

Alaska LNG Project Update

Frank Richards, President
February 16, 2021





Completed cost reduction process

- Updated capital cost assessments, identifying \$8.5 billion of cost reduction from previous estimates (2015)
- Successfully passed economic stage gate



Received necessary approvals

- Department of Energy export authorizations for both Free Trade Agreement and Non-Free Trade Agreement countries
- Federal Energy Regulatory Section 3 authorization in place to build the facilities
- Alaska Oil and Gas Conservation Commission gas offtake approval for 3.6 Bcf/d



Continued engagement and support from the Government

- Ongoing engagement at both State and Federal Government, maintaining continued backing for the project

- We are continuing to advance the structure and leadership of the project with a Strategic Party group consisting of:
 - North Slope Producers
 - A major pipeline developer
 - LNG buyers
 - Banks and financial corporations
- This group has the technical and financial capacity to bring this project to completion
- A likely lead party for each of the Gas Treatment Plant and the Pipeline have been identified
- But there are hurdles remaining:
 - A lead party for the LNG plant needs to be identified
 - The project needs fiscal stability
 - Property tax issues need to be addressed

- Accomplishments
 - Federal Environmental Regulatory Commission (FERC)
 - Environmental Impact Statement - published
 - Order authorizing construction - received
 - Federal Rights-of- Way Received
 - Bureau of Land Management (BLM)
 - National Park Service (NPS) – Denali Nat. Park & Preserve
 - 36 Additional major permits/approvals
 - **LAST major Federal approval was received last week!**
- Remaining major permit/approval work underway
 - State ROW lease: Public comment period ends March 1
 - Air permit for liquefaction facility: ADEC considering comments
 - Cultural Resources Management Plan (CRMP): New draft distributed last week

How Alaska Ranks



Note: Government employment includes federal, state, and local government plus public schools and universities.

¹September seasonally adjusted unemployment rates

²September employment, over-the-year percent change

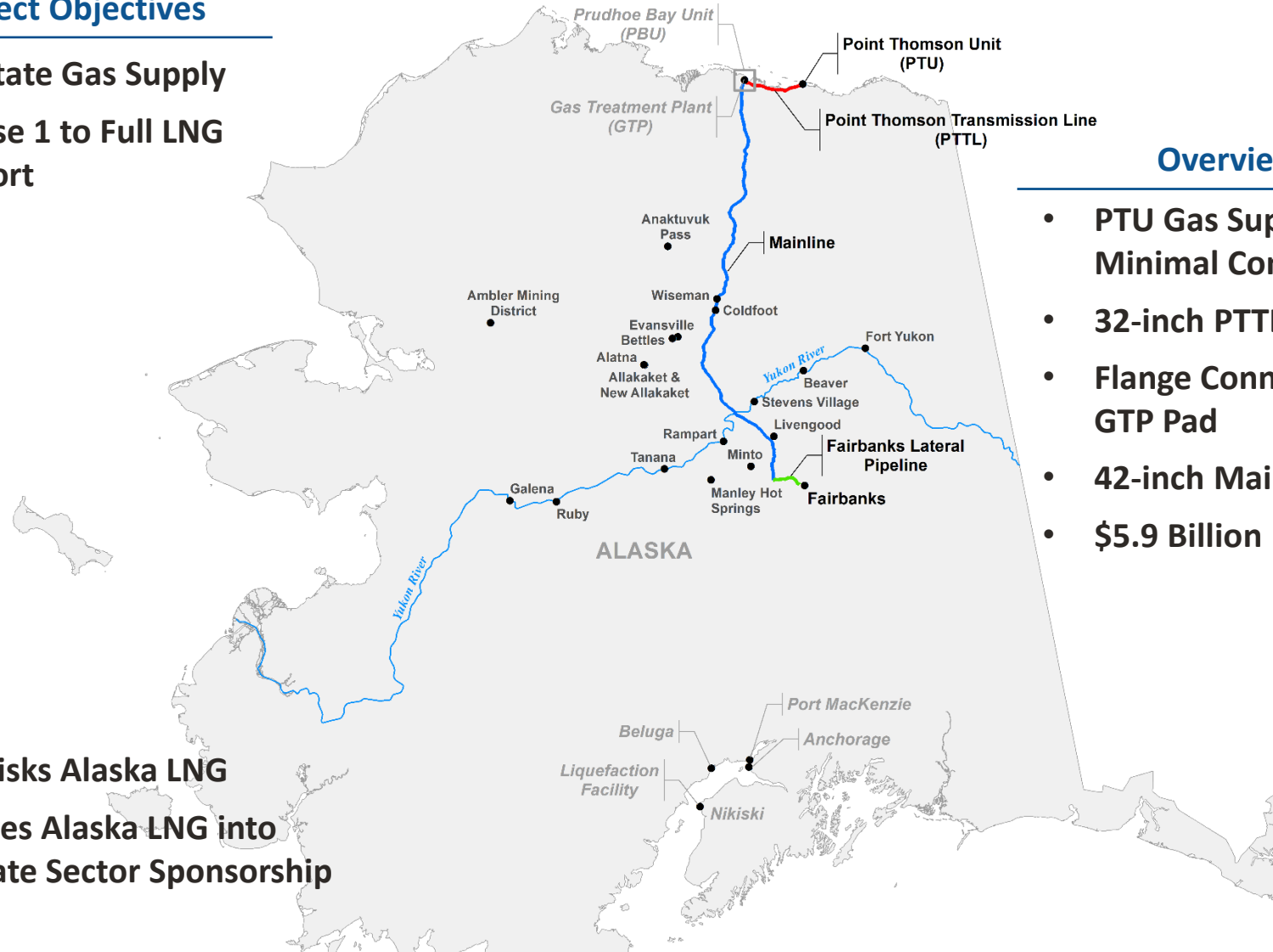
Sources: U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section

