified that the project had viability without implementing Phase 2.

[9:19:28 AM](#)

Mr. Kissinger agreed and explained that the project was sustainable with only the completion of Phase 1.

[9:19:37 AM](#)

Co-Chair Stedman asked about the fiscal infrastructure and how it would be addressed.

[9:20:03 AM](#)

Mr. Richards replied that the infrastructure was the physical infrastructure necessary to construct the project. He cited the Dalton Highway, bridges, the Parks Highway, the Alaska Railroad, and the ports in the state that would receive the incoming pipe shipments. He said that Seward could be the potential entry point for pipe to be delivered and then transported by railroad to delivery points in Fairbanks where it would be trucked along the Dalton Highway. He spoke of bridge uptakes able to handle heavy module loads associated with the project. He said over the last 10 years the bridges had been retrofitted to handle the weight of the modules and the pipe load. He believed that the infrastructure was in good condition to support the infrastructure of the project.

[9:21:33 AM](#)

Co-Chair Hoffman understood that Mr. Richards was testifying that no additional infrastructure across the state would be needed to bring in the materials for the projects. He surmised that there would be no additional expenditures for upgraded infrastructure related to the building of the project.

[9:21:55 AM](#)

Mr. Richards replied that the corporation had been in consultation with the railroad and the DOT&PF about what would be needed for the project. He understood that port development had been ongoing for needs within Seward that would benefit the project.

[9:22:31 AM](#)

Senator Kiehl asked about tariffs and steel. He asked whether the project would be bound to "buy American" under the federal loan guarantees.

[9:22:43 AM](#)

Mr. Kissinger replied that the regulations for the loan guarantees were under development. He said that the guarantees were in statute but had been amended to be applied to the LNG export project. The corporation would be working with the current federal administration on defining the requirements under the regulation. The "buy American" factor may not apply.

[9:23:33 AM](#)

Senator Kiehl asked whether buying American steel would raise the steel cost more than 25 percent.

[9:23:36 AM](#)

Mr. Richards replied that a number could not be given at this time. He understood that if money had been granted to construct, then the "buy American" clause went into effect. He said that he was not aware the "buy American" clause was part of the loan guarantees for the federal Department of Energy.

[9:24:37 AM](#)

Co-Chair Hoffman questioned whether the state had the necessary labor force in place to construct the pipeline.

[9:24:57 AM](#)

Mr. Richards replied that labor unions in the state had stated that there was a workforce available for the project. He said that the goal was to maximize the Alaskan workforce, but the outside workers would be necessary.

[9:25:52 AM](#)

Co-Chair Stedman reminisced on the number of years he had sat through presentations on the proposed gasline and noted that in all those years he had never heard that the Alaskan

workforce could build the gasline. He said that previous testimony had stated that the workforce would come from all over America and Canada. He stated that historically, conversations on steel production had indicated that importing of steel supplies would need to be addressed, which had yet to be addressed. He recalled conversations surrounding the rebuild of infrastructure that would be used for the project; he expressed discomfort that concerns about the project that had been discussed in the past had never been reconciled. He added that further discussion of the cost of the debt service would be in order moving forward. He believed that consumers and the state would need financial protections.

[9:30:44 AM](#)

Mr. Richards agreed with Senator Steadman's concerns. He said that the corporation was updating the cost estimates to be able to deliver the information to the private sector so they could make the decision to sign on to the project. He discussed the evolving conversation surrounding the price and supplier of steel.

[9:33:52 AM](#)

Mr. Richards looked at slide 5, "2024 Legislative Intent Language":

"It is the intent of the legislature that the Alaska Gasline Development Corporation continue to work towards meeting the critical energy needs of Alaskans by advancing a pipeline project proposal which would deliver North Slope natural gas to Alaska's utilities, businesses, and homeowners. Further, it is the intent of the legislature that the Alaska Gasline Development Corporation complete an independent third-party review of a project proposal that would commercialize North Slope gas and present that analysis to the legislature by December 20, 2024. 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 1 of a pipeline project."

