



The Alaska Natural Gas Pipeline Project

Alaska/U.S. Context

April 2007



Background

- ❖ Role of Canadian Consulate in Anchorage:
Raise awareness about Canada, defend Canadian interests, encourage business and cultural links between Canada and Alaska
- ❖ Not speaking on behalf of Alaska or the US Government



Overview

- ❖ Historical background
- ❖ US Federal legislation
- ❖ State of Alaska legislation
- ❖ Alaska Gasline Inducement Act – what is it? What is happening now? What is the proposed timeline? What are the challenges?



Historical Background

- ❖ Canada-US Agreement 1977
- ❖ Canada: Northern Pipeline Act (NPA)
- ❖ US: Alaska Natural Gas Transportation Act
- ❖ Southern portion “pre-build” completed, northern section postponed due to economics
- ❖ State of Alaska Stranded Gas Act 1998, 2003
- ❖ Increased gas prices renewed interest
- ❖ Producers’ 2001 study determined a highway route was most economic



US Federal legislation

- ❖ Passed Alaska Natural Gas Pipeline Act, October 2004
- ❖ VP Cheney, Energy Secretary Bodman wrote letters of support in 2006
- ❖ Governor Palin met with federal officials in Washington, February 2007
- ❖ National energy security



Alaska Natural Gas Pipeline Act

October, 2004

- ❖ Established Office of Federal Coordinator
- ❖ \$18 billion in federal loan guarantees
- ❖ No “Over the Top” route
- ❖ FERC is the lead regulator



Role of Federal Energy Regulatory Commission (FERC)

- ❖ Independent agency that regulates the interstate transmission of electricity, natural gas and oil
- ❖ Provides rules for conducting an open season to allocate capacity on the pipeline
- ❖ 2004 FERC-NEB MOU to share information and to coordinate timing of regulatory decisions to the extent possible



U.S. Federal Coordinator

- ❖ Drue Pearce, appointed 2006
- ❖ Coordinates activities of all federal agencies for the Alaska Natural Gas Transportation Projects
- ❖ Assists FERC in expedited review by federal agencies
- ❖ June 2006 15 federal agencies with pipeline responsibilities signed MOU



Alaska: background

- ❖ Stranded Gas Act, 1998, 2003
- ❖ Murkowski contract with the producers
- ❖ Election loss
- ❖ New Governor – Sarah Palin



Alaska Gasline Inducement Act (AGIA)

- ❖ New process, open to all, no route chosen yet
- ❖ Basic principles:
 - incentives for pipeline construction
 - incentives for gas commitment
 - Alaska must-haves
 - application review process



AGIA: current status

- ❖ Introduced to Legislature – March 2
- ❖ Bill in House and bill in Senate
- ❖ Committee hearings:
 - House Resources
 - Senate Judiciary
- ❖ Consideration in other house
- ❖ Conference committees
- ❖ Legislative session ends May 16



Governor Palin's proposed timeline

- ❖ Legislature approves AGIA – May '07
- ❖ 90 days for applications – Jul.-Oct.
- ❖ 60 day public comment period – Oct.-Dec.
- ❖ 30 days for Commissioners' decision – Jan. '08
- ❖ 30 day legislature review – Feb. '08
- ❖ License granted - March/April '08
- ❖ Proponents begin work for open season (firm commitments to ship gas) and permitting applications



AGIA challenges

- ❖ Is the timeline realistic?
- ❖ Legislature expected to make changes
- ❖ May be difficult to reach agreement before end of session in mid May
- ❖ Special session can be called
- ❖ Administration says delay means no field work in summer 2008



Further information

- ❖ AGIA: <http://www.gov.state.ak.us/agia/>
- ❖ FERC:
<http://www.ferc.gov/industries/gas/industryact/angtp.asp>
- ❖ Murkowski's proposal (extensive links to other documents):
<http://www.revenue.state.ak.us/gasline/ContractDocuments/>