April 22, 2024

Senator Click Bishop
Senate Resources Co-Chair
State Capitol, Room 504
Juneau AK, 99801

Dear Senator Bishop:

We write to you on behalf of the Alaska Gasline Development Corporation (AGDC) Board of Directors, empowered by the legislature to manage AGDC’s work to unlock North Slope natural gas for in-state benefit and commercial export. We respectfully ask that you support AGDC’s budget request for an additional year.

We share the legislature’s frustration with the progress in attracting private capital for the Alaska LNG Project. However, considering the looming natural gas shortages from Cook Inlet supplies we believe that phasing the project by constructing the pipeline first to provide natural gas to Southcentral Alaska as early as 2029 has a high degree of success. We have instructed AGDC staff to secure commitments to initiate FEED (the remaining engineering, cost estimating, and construction preparation needed before making a final investment decision) on the pipeline phase no later than the end of this year. If AGDC fails to secure funding for the entire project or for the initial pipeline phase of the project by that date, we have instructed AGDC staff to initiate the work required to shut down and either sell Alaska LNG project assets or put them into storage if there is insufficient value realized for the State of Alaska.

Specifically, AGDC is conducting simultaneous multiparty negotiations that will initiate approximately $50 million in FEED effort for the $10.8 billion pipeline. Aligning the parties involved is a crucial step to unlocking the energy that will meet Alaska’s immediate and long-term needs:

1. AGDC is advancing gas supply precedent agreements with North Slope producers to supply the in-state volumes that Alaska needs at commercially favorable terms.

2. AGDC is advancing agreements with Southcentral utilities and industrial users to purchase natural gas from the Alaska LNG Project and underpin the private funding needed to construct the pipeline.

3. AGDC is advancing agreements with a well-qualified North American pipeline developer to complete FEED.

We believe that this initial development of the pipeline will have the added benefit in making the entire Alaska LNG Project more attractive for investment.
With the coming Cook Inlet natural gas shortage, the need for North Slope natural gas is greater than ever. The State of Alaska has invested a tremendous amount of effort and money to advance the Alaska LNG Project to lower our energy costs, catalyze our economy, clean our air, and increase our self-sufficiency. These goals are as valid today, if not more so, as they were when the legislature established AGDC. We believe they are well within reach and ask for your continued support this year.

We are available individually or collectively to explain the Alaska LNG Project’s viability and value and answer any questions you may have.

Sincerely,

Warren Christian
Chair

Janet Weiss
Vice Chair

Mike Chenault
Secretary/Treasurer

Cc: Governor Mike Dunleavy
    Lacey Sanders, Director, Office of Management and Budget