At the direction of the Alaska Legislature, Wood Mackenzie was contracted to complete an independent

third-party economic assessment of the Alaska LNG Phase 1 Pipeline.

The analysis shows a positive economic value to the state.

[9:34:43 AM](#)

Mr. Richards pointed to slide 7, "Wood Mackenzie Study":

- At the direction of the Alaska Legislature, AGDC contracted with Wood Mackenzie to perform an independent third-party economic assessment of the Phase 1 gas pipeline
- Wood Mackenzie's key findings are:
 - The Phase 1 pipeline can match or beat the cost of imported LNG
 - The Phase 1 pipeline will create significant new jobs and economic activity in Alaska
 - Phase 1 increases the likelihood of full project success

[9:35:33 AM](#)

Mr. Richards displayed slide 8, "Wood Mackenzie Analysis":

The Wood Mackenzie Analysis shows that the Phase 1 pipeline can deliver gas at or below the cost of imported LNG with just domestic demand. As new Anchor Customers develop, Alaskans will benefit from lower cost energy.

Mr. Richards noted that the bar on the left of the slide represented the range of costs of LNG imports and did not include the onshore reception costs; the additional onshore reception costs would be added to the over import cost. The other four bars reflected a "stair step" reduction suggesting that piped gas would provide access to potential upside demand, which would result in the lower cost of delivered gas.

[9:38:14 AM](#)

Co-Chair Hoffman surmised that at some stage the Alaska LNG price of \$2.23, with imports at \$13.72, Alaskans would be willing to pay \$5 to \$6, rather than the import at \$13.72.

[9:39:27 AM](#)

Mr. Kissinger replied that each bar was a blend of base demand with added layers of industrial demand. He said that the way to bring the local price down was to layer on industrial demand.

[9:40:24 AM](#)

Co-Chair Stedman asked whether forward contracts for take-off from potential customers would lower the price for Anchorage residents. Or would Anchorage residents assume all the risk.

[9:40:54 AM](#)

Mr. Kissinger replied that a common system differential rate would be used. He shared that there would be a differential rate for industrial payers; gas would be supplied at the start up threshold rate, which would have a direct effect on what rate payers were paying. Additional industrial demand would dilute the cost for rate payers.

[9:41:48 AM](#)

Co-Chair Stedman asked what kind of risk exposure Alaskan residents would face if industrial users did not come to the table to shoulder some of the cost.

[9:43:09 AM](#)

Mr. Richards replied that the developer should be taking on the cost of cost overrun risk.

[9:44:13 AM](#)

Co-Chair Stedman replied that he was not referring to cost overrun risk. He thought that the corporation was relying on additional load factors to come into play after construction had already begun. He asked whether data centers and ammonia plants were expected to take no-pay contracts before construction began. He wondered about building a 42-inch line while only using 10 percent of it. He questioned the economics of the plan.

[9:45:16 AM](#)

Mr. Kissinger referred to slide 8. He pointed to the baseload bar on the graph and noted that the cost was lower than importing LNG and represented existing demand with a considerable decline over time based on efficiencies and the potential for population decline. He relayed that based on the current cost estimate, with contingencies, \$12.80 was the high watermark. He stated that the cost estimate did not include additional industrial demand and thought that there was easy industrial demand growth unaccounted for in the baseload number. He stressed that based on current modeling the baseload demand of local and residential commercial customers would keep the cost at \$12.80.

[9:47:05 AM](#)

Co-Chair Stedman asked for further explanation of the utilities on the Railbelt as the energy map there differed greatly from Southeast. He asked how Cook Inlet would be incorporated into the corporation's plan.

[9:47:53 AM](#)

Mr. Kissinger replied that in the early years, the corporation had mapped the existing contracts out of Cook Inlet while feathering gas from the pipeline as contracts expired and had spread the rates through the outer years. He shared that this was called a "sculpting tariff".

