

Municipal Advisory Group Resolution 2004-03 Final

A resolution advising the State of Alaska to reinforce the requirements of the Stranded Gas Development Act to make natural gas available to meet in-state demand:

- A. Whereas the Stranded Gas Development Act requires applicants to describe methods and terms under which the applicant is prepared to make gas available to meet the reasonably foreseeable demand in Alaska within the economic proximity of the project;
- B. Whereas the SGDA states that an element of determining if a project is qualified is whether it is capable, subject to applicable commercial regulation and technical and economic considerations, of making gas available to meet reasonably foreseeable demand in this state;
- C. Whereas the Alaska Constitution requires natural resources to be developed for the benefit of all Alaskans;
- D. Whereas communities in Alaska desire affordable and clean energy from the gas pipeline;
- E. Whereas affordable, clean energy is a component of economic development and quality of life throughout the state;
- F. Whereas a gas pipeline likely will transport large quantities of natural gas liquids under high pressure, and any takeoff on the pipeline for local access to gas likely will be expensive and may require facilities to remove the natural gas liquids, making the location of extraction of NGLs important to Alaska communities;
- G. Whereas the tariff established for gas transported to takