



# IEP Project Update

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House Energy Committee  
3/15/16

# IEP GOALS

- **Supply natural gas to Interior Alaska:**
  - At the lowest cost possible
  - As many Alaska customers as possible
  - As soon as possible
- **IEP investments compliment eventual sources of gas supply from a natural gas pipe line**
- **Lower PM2.5 in nonattainment areas of Interior**

# LEGISLATIVE HISTORY

- **2013: SB23 authorized IEP, funding provided**
  - Source of LNG supply limited to North Slope
  - Funding: \$125mm SETS loans, \$57.5mm capital appropriation, \$150 bond authorization
- **2015: HB 105 allowed AIDEA to explore more options to achieve the IEP goals**
  - Cook Inlet supply option authorization
  - Propane and pipeline authorization
  - Limited AIDEA's direct involvement in the market
  - "Open and competitive" intent language
  - Reporting requirements

# INTERIOR ENERGY PROJECT FULL SUPPLY CHAIN FOCUS



Natural Gas Supply and Liquefaction /Alternatives



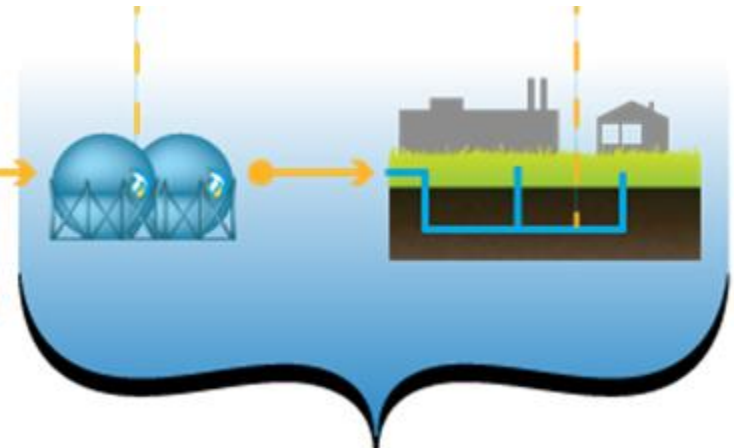
AIDEA and Private Industry

Transportation: Trucking or Railroad



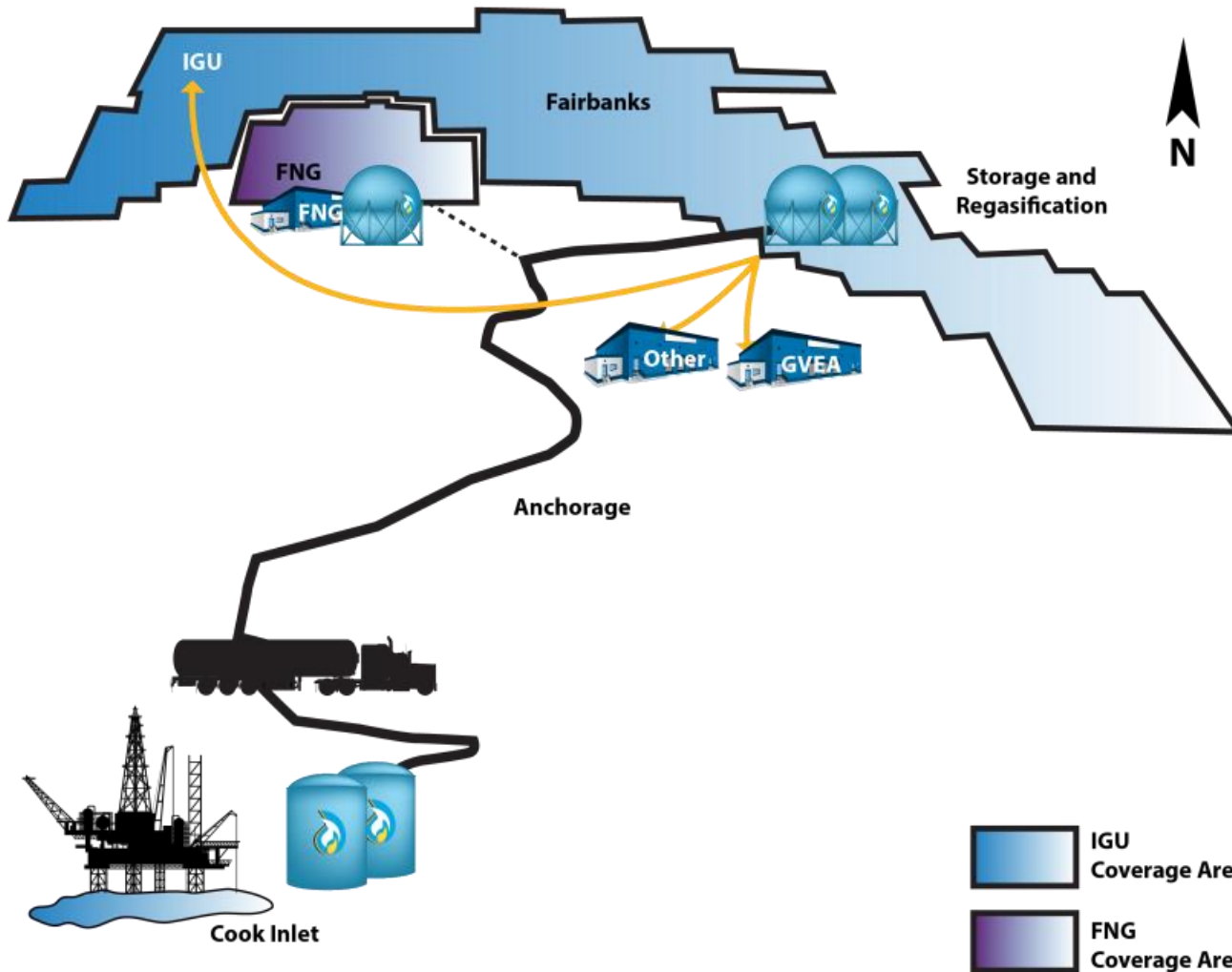
Private Trucking Contractors or Alaska Railroad

