

***Alaska Natural Gas
Development Authority***

**NORTH SLOPE GAS
TO TIDEWATER**

Briefing to the Board of Directors of

Chugach Electric

June 15, 2005 in Anchorage

Alaska's North Slope Gas **The Last Nine-Months**

- **ANGDA's "Report to the People"**
- **National gas pipeline legislation**
- **Stranded gas act negotiations between producers and the state**
- **Draft decision on Trans-Canada's right of way application in Alaska**
- **Sempra joins AGPA on Valdez LNG & withdraws when no gas for sale**
- **FERC issues "open season rules"**

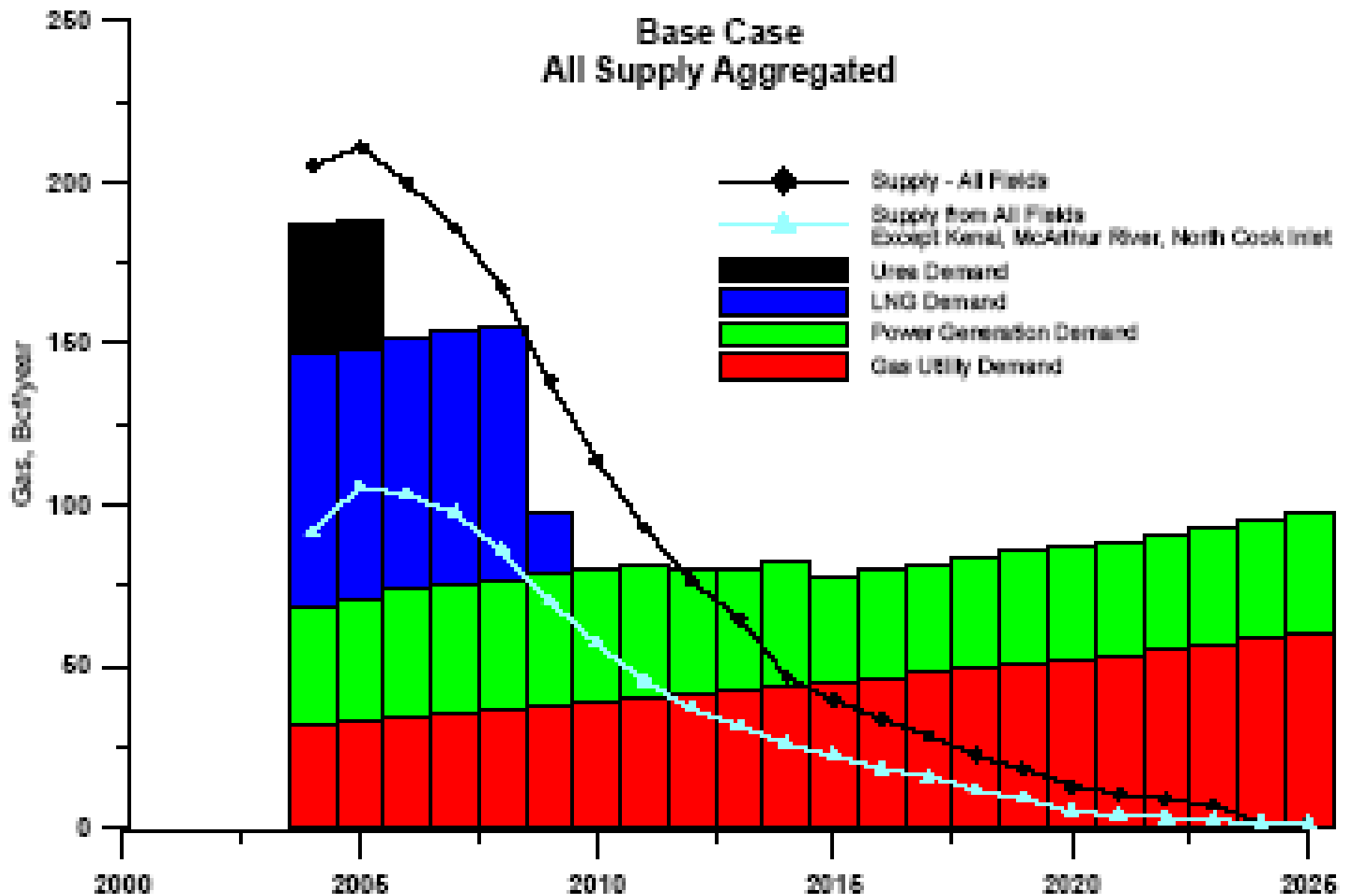


Figure 4.8. Base Case total aggregated supply and demand.

From the US DOE "South Central Alaska Natural Gas Study" June 2004

Alternatives Solutions to Cook Inlet Gas Supply Shortage

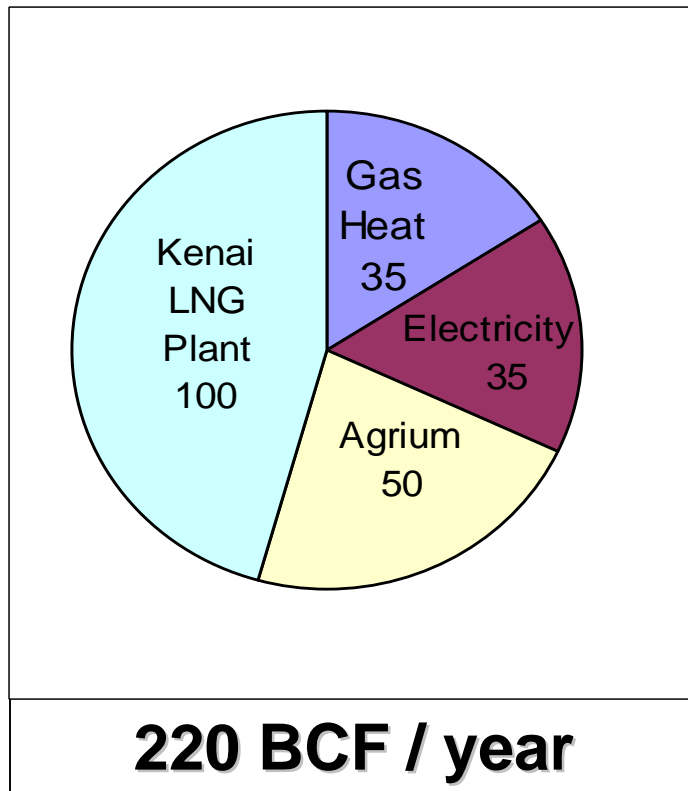
- **More gas exploration & extension in Inlet**
- **Import Indonesian LNG thru Kenai plant**
- **Fully develop coal bed methane**
- **Convert & build new coal fired electric power generation plants**
- **Increase “renewable” sources for gas & electricity**
- **Construct Susitna dam & hydro-electric**