- Alaska has an energy infrastructure project that can immediately ignite our economy, put thousands of Alaskans back to work, clean our air, improve health, and reduce energy bills
- The Alaska LNG Project can be phased, starting with a \$5.9 billion U.S. clean energy infrastructure initiative that will resolve longstanding climate, pollution, and energy problems affecting vulnerable rural populations and strategically located Department of Defense installations
- Attracting stimulus and private funding in the near future for the initial phase of the Alaska LNG Project will quickly revitalize Alaska
- Alaska LNG is unique: the project has major permits required to start work now

Accelerated Initial Phase to Deliver Early Gas

Project Objectives

- In-State Gas Supply
- Phase 1 to Full LNG Export
- De-risks Alaska LNG
- Moves Alaska LNG into Private Sector Sponsorship



Overview

- PTU Gas Supply with Minimal Conditioning
- 32-inch PTTL
- Flange Connection at GTP Pad
- 42-inch Mainline
- \$5.9 Billion

- Propels a near-term economic recovery for Alaska:
 - ✓ \$1.5 billion impact in first 24 months
 - ✓ 1,400+ high-paying direct jobs
 - ✓ 20,000+ indirect jobs
- Immediate benefit to hardest-hit service industries (e.g., restaurants, hotels, transportation, etc.)
- Delivers natural gas to Interior Alaska in 2025
- The private sector would build, own, and operate

Alaska State Legislature Letter of Intent for SB-138:

- Employ Alaska residents and contract with Alaska businesses to the extent they are qualified, available, ready, willing and cost competitive;
- Use, as far as practicable, job centers and associated services operated by the Department of Labor and Workforce Development;
- Participate with the Department of Labor and Workforce Development to update the training plan for an LNG export project including main operations;
- Advertise for available positions locally and use, as far as practicable, Alaska job service organizations to notify the Alaska public; and
- Work with the Department of Labor and Workforce Development and other organizations to provide training.

AGDC signed a 2018 “Alaskans first” hiring agreement with local labor organizations for the construction of the Alaska LNG Project:

- Memorandum of Understanding (MOU) with the South Central Alaska Building & Trades Council, Fairbanks Building & Trades Council, and the Alaska Petroleum Joint Craft Council
- Provides the framework necessary to advise engineering, procurement, and construction (EPC) firms regarding negotiations of project labor agreements (PLAs)
- Agreement terms include work and rotation schedules, drug and alcohol test requirements, and safety training. Wages will be established in accordance with prevailing wage rates for local public construction contracts.
- “An Alaskans-first agreement guarantees qualified Alaska residents will be first in line to construct and operate the major components of this gasline” (Alaska AFL-CIO President Vince Beltrami, Oct 2018)

