

President's Report

Frank Richards, President
October 7, 2021



“Slips, Trips and... Fall”

According to the CDC, slips and falls have become the leading cause of traumatic brain injury and **anyone** can slip and fall on icy surfaces. Fall is here and winter is fast approaching; follow these precautions to head off potential injury when snow and ice arrive:

Prevention Tips

- Slow down. Allow yourself enough time to get where you are going. Your chances of falling increase when you are running late and rushed.
- Heed parking lots. Be extra careful getting in and out of your car. Hold on to your door or car as you get out to give yourself extra support. Also, watch for cars sliding in icy parking lots.
- Walk like a penguin. When walking on ground that is slippery from ice and/or snow, take short, shuffling steps, walk as flatfooted as possible.
- Keep your hands free. Wear gloves so you can keep your hands out of your pockets to help you balance.
- Avoid carrying heavy loads or children that may cause you to become off balance.
- If entrances or sidewalks are not safe, ask people to help remove the snow or use deicer. Businesses and property managers can help eliminate the dangers.

PRO TIP!

When at all possible, use traction aids to prevent slips. These traction aids could be shoes or boots with built in traction or studs, YakTracs, etc. that are donned over regular footwear.

Office COVID-19 Policy Update

Effective Monday, September 27, 2021, Governor Dunleavy placed State of Alaska employees into “enhanced hybrid work posture” whereby all staff, to the maximum extent practical, are directed to telework through October 29, 2021.

AGDC staff will follow the administration guidance. Staff onsite for business essential work will:

- Mask when not at duty station
- 6 ft. personal bubble to be observed at all times while on premises
- Teleconference whenever possible for meetings, including internal meetings. If an in-person meeting is essential for business, please limit conference room occupancy to 6 people maximum.
- Guests and visitors must sign in and remain masked at all times while in the suite
- Get tested if you are experiencing symptoms and follow guidance based on vaccination status

Ongoing:

Continued monitoring of Municipality of Anchorage, State of Alaska DHSS, OSHA, and CDC for mandates, recommendations, and advisories

- Seeking federal support as part of Infrastructure Package
- Advancing development agreements with Strategic Parties and Pipeline Lead Party
- Completed Greenhouse Gas (GHG) life cycle analysis
- Finalized LLC Agreement revision and update for 8-Star Alaska, LLC
- Monitoring LNG market actions and trends
- Monitoring legal challenges to DOE and FERC authorizations
- Developed LNG Lead Confidential Information Memorandum (CIM)

- Infrastructure and Reconciliation Bills
 - No grant funding allocated for Phase One
 - Amendment authorizing Alaska Natural Gas Pipeline Act (2004) Loan Guarantees for Alaska LNG
 - \$18B (2004) = \$25.6B (2021)
 - Working with Alaska delegation and staff on eligibility language for low carbon energy from Alaska
- National Defense Authorization Act
 - Policy directing Department to look for cleaner burning, lower carbon energy sources for power generation at Arctic military installations

FY21 Year End Financial Report

ALASKA GASLINE DEVELOPMENT CORPORATION

Budget to Actual FY21

as of June 30, 2021 Unaudited

	YTD		
	Budget	Actual	Variance
AGDC OPERATING			
Personal Services	2,391	1,525	(866)
Travel		1	1
Services	1,001	1,522	521
Commodities	40	32	(8)
Depreciation	0	52	52
AGDC OPERATING TOTAL	3,432	3,132	(300)
CAPITAL			
AKLNG			
Venture Development	1,710	1,094	(616)
Core PMT & Systems	1,036	1,391	355
ERL	1,728	1,243	(485)
CAPITAL TOTAL	4,474	3,728	(746)
OPERATING & CAPITAL TOTAL	7,906	6,860	(1,046)

ALASKA GASLINE
DEVELOPMENT CORP.

as of August 31, 2021 Unaudited

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AGDC STRATEGIC PLAN 2021/2022 TACTICAL ACTION PLAN SCORECARD

NO	ACTION	DUE DATE	ASSIGNED RESPONSABILITY
1	PHASE ONE PIPELINE OPPORTUNITY		
1A	Negotiate & Finalize the LOI with Pipeline Lead Party	3/15/2021	COMPLETE
1B	Approve LOI for Execution	4/15/2021	COMPLETE
1C	Federal Infrastructure Funding Communication Program	Ongoing	COMPLETE
1D	Key Alaska Stakeholder Communication Program	Ongoing	COMPLETE
1E	Execute Pre-Development Work Scope	Ongoing	Brad Chastain
1F	Negotiate & Finalize the PDA with Pipeline Lead Party	6/30/2021	Overcome by Events
1G	Submit FY22 AFE (Phase One Pipeline) for Board approval	6/30/2021	COMPLETE
1H	Approve PDA for Execution	7/15/2021	Overcome by Events
1I	Receive Federal Infrastructure Funding	9/30/2021	Overcome by Events
1J	Provide Notice to Proceed to Pipeline Lead Party	10/15/2021	Overcome by Events
1K	Transition to the Pipeline Lead Party in 8 Star Alaska, LLC	12/31/2021	Overcome by Events
2	PROJECT PERMITS AND AUTHORIZATIONS		
2A	Obtain Remaining Major State of Alaska Permits & ROW	Ongoing	Lisa Haas
2B	Maintain Existing Permits & Authorizations	Ongoing	Lisa Haas
2C	Develop Comprehensive Permitting & Compliance Management System	6/30/2021	COMPLETE
2D	Support Transition to Lead Parties	6/30/2022	Lisa Haas

Strategic Plan Progress (continued)