Spur Line to Cook Inlet Area

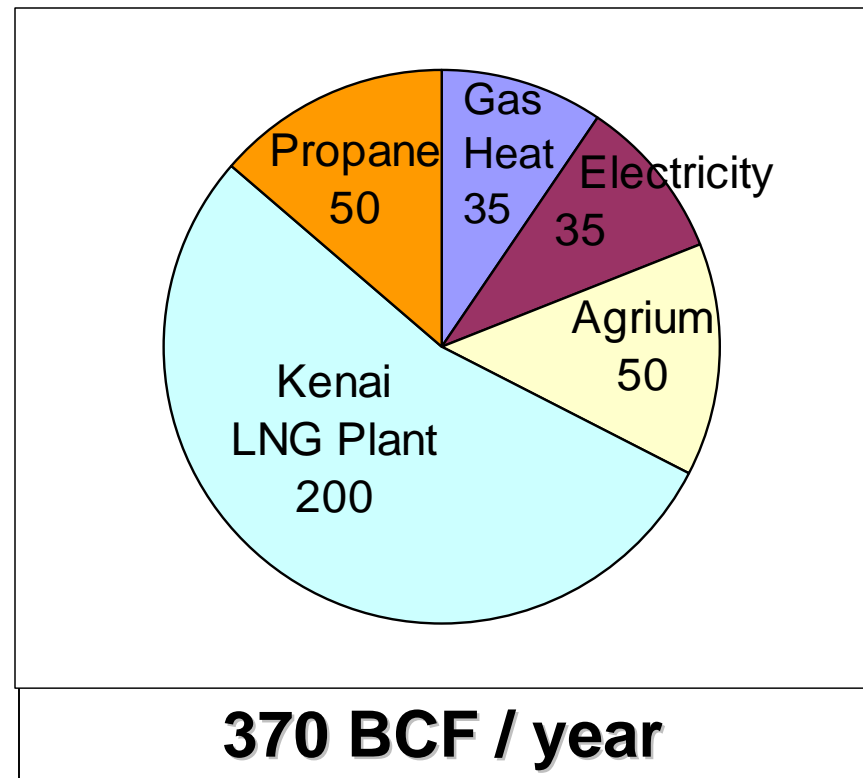
- **High-pressure (2,500 psi) buried gasline (24-inch diam) from Glennallen to Palmer (140 miles) can supply today's 0.5 bcfpd of gas use and would cost \$350 million**
- **ANGDA building the gas spur line as a State gas transmission utility with low-interest-rate debt-financing can reduce the cost of service to the range of \$0.15 / mmbtu (RCA regulated)**
- **Connection point and final routing dependent on other's decisions on larger North Slope gas projects (going to Delta doubles cost)**

Cook Inlet Gas Uses

Present Demand in 2005



Demand with Cook Inlet Spur-Line



Current Spur Line Work

- **ANGDA filed for a State ROW lease on April 4, 2005** (go to www.jpo.doi.gov)
- **Current study shows co-transport of large propane volume is feasible & attractive in dense phase spur line**
- **Contractor studying barging propane to Alaska coastal & river communities**
- **“Bullet line” project will be further studied as best solution to Cook Inlet gas shortage** (see report at www.allalaskaing.com)

ANGDA Activities in Ongoing Alaska Gas Timelines

TIME LINE	2005	2006	2007
STRANDED GAS ACT	<p>JUNE 05 Earliest Agreement</p> <p>Provide Legislature with Information</p> <p>Design NGL Straddle Plant</p>	? FOCB	
COOK INLET GAS SHORTAGE	<p>Gas Prices Up</p> <p>OCT 05 Agrium Shutdown</p> <p>APRIL 05 File Spur Line ROW Application</p> <p>SEPT 05 Get State ROW</p> <p>Get Spur Line Ready to Build</p>	? Brownouts	<p>Kenai LNG Plant Close or Expand?</p> <p>Pre Construction Activites</p> <p>Winter Season Build</p> <p>Summer Season Build</p>
FEDERAL	<p>MAY 05 Open Season Rules final</p> <p>In-State Gas Use Study</p> <p>How to Play in Open Season</p>	<p>APRIL 06 Federalize Project</p> <p>If No Applications, Propose Bullet Line</p>	

ANGDA Work Items (Thru 2005)

- **Gas spur line field work**
- **AOGCC Hearings on Prudhoe Bay**
- **L B & A Hearings on SGA Information**
- **Challenges to FERC Open Season Rules & Alaska In-State Gas Uses**
- **Contracting preparations to meet Cook Inlet gas supply timeline**
- **Work with new Alaska gas consumers**

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www.jpo.doi.gov

www.allalaskaing.com

www.angda.state.ak.us

For Further Information Contact:

Harold Heinze

411 W. 4th Ave, Anchorage 99501

(907) 257 – 1347

Fax: (907) 646 - 5005

hheinze@jpo.doi.gov