[9:48:33 AM](#)

Senator Kiehl asked whether Cook Inlet would be out of gas at the end of the contracts or would the gas be shut off to allow for all gas to come from the North Slope.

[9:48:53 AM](#)

Mr. Kissinger responded that the assumption was that the demand beyond the contracted volume out of Cook Inlet would be met through the pipeline.

[9:49:09 AM](#)

Senator Kiehl understood that the contract would end with gas in Cook Inlet, but the contract would not be renewed because the gas levels would be too low. He recalled a Wood Mackenzie analysis from November that had reflected a 90

percent cut in property tax, a tax subsidy provided by the state. He asked about the Great Bear prospect and the \$1 treatment cost gas. He wondered when Alaskans would know what their heating costs would be because of the project.

[9:50:40 AM](#)

Mr. Richards replied that the property tax issues would require a further conversation between the administration and boroughs. He reiterated that the gasline was meant for Alaskans and Alaskan gas for Alaskans. He said going from a 2mil property tax rate to a 20mil tax rate, \$2.20 would be added to the cost of the gas. Alternative case of going from the Great Bear Pantheon to Point Thompson gas added \$.78.

Co-Chair Hoffman asked which schedule Mr. Richards was referring to.

Mr. Richards replied that he was addressing the Wood Mackenzie report, page 19.

[9:52:36 AM](#)

Senator Kiehl hoped to have a deeper conversation with Mr. Richards about who subsidized whom within the state. He assumed that who paid for what and how much would be concretely determined by start of the project.

[9:53:16 AM](#)

Mr. Richards responded in the affirmative. He noted that further in the presentation was a slide that detailed all the components necessary to make a final investment decision.

[9:53:31 AM](#)

Senator Kaufman asked about the total LNG import cost range. He wondered whether the cost of the facility under discussion on the Kenai was reflected in the presentation.

[9:54:08 AM](#)

Mr. Richards said that discussions were still underway, and the costs were unknown.

[9:54:37 AM](#)

Senator Kaufman queried a peer reviewed approach to scrutinizing all aspects of the project that would supplement the financial analysis.

[9:56:04 AM](#)

Mr. Richards replied that peer review analysis had been done for the entire project with Exxon Mobile and BP after they had left the project, an independent third-party had also reviewed the analysis. He said that no review had been done for the current Phase 1, but that experts in the various involved disciplines would be reviewing the plans.

[9:57:14 AM](#)

Mr. Richards pointed to slide 9, "Phase 1 Jobs."

The Impact in jobs created from Alaska LNG Phase 1 is 4x larger than the LNG imports alternative mainly due to larger in-state construction scope.

[9:57:51 AM](#)

Mr. Richards addressed slide 10, "Economic Impact."

Economic impact for Alaska LNG Phase 1 is 7x - 10x larger than the LNG imports alternative with the additional benefit of potential lower gas cost via industry expansion and upside demand.

Mr. Richards noted that the slide showed \$10.3 billion in positive economic impact to the state from the construction and operation of the project.

[9:58:33 AM](#)

Co-Chair Stedman understood that the pipeline would be a bullet line.

[9:58:38 AM](#)

Mr. Richards replied that it would be a pipeline that would deliver gas to Alaskans like the initially proposed line when the legislature created the corporation.

Co-Chair Hoffman thought that the problem Alaskans faced was that the 42-inch line seemed out of reach. He wondered whether the idea of a bullet line would be reevaluated.

[9:59:40 AM](#)

Mr. Richards responded that the corporation had investigated what it would take to build a differently sized pipeline, not only the cost impacts but also the long-term missed opportunities. He lamented that changing the size would require reopening the environmental process. He asserted that it would be easier to use the existing plan with the existing permits. He said that investors were interested in the full 42-inch pipeline and export facility.

[10:01:42 AM](#)

Co-Chair Hoffman hoped the potential investors would testify before the committee.

