



# AGIA

## **Statute & RFA Refresher**

**Special Session Opening  
June 6, 2008**

# Today's Agenda



- AGIA Statute & RFA Refresher
- TC Alaska Application Overview
- Commissioners' Finding and Determination Summary
- "The Prize" – Alaska Arctic Natural Gas Potential
- Jobs, Training, and In-State Gas

# Next Four Days



- Saturday
  - Pipeline Regulation and Commercial Terms
  - Pipeline Expansion
- Sunday
  - How Do You Get the Gas?
- Monday
  - LNG: Economics, Likelihood of Success, & Path Forward
- Tuesday
  - TC Alaska's Project: Economics & Likelihood of Success

## Three Parts

- AGIA License Application Requirements and Process
  - Applicant must Unconditionally accept the “Must Haves”
  - Application Review Criteria
    - “NPV” and “Likelihood of Success”
    - Sufficiently Maximize Benefits to Alaskans
- Terms of the AGIA License
  - State’s Obligations & Licensee’s Remedies
  - Licensee’s Obligations & State’s Remedies
- Upstream Inducements

# The State's Obligations



## AGIA Requires the State to:

- Provide a Matching Contribution of up to \$500 million
- Provide an AGIA project coordinator

The State is NOT required to support and defend the Licensee's application before regulatory bodies, such as FERC.

# If The State Wants Out



If the State Provides Financial Benefits to a  
Competing Project:

- The State must pay three times the Licensee's expenditures
- Licensee's expenditures do NOT include amounts reimbursed by the State as part of the \$500 million match

# If The Licensee Wants Out



If the Licensee breaches the License, the State receives:

- Recoupment of all funds paid, with interest
- All work product related to the project acquired by Licensee during the term of the License
- Any other remedies provided by law or equity

# Request for Applications (RFA)



- Similar to Role of Regulations
- Clarifies Statutory Language for the Application Process and Terms of License
  - Assumptions to be used in providing cost and tariff estimates in the Application
  - Definition of “Project” – Allow expansions to be at less than 70% debt (pg. 19)
  - Definition of “Project Plan” – What changes will require Commissioner Approval (pg. 42)
  - Includes Contractual Terms of the License

# Contractual Relationship



- “The License constitutes the final contractual agreement between the state and the Licensee.” (RFA pg. 40)
- The License consists of the AGIA statute, the RFA, and the TC Alaska Application including all responses to additional information requests.