AGDC STRATEGIC PLAN 2021/2022 TACTICAL ACTION PLAN SCORECARD

3	FULL PROJECT VENTURE DEVELOPMENT		
3A	Extend the Letter Agreement with Strategic Parties to 6/30/2023	6/30/2021	Nick Szymoniak
3B	Outline all development agreements with Strategic Parties and assign responsibilities for creation and completion	6/30/2021	Nick Szymoniak
3C	Finalize Equity Structure & Participation Model	6/30/2021	COMPLETE
3D	Identify Commercial Requirements to Enable a FEED Sanction Decision	4/30/2021	COMPLETE
3E	Finalize Lead Party for LNG Subproject	6/30/2021	Nick Szymoniak
3F	Advance Term Sheets for Project Development Agreements to govern FEED	10/31/21	Nick Szymoniak
3G	Develop and maintain a risk register that identifies risks to be allocated in the PDAs and supporting agreements	12/31/2021	Nick Szymoniak
3H	Contract Wood Mac to update their evaluation of the 2016 economic viability of the Project	4/1/2021	Overcome by Events
3I	Develop a Project timeline that establishes a reasonable schedule for a FEED stage gate, FID, and COD	6/30/2021	COMPLETE
3J	Submit FY22 AFE (Full Project Venture) for Board approval	6/30/2021	COMPLETE
3K	Advance government-to-government relationships and agreements to compliment international commercial agreements	Ongoing	Nick Szymoniak
3L	Position Alaska LNG as an Energy Transition project including Hydrogen fuel	Ongoing	Nick Szymoniak
3M	Finalize 8 Star Alaska, LLC governance and Project Financing Plan	12/31/21	Nick Szymoniak
3N	Finalize FEED Decision Support Package	6/30/2022	Nick Szymoniak
3O	Approve FEED	7/15/2022	Board of Directors
3P	Transition to GTP & LNG Subprojects within 8 Star Alaska, LLC governance	8/31/2022	Brad Chastain

Strategic Plan Progress (continued)

AGDC STRATEGIC PLAN 2021/2022 TACTICAL ACTION PLAN SCORECARD

4	PROJECT OPTIMIZATION & COMPETITIVENESS		
4A	Resolve Payment in Lieu of Taxes (PILT)	6/30/2022	Nick Szymoniak
4B	Resolve State of Alaska Fiscal Stability	6/30/2022	Nick Szymoniak
4C	Update the Joint Economic Model with Strategic Parties	6/30/2022	Nick Szymoniak
5	TOTAL PROJECT VALUE EVALUATION		
5A	Develop the Alaska Total Value Economic Model	4/15/2021	COMPLETE
5B	Inform Policymakers & Key Government Stakeholders	4/30/2021	COMPLETE
5C	ADNR Determination of RIV/RIK	3/30/2022	ADNR Commissioner

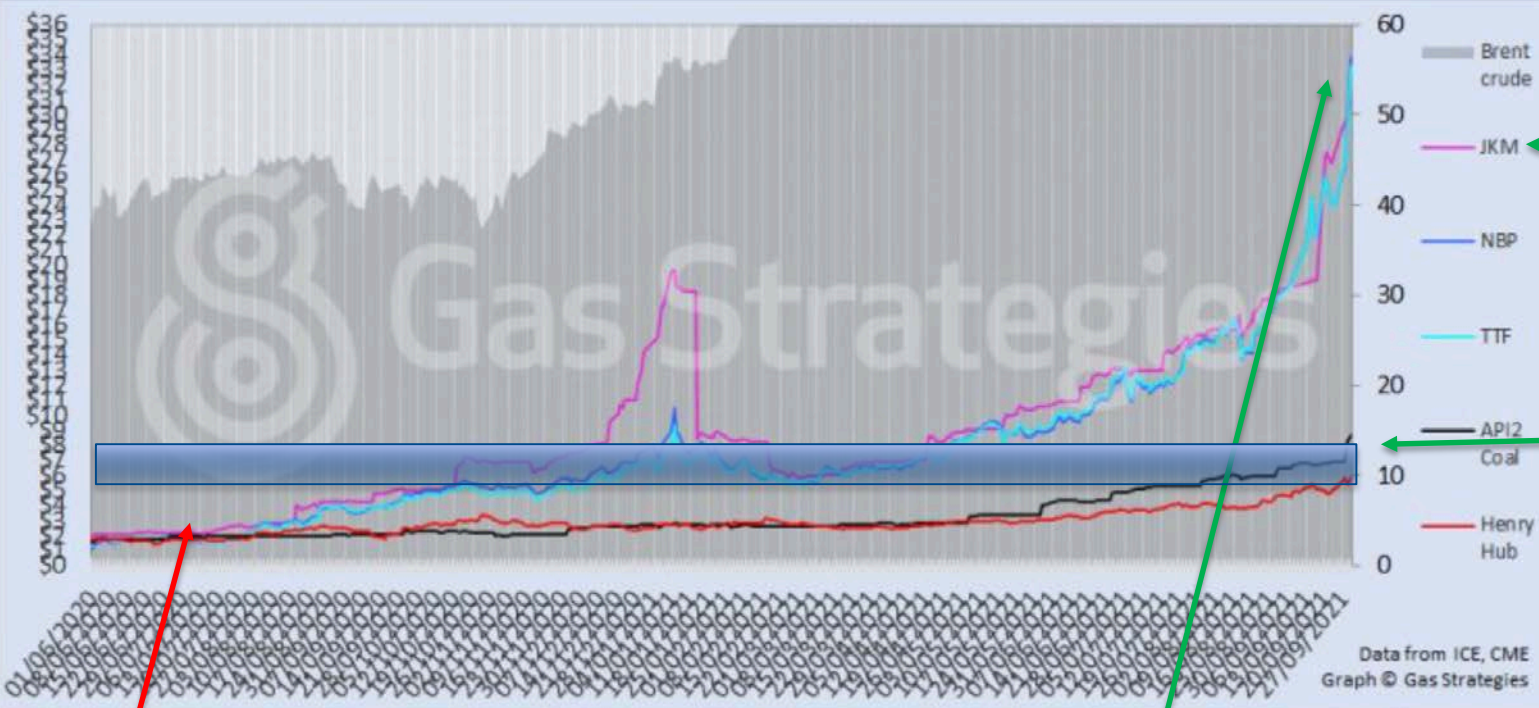
Venture Development Update



The LNG Market Update

LNG and natural gas spot prices are at historic highs and are expected to remain high for the foreseeable future. This creates an opportune environment to develop Alaska LNG.

