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NEW REPORT: ALASKA LNG COST BEATS ASIAN MARKET LNG COMPETITORS

Independent Analysis Confirms 43% Cost Reduction Positions Alaska LNG Ahead of U.S. Gulf Coast LNG Providers

ANCHORAGE, AK (Jan. 31) – Today the Alaska Gasline Development Corporation (AGDC) released a new report by the respected global research firm Wood Mackenzie concluding that project improvements have enabled Alaska LNG to reduce the cost of supply by 43%, which competitively positions Alaska LNG ahead of U.S. Gulf Coast LNG projects. The report, “*Alaska LNG Competitiveness Analysis*,” is available online at AGDC.us.

During the past five years AGDC obtained Federal project authorization, reduced project construction costs by 12%, and implemented a new project finance structure utilizing third-party tolling. Wood Mackenzie calculates that these changes, along with a reduction in the expected natural gas purchase cost, reduce Alaska LNG’s cost of supply to Asia to \$6.70 per Metric Million British Thermal Unit (MMBtu), a 43% reduction, while delivering a market-rate return. This new potential cost of supply falls below the expected price from Gulf Coast projects targeting the same Asian markets.

Alaska Governor Mike Dunleavy said, “Alaska LNG holds tremendous economic development and environmental promise. Natural gas will be a reliable and responsible energy keystone for decades to come, and Alaska LNG is well positioned for success. We are closer now, more than ever, to realizing the decades-old dream of bringing our natural gas off the North Slope for the benefit of Alaskans and worldwide markets.”

AGDC President Frank Richards added, “As our work continues to transition Alaska LNG to a privately led project team, this economic analysis demonstrates that Alaska LNG can deliver LNG at competitive prices. This report comes on the heels of the recent climate study that determined Alaska LNG will reduce Greenhouse Gas Emissions by 77 million metric tons of carbon, a fifty percent reduction for a typical coal energy supply chain, and adds further momentum to our progress.”

Wood Mackenzie forecasts that LNG demand growth remains robust beyond 2050, driving LNG prices higher. The report cites expected Japanese spot prices of \$8 per unit, above Alaska LNG’s cost of supply. LNG demand will outstrip available supply within six years, strengthening the need for new projects like Alaska LNG, according to the firm.

Wood Mackenzie’s analysis identifies opportunities for further Alaska LNG cost reductions, including the \$26 billion Alaska LNG federal loan guarantee included in the infrastructure legislation signed into law in November 2021, and implementing tax reforms that bring Alaska in line with other U.S. jurisdictions.

Alaska LNG sponsors commissioned a similar Wood Mackenzie analysis in 2016 which concluded that Alaska LNG required changes like those listed in the new report to become competitive.

The Alaska Gasline Development Corporation (AGDC) is an independent, public corporation of the State of Alaska charged with maximizing the benefit of Alaska's North Slope natural gas through the development of infrastructure to deliver gas to local and international markets. More information about the Alaska LNG Project can be found at Alaska-LNG.com. More information about AGDC is available at AGDC.us.

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