Alaska Gasline Development Corporation - Year 4 In-State Gas Project | **FY2014 Request: $0** | **Reference No: 51753**

AP/AL: Appropriation
Category: Natural Resources
Location: Statewide
Impact House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2013 - 06/30/2018

Project Type: In-State Gasline
House District: Statewide (HD 1-40)
Contact: Les Campbell
Contact Phone: (907)330-8356

Brief Summary and Statement of Need:
This project provides funding to move toward completion of the stage-gates known as Front End Loading (FEL) years two and three. The Alaska Stand Alone Gas Pipeline (ASAP) is an in-state gas pipeline designed to provide long-term, stable supplies of natural gas from the North Slope. This gas will serve the Fairbanks and rail-belt areas, as well as other communities where practicable. The ASAP Project will have a capacity of 500 million standard cubic feet per day (MMscfd) of clean-burning natural gas (enriched with natural gas liquids (NGLs)). The project will also support the export of liquefied natural gas (LNG) and NGLs to the West Coast and/or Pacific Rim.

Funding:	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Total
AHCC Rcpts							$0
Total:	$0	$0	$0	$0	$0	$0	$0

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☐ Phased - underway ☑ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Prior Funding History / Additional Information:

FY2013 appropriation was funded with AHCC Receipts, all other prior funding received is general funds.

Project Description/Justification:
This project will advance engineering and commercial negotiations through an open season to project sanction. This request will accommodate ASAP as either a stand-alone gas pipeline or as an cooperating partner of the AGIA/APP gas line project.

The projected outcomes are advancements in:

- Front end engineering and design (“FEED”) for facilities and pipeline to provide the total installed cost (“TIC”) projections for tariff calculations;
- Complete, detailed tariff calculation based on FEED and TIC for inclusion in the open season solicitation;
- Environmental, regulatory, and land work to obtain necessary permits and remaining rights of way for the pipeline alignment;
- Stakeholder engagement and community relations informational campaigns;
- A completed open season to determine commercial feasibility; and

- Final facilities and pipeline design to reflect the shipper's demand expressed in their open season responses.

ASAP Pipeline Project – Year 4 (FEL 2 & 3) continues work through stage-gates FEL 2 & 3. The initial ASAP Project Plan as requested in HB 369 was submitted July 1, 2011. The Project Plan serves as a base planning tool for designing, financing, and building the project and making it operational. In developing the Plan, AGDC refined engineering and cost analyses to roughly plus/minus 30% and wrote a plan of development (POD) for the proposed route which is on file with the U.S. Army Corps of Engineers. Work is continuing with agencies to secure essential rights-of-way and to complete the Final Environmental Impact Statement (FEIS). The ASAP Project Plan proposes a very structured, industry stage-gate system to accomplish the mega project work. The stage-gate approach employs a "front-end loading (FEL) systematic path including rigid checks and balances that are necessary to evaluate feasibility of advancing the project forward or ceasing the work at each "gate". This system ensures the AGDC staff is performing the work consistent with the mandate as defined in HB 369; that the work is performed effectively and efficiently following industry standard methods, that a reasonable schedule can be developed, and State money is spent wisely on delivering a critical energy solution for Alaska

Program Description:
The project is currently designed as a stand-alone natural gas pipeline from the Alaska North Slope to provide natural gas to Fairbanks and the Rail-Belt areas to address the high cost of power and declining natural gas fields in Cook Inlet. The ASAP plan may be modified to align with the AGIA/APP Licensee pending the announcement of the routing of that project.

The current design includes:

- Mainline:
  - 737 miles long, 24" buried steel pipe
  - 2,500 psi max operating pressure
- Fairbanks Lateral:
  - 35 miles long – 12" buried steel pipe
- Fairbanks Lateral connects at Dunbar
- North Slope Gas Treatment Facility
- Gas Take-off Facility/NGL Straddle Plant at Dunbar
- Two Compressor Stations
- Cook Inlet NGL Extraction Plant
- Operations and Maintenance facilities in Wasilla, Fairbanks, and Prudhoe Bay
- Maximum average daily throughput of 500 million cubic feet to comply with restrictions from AGIA

The Alaska Stand Alone Gas Pipeline/ASAP is an in-state gas pipeline designed to provide long-term, stable supplies of natural gas from the North Slope. This gas will serve the Fairbanks and Cook Inlet areas, as well as other communities where practicable. The ASAP Project will have a capacity of 500 million standard cubic feet per day (MMscfd) of clean-burning natural gas (enriched

with natural gas liquids, or NGLs). The project may also support the export of liquefied natural gas (LNG) and NGLs to the West Coast and/or Pacific Rim.

Needs Addressed by the Project

Southcentral Alaska relies primarily on the Cook Inlet gas fields for heating and electric power. These mature fields have been producing for over 40 years and are in decline and may not meet demand as early as 2014. The ASAP Project will provide North Slope gas to help offset these projected shortages after the project is in service. Much of Alaska has no long-term source of fuel other than oil. A long-term, affordable energy source is needed for Fairbanks, the Railbelt, and western Alaska communities. Industrial users are needed for the project, since the project's capacity exceeds expected demand for residential use and power generation.

Total funding needed to complete FEL 3:	$400,000,000
FY2012 fund transfer*:	<$200,000,000>
Total prior appropriations:	<$64,840,600>
FY2014 appropriation:	<$25,000,000>
Total remaining AGDC need:	$110,159,400

* Funds set aside for in-state gas pipeline fund pending passage of legislation.