

# 2025 Gas Supply Update

January 15, 2025



# Utility Duty to Serve

- This duty is not shared by producers, IPPs, or anyone else in this state. It is our obligation alone.

## Sec. 42.05.291. Standards of service and facilities.

(a) Each public utility shall furnish and maintain adequate, efficient, and safe service and facilities. This service shall be reasonably continuous and without unreasonable interruption or delay.

# Establishing the Path Forward

## April 2022: Hilcorp Announcement

- Creation of the Utility Working Group ENSTAR, Chugach, MEA, HEA, GVEA, IGU



**February 2023:** Approval of the creation of a Reg Asset, “we grant ENSTAR authority to defer all necessary and prudent third-party costs incurred during its participation in the multiparty working group for studying and securing long-term gas supplies in the Cook Inlet.”

**June 28, 2023:** BRG & ENSTAR presented our key options to the commission, which included the Floating Storage Regas Unit and a variety of other LNG solutions.

# Assessment of Options

**June 2023 - December 2024:**

**Over 30 CAs and NDAs signed**

**For each proposal:**

- *Does it make operational sense?*

**For each entity:**

- *Are they fit? Are they able?*

BRG created a prioritized system of scoring different options with guidance from the Utility Working Group. Options were scored based on ten criteria.

Uniformly, the top three criteria received the highest priority scores.

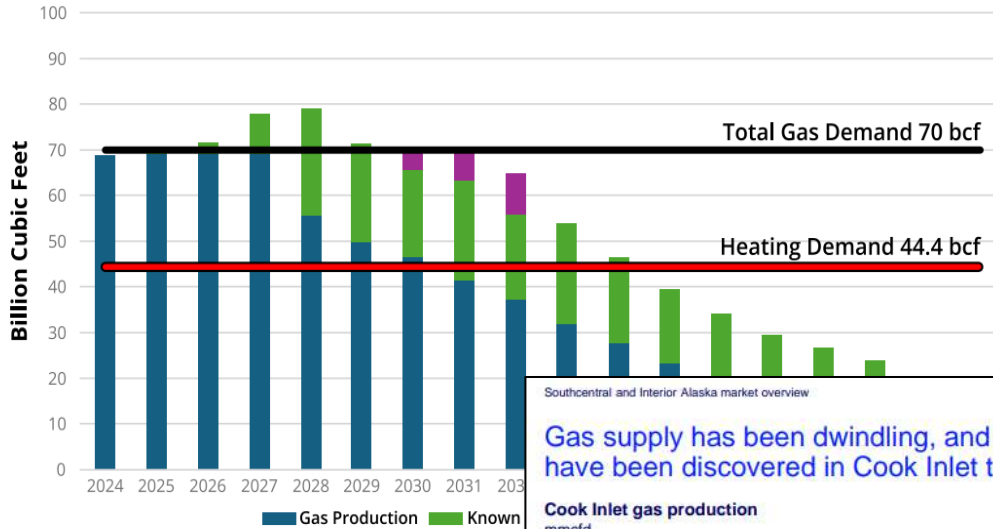
1. Schedule Risk
2. Reliability of supply during operations
3. Delivered cost of supply per Mcf
4. Flexibility/Scalability
5. Project Complexity
6. Permitting
7. Environmental impact
8. Size of direct investment by utilities
9. Local economic impact
10. Carbon efficiency

# Gas Supply Communications

## "RUNWAY" OF COOK INLET GAS



Cook Inlet Gas Production

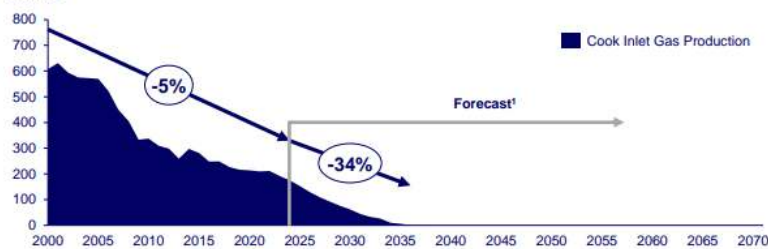


Southcentral and Interior Alaska market overview



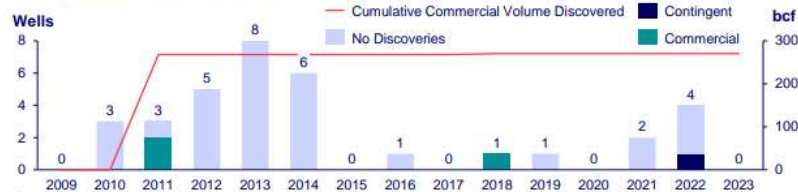
Gas supply has been dwindling, and despite exploration efforts by operators, no new volumes have been discovered in Cook Inlet to replenish the reserves

Cook Inlet gas production mmcf/d



- Cook Inlet production is expected to be depleted by the mid-2030s
- Exploration success in the Cook inlet has been limited:
  - 34 exploration wells drilled in the last 15 years
  - 9% success rate with only three commercial discoveries
  - 270 bcf of reserves discovered in the last 15 years

