

Alaska's Gasline: Fact or Fiction

Money saved by reducing the Permanent Fund Dividend check is going toward the gasline project – FICTION

- Money saved by reducing the Permanent Fund Dividend check remains in the Permanent Fund Earnings Reserve Account, and must be preserved there to enable a sustainable future funding source for the dividend program itself and potentially general government operations. Not one dollar of this money has ever been diverted to fund the gasline, nor would Governor Walker support such a transfer. As for the Permanent Fund Corpus itself, it remains constitutionally protected and therefore cannot be spent on anything (including a gasline) without a vote of the people. If a gasline does move forward, it will only do so after long-term gas purchasing contracts are secured to help finance it.

If the major North Slope Producers decide not to pursue an Alaskan gasline project, then the project is simply uneconomic – FICTION

- All of the major North Slope Producers have other natural gas projects all around the world that compete for their limited pool of capital. The Producers' shareholder obligation requires that they only invest in projects that can provide the highest possible rates of return. Therefore an Alaskan project may well be profitable and economic, just not as profitable as some of the Producers' other options.
- The Producers have recently notified the State that the current gasline project would likely not compete well against their other investment options given existing market conditions. Therefore they have offered to support a State effort to take the lead and attempt to put together an alternate project that would be viable for Alaska and third party investors, while also reducing the cost of energy state-wide.

There is currently a global oversupply of natural gas, driving down the market price and making an Alaskan gasline project challenging – FACT

- Global supply of natural gas has grown rapidly in recent years and is in fact anticipated to outstrip demand in the near term. However, global supply and demand is constantly changing, and most respected industry analysts forecast a new demand window opening in the mid 2020's. Large gas customers will seek long-term contracts well before this time to lock in their supply. The Alaskan gasline project could be structured to meet this next demand window. Alaska has several advantages over other natural gas projects, and so an aggressive marketing effort is needed now to see if these long-term contracts can be secured to make an Alaskan project viable.
- Note: the State will not commit to actual construction of a gasline without these market commitments being secured first. Given Alaska's serious fiscal challenges and a strong desire to grow our economy through lower cost energy; Alaskans need and deserve a fresh and hard look at this new approach to a decades old vision.