[10:02:12 AM](#)

Co-Chair Stedman thought that the committee should examine the other similar Canadian projects, particularly in Alberta, that had faced cost overruns and difficulties, which he thought were normal. He added that an exploration of the gas trading marketplace would be beneficial as well. He said that large companies exiting a project did not go unnoticed, nor when they came back to the table. He expounded on the size of the project and contended that large scale financing from outside of the state would be necessary.

[10:04:50 AM](#)

Mr. Richards highlighted slide 11, "Economic Impact.":

- Gas via pipeline has additional economic benefits over the long term:
 - Lifetime savings from the baseload supplied via Pipeline compared to LNG add up to - US\$5.7 billion
 - Savings going back into the economy would also generate indirect and induced impact.
 - The pipeline provides potential upside for gas demand and industrial activity.

- o Overall potential impact to the state of Alaska is estimated at - US\$16.5 billion or 2.8X in-state capex.

[10:05:19 AM](#)

Mr. Kissinger looked at slide 13, "Evolution of Private Developers":

Producer-Led (2013 -2016)
Producers provided initial scoping and engagement—important demonstration of producer support.

State-Led (2017-2022):
State-led initial design, permitting, and authorization—important demonstration of state support.

Developer-Led (2023-Onward):
Transition to world-class private parties for construction and operations

Mr. Kissinger explained that the problem with the "producer-led" plan was that it was the wrong source of capital. He relayed producers commissioned a report in 2016 on Project competitiveness, which had found that a reconfiguration of capital for the projects was needed. The "state-led" plan had been found incredible. He said that the state would not have the ability to take it to fruition. He concluded that the "developer-led" approach had proved most attractive. He asserted that the developers were better at managing costs.

[10:08:18 AM](#)

Co-Chair Stedman reflected on past testimony. He mentioned that it was accurate that big producers did not hold gaslines because of the regulated rate of return. He said that there was also concern of risk mitigation. He shared that Exxon had exited the project because in Alaska "every governor has a plan" - which meant that the state could not get on course with one path to fruition of a gasline. He spoke to the geographic hurdles to the project. He stressed that multiple meetings had been held to discuss a plan for a gasline and that it was important to keep in mind the colossal nature of the project.

Co-Chair Hoffman added that the gasline had been the topic of conversation for many months of meetings and throughout the service of several governors.

[10:11:45 AM](#)

Mr. Richards replied that producers had said to the corporation that they wished to sell gas at the well head. He asserted that, in no way, was the corporation trying to force producers into the project.

[10:12:47 AM](#)

Co-Chair Hoffman felt that the problem was that the people that owned the leases had an obligation to the state to produce.

[10:13:06 AM](#)

Mr. Richards agreed.

Co-Chair Hoffman added that did not mean that producers were going to wait to produce until the gasline was built so they could sell it at the wellhead.

[10:13:28 AM](#)

Mr. Richards said that the AOGCC gave the mandate to leaseholders to produce as much oil as possible. He said that for many decades that gas was a benefit form producing oil. He stated that Hilcorp had produced a lot of oil, which had been great for the state.

[10:14:48 AM](#)

Co-Chair Hoffman said that the problem was that Alaskans wanted cheaper energy. He said that if producers were not willing to produce natural gas, then maybe other producers should be found.

[10:15:30 AM](#)

Senator Merrick wondered how much had been invested in the project since inception.

[10:15:36 AM](#)

Mr. Richards replied over \$1 billion between the state and producers.

Co-Chair Hoffman asked how much had been paid by the state.

[10:15:50 AM](#)

Mr. Richards agreed to provide that information.

[10:16:01 AM](#)

Co-Chair Hoffman relayed that the cost to the state, to date, was \$634.9 million.

[10:16:05 AM](#)

Co-Chair Stedman thought that the \$1 billion mentioned had not included the \$500 million the state had paid to Trans Canada. He contended that \$1.1 billion in investment by the state showed great interest in moving a gasline forward. He added that the state would like a return on its investment.

