

# President's Report

---

December 7, 2023



## Winter Walking Safety Tips

Winter weather, freezing rain, and unseasonable temperatures make for icy roads and sidewalks. Here are some tips to help avoid ice-related injuries:

- Walk on designated walkways, especially those treated for ice
- Take short, shuffle-like steps and walk slowly — **walk like a penguin!**
- Wear footwear that provides good traction and/or ice spikes/grippers
- Keep your hands free and avoid distractions, like cell phones, when walking
- Pay extra attention when getting in and out of vehicles and near stairways
- Use multiple points of contact. If you only have 1 foot on the ground, keep your hands on the vehicle or stair railing!



# Financial Report – October 2023

## ALASKA GASLINE DEVELOPMENT CORPORATION

### Fiscal Year to Date Statement of Activities

(in thousands of dollars)

as of October 31, 2023 Unaudited

	<u>YTD Costs</u>
LNG Project Expenditures	1,142
AGDC General & Admin	900
Total	<u><u>2,042</u></u>

### LNG Project Expenditures

	<u>YTD Costs</u>	<u>AKLNG Expenditures</u>
Venture Development	368	
Core PMT & Systems	464	
ERL	310	
Total	<u><u>1,142</u></u>	

### General and Administrative by Function

	<u>YTD Costs</u>	<u>G&amp;A by Function</u>
Personnel	397	
Travel	12	
Services	469	
Commodities	20	
Depreciation	2	
Total	<u><u>900</u></u>	

## Congressional Delegation (CODEL)

- CODEL offices working with AGDC to address Department of Energy Loan Guarantee funding and regulations
- AGDC participates and provides briefing materials for CODEL discussions with interested parties and foreign delegations
- Continue to raise the importance of Alaska LNG to Biden Administration
- Senator Sullivan briefing Alaska Legislators on status of project

## Alaska Legislators

- Providing update briefing with individual legislators
- Scheduled House Labor & Commerce Committee briefing – December 11
  - Committee requested briefing be more informative
  - Confidentiality agreements provided
- Senate and House liaisons ongoing discussions

# Vocal Advocacy & Support

**Sen. Dan Sullivan:** Alaska LNG will *“provide low-cost energy to Alaskans across our state, but it will also provide a steady source of income to the state for many years to come.”*  
(ADN, Oct. 10)

**AFL-CIO Pres. Joelle Hall:** *“Alaska LNG is big and bold enough to transform Alaska and securely position our state as a source of clean, responsibly produced energy for generations.”* (ADN, Sept. 23)

**Fmr. Secretary of State Mike Pompeo:** *“When we can supply our allies with clean energy from our own industry rather than relying on others, the United States can lead from a position of strength.”* (ADN, Oct. 29)

**Fmr. Alaska Natural Gas Transportation System Fed. Coordinator Drue Pearce:** Alaska LNG is *“a home run for our state and nation, offering Alaskans cheap, reliable and plentiful energy, and export benefits such as economic security for Alaska and national security for our nation and our Pacific allies.”* (ADN, Nov. 12)

**State Sen. James Kaufman:** Alaska LNG *“not only contributes to our energy security but also holds the promise of substantial economic benefits... It can contribute to national security and stand as a testament to the symbiotic relationship between Alaska’s rich natural resources, responsible resource development, and our energy future.”* (ADN, Oct. 25)

# Commercial Update

---

ALASKA  
**GASLINE**  
DEVELOPMENT CORP.



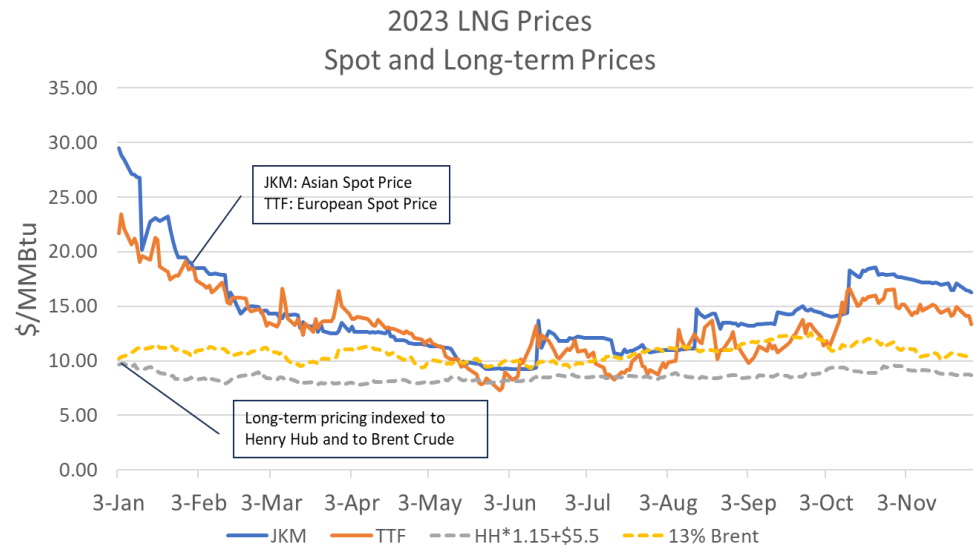
# LNG Market – Pricing

## European spot LNG prices (TTF) now discounted to Asian Spot (JKM)

- TTF now \$14-15/MMBtu range
- JKM now \$16-17/MMBtu range

## Long-term contract prices have remained steady

- Henry Hub at \$3.00 equates to near \$9/MMBtu delivered to Asia
- Brent Crude at \$90/bbl equates to \$11.70/MMBtu into Asia



## Prices came out of a volatile 2022 and a more typical trend prevailed through 2023

- Prices eased through the summer and began to run up into winter from
  - Early 2024 demand increase from Taiwan, Pakistan, and Thailand
  - Storage ramp up in China as record seasonal demand for power and gas is expected this winter – peak electricity demand increasing up to +12% year on year
- A sharp price increase in the spot market was observed in line with geopolitical events in the Middle East

## Entering winter with high natural gas storage has mitigated volatility in LNG prices

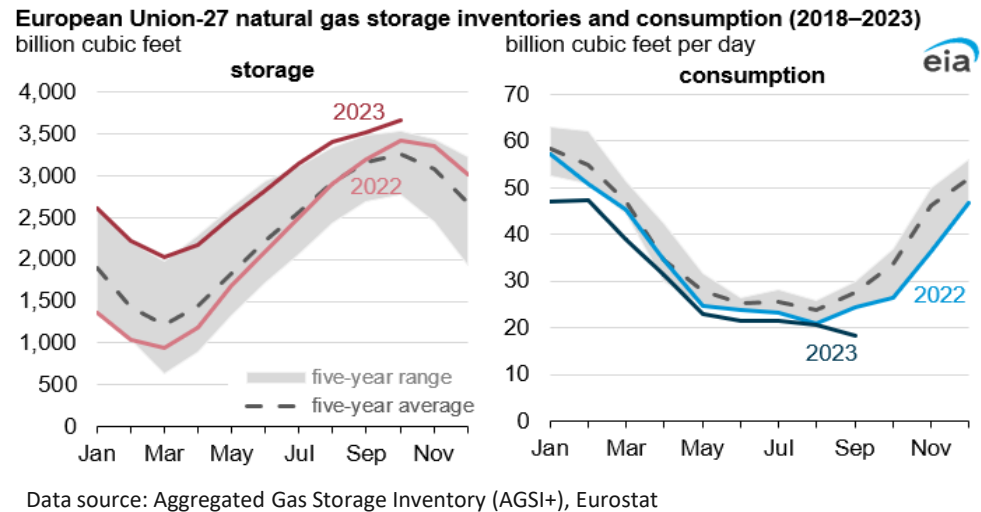
- 90% full in the U.S.
- 97% full in Europe
- Demand destruction in Europe is observed as consumption drops

## Drought in Panama Canal continues to push up costs

- Booking slots for Neopanamax slots (LNG carriers, container ships, and VLGCs) reduced from 10 to 7 this month and is dropping to 5 in January
- More cargos are now taking the Suez Canal route
- Increasing piracy risk along Suez Canal route now raising potential for a risk premium

## European LNG demand and Panama Canal issues continue to drive the need for West Coast LNG

- Alaska LNG is the only permitted LNG export project on U.S. West Coast





# Development Capital Raise

- AGDC team's primary and overarching focus is to raise development capital to fund Alaska LNG FEED and development costs to take FID
- The development capital required is \$150 million
  - Private equity investors fund \$150 million of at-risk capital
  - Relatively high capital requirement for investment with “binary risk”
  - Limited universe of investors with this type of capital and strategic experience to be successful
- AGDC is offering majority ownership of Alaska LNG in exchange for
  - Funding development costs to FID
  - Commitment to move Alaska LNG forward on an agreed timeline
  - Preferential in-state gas supply under prior agreements
  - Opportunity for Alaska to invest

## AGDC is Actively Engaged with Multiple Investors

- Currently, there are two different options or “tracks” to advance Alaska LNG: a “Consortium” and a “Single Investor” track
- Neither track is finalized and AGDC retains flexibility to advance Alaska LNG

## Consortium Track

- Requires multiple partners, each contributing expertise and capital to Alaska LNG
- Final due diligence being completed

## Single Investor Track

- One company is considering providing all development capital and leading Alaska LNG to FID
- Due diligence ongoing

## Investment Process

- AGDC, with Goldman Sachs advising, will continue to advance investment discussions
- AGDC and its Board have authority to make investment decision
- Expected investment to close in H1 2024 but timeline is dependent on investors and negotiations – not dictated by AGDC

## Producers are working together on a common Gas Supply Precedent Agreement (GSPA)

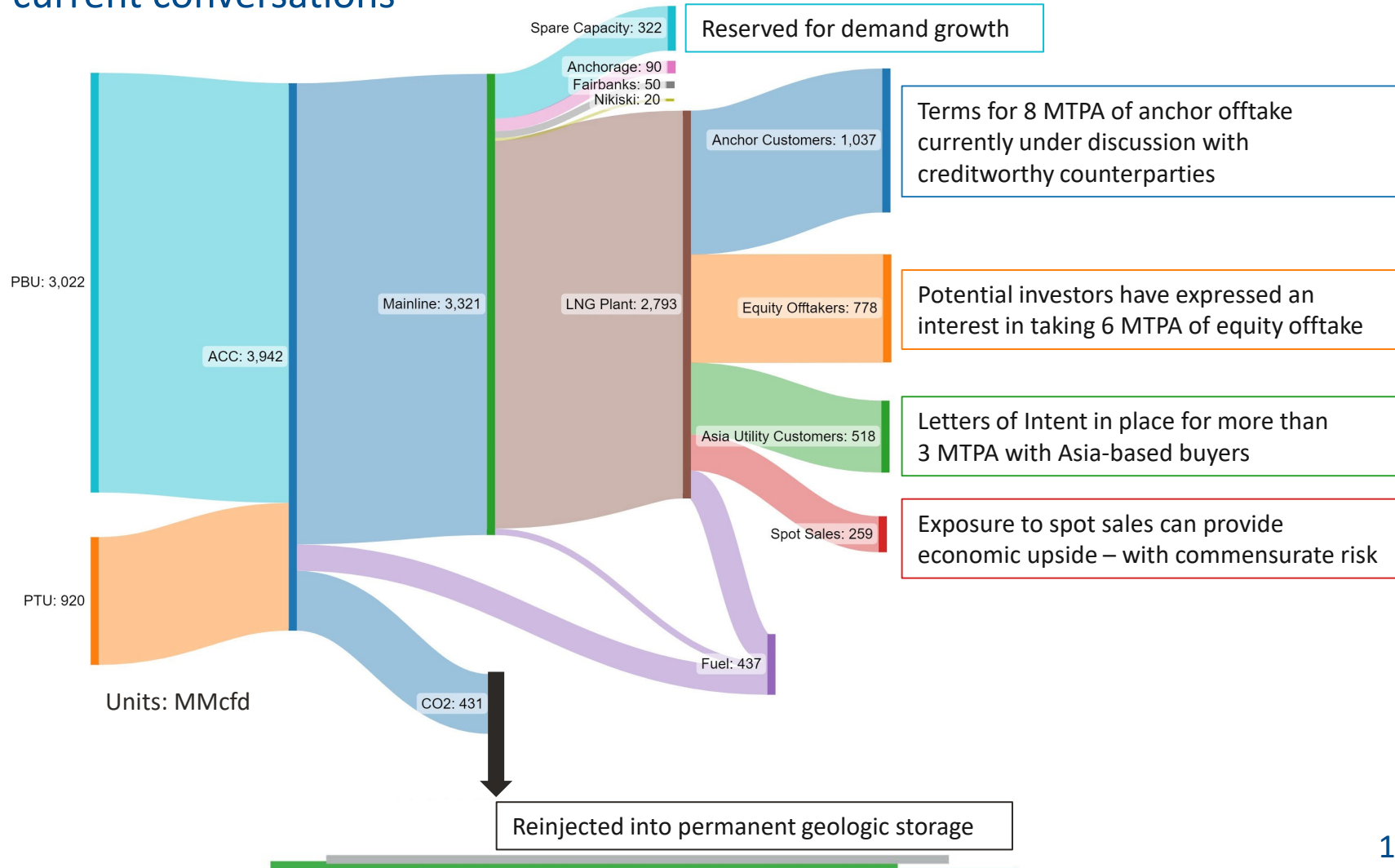
- AGDC has advocated for this and supports joint Producer effort
- Anti-trust issues limit the commonly developed GSPAs, which will not have price or liabilities
- Price, liabilities, and other key terms are being discussed bilaterally
- “Go slow now to go fast later” strategy

## Progress on discussions and execution of individual GSPAs is underway with varying degree of progress by Producer

- Not all producers have offered a price to sell gas from each of their fields
- Price offers from each producer for each field will be required – AGDC is working with remaining producers to unlock price offers

# Gas and LNG Sales

## Indicative view of Alaska LNG flows based on current conversations



Alaska LNG Project, LLC is owned equally by ConocoPhillips, ExxonMobil, and Hilcorp (the Producers)

- This entity owns terminal siting land in Nikiski
- Also holds the Department of Energy export authorizations

AGDC and the three Producers entered into a Membership Interest Option Agreement (MIPOA), which

- Provides AGDC with an option to purchase the LLC
- Formalizes existing land access rights
- When exercised will transfer control of the land and the export authorizations

This agreement is the culmination of extensive discussions between AGDC and the Producers

- Further demonstrates the continued support for this project

# Technical Update

---



- AGDC support offered/provided to utilities, as they evaluate gas supply options
  - Alaska LNG Project updates
  - Utility Customer Gas Supply Agreements
  - Optionality for pre-build of the LNG Facility
- Railbelt utilities recognize North Slope gas is the best long-term option, but won't address shortages expected as soon as 2027
- Railbelt utilities indicate they are coordinating alternatives analysis and AGDC is providing support based on company requests
- Indication that major decisions will be required by 1Q2024
- Anticipated to be higher visibility with Administration and Legislature in 2024

- Continued technical support and assistance to parties conducting due diligence
- Maintaining 8 Star transition readiness for FEED entry under flexible commercial models
- Discussions with EPC and suppliers on industry-leading technology and execution strategies for mid-scale modular liquefaction solutions
- Continued engagement with the industry-led hydrogen working group



# Environmental, Regulatory, and Lands Update

---



## Maintain Permits and Authorizations

- Communicate with federal and state regulatory agencies to provide status updates and address any concerns
- Lease overlap reviews
- Prepare and submit renewals and reapplications, as needed

## Provide overview and status updates to interested parties conducting due diligence

- Inform on the permits and authorizations already obtained and kept current and identify state and local permits to be obtained
- Present timeline for tactical permits

## Work with DNR and DEC on scope, schedule, and budget for lease conversion and air permits

# DOE Order Legal Challenge

## DOE Authorization for Export to Non-Free Trade Agreement (NFTA) Countries

- DOE issued export order in August 2020
- Immediate request for rehearing by Sierra Club and Center for Biological Diversity (CBD)
- DOE conducted additional studies of upstream and greenhouse gas impacts

## DOE Supplemental Environmental Impact Statement (SEIS)

- Final SEIS issued January 6, 2023 was over 1,200 pages of additional analysis

## DOE Decision Published April 13, 2023

- DOE reaffirmed and amended existing Order with one additional condition

## Intervenor Group Filed Another Rehearing Request May 15, 2023

- Cook Inletkeeper, Sierra Club, CBD

## DOE Denied the Rehearing Request June 14, 2023

## Sierra Club and CBD Petitioned for Review in DC Circuit Court August 11, 2023

- Sierra Club/CBD (Petitioners) Opening Brief
  - December 15, 2023
- DOE and Intervenor (AGDC, Alaska LNG Project, LLC) Answering Brief
  - February 14, 2024
- Petitioners Reply Brief
  - March 15, 2024
- Joint Appendix
  - March 22, 2024
- Final Briefs
  - March 29, 2024
- Judge Panel Selection and Oral Arguments
  - Schedule to be determined

# Contact Us

## AGDC

<http://www.agdc.us/>

<https://agdc.us/contact-agdc/>

## Alaska LNG

<https://alaska-lng.com/>

<https://alaska-lng.com/contact-us/>

## Social Media

Twitter <https://twitter.com/alaskaLNG>

Facebook <https://www.facebook.com/AKGaslineDevelopmentCorp>

LinkedIn [www.linkedin.com/in/alaska-gasline-development-corporation-607418245](http://www.linkedin.com/in/alaska-gasline-development-corporation-607418245)

## Telephone

Phone: 907-330-6300

Toll Free: 1-855-277-4491

## Post

3201 C Street, Suite 505

Anchorage, Alaska 99503



AGDC.us

---

ALASKA  
GASLINE  
DEVELOPMENT CORP.

The logo for Alaska Gasline Development Corp. features the text "ALASKA GASLINE DEVELOPMENT CORP." in a blue, sans-serif font. To the right of the text is a stylized outline of the state of Alaska, composed of several blue stars of varying sizes arranged to form the state's shape. A single blue star is positioned above the main outline.

# Acronyms

ACC	Arctic Carbon Capture	Gt	Gigatonne
AFN	Alaska Federation of Natives	GTP	Gas Treatment Plant
AGDC	Alaska Gasline Development Corporation	HH	Henry Hub
ANCSA	Alaska Native Claims Settlement Act	HOA	Heads of Agreement
ANVCA	Alaska Native Village Corporation Association	IOC	International Oil Company
AOGCC	Alaska Oil and Gas Conservation Commission	IPT	Integrated Project Team
AP-X	Air Products Liquefaction Technology	IRR	Internal Rate of Return
Bbl	Barrel	JKM	Japan Korea Marker
Bblsd	Barrels per Day	Kbblsd	Thousand Barrels per Day
Bcf	Billion Cubic Feet	LNG	Liquefied Natural Gas
Bcfd	Billion Cubic Feet Per Day	LOI	Letter of Intent
BLM	Bureau of Land Management	M3	Cubic Meters
Capex	Capital Expenditure	MMBtu	Metric Million British Thermal Unit
CB&I	Chicago Bridge & Iron Company	MOU	Memorandum of Understanding
CCS	Carbon Capture and Sequestration	MT	Metric Tons
CIT	Corporate Income Tax	MTPA	Million Tonnes Per Annum
CO <sub>2</sub>	Carbon Dioxide	NETL	National Energy Technology Laboratory
CO <sub>2</sub> E	CO <sub>2</sub> Equivalent	NPRA	National Petroleum Reserve Alaska
DES	Delivered Ex-Ship	O&M	Operations & Maintenance
DOE	Department of Energy	OCS	Outer Continental Shelf
DOT&PF	(Alaska) Department of Transportation and Public Facilities	Opex	Operating Expenses
EA	Environmental Assessment	QRA	Quantitative Risk Analysis
EIS	Environmental Impact Statement	ROW	Right-Of-Way
EPC	Engineering, Procurement & Construction	SPA	Sale and Purchase Agreement
FEED	Front End Engineering Design	TAPS	Trans-Alaska Pipeline System
FERC	Federal Energy Regulatory Commission	Tbtu/yr	Trillion British Thermal Units per Year
FID	Final Investment Decision	Tcf	Trillion Cubic Feet
FOB	Free on Board	TPA	Tonne per Year
FTA	Free Trade Agreement	USGS	United States Geological Society
GHG	Greenhouse Gas	VDR	Virtual Data Room