Exploration activity in the Cook Inlet basin



Source: Wood Mackenzie

1. Compounded Annual Decline Rate is 34% driven by production reaching 0 in 2037.

Source: House Resources Committee Presentations  
DNR and Wood Mackenzie  
12-9-2024



# Glenfarne & ENSTAR

## **December 17, 2024:**

Exclusivity Agreement signed between Glenfarne Group, LLC and ENSTAR

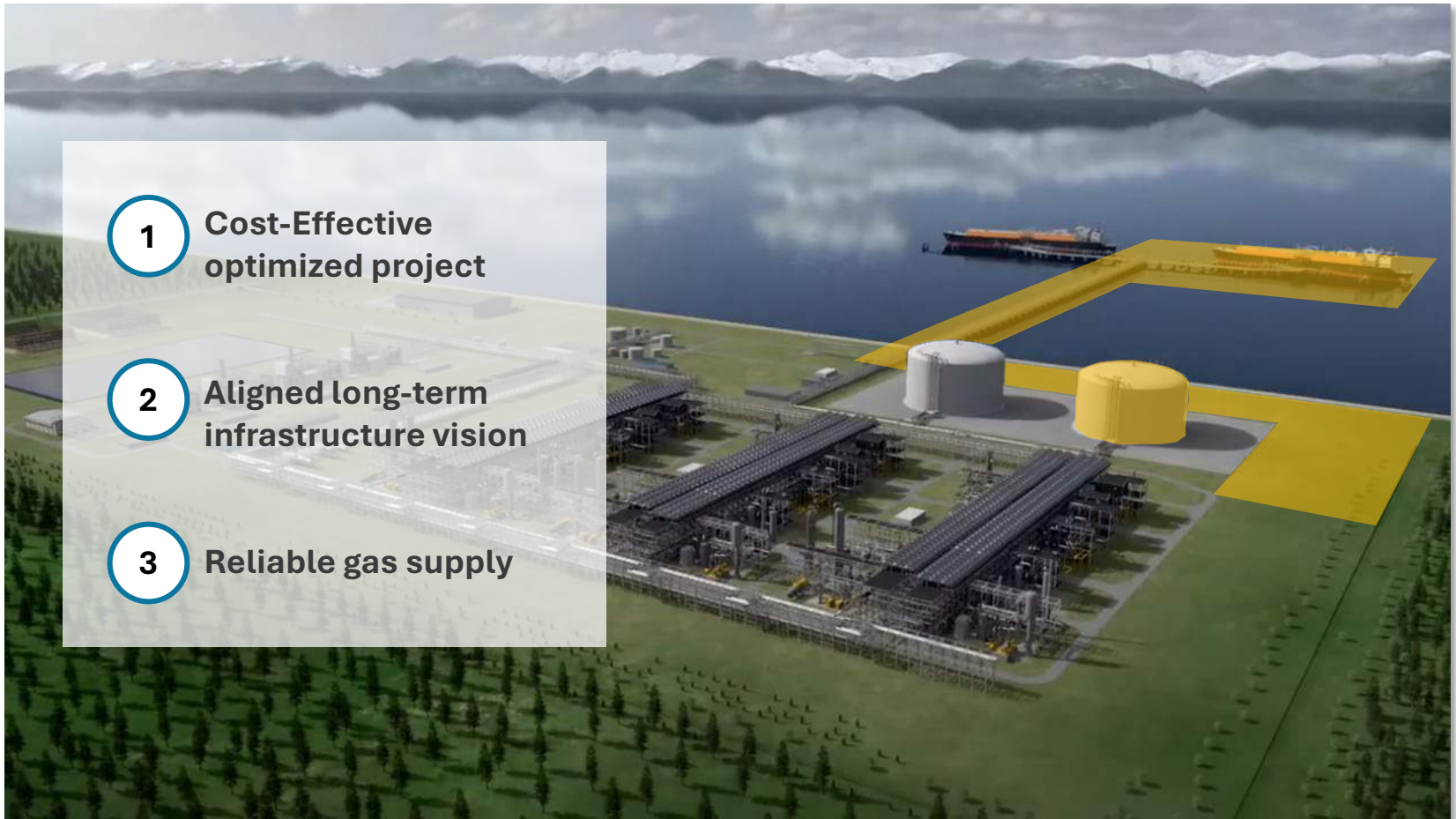
- What is it?
- What it means

## **January 8, 2025:**

Agreement went public



# Import Terminal Facilities



**1** Cost-Effective optimized project

**2** Aligned long-term infrastructure vision

**3** Reliable gas supply

# Highlighting the benefits at the AK LNG Site

**1** Enhanced permitting and construction timeline reduced



**2** Cost-effective gas supply



**3** Increased reliability with reduced mooring and ice challenges in Cook Inlet



**4** Flexibility on imported and local gas



**5** Onshore reliability and efficiency potentially supported by LNG storage



**6** Long-term support of Alaska Gas Pipeline



# How do we make this happen?

1

Recovery of development costs

2

Expeditious review of all federal and state permit applications

3

Establish mechanism for utilities to fully recover cost of LNG import project in their rates

4

Timely regulatory approvals, as needed



# Questions