[10:16:45 AM](#)

Co-Chair Hoffman noted that the state's contribution was considerably higher when considering inflation.

[10:16:57 AM](#)

Mr. Kissinger pointed to slide 14, "Equity Offer for Investors":

AGDC is raising development capital to take Alaska LNG to Final Investment Decision (FID)

- Alaska LNG is an attractive investment:
 - Best economics of any North America project
 - Has all major permits
 - Beneficial equity terms
 - Local support

AGDC equity offer highlights

- Majority ownership and control of Alaska LNG in exchange for:
 - Funding development costs to FID
 - Commitment to move Alaska LNG forward on fast timeline
 - Preferential in-state gas supply

- Opportunity for Alaska to invest

[10:18:16 AM](#)

Senator Kiehl understood that the state had spent \$1.1 billion to own whatever was currently available to own of the project, which would eventually be split 75/25 with a developer. He surmised that the state would have the opportunity to invest beyond 25 percent equity in the project.

[10:18:52 AM](#)

Mr. Kissinger replied that the state would have the opportunity, but not the obligation, to invest up to 25 percent after the FID investment.

[10:19:18 AM](#)

Senator Kiehl asked what the state would own after investment in the holding company.

[10:19:44 AM](#)

Mr. Kissinger responded that there would be developer economic streams that would flow through to the holding company. He said that taking the up-front risk, if the project did not move forward, would result in loss of the investment. He relayed that other forms of revenue might be pushed into the holding company.

[10:20:38 AM](#)

Co-Chair Stedman spoke of conversations between the current federal administration and Japan. He believed that Japan and Korea as anchor tenants would be beneficial to the project.

[10:21:46 AM](#)

Mr. Richards looked at slide 16, "Glenfarne Mission and Vision."

Company Tear Sheet:

-2.2 GW Power Portfolio

12.8 MTPA FERC-Approved LNG Export Capacity

-800 team members

Glanfarne is a global energy transition specialist that is guided by its core mission and vision.

Mission: To realize the potential of the world's energy transition.

Vision: Responsibly grow our renewables, grid stability, and flexible fuels business to provide economically viable solutions to our communities and customers to realize the potential of the world's energy transition.

Glanfarne believes that its core competence is its ability to develop local platforms in end markets (by leveraging assets knowledge and relationships), built around a core understanding that the market's energy transition journey will be driven by the interaction of domestic gas and global LNG.

[10:23:08 AM](#)

Mr. Richards pointed to slide 17, "Glanfarne at a Glance." The slide offered details about the -2.2 GW Power Portfolio broken down by renewables, grid stability, and gas infrastructure, as well as a map showing the locations of Glenfarne markets and offices.

[10:23:55 AM](#)

Senator Kiehl queried the process that led AGDC to connect with Glenfarne.

[10:24:30 AM](#)

Mr. Kissinger relayed that there was a process, not an RFP, but discussions with companies which had led AGDC to Glenfarne. He said that Exxon had officially introduced AGDC to Glenfarne in March 2024 and the relationship had "blossomed".

[10:26:00 AM](#)

Senator Kiehl asked whether an external organization had been used to screen and validate price estimates from all interested parties.

[10:26:10 AM](#)

Mr. Kissinger said that the corporation had worked with Goldman Sachs over the last two years.

Senator Kiehl surmised that Goldman Sachs had recommended choosing Glenfarne.

Mr. Kissinger replied that Goldman Sachs had been focused on the financial investors rather than the strategic investors. He said that conversations with strategic investors were already underway when Goldman Sachs entered the conversation.

[10:26:47 AM](#)

Senator Kiehl asked about the difference between a financial investor and a strategic investor.

Mr. Kissinger shared that a financial investor brought money to the table, but strategic investors brought money and development background experience.

