



AIDEA BOARD MEETING

Interior Energy Project
Bringing North Slope Natural Gas to
Alaskans

PROJECT UPDATE



NEWS RELEASE



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FOR IMMEDIATE RELEASE: April 12, 2013

Legislature Unanimously Passes Interior Energy Plan SB 23 Provides Funding for LNG Trucking Project

(Anchorage)-Today the Alaska Legislature unanimously passed SB 23, providing a financing package to begin developing a liquefaction plant and natural gas distribution system. The legislation authorizes \$275 million Alaska Industrial Export Authority (AIDEA) bonds and loans.

"Through the leadership of Gov. Parnell and the Interior Delegation, AIDEA can continue the due diligence process to develop a project to natural gas to Fairbanks," said Ted Leonard, executive director of AIDEA. "This project will involve a strong collaboration with the private sector and will build out a distribution system to prepare for a natural gas pipeline."

The \$275 million in AIDEA authorization includes \$150 million in bonds and \$125 million in the Sustainable Energy Transmission and Supply (SETS) Fund. The Interior Energy Plan also includes \$50 million for an equity investment and \$30 million in natural gas storage credits. The project includes a gas conditioning and liquefaction plant on the North Slope, LNG storage and re-gasification facilities in the Fairbanks North Star Borough and the build out of a natural gas distribution system. Trucking contracts would be set to move LNG from the North Slope to the road system.

"We are working closely with AIDEA on this plan that can reduce energy bills in Fairbanks by 40 percent," said Sara Fisher-Goad, AEA executive director. "AEA's reach is statewide and we are exploring the potential to expand this project further into rural Alaska and villages along the river system."

Next steps are the due diligence efforts and purchase agreements this year to bring first gas and propane to customers at the end of 2015.

The Alaska Energy Authority and Alaska Industrial and Export Authority are public corporations of the State. AEA's mission is to reduce the cost of energy in Alaska. AIDEA is dedicated to promoting, developing and advancing economic growth and diversification in Alaska. Alkeneryauthority.org/ and Aidea.org/

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- SB23 signed in Fairbanks on May 24
- Demand study finalization
- Feasibility analysis
- RFP for equity partner
- Public outreach

ENGINEERING BRIEF

- Completed April 23
- Recommends advancing a project
 - Project is feasible from engineering perspective
 - An aggressive schedule can bring natural gas in by 2015 or early 2016
 - Accommodates alternative supply scenarios

**Interior Energy Plan:
North Slope / Fairbanks LNG Project
Engineering Brief and Consultant Team
Recommendations**

Prepared by

Alaska Industrial Development and Export Authority
In Partnership with the Alaska Energy Authority

April 23, 2013

In Cooperation with:

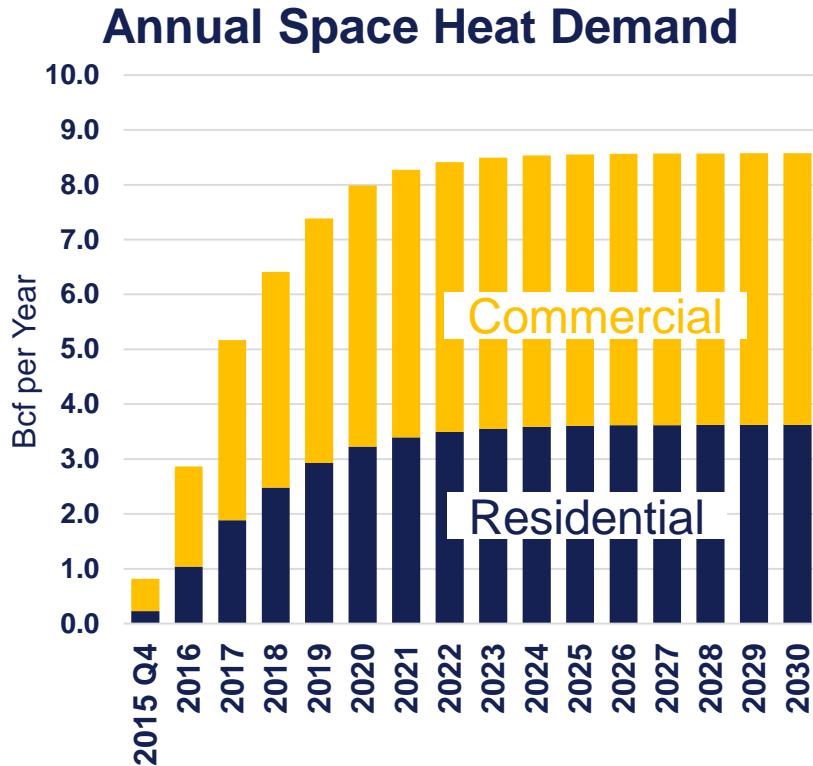


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DEMAND ANALYSIS



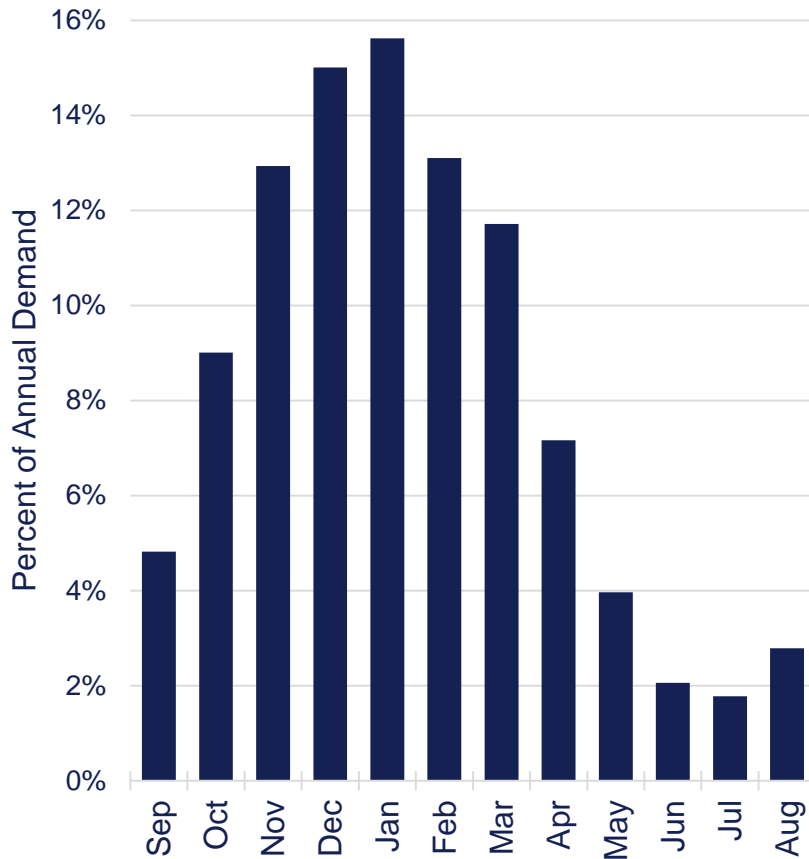
- Demand analysis completed by Northern Economics
- Full build-out space heat annual demand is 8.5 Bcf
 - LNG plant capacity will be greater to serve seasonal swing
- Other natural gas demand potential (e.g., GVEA, Flint Hills)

Customer Count by Sector

	2015	2016	2017	2018	2019	2020	2021	2022
Residential	1,621	6,442	9,399	12,003	13,684	14,808	15,437	15,826
Commerical	791	1,420	1,703	1,871	2,045	2,095	2,116	2,127
Total	2,412	7,862	11,101	13,874	15,729	16,903	17,554	17,953