Create Near-term Jobs



Construction
(average 1,005
employees)



Engineering
(average 402
employees)



Construction
Equipment
(\$80 million)
Illinois



Line Pipe
(\$48 million)
Oregon



Civil
Construction
(\$775 million)
Alaska



Line Pipe
(\$283 million)
Mississippi



Line Pipe
(\$333 million)
Arkansas



- Clear the air in Fairbanks and Interior Alaska, which has some of the worst air quality in the nation
- Bring relief to residents with no alternative to diesel or wood
- In the midst of a respiratory virus pandemic, this need has never been more urgent
- Boosts military efforts to alleviate major climate impacts of defense infrastructure in strategically important Alaska
- Boost military readiness through consistent, sustainable, and reliable energy access
- Reduce costs for producing minerals essential for manufacturing renewable energy and electric vehicle components

- Alaskans with limited income spend a disproportionate amount of their money for heat and light while we sit on one the largest untapped natural gas reservoirs in the world.
- Lower energy bills by 25% rural communities with construction of initial phase
- Lower energy bills further - as much as 75% - when the Alaska LNG Project is complete
- Provide the opportunity for direct investment in the project

“...launch a national effort aimed at creating the jobs we need to build a modern, sustainable infrastructure now and deliver an equitable clean energy future.”

- Build a Modern Infrastructure
- Achieve a Carbon Pollution-Free Power Sector by 2035
- Make Dramatic Investments in Energy Efficiency in Buildings, including Completing 4 Million Retrofits and Building 1.5 Million New Affordable Homes
- Pursue a Historic Investment in Clean Energy Innovation
- Advance Sustainable Agriculture and Conservation
- Secure Environmental Justice and Equitable Economy Opportunity
- Position the U.S. Auto Industry to Win the 21st Century with technology invented in America

- Electric grids face a dual challenge: meeting growing demand for power while also decarbonizing the energy it supplies
- Natural gas will play an indispensable role in managing the risk that a precipitous leap to renewables will make electricity more expensive and potentially less reliable
- Gas plays an indispensable role in renewable energy expansion by providing an instantly dispatchable source of electricity
- Retaining sufficient natural gas generation to backstop wind and solar power would reduce costs and increase reliability compared to a grid that relies entirely on renewables
- Political debate around energy and climate policy often presents Americans with a false choice between natural gas and renewable energy - the two are intertwined

Progressive Policy Institute

Wind, Solar, and Gas: Managing the Risks of America's Clean Energy Transition

December 2020

- Stimulus or infrastructure funding is key to attract outside investment
- AGDC supports greater flexibility for States to prioritize initiatives
- Alaska congressional delegation has voiced support for stimulus funding and greater flexibility
- Contracted with Brownstein Hyatt Faber Schreck and Holland & Hart to provide strategic counsel and assist with communications
 - Congressional committee leadership
 - President-elect transition teams
 - Support organizations

- Fund the project alongside private sector Lead Party:
 - ✓ Owner Builder Operator (OBO) would invest capital
 - ✓ OBO to receive minimum return ahead of any State payback
 - ✓ Reliable & unlimited capacity of gas supply to Fairbanks for \$15/MMBtu
- Significantly de-risks Alaska LNG
- Once Alaska LNG is sanctioned by investors, gas prices drop to under \$5/MMBtu in Interior and Southcentral Alaska
- The Alaska LNG project final phase will bring additional job creation
- Alaska LNG's clean-energy infrastructure positions Alaska to remain a major energy exporter far into the future by exporting LNG and eventually hydrogen

Questions

ALASKA
GASLINE
DEVELOPMENT CORP.