[10:27:44 AM](#)

Co-Chair Stedman asked about the interface between Glenfarne and Enbridge Gas. He noted that Glenfarne had no developments in the Arctic and wondered whether the company could successfully develop in that region.

[10:28:14 AM](#)

Mr. Richards said that Glenfarne played a "quarterbacking" role. He stated that a team would be built that would utilize the expertise of large pipeline companies, in addition to Glenfarne as the lead developer.

[10:29:00 AM](#)

Mr. Kissinger addressed slide 18, "Glenfarne Term Sheet":

This Term Sheet memorializes certain obligations and key timeframes for the Alaska LNG Project, with key milestones for phased project development and the overall goal to have the project constructed and operational by 2030, and through which Glenfarne will:

1. Commit to capitalize the project in sufficient amounts to fund and resource the successful development of the project to FID of each subproject
2. In return for project leadership and investment in project development, obtain a 75 percent equity position across the 8 Star structure, while carrying AGDC's 25 percent equity to FID
3. Achieve agreed milestones to:
 - i. Enter Front-End Engineering Design (FEED) on the Phase 1 pipeline (\$50 m)
 - ii. Market sufficient volumes and prepare for FEED on the gas treatment and LNG plants
 - iii. Enter FEED on Phase 2 LNG exports (\$100 m)

[10:30:27 AM](#)

Co-Chair Stedman asked where the \$150 million would come from. He asked how the \$50 million "backstop" in the governor's budget interplayed.

Mr. Richards said that the question would be addressed in future slides.

[10:30:47 AM](#)

Senator Merrick asked what risk Glenfarne was taking on if the state was backstopping the \$50 million.

[10:30:57 AM](#)

Mr. Richards shared that the agreement with AIDEA had yet to be executed, which was the process the corporation was undergoing for the \$50 million for Phase 1. He added that the concept Mr. Kissinger described had been for the LNG project in total, which was \$150 million and included \$50 million for the pipeline feed. The additional \$150 million was for the front engineering and design for gas treatment and the liquefaction facility. He said that the corporation would continue to work with AIDEA on the project finance agreement. He said if AIDEA provided the funding for Phase 1 the \$50 million backstop would be unnecessary.

[10:32:52 AM](#)

Senator Merrick wondered how much risk Glenfarne would be taking.

[10:32:59 AM](#)

Mr. Richards replied that Glenfarne was willing to take on the entire \$150 million risk. If the Phase 1 concept was successful, then Glenfarne would work to execute not only Phase 1 of the pipeline but also the compression stations to feed into the liquefaction facility.

[10:33:29 AM](#)

Senator Merrick asked whether Glenfarne had any risk in Phase 1.

[10:33:36 AM](#)

Mr. Richards replied that definitive agreements had not been made with either AIDEA or Glenfarne.

[10:33:46 AM](#)

Senator Merrick asked whether Glenfarne had any risk in Phase 1, yes or no.

Co-Chair Hoffman replied that the answer was no.

[10:33:54 AM](#)

Co-Chair Stedman advised that the corporation should be sure that the other party had direct match skin in the game. He noted that the state had contributed \$634 million to the project already and wondered whether any of those funds would be rolled into the projects or would the state see no return on that investment.

[10:34:54 AM](#)

Mr. Richards related that AGDC would hold 25 percent in the holding company, 8 Star Alaska, and the returns that came from the payments from the sub-projects to the holding company would provide a cash stream. He added eventually 25 percent would come to AGDC for the state.

[10:36:07 AM](#)

Co-Chair Stedman asked when the time would come for the legislature to engage in discussions surrounding dropping of property taxes and royalty issues. He pointed out that a vast majority of sitting legislators had no idea of the history of the project and that the education curve was significant. He sought clarity about the legislature's role in the project.

[10:37:02 AM](#)

Mr. Richards said that the legislature played an important role. He said that the corporation had worked to retain the ability for the state to make an investment decision but to not be obligated. He understood the legislature's stance of not incurring major costs without the legislature making the decision. He relayed discussions about moving the project forward had accelerated over the last few months. He welcomed the conversation and expressed willingness to work with the legislature to bring everyone up to speed on the project.