US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 June 2020



Japan, Korea
Market
(spot price)

Alaska LNG
Target Range

Summer 2020

LNG: \$2.00

Henry Hub: \$2.00

Now (10/1/2021)

LNG: \$31.10

Henry Hub: \$5.87

- Two LNG demand scenarios based on different speeds of the energy transition
- Under both scenarios, global LNG demand grows through 2040 and outpaces supply beginning in 2025
- Demand for new LNG supply is driven by Asia coal-to-gas switching and growth in Southeast Asia and India
- Significant levels of LNG capacity will be needed as LNG demand doubles by 2040

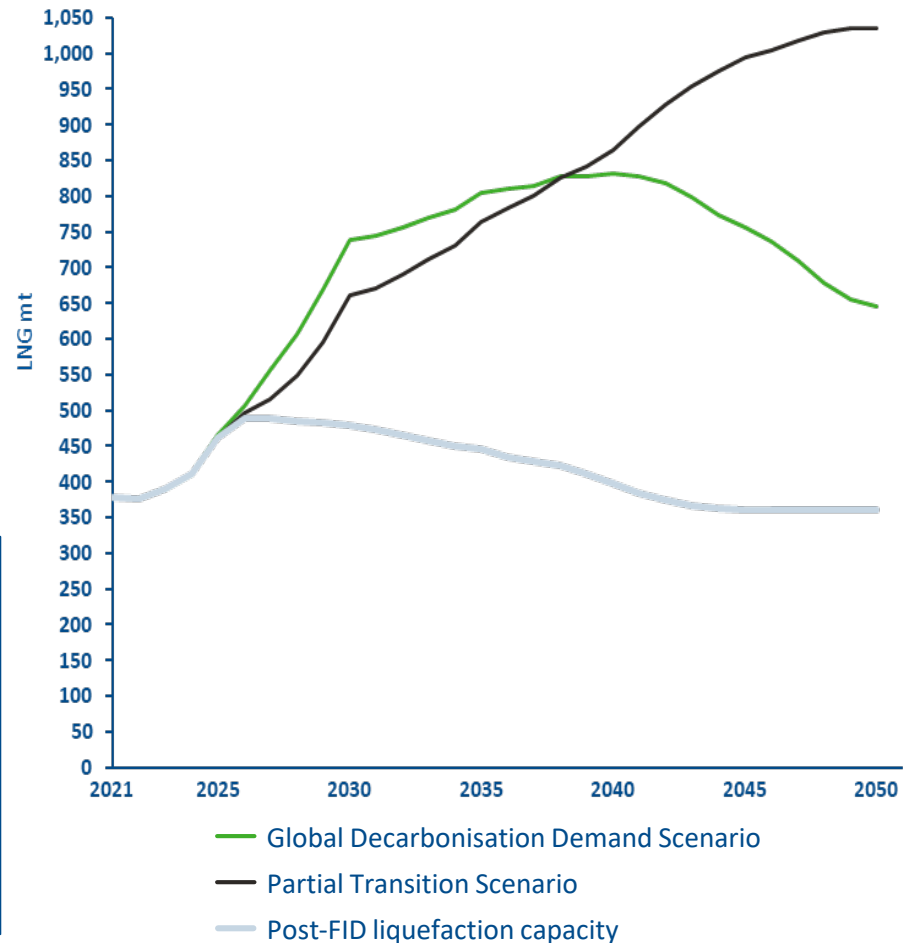
Global Decarbonisation Demand Scenario:

Individual nations' net-zero emissions are met while LNG demand increases in developing countries without net-zero targets.

Partial Transition Scenario:

Net-zero targets are met with a 10-year delay with an increased near-term focus on coal-to-gas switching.

**Global LNG Supply/Demand Balance
Forecast, 2021-2050***



Source: Gas Strategies

Spot Prices

- LNG spot prices are at all-time highs with prices now over \$30
- Uncertain when the market will balance as there is little spare LNG capacity
- *“A combination of low stocks and strong demand for gas have pushed up prices in Europe, while a colder than expected winter in North Asia is fueling the price surge.”*
–Reuters, 9/30/21

New Project Development

- Limited new long-term LNG supply contracts or new projects being sanctioned
- Qatar’s North Field expansion is the one exception as the low-cost supplier continues its planned growth with a series of new agreements announced
- *“Nine months into the year, no new [North American] projects have received final investment decisions, or FIDs, and some developers canceled or pushed back projects.”* –S&P Global, 9/15/21

Low-Carbon Cargos

- Using carbon offsets to create “zero carbon” LNG is becoming more common
- *“Fifteen carbon-offset LNG trades have been announced so far in 2021, compared to eight in 2019 and 2020 combined”* Natural Gas Intelligence, 9/30/21

Strategic objective is to advance the project to FEED entry

The following need to occur:

- Secure LNG plant lead
- Resolve State of Alaska property tax and fiscal issues
- Develop and execute necessary agreements to secure balance sheet commitments

Current efforts are largely focused on securing LNG Plant Lead Party

- Develop Confidential Information Memorandum (CIM)
 - Collaborate with advisors and Strategic Parties **Complete**
 - Test Road Show with friendly audiences to refine CIM and presentation **Complete**
 - Develop teaser pack with non-confidential information
- Road Show to Identify Optimal LNG Lead Party **(Oct-Nov 2021)**
 - Target IOCs, LNG developers, and infrastructure investors
 - Utilize Strategic Party contacts and business relationships to hold meetings at the highest level of target organizations
- Negotiate with Identified LNG Lead Party
 - Join Strategic Party group **(Nov-Dec 2021)**
 - Preliminary agreement to take LNG lead party role **(Q1 2021)**
 - FEED-entrance agreements **(First half 2022)**

- The Alaska LNG Lead Party Confidential Information Memorandum (CIM) provides a comprehensive overview of the development strategy for the Alaska LNG Project.
- The CIM presents the commercial opportunity to potential LNG Lead Parties
- Distributed to qualified LNG developers under confidentiality agreements

The LNG Lead Party CIM



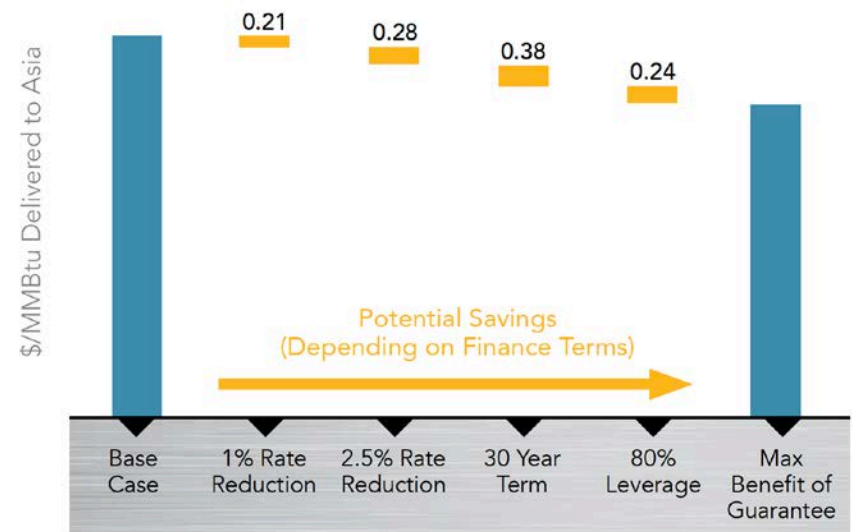
Federal Loan Guarantee

The full faith and credit of the United States will be pledged to pay all of the principal and interest on \$25.6 billion of Alaska LNG debt in the event of a default.

- The Infrastructure Bill includes a loan guarantee for Alaska LNG
 - Principal amount of debt guaranteed up to \$25.6 billion (adjusted for inflation)
 - Up to 80% of the capital cost
 - Term of up to 30 years
- Loan guarantee will be subject to credit terms and requirements of the loan program
- Benefits of the loan guarantee
 - Reduced cost of supply
 - Completion risk mitigation
 - Federal government support and “skin in the game”

Reduced Cost of Supply

- Interest rate reduction of between 1 and 2.5%
- Potential for longer term debt
- Potential for higher debt/equity ratio



Technical & Regulatory Update



- AOGA group requested Incidental Take Regulations (ITRs)
 - Application submitted June 15, 2020
 - For nonlethal, incidental, unintentional ‘take by harassment’ of small numbers of polar bears and Pacific walruses
 - During oil and gas activities in the Beaufort Sea and north coast of Alaska
 - Similar ITRs have been in place since 1993
- ITR was issued August 5, 2021
 - Specifies mitigation, monitoring and reporting
 - Requires Letters of Authorization for specific operations
- Trustees for Alaska filed suit September 16, 2021
 - US District Court – Alaska District
 - Alaska Wildlife Alliance, Alaska Wilderness League, Center for Biological Diversity, Defenders of Wildlife, Environment America, Friends of the Earth, and Sierra Club
 - Allege FWS violated NEPA, MMPA and ESA

- May 21, 2020 - Alaska LNG Project FERC Order Issued
- June 22, 2020 - Interveners filed requests for rehearing
- July 22, 2020 - FERC denied the rehearing request
- September 11, 2020 – FERC modified discussion in the Order
- September 22, 2020 – CBD & Sierra Club filed appeal in DC Circuit Court
- Court-issued briefing schedule
 - Petitioners: Sept. 13, 2021; FERC: Nov. 12, 2021; AGDC: Nov. 26, 2021; Petitioners reply: Dec. 27, 2021; Final Briefs: Jan. 18, 2022
- Oral arguments (3-6 months later)
- Court decision (3-5 months later)
 - If court determines FERC's analysis needs more work, will likely send (i.e., remand) it back to FERC to perform analyses the Court found lacking
- Historically, a finding that FERC failed to comply with NEPA has not meant the applicant would need to stop work or remove materials/facilities if construction was already underway
- Continued challenges to NEPA are the subject of multiple court cases

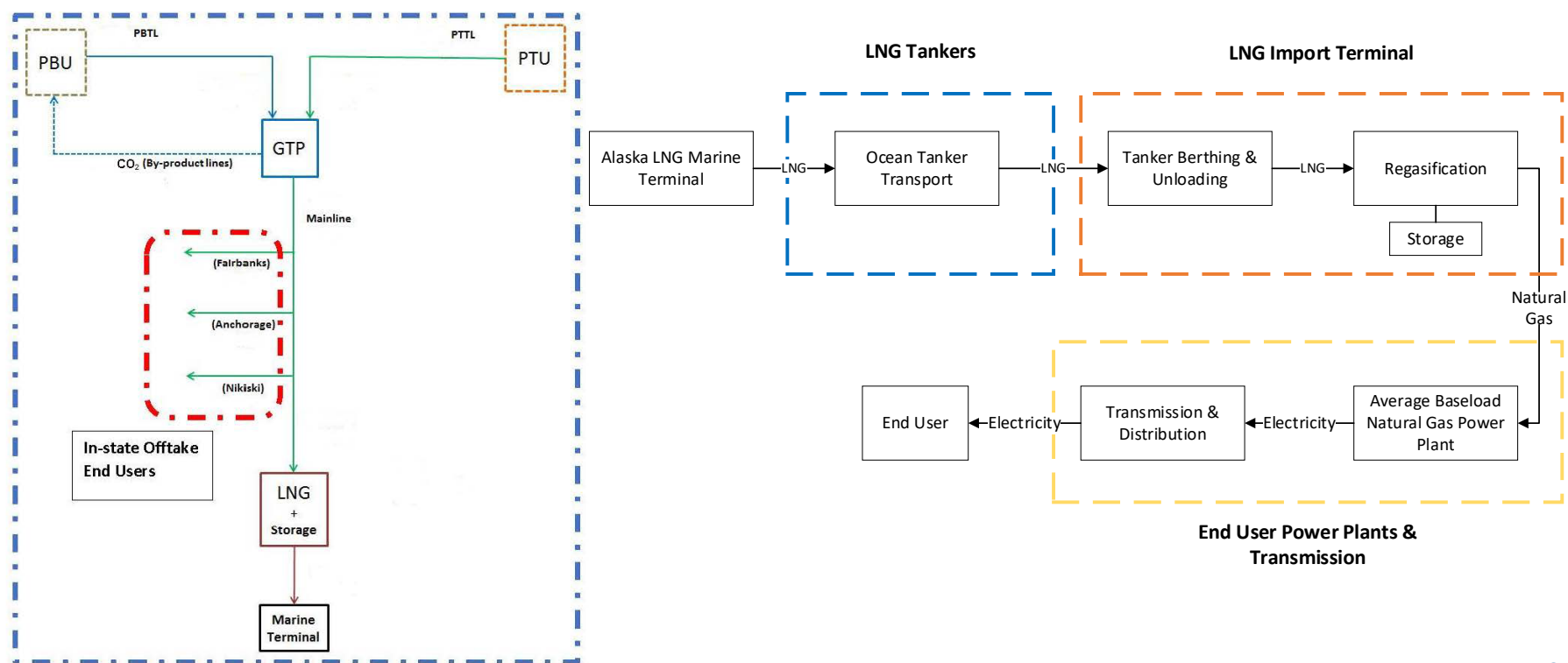
- DOE formally adopted the FERC EIS on March 16, 2020
- Issued license for export to Non-Free Trade Agreement (NFTA) Nations August 20, 2020
- Sierra Club filed Request for Rehearing September 21, 2020
- DOE issued the Rehearing Order April 15, 2021
 - Granted Sierra Club's Rehearing Request for conducting 'Alaska environmental study proceeding'
 - Denied Sierra Club's request to withdraw the Order
 - Acknowledged two recent Executive Orders
 - *E.O. 13990, Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis*
 - *E.O. 14008, Tackling the Climate Crisis at Home and Abroad*
- July 2, 2021 - DOE announced intentions to prepare a Supplemental EIS for the Alaska environmental study proceeding, including GHG lifecycle analysis

- Upstream analysis of potential environmental impacts associated with natural gas production on the North Slope
 - Potential upstream impacts associated with incremental natural gas production due to exports
- Lifecycle analysis (LCA) calculating the GHG emissions
 - Taking into account unique issues relating to production, pipeline transportation, and liquefaction in Alaska
- DOE's National Energy Technology Laboratory (NETL) has been commissioned to do the studies
- Schedule
 - Draft EIS 5/2/2022 for comment
 - Final EIS 9/15/2022
 - Supplemental EIS process concluded 12/14/2022

Alaska LNG GHG Lifecycle Analysis (LCA)

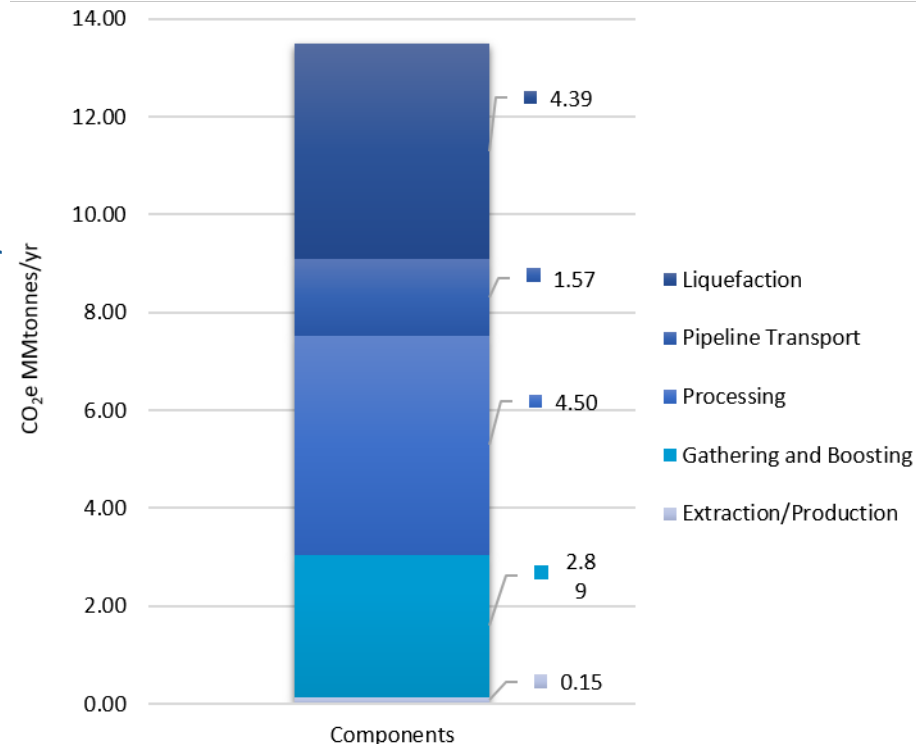
- AGDC contracted with independent third party providers to provide a GHG lifecycle assessment of the Alaska LNG project
- Realistic assessment using publicly available data and NETL methodology

Step 1: Identify components of the full lifecycle



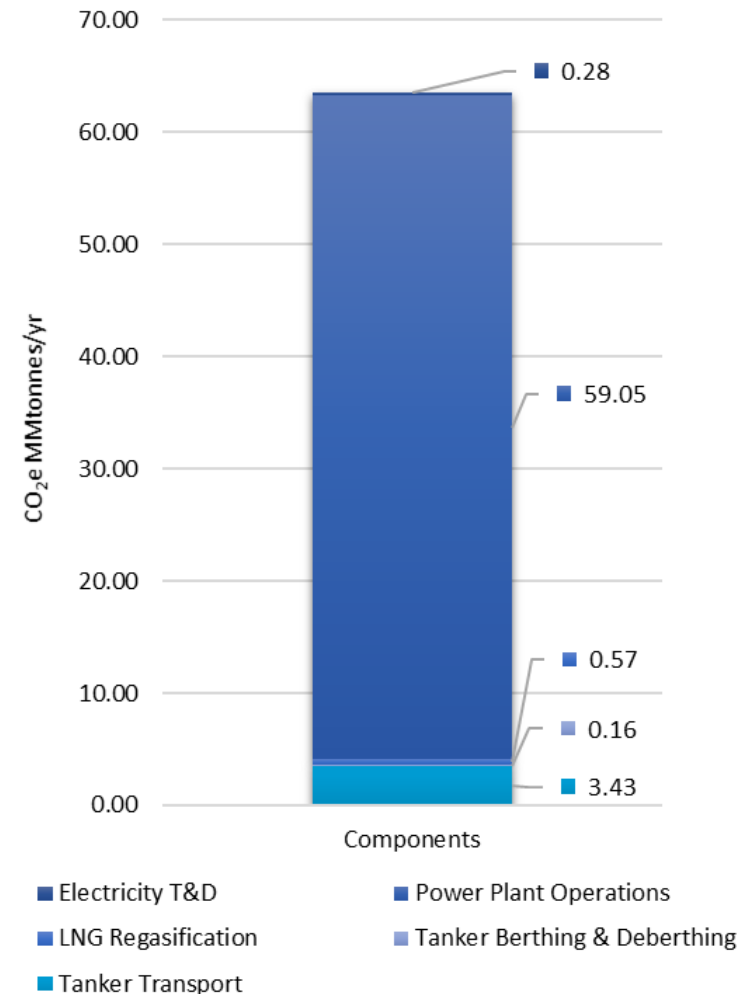
Step 2: Identify emissions for upstream gas supply and project components

- Alaska LNG will come from well-established producing basins: PBU and PTU
- PBU already produces oil and associated gas, and the gas is currently extracted, compressed, and reinjected into the field
 - Emissions are known and published in GHG reports filed with EPA
 - Emissions were allocated between oil and gas based on energy content consistent with the NETL 2019 LCA Natural Gas Extraction and Power Generation Study
 - PBU upstream emissions estimates were adjusted to reflect the ramp-down of existing compressor turbine systems at the Central Compressor Plant (CCP) and Central Gas Facility (CGF) that would occur as PBU gas was exported to the Alaska LNG Project
- PTU incremental processing facilities planned for gas supply were evaluated by FERC as 'non-jurisdictional facilities'

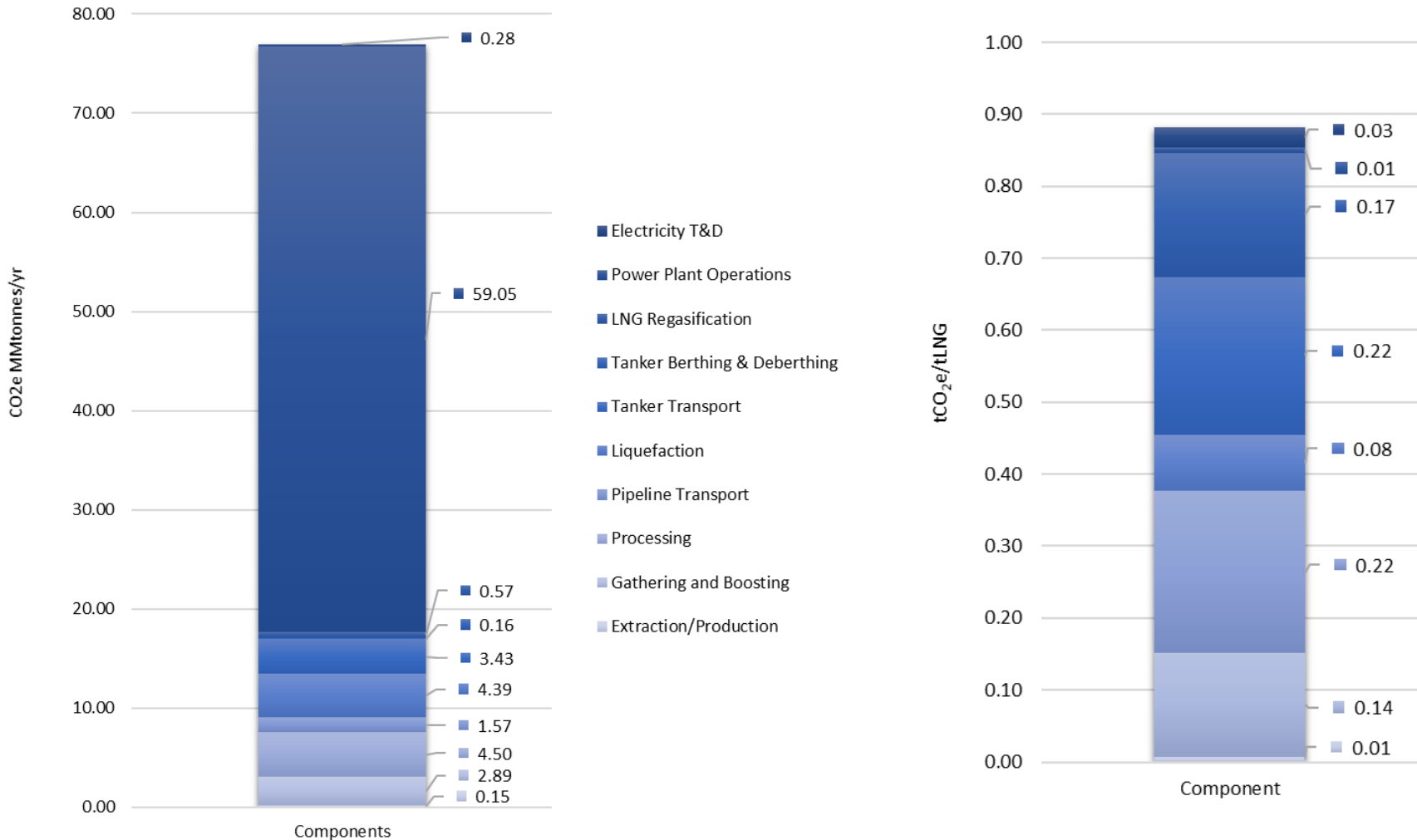


Step 3: Identify emissions for downstream components

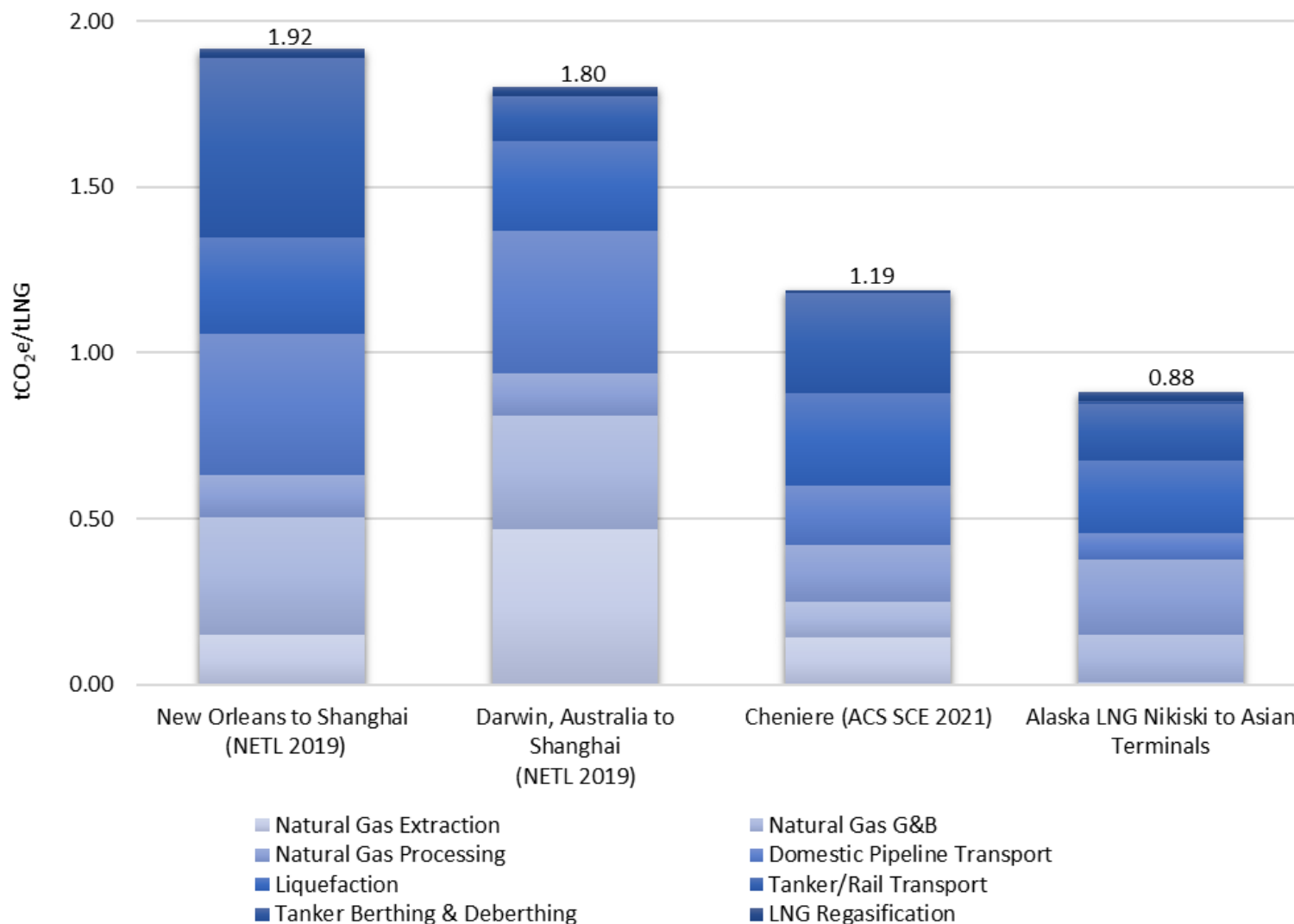
- Downstream components include LNG ocean tanker transportation, tanker berthing/deberthing, LNG regasification, and end user power production, transmission, and distribution
- Developed using publically available data from the NETL reports
- Data were scaled based on Alaska LNG Project's projected production of 20 million tonnes per annum (MTPA) and subsequent shipment volumes to targeted Asian market destinations