Backup Slides

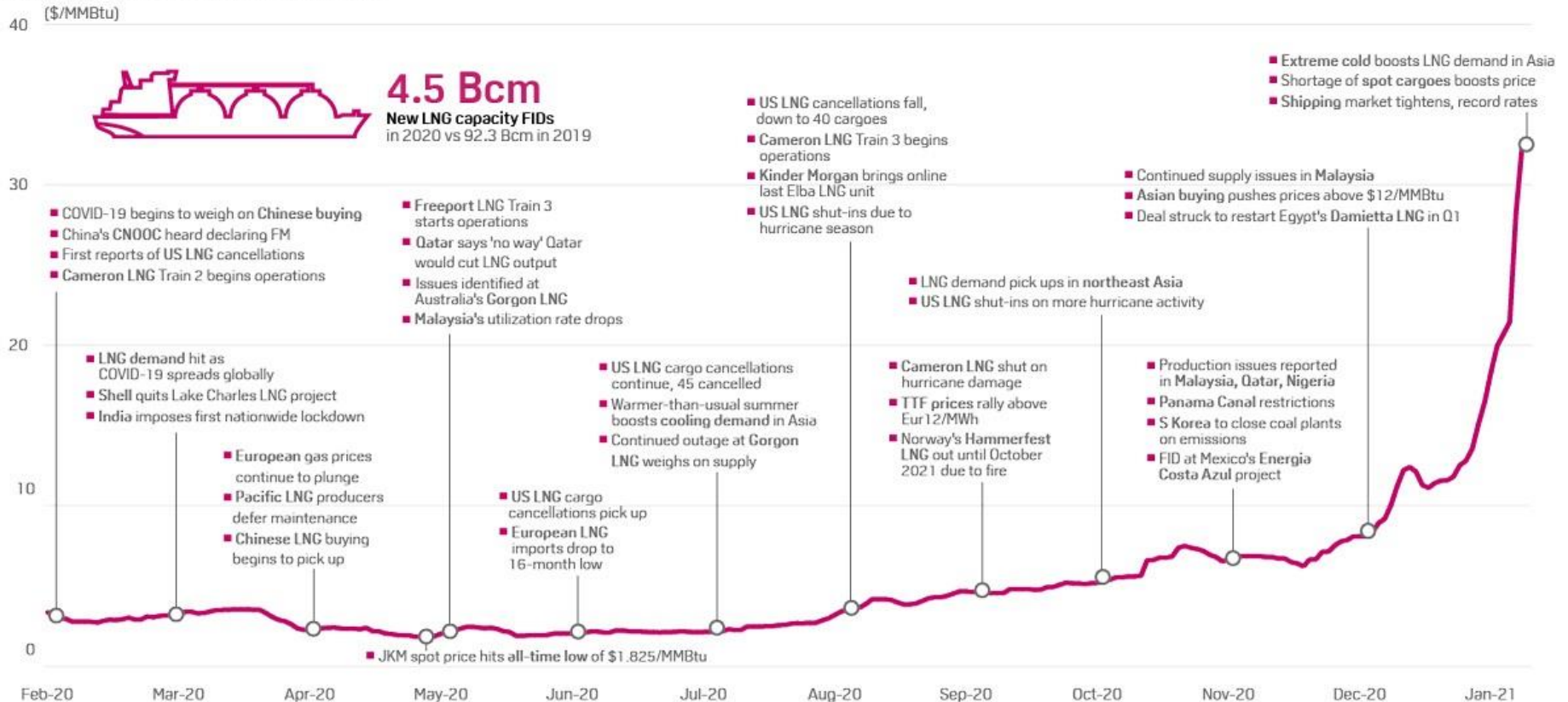


LNG Market Update: Back to Winter Strength

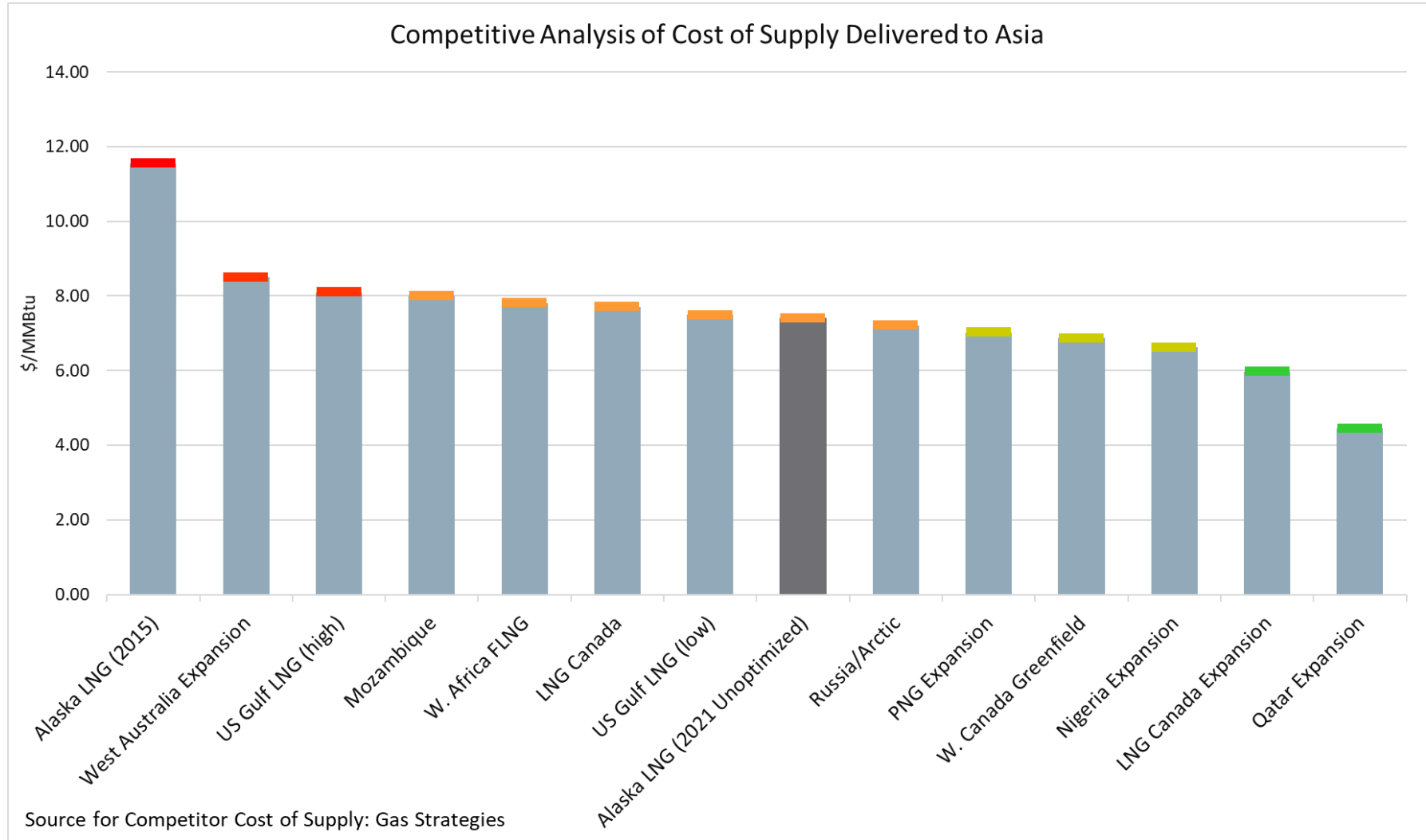
LNG PRICE BONANZA: JKM SPOT PRICE RALLIES TO RECORD HIGH IN 2021

Since May, when the JKM Asian spot LNG price bottomed out below \$2/MMBtu due to oversupply, the market has enjoyed a remarkable rally, the JKM increasing more than 16-fold to a record high of \$32.50/MMBtu in January. This was driven first by an unprecedented supply-side response to low prices, with US LNG cancellations starting to rebalance the market through the summer, followed by strong winter buying demand from Asian buyers in the fall and a number of supply-side issues. Since the start of 2021, cargo shortages, transportation bottlenecks, record shipping rates, and plunging winter temperatures have lent further support to the market.

JKM spot LNG price rallies from summer lows



Alaska LNG vs. Competition

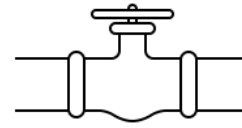
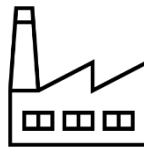


Proposed Commercial Structure

The project will have a non-integrated structure to attract a broad range of potential investors by allowing investors to target specific asset classes, and risk return profiles.



Will unlock otherwise stranded gas for upstream investors



Infrastructure investors can focus on the GTP and Pipeline



LNG offtakers can focus on the Liquefaction Plant

Key Benefits

- | | | |
|---|---|---|
| <ul style="list-style-type: none">• Market for significant gas resource which would otherwise be stranded | <ul style="list-style-type: none">• Low risk, long life assets• Credit worthy counterparties• Long terms capacity agreements• Experienced operator | <ul style="list-style-type: none">• Fixed price LNG with no commodity price risk• Low exposure to shipping costs• Excellent location to enable portfolio swaps and optimisation |
|---|---|---|