[10:39:33 AM](#)

Co-Chair Stedman thought that would be helpful. He suggested a summary document that informed current and future legislators of the history and issues related to the project. He stressed that the legislature wanted to get gas to market but not at great expense to the state. He said that royalties in kind versus royalties in cash had been contentions in the legislature, as well as the issue of property tax. He said that even if the legislature played no role in some of the discussions the legislature could benefit from being informed of those conversations.

[10:40:39 AM](#)

Mr. Richards thought a summary was a good idea.

[10:40:47 AM](#)

Co-Chair Hoffman asked how soon Mr. Richards could provide the summary to the committee.

Mr. Richards said that the summary could be provided by the end of the week.

[10:41:01 AM](#)

Mr. Richards discussed slide 20, "Alaska LNG Corporate Structure":

AGDC will use the project company 8 Star to hold Alaska LNG assets, raise capital, and provide collateral to AIDEA

- AGDC is a state-owned corporation and cannot sell or transfer ownership shares of itself
- AGDC created "8 Star Alaska, LLC" (8 Star) as the vehicle for bringing in third-party investment and control of Alaska LNG
- All Alaska LNG assets (permits, rights-of-way, agreements) are held by 8 Star
- Project components are structured to allow separate economics at the project level while holding the integrated permits at the 8 Star level

[10:42:32 AM](#)

Mr. Kissinger addressed slide 21, "Glenfarne Ownership Structure":

- 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 percent of construction costs

[10:43:58 AM](#)

Co-Chair Stedman asked how royalty gas interplayed with the 25 percent construction cost potential investment.

[10:44:26 AM](#)

Mr. Richards replied that the royalty in kind/royalty in value determination would be provided after discussions with the Department of Natural Resources. He said that determination would apply to whether the state could get up to 25 percent ownership of the gas, but that would be gas that would flow down the pipeline and did not equate to funding for the capital to be 25 percent owner of the pipeline.

[10:45:01 AM](#)

Mr. Richards highlighted slide 22, "Understanding FEED":

"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 and construction.

FEED stands for "Front-End Engineering Design."

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

[10:45:31 AM](#)

Mr. Richards addressed slide 23, "FEED Backstop Timeline":

1. December 4: AIDEA Board Resolution authorizing AIDEA Executive Director to negotiate and execute binding agreements
 - Resolution ONLY applies to Phase 1 FEED (up to \$50 m).
 - There is NO state backstop requested or proposed for Phase 2 FEED (up to \$100 m)
2. After AIDEA Resolution:
 - Finalize and sign Phase 1 FEED backstop agreements: AIDEA, AGDC and Developer
3. Upon execution of FEED Agreements:
 - Pipeline FEED subcontractor commences work to update FEED Scope of Work and Budget at their own expense
4. Within 120 days of execution of FEED Agreements:
 - Parties commence Phase 1 FEED

[10:46:42 AM](#)

Mr. Richards pointed to slide 24, "Actions to Build Phase 1 Pipeline":

- Execute FEED Backstop Agreements and \$50 million FEED backstop from
- AIDEA (in progress)
- FEED generates final cost estimate and construction contracts.
- Enter into agreements with Alaska utilities for long-term gas supply.
- Raise debt and equity financing.
- Final Investment Decision - Start construction.

[10:47:26 AM](#)

Mr. Richards addressed slide 25, "Conditions to Enter FID":

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 developed by third parties.

[10:48:42 AM](#)

Co-Chair Stedman asked about gas in-kind or in-cash. He noted that Exxon, ConocoPhillips, and British Petroleum had all recently been attached to the project as which time the royalty gas was mixed in with their gas, which prompted the discussion as to who would sell the gas. He asked whether AGDC had had conversations with producers about royalty interests.

[10:49:30 AM](#)

Mr. Kissinger replied in the affirmative and added that because of the configuration of the project they were always looking at North Slope gas sales. He relayed that the question of royalty in-kind or in-value was still a

question. He said that producers preferred in-kind over in-cash. He thought that if it was a "North Slope arm's length transaction" they royalty could be in-value, which would help the state to avoid cost and the unnecessary burden of standing up a sales team.

[10:50:28 AM](#)

Co-Chair Stedman believed that the legislature needed more information. He stated that no one knew who would own the pipeline and at this point it could be owned by an out-of-state entity.

[10:50:52 AM](#)

Mr. Richards pointed to slide 26, "North Slope Gas Supply":

Preferred Gas Supply: Great Bear Pantheon
Accelerates project and lowers Alaska energy costs.

These fields are still in development, so back up supply agreements from Prudhoe Bay and Point Thomson are required.

<\$1.00 per MMBtu Low-Cost Access

- Cheaper to supply gas to pipeline than reinject
- Price to be reduced based on cost-savings
- No CO2 removal
- Adjacent to pipeline, no new infrastructure needed

"Back Up" Gas Supply: Producing North Slope Fields

These fields are currently producing gas but will have a higher price and require additional infrastructure.

Prudhoe Bay

- Largest gas field in North America
- Needs gas treatment to remove CO2

Point Thomson

- Selling gas unlocks liquids production
- Requires new 63-mile pipeline

Satellite Fields

- Endicott and North Star
- Needs gas treatment to remove CO2

[10:51:39 AM](#)

Mr. Richards addressed slide 28, "Transition to Lead Party":

Key Milestones:

- Pre-Definitive Agreements:
 - AGDC is leading and funding Alaska LNG Project development
- Pre-FID:
 - Lead Party assumes 75 percent equity in 8 Star upon signing Definitive Agreements and is responsible for funding all project development costs to FID
- Pre-FID:
 - The State's equity in 8 Star is carried at 25 percent to FID and AGDC is responsible for project transition functions
- Post-FID:
 - The State has the option, but not the obligation, to invest in up to 25 percent of capital to construct the Alaska LNG subprojects with AGDC representing the State's interest

[10:53:12 AM](#)

Mr. Richards looked at slide 29, "Transition to Lead Party." The slide detailed the roles of AGDC and the "Lead Party" in the areas of pre-definitive agreements, pre-FID (FY26-FY27), and post-FID (FY28 forward), broken down by who would be responsible, accountable, consulted, and informed.

[10:53:52 AM](#)

Mr. Richards addressed slide 31, "National Priority, Local Benefits":

Alaska LNG benefits from strong federal, state, and local support:

- Robust Federal Support:
 - Two presidents, unified delegation
 - Executive Order "Unleashing Alaska's Extraordinary Resource Potential"
- Uncommon State Support:
 - Three governors
 - Business leaders
 - Alaska Native support

- Leading labor voices

[10:54:42 AM](#)

Mr. Richards discussed slide 32, "Rapidly Intensifying Market Interest":

- Last week officials from Japan, South Korea, and Taiwan signaled intensifying interest in Alaska LNG through direct investment, long-term purchase agreements, or both
- Accelerating commercial interest adds to project momentum

[10:55:11 AM](#)

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[10:56:40 AM](#)

RECONVENED

[10:56:46 AM](#)

Co-Chair Hoffman informed the room that the bells had rung for floor session and the AGDC presentation would be continued later in the week. He lamented that the only major source of revenue to fund the 25 percent state in the project was the permanent fund, which could not be accessed without a constitutional amendment voted on by the public. He shared that a constitutional amendment would require a two-thirds vote of the legislature.

[10:57:58 AM](#)

Mr. Richards looked forward to continuing the conversation.

Senator Hoffman discussed housekeeping.

#

ADJOURNMENT

[10:58:30 AM](#)

The meeting was adjourned at 10:58 a.m.