Alaska Gasline Development Corporation
Project Name: 8 Star and Special Project Governance & Support
AUTHORIZATION FOR EXPENDITURE

X	CAPITAL	EXPENSE	
TITLE:	8 Star Governance & Support	AFE #	27-001
Start Date:	July 1, 2026	Original Authorization:	$0
Completion Date:	June 30, 2027	Rev #	0
Responsible Manager:	Frank Richards	REVISED TOTAL	$1,278,000

Budgeted – Yes/No	Yes				
		Q1 FY27	Q2 FY27	Q3 FY27	Q4 FY27
EXPENDITURE FLOW ($000s):		$319.5	$319.5	$319.5	$319.5

SUMMARY OF ESTIMATED COSTS ($000s)	
Items/Description	FY27
(1) Commercial Management	$751
(2) Program Management	$527
TOTAL	$1,278

Justification

The Alaska Gasline Development Corporation (AGDC) is an independent, public corporation of the State of Alaska, with a legal existence separate and distinct from the State of Alaska. In its enabling legislation, AGDC was tasked with delivering gas in-state for the maximum benefit of the people of Alaska at the lowest possible cost and providing economic benefits in the state through commercialization of North Slope natural gas. AGDC's mission is to maximize the benefit of Alaska's vast North Slope natural gas resources for Alaskans through the development of infrastructure necessary to move the gas into local and international markets.

AGDC was originally formed to develop the Alaska Stand Alone Pipeline (ASAP) Project in 2010. The ASAP Project was idled following the completion of major permitting and is not currently active.

Starting in 2014, AGDC originally participated in the Alaska LNG Project (hereafter referred to as "Alaska LNG" or "the project") Pre-Front End Engineering Development Joint Development Agreement (Pre-FEED JVA), holding 25% of project ownership on behalf of the State of Alaska. In 2017, AGDC became the lead developer for Alaska LNG, holding 100% of the project ownership. On March 27, 2025, the AGDC Board of Directors (Board) passed a resolution to execute definitive agreements with Glenfarne Alaska LNG, LLC, an affiliate of Glenfarne Group, LLC, (together as "Glenfarne"), to lead the development of the project and enter Front-End Engineering Development (FEED) for the Phase 1 Pipeline. AGDC achieved this significant milestone in privatization of the Alaska LNG through agreements with Glenfarne to acquire 75% of 8 Star Alaska, LLC (8 Star), the subsidiary holding ownership of the project. AGDC again now holds 25% ownership in the project as was the case prior to 2017.

An initial AGDC Strategic Plan (Strategic Plan) was developed with the AGDC Board in early 2020. The Board approved the initial Strategic Plan on April 9, 2020 (Resolution 2020-02). The Strategic Plan was later updated in subsequent years after strategic planning workshops were held with Board members and issued as Revisions 1, 2, and 3.

The Revision 4 update of the Strategic Plan in 2025 was a wholesale revision to the Strategic Plan largely driven by AGDC moving from the role as developer and 100% owner of Alaska LNG to role of governance for AGDC's minority 25% ownership in the project and support for the private sector developer.

Several major accomplishments have been achieved for the Alaska LNG Project since 2020 while AGDC has functioned as the lead developer, including:

- Secured major federal and state permits and authorizations for the project.
- Maintained the viability of project documentation, data, systems, and tools for transition to new private sector lead parties.
- Obtained the Notice of Availability of the Alaska LNG Project Final EIS from the Federal Energy Regulatory Commission (FERC) and obtained the Section 3 Order authorizing construction of the project.
- Interfaced with the Alaska Legislature to provide project updates and request budget authorizations.
- Completed project cost reduction studies and an update of the Class 4 Project Cost Estimate.
- Completed an economic assessment review with Strategic Parties using the updated Joint Economic Model and presented an Economic Stage Gate decision support package to the Board, indicating that the project has a potential to deliver LNG to markets at a competitive price.
- Established the 8 Star asset structure and transferred Project assets, as directed by the Board.
- Obtained the Final Supplemental EIS from the U.S. Department of Energy (DOE)
- Completed an initial stage gate review with Strategic Parties to identify ongoing interest and alignment with the Project.
- The Board made a positive Strategic Party Stage Gate decision based on Strategic Party interest and participation (Resolution 2021-01).

- Developed a phased approach to prioritize the pipeline sub-project, further de-risking the overall project and provide priority for energy security to Alaskans.
- Successfully supported defense of the Alaska LNG FERC authorization from third-party litigation against FERC and the Alaska LNG export permits from third-party litigation against the DOE.
- Completed a comprehensive greenhouse gas lifecycle analysis for Alaska LNG, including upstream and downstream emissions.
- Developed compliance management system to identity and track legal obligations.
- Facilitated an update of the third-party competitiveness analysis and cost of supply for the project.
- Developed an economic decision model representing total Alaska take resulting from Alaska LNG.
- Initiated a hydrogen transition plan to represent futureproofing of Alaska LNG in the emerging clean energy transition.
- Identified a private-sector developer to fund and develop the full scope of the project to FID, executed due diligence, negotiated a set of definitive agreements, and conducted transition of Alaska LNG to the developer.

Alaska LNG Project Strategic Objectives

The overall Strategic Objectives to meet AGDC's objectives for the Alaska LNG Project over the planning period include the following:

1. Fulfill AGDC's 8 Star and Alaska LNG development governance roles through the Board of Directors, the Development Consultation Committee, and for the Alaska Advantage Principles Public opposition.
2. Provide reimbursable Transition Services to 8 Star until the Transition Services Agreement is terminated.
3. Provide ongoing technical, commercial, and key stakeholder support to the Alaska LNG Developer through sub-project FID(s).
4. Actively monitor Alaska LNG project developments and communicate with key stakeholders (within the bounds of confidentiality agreements).
5. Develop a program to prepare, plan, and align key parties for AGDC's option to invest 5% - 25% in 8 Star sub-project equity at FID(s).
6. Coordinate with the Developer, the Administration, and the Alaska Legislature on legislation necessary to support overall Alaska LNG development.
7. Coordinate with the Administration and the Alaska Legislature on legislation to execute AGDC's option to invest 5% - 25% in 8 Star sub-project equity at FID(s).
8. Maintain technical and commercial management capacity to execute potential clawback of 8 Star and Alaska LNG, if necessary.

Fairbanks Gasline Project Strategic Objectives

The overall Strategic Objectives to meet AGDC's objectives for the Fairbanks Gasline Project over the planning period include the following:

1. Provide assistance and information to the private developer of the Fairbanks Gasline Project.
2. Support the Developer with the interface for the Interior interconnection to the Alaska LNG Mainline Pipeline.

Other Gas Infrastructure Project Strategic Objectives

AGDC's statutory mission (AS 31.25.005(5)(6)(7)) contains direction to pursue development of infrastructure to include:

- Analyzing potential natural gas pipelines and other transportation mechanisms connecting to industrial, residential, or utility customers in other regions of the State, and
- Develop other transportation mechanisms and works of public improvement to facilitate production, transportation, and delivery of natural gas.

The overall Strategic Objectives to meet AGDC's objectives for other gas infrastructure projects over the planning period include the following:

1. Identify opportunities for high-value natural gas infrastructure associated with the Mainline Pipeline and facilitate interest through private developers.
2. Develop plans for additional natural gas infrastructure, as determined through Alaska Legislature direction and funding.

Operational expenditure for AGDC corporate operations was approved by the Board for FY27 prior to this Authorization for Expenditure (AFE) request and was included in the Governor of Alaska's FY27 budget passed by the Legislature. This scope of this AFE is associated with the baseline capital expenditures for AGDC's interest in 8 Star and the Alaska LNG Project outside of corporate operations.

AGDC will maintain a core 8 Star management organization internally to help oversee and govern AGDC's ongoing ownership and interest in the 8 Star series organization and the Alaska LNG Project.

The key functions to drive the organization and staffing are the following:

- 8 Star governance
- Alaska LNG development support
- FID management
- Clawback management
- Gas infrastructure development

The overall AGDC Work Program & Budget (WP&B) for FY27 covers the period between July 1, 2026, through June 30, 2027. The WP&B consists of major functions around (1) Commercial Management and Program Management.

(1) Scope of Work

1.1 – Commercial Management

Primary Budget Items:

1. Contractors (Embedded Staff)
2. Contractors (Outside Legal Support)

Contractors (Embedded Staff)

Commercial management activities will be the responsibility of the embedded AGDC Commercial Director with a primary focus on 8 Star governance, Alaska LNG development support, and FID management. The core objective of these activities will be to oversee AGDC's interests in the Alaska LNG Project, coordinate a State of Alaska decision process on the option to invest between 5% and 25% in Alaska LNG subprojects, and to generally support the developer with commercial support in reaching successful FID for Alaska LNG subprojects.

Contractors (Outside Legal Support)

Specialized commercial legal support contractors will be utilized to support review, negotiation, and execution of commercial contracts.

1.2 – Program Management

Primary Budget Items:

1. Contractors (Embedded Staff)

Contractors (Embedded Staff)

Program management activities will be the responsibility of the embedded AGDC Program Director with a primary focus on 8 Star governance, Alaska LNG development support, clawback management, gas infrastructure development, and supporting FID management. The core objective of these activities will be to oversee AGDC's interests in the Alaska LNG Project, support a State of Alaska decision process on the option to directly invest between 5% and 25% in Alaska LNG subprojects, manage clawback transition if warranted, and to generally support the developer with technical support in reaching successful FID for Alaska LNG subprojects.

The FY27 WP&B breakdown from the scope above in Section 1 is as follows:

AGDC FY 2027 WORK PROGRAM & BUDGET (WP&B)

Sub-Program	Budget Item	FY27 AFE Budget
6650 Commercial Management	6655 Contractors (Embedded Staff)	$ 451,000
	6655 Contractors (Outside Legal Support)	$ 300,000
	Subtotal	**$ 751,000**
6700 Program Management	6710 Contractors (Embedded Staff)	$ 527,000
	Subtotal	**$ 527,000**
	AFE TOTAL	**$ 1,278,000**

(2) Review Process

The work scope detailed in this AFE has been developed internally within AGDC and reviewed and approved by the AGDC President.

(3) Options Considered

The Alaska LNG Project is the sole project being pursued by AGDC to commercialize North Slope natural gas. Funding of the Commercial Management and Program Management functions represent the minimum budget required to implement the AGDC Strategic Plan and reach AGDC's Strategic Objectives. Suspending these functions would not allow AGDC to support the project under agreements with Glenfarne as Developer and prevent AGDC from implementing the AGDC Strategic Plan further towards successful FID for Alaska LNG subprojects. No direction has been provided to suspend activities to date, so this option was not considered.

(4) Spend Comparison to Overall Legislative Sanction and Current Year Fiscal Budget

The requested funds are aligned with the Strategic Plan and legislative sanction for AGDC pursuant to Alaska Statutes. There will be sufficient funds remaining within AGDC's Alaska LNG Project Fund (1235) to cover the baseline WP&B. The AFE budget is inclusive of support costs anticipated to be reimbursed by the Alaska LNG developer.

(5) Risks of Delivery or Non-Delivery

The following major risks have been identified for AGDC's role in FY27:

- Alaska LNG Project Development:
  - Megaprojects have increased exposure to major cost overruns, major schedule delays, major operational problems, and regulatory delays.
  - Global competition from competing LNG projects.
  - Alaska projects are more expensive and have higher execution risk than U.S. Gulf Coast equivalents because of difficult logistics and remoteness from needed services. These issues can amplify impacts of cost overruns and schedule delays.
  - Overlapping regulatory oversight by federal, state, and local agencies.
  - Financing institutions putting pressure on new oil and gas investments in the Arctic.
  - Slippage in schedule due to lack of commercial contracts and funding, delayed permitting/ approvals, or authorization of expenditure.
  - Efforts to reform Alaska oil and tax statutes may not progress to an acceptable resolution that supports the economics of the project.
- The Alaska Legislature may not support funding AGDC's ongoing operational needs to participate as a minority owner of 8 Star.

(6) Cost Phasing

The cash flow associated with this AFE is based on cost estimates in the FY27 WP&B. There are no phasing issues associated with the proposed baseline scope. Contract commitment of funds will be need-driven during the fiscal year and obligated as needed in the period.

In the event additional funds are made available to AGDC through other means, or scope changes, a revised AFE will be submitted for Board approval.

(7) Resources

Required resources will be provided by existing and reduced AGDC Commercial Management and Program Management embedded staff and specialty contractors. The AGDC President and embedded staff will provide AGDC representation and oversight of the work scope and interfaces between cooperating parties.

(8) Cost Contingencies

The budget for the scope of work has been built up and spread monthly with no contingency included. A 10% cost contingency has not been added to this AFE per previous direction from the Board due to the strong definition of scope for FY27.

(9) Risks of Delivery and Mitigation

AGDC will mitigate risks of deliverability by managing AGDC work efforts through owner's representatives. Individual directors for Commercial Management and Program Management will provide overall leadership and governance for the authorized WP&B work efforts. AGDC embedded representatives will be supported by leveraging the services of specialized contractors who have senior commercial, technical, financial, and management expertise. The risk of delivery will be mitigated by authorizing expenditure and expeditiously entering appropriate key contractual relationships.

AGDC RECOMMENDATION/APPROVAL	
Originator & Financial Authority:	
Title: President	**Date:** 10.13.2026
BOD Approval:	
Title: Board Chair	**Date:** 10-13-26