LNG Storage and Regasification



Interior Gas Utility  
Fairbanks Natural Gas

# COOK INLET PROJECT MAP



# LNG SUPPLY PROGRESS

- **AIDEA issued an RFP for project partners**
  - Solicited for a wide range of IEP options (Cook Inlet, North Slope, pipeline, propane)
  - Salix's Cook Inlet LNG projected was identified as the potential project partner March 3, 2016
- **Current status**
  - Ongoing negotiations to finalize commercial structure with Salix
  - Cook Inlet gas supply negotiations with multiple producers

# DISTRIBUTION PROGRESS

## ⦿ AIDEA Pentex acquisition


- Fairbanks natural gas parent company
- AIDEA reduced rates to current FNG customers
- Transitional ownership; planned sale to the IGU

## ⦿ Natural gas distribution system financing

- FNG has installed 30 miles of new pipeline in the core of Fairbanks
- IGU has installed 73 miles of new pipeline in North Pole
- Financed with SETS
- Prepares community for new source of LNG


# QUARTERLY REPORTS TO LEGISLATURE



 ADE Alaska Dept. of Administration

[InteriorEnergyProject.com](http://InteriorEnergyProject.com)



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# IEP PROJECT MILESTONES

REVISED MARCH 2016



| Milestone   | <u>Oct 30</u><br>BAFO's Due                                   | <u>Dec 3</u><br>AIDEA Board meeting                                                                                                                                           | <u>March 3</u><br>Top Ranked Proposal                                                            | <u>March 31*</u><br>Project Authorization                                                        | <u>June 23*</u><br>Final Investment Decision                                                                            |
|-------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| RFP Process | <p>Evaluate BAFO's</p> <p>Announce 2 Top-Ranked Finalists</p> | <p>Top Two Ranked Finalists identified</p> <p>BAFO Clarification and Information requested from Top Two Finalists</p> <p>Committee to Reconvene when Information complete</p> | <p>Top Ranked Proposal Identified</p> <p>Final Term Sheet and Finance Terms to be Negotiated</p> | <p>Project Plan Presented to Board</p> <p>If Project Authorized, FEED work to proceed to FID</p> | <p>Commercial Terms</p> <p>Final Design and Construction Cost Estimates</p> <p>Equipment and Construction Contracts</p> |

Progress to Date



*\*Tentative Dates*



# Interior Energy Project



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[interiorenergyproject.com](http://interiorenergyproject.com)