SEASONAL SWING

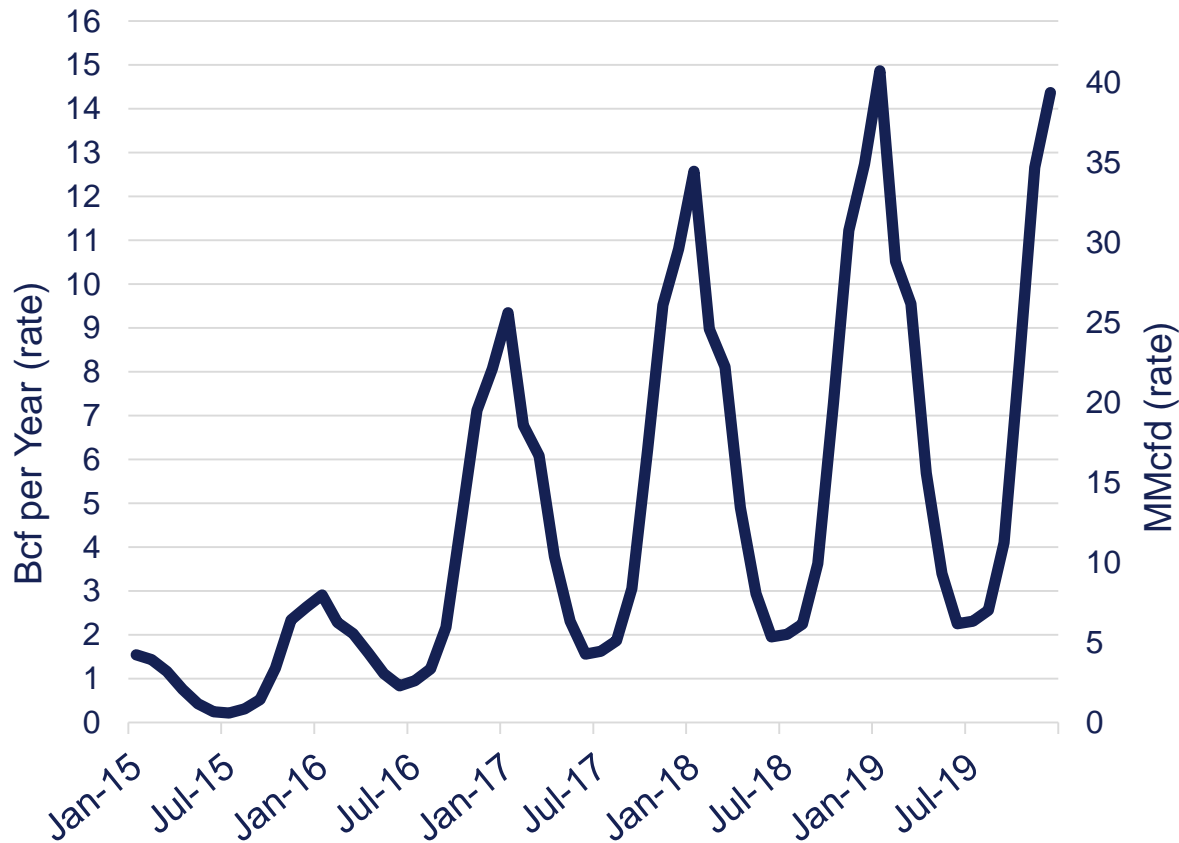
Monthly Space Heat Demand



- Most space heat demand in winter
- Seasonal swing met with combination of LNG plant capacity and LNG storage
- MEI has optimized plant capacity need to meet demand

SEASONAL GROWTH

Monthly Space Heat Demand Growth



- Winter peak demand met with storage and LNG plant capacity
- Expressed as average monthly rate (Bcf per year, MMcfd)

LNG PLANT SIZE



9 Bcf

- **Based on demand and seasonal swing**
- **9 Bcf annualized**
 - **Three 100,000-gallon trains**
- **Expandable to meet future growth**

FEASIBILITY ANALYSIS

- **Feasibility analysis underway**
- **Targeted for July Board meeting**
- **Determines project direction**

Feasibility Analysis

- **Site location**
- **Capital and operating cost**
- **Customers' natural gas price**
- **Contracting structure**
- **Capital structure**

PARTNER RFP

- To be issued the week of June 24
- Due on July 15
- Will distribute to respondents that showed interest in design and construction of LNG facility and/or system operations to January RFI

Partner RFP

- Requesting from partner: minimum \$20 million and up to \$50 million equity
- Offers low-risk equity position
- Negotiated, fixed rate of return on equity

PUBLIC OUTREACH

- Website launched
- Public Involvement Plan
 - Implementation July 1
 - Formalizing efforts and protocols
 - Identifying audiences and communications tools
- Continued public presentations



Bringing North Slope Natural Gas to Alaskans

Interior Energy Project

HOME PROJECT WHY LNG SCHEDULE FAQs RESOURCES AND DOCUMENTS CONTACT

"...lowering energy costs for the Interior is a priority and SB23 is an avenue to meet that goal. Fairbanks has PM 2.5 air quality problems, which has attracted potentially expensive federal attention. The ability to convert gas to a heating source will help solve this problem and ease the burden that PM air pollutant levels place on this state."

Brittany Hutchison
(representing Diane Hutchinson, presiding officer of the FNSB Assembly)

Home / Home

Fairbanks residents pay some of the highest energy costs for any metropolitan area in the nation and have experienced poor air quality due to particulate pollution.

The Interior Energy Project was introduced by Gov. Parnell during the 28th legislative session to bring affordable energy to the Interior as quickly as possible. The legislation provides a financial package to serve as a catalyst to bring natural gas to Fairbanks and North Pole. - [Read More!](#) -

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Questions?