



FAIRBANKS SUPPORT INDUSTRY ALLIANCE PRESENTATION

Interior Energy Project
Bringing North Slope Natural Gas to
Alaskans

PRESENTATION OUTLINE

SETS Fund and Program Overview

Interior Energy Plan

- **Finance Package**
- **LNG Plant Progress**
- **Distribution System Progress**

WHAT IS SETS?

- ② **Sustainable Energy Transmission and Supply Development Fund = SETS**
- ② **Enacted by SB25 to create new programs and powers within AIDEA by offering a variety of financing options for qualified energy development projects**

EXAMPLE QUALIFIED ENERGY DEVELOPMENT PROJECTS

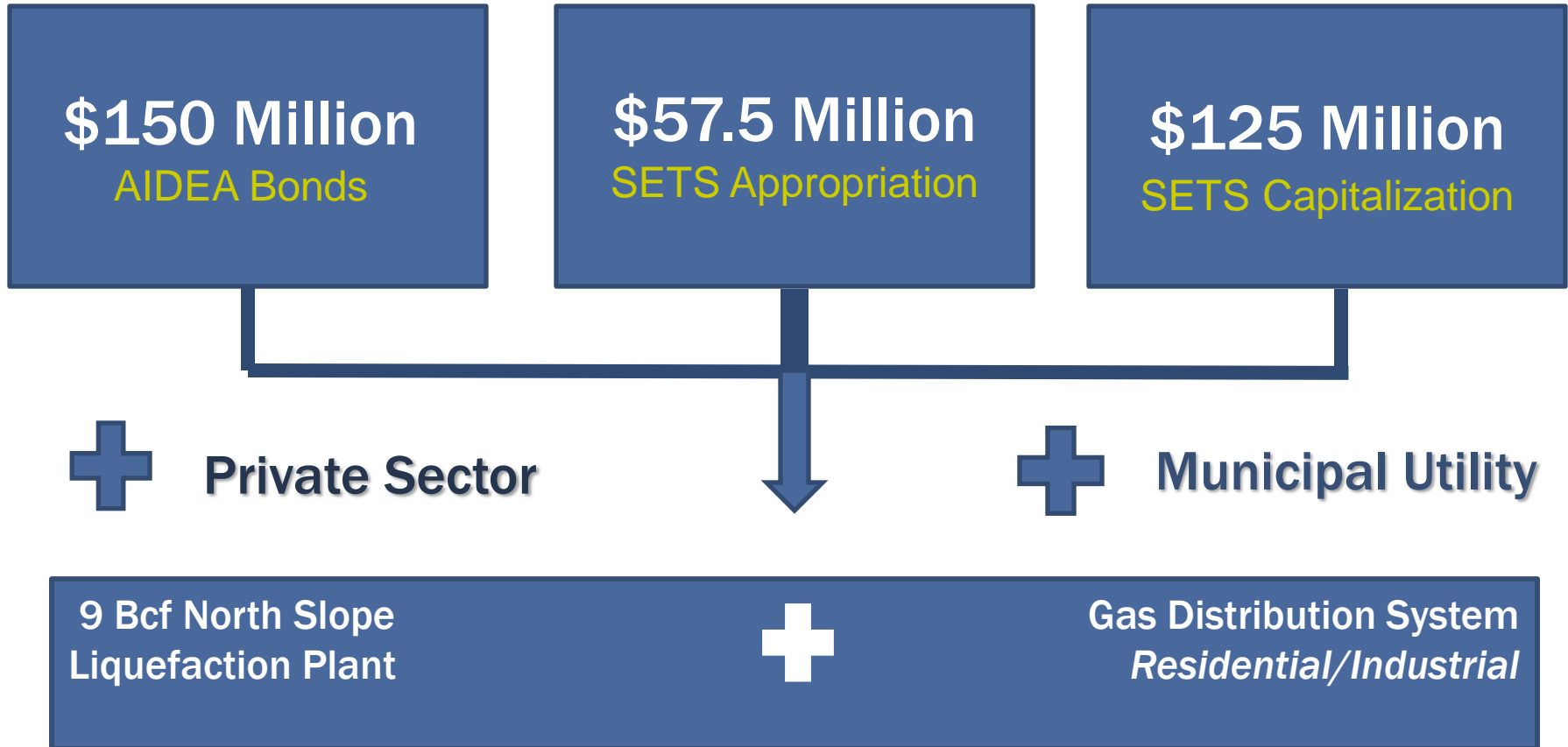
- **Transmission generation, conservation, storage, or distribution of heat or electricity**
- **Liquefaction, regasification, distribution, storage, or use of North Slope or Cook Inlet natural gas**
- **Distribution or storage of refined petroleum products**
- **Funds cannot be applied to pipeline projects**

HOW SETS APPLIES TO THE IEP

- **AIDEA acts as an energy financier**
- **Private sector partnerships**
- **Encourages economic development**
- **SB23 provided a finance package for the IEP**



SB23 FINANCE PACKAGE



INTERIOR ENERGY PROJECT



- ④ **Financing authorized by Senate Bill (SB) 23**
- ④ **Utilize North Slope natural gas**
- ④ **Process into liquefied natural gas (LNG) at North Slope facility**

INTERIOR ENERGY PROJECT



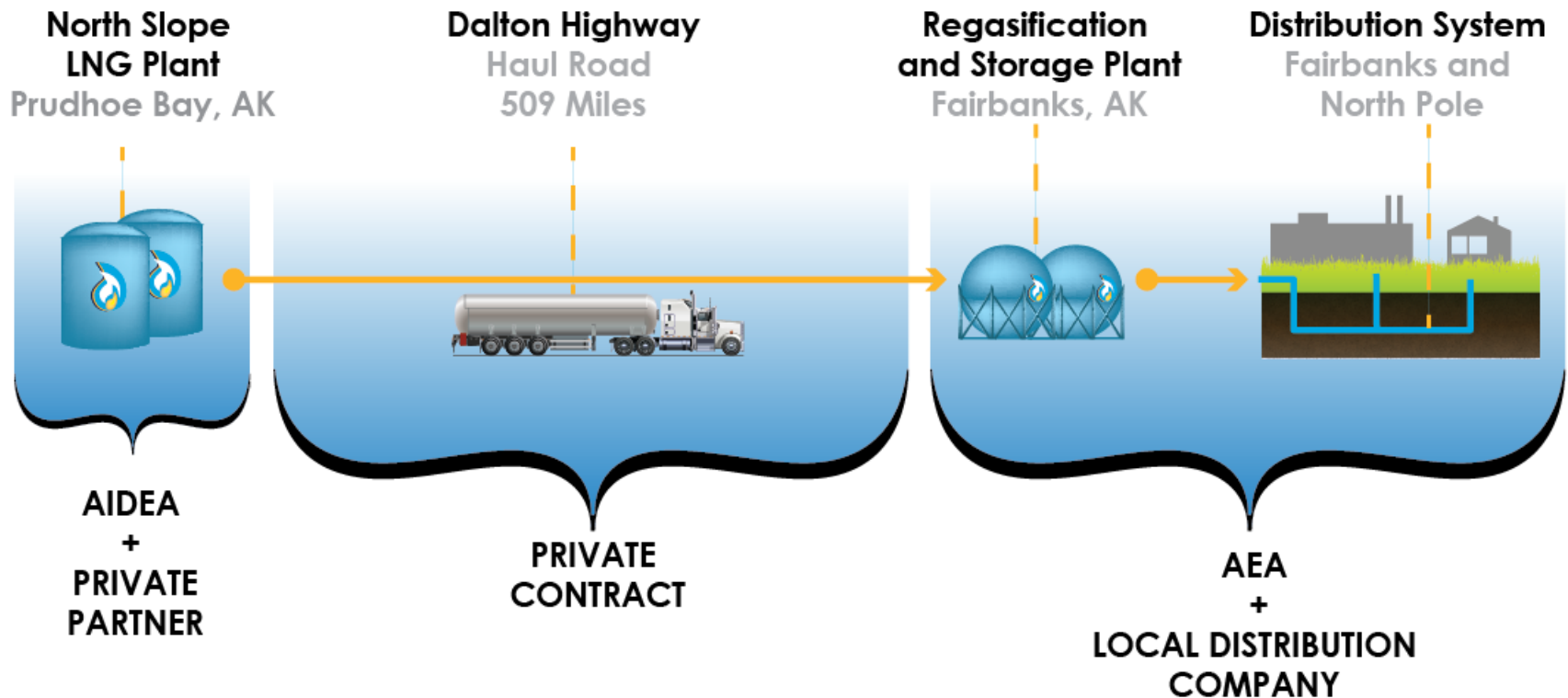
- **Transport gas via Dalton Highway to regasification and storage plant in Fairbanks Start Borough (FNSB)**
- **Distribute gas to medium- and high-density areas by Q4 2015**
- **Expand distribution system within FNSB**

IEP GOALS



- Provides affordable energy to Interior Alaska customers
- Assure long-term access to natural gas for Alaskans
- Improve Interior air quality
- Use private sector mechanisms as much as possible

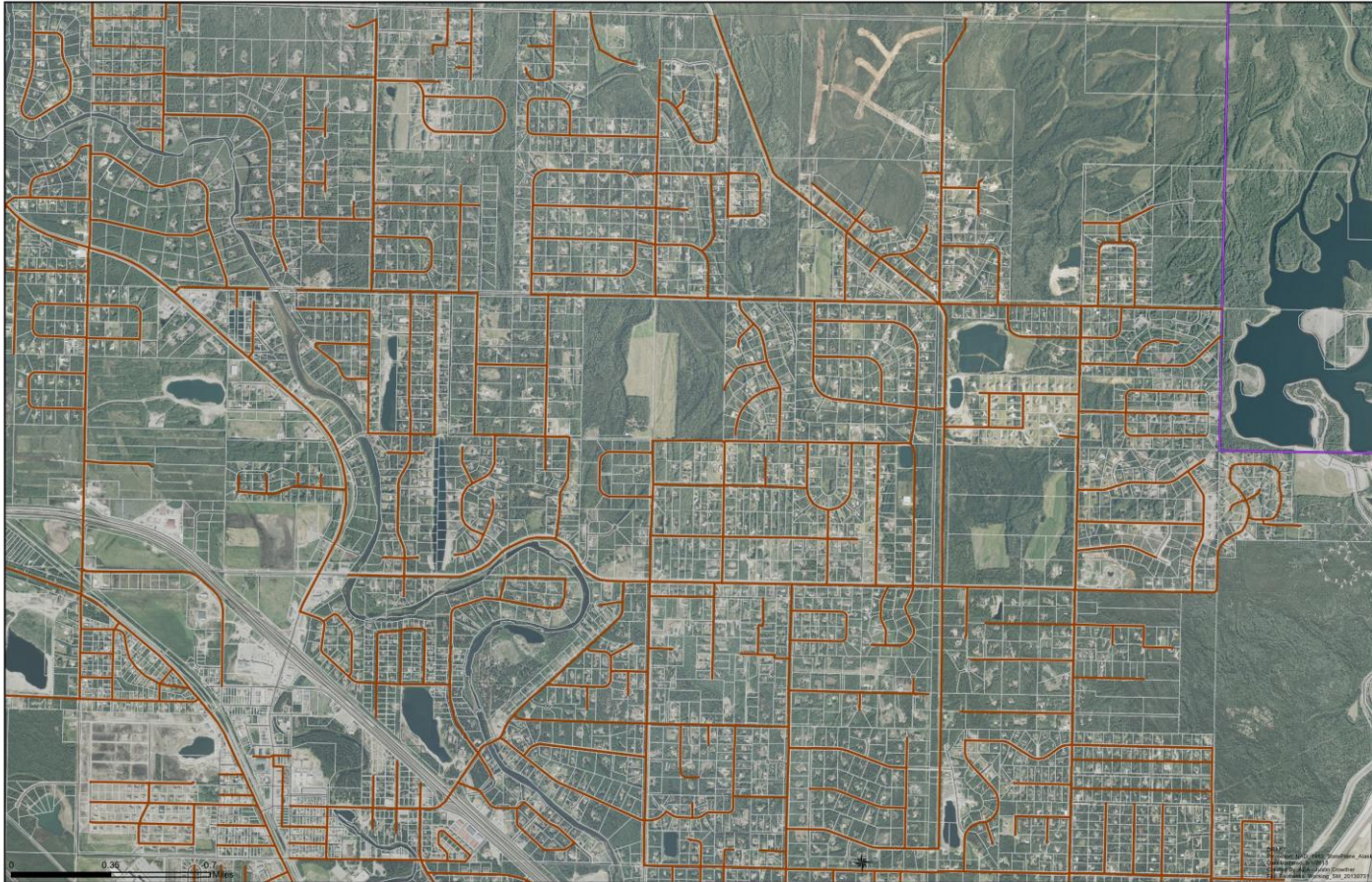
IEP PROJECT OVERVIEW



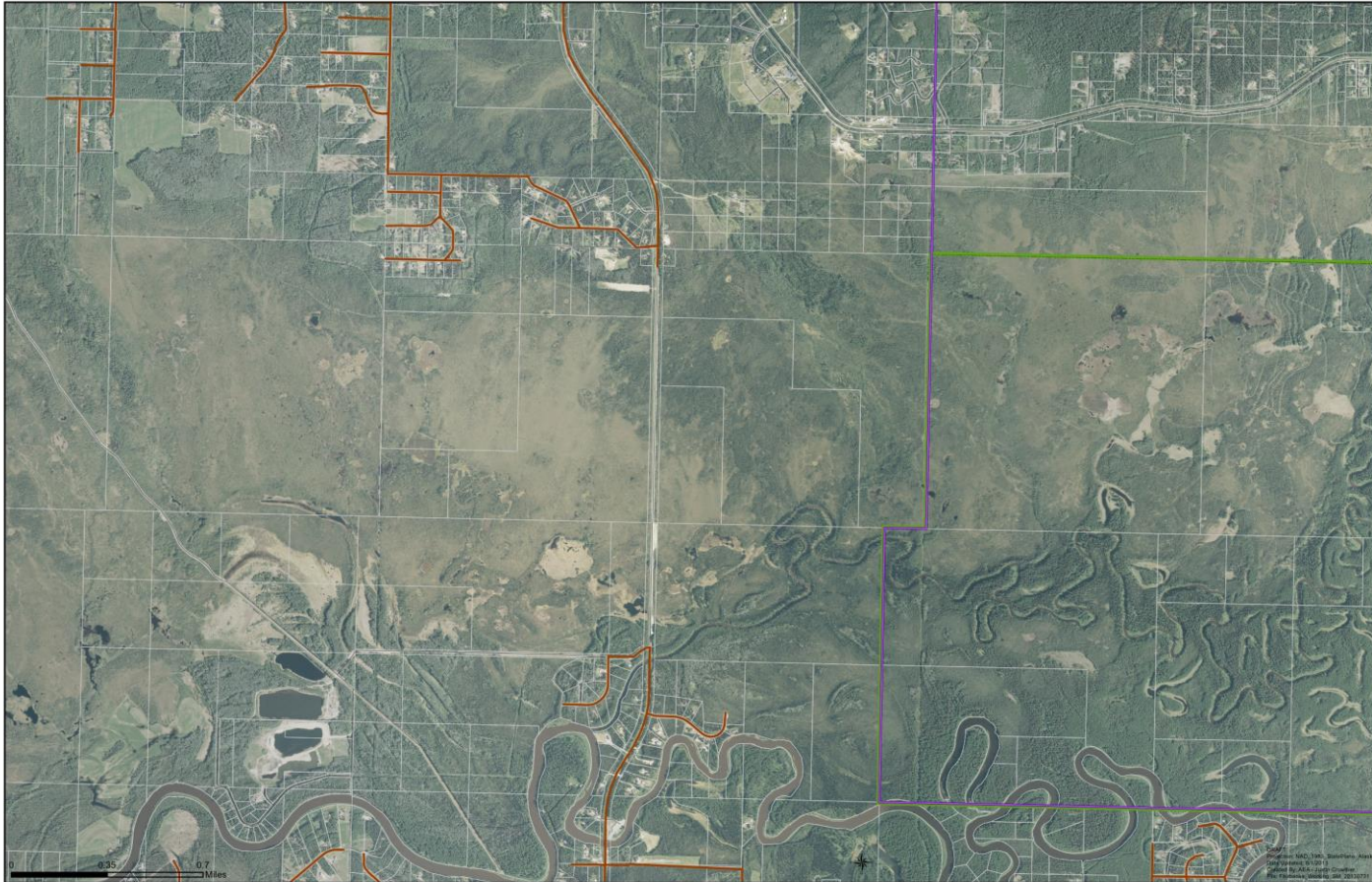
CURRENT DISTRIBUTION EFFORTS

- **Independent Internal GIS Layout**
- **Comparative Analysis (Electric, NG, Roads)**
- **Next steps**
 - **Continue distribution stakeholder engagement**
 - **Independent \$/mile estimating**
 - **Independent review of Storage requirement and cost**
 - **Monitor RCA Service Area Resolution**

HIGH DENSITY MAPPING EXAMPLE



DISTRIBUTION LOOPING ISSUE



NORTH SLOPE LNG PLANT EFFORTS



- **Feasibility Report completed July**
- **Commercial discussions with potential North Slope LNG plant participants**
 - **AIDEA released RFP requesting equity investment in plant, three respondents**
- **Continuing LNG Plant permitting**
- **Preparing to purchase long lead-time items**

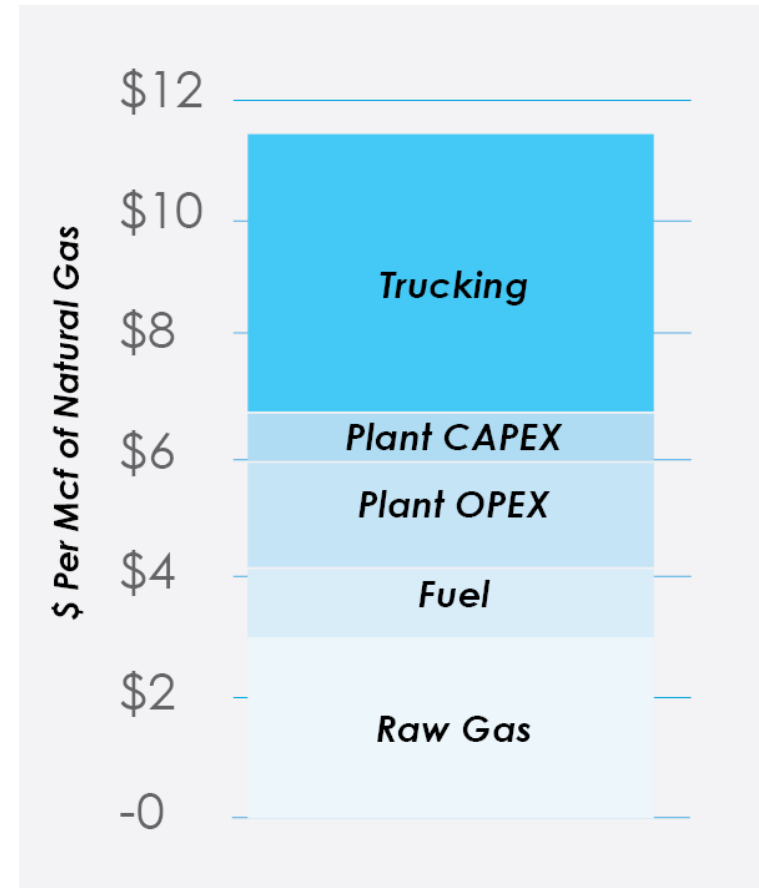
FEASIBILITY REPORT: TECHNICAL

- **9 Bcf North Slope plant**
 - Meets initial FNSB demand
 - Limits stranded assets
 - Plant is expandable, if needed
- **An aggressive schedule can bring gas to FNSB Q4 2015**



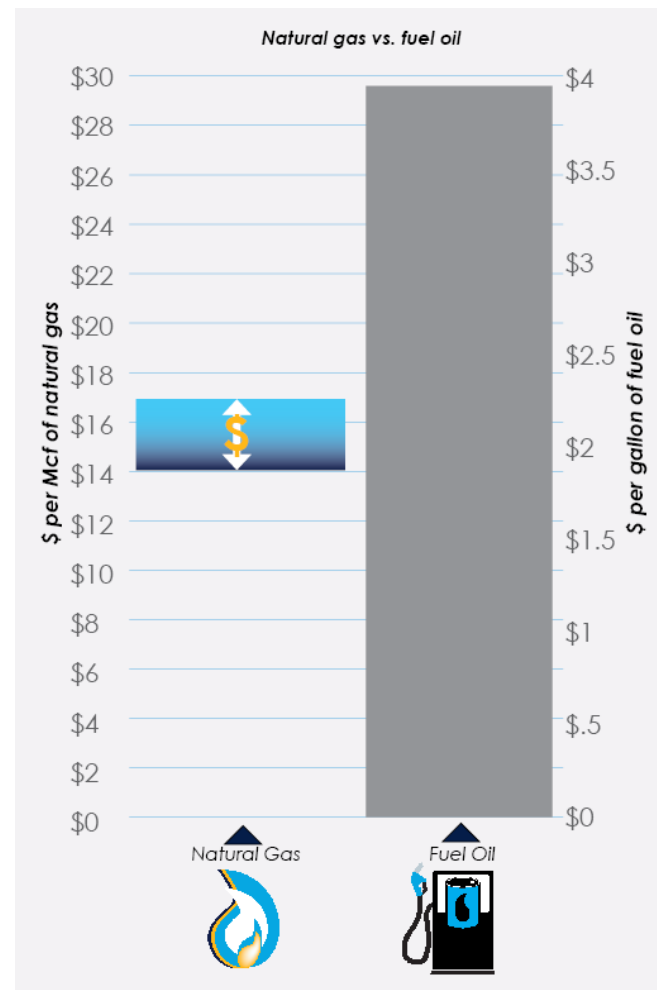
FEASIBILITY REPORT: COMMERCIAL

- **\$11.59 LNG delivered to FNSB**
- **Provides swing for space heating market**
 - “Virtual storage”
 - Price can decrease with non-heating customers
- **Capital structure**
 - \$33 million private investment estimated
 - SETS payments deferred or capitalized for the initial period.



FEASIBILITY REPORT: COMMUNITY SAVINGS

- **\$14.59 - \$17.09 per Mcf to “burner tip”**
 - **\$11.59 (production and transportation) +**
 - **\$2.50 - \$5.50 per Mcf (storage, regas and distribution) *estimate**
- **Projected household savings**
 - **\$2,500-\$3,000 each year**



FEASIBILITY REPORT: CONCLUSION

- Feasibility Report complete
- Technically feasible to meet production and scheduling targets
- LNG produced FOB North Slope at target price

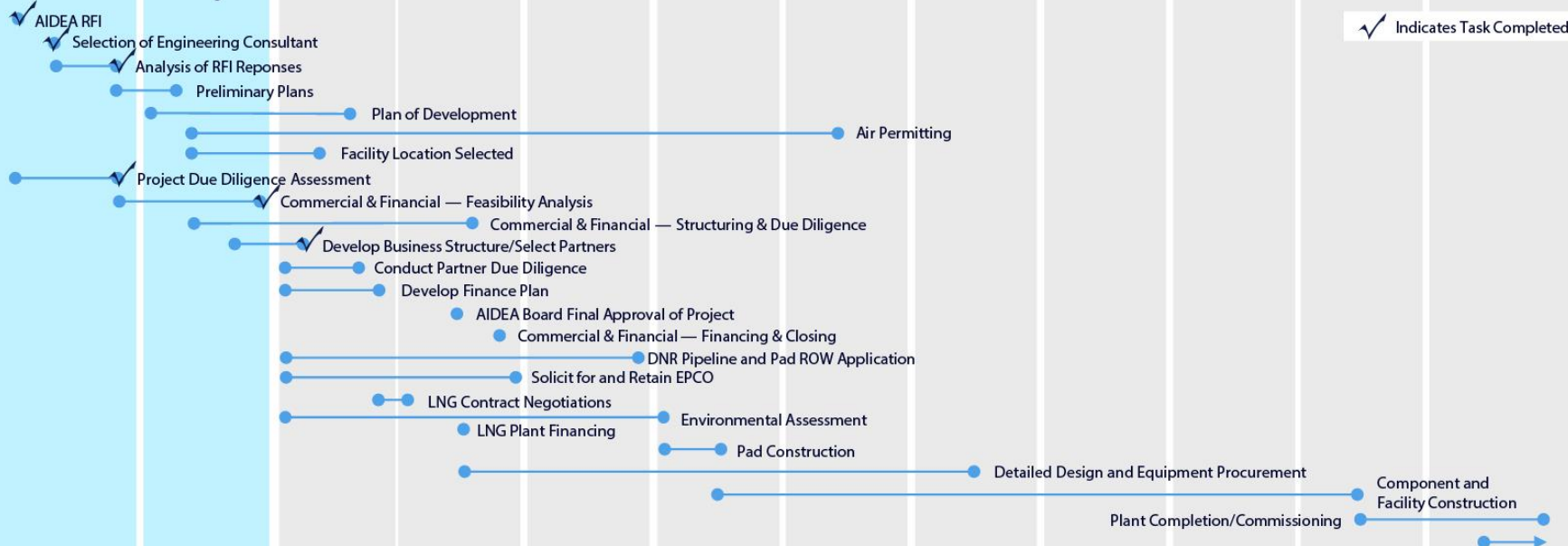
FEASIBILITY CHECKLIST

	YES	NO
<i>Technically Feasible</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Commercially Feasible</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Economically Feasible</i> <i>- Community Savings</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

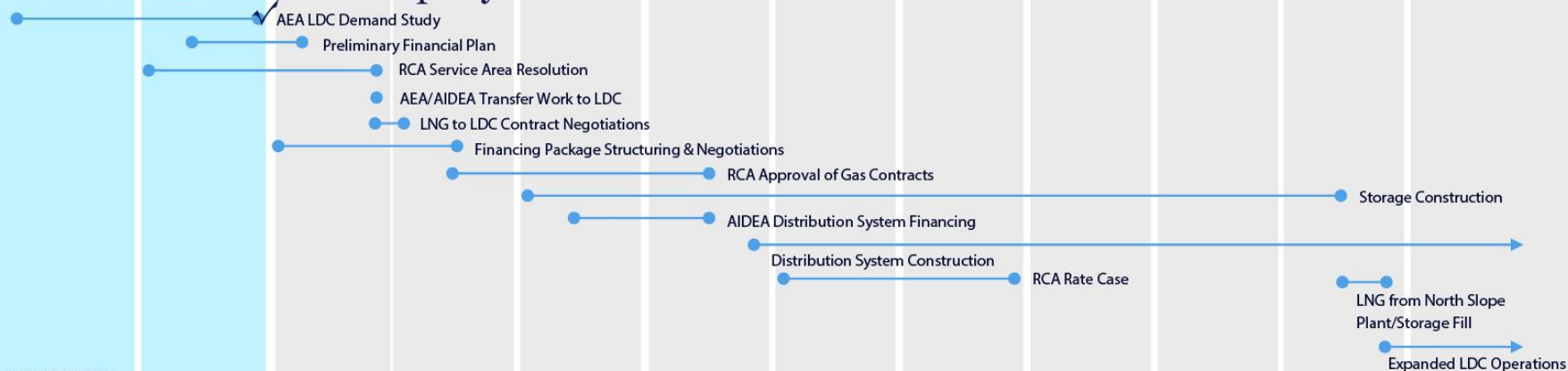
AIDEA Interior Energy Project - Schedule

2013				2014				2015			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

LNG Facility



Local Distribution Company





FAIRBANKS SUPPORT INDUSTRY ALLIANCE PRESENTATION

Interior Energy Project
Bringing North Slope Natural Gas to
Alaskans