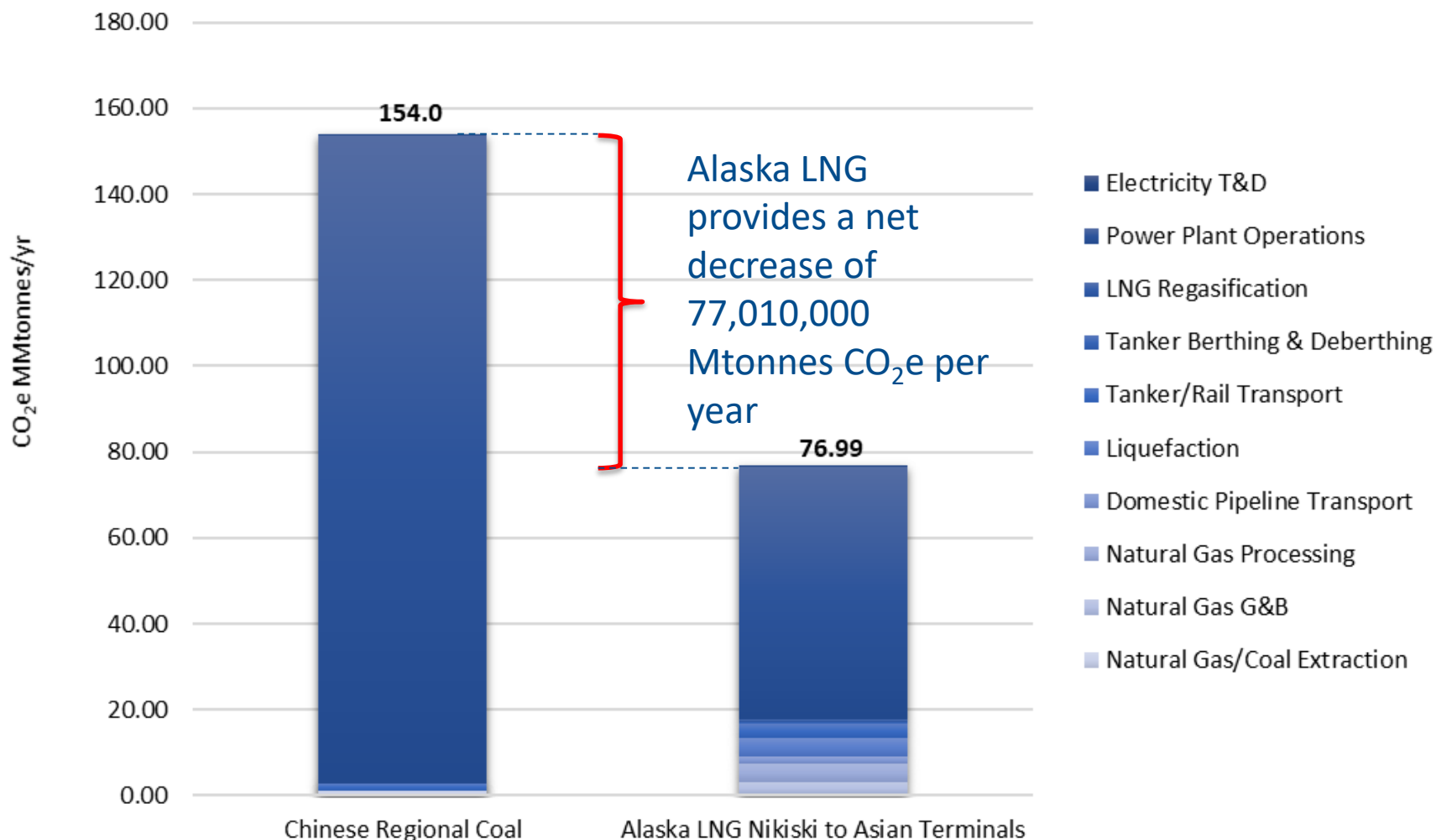
Step 4: Add upstream and downstream emissions to obtain full lifecycle numbers and calculate emissions per ton of LNG delivered (GHG/carbon intensity)



Alaska LNG Compared to Other LNG Sources



Alaska LNG Compared to Asia Coal Emissions



Reduction of 77,010,000 MT CO₂e Per Year

Is equivalent to eliminating emissions from:

- 16.8 million passenger vehicles driven for a year
- Powering 9.3 million homes for a year
- 19 coal-fired power plants
- Burning 8.7 billion gallons of gasoline

Is equivalent to carbon sequestered by

- 1.3 billion tree seedlings grown for 10 years
- 94 million acres of US forests in a year

- Unlocking a market for stranded North Slope gas offers a uniquely low GHG (carbon intensity) LNG opportunity
 - In comparison to other LNG delivered to Asia
 - In comparison to current coal-fired power plants
- Emissions from the current gathering, compression and reinjection processes will decrease
- Emissions from natural gas extraction, gathering, and boosting are lower than those from other comparable LNG projects
- Single large diameter 807 mile pipeline provides limited potential emission locations
- Alaska's strategic location results in lower emissions for LNG transport to Asia in comparison to the US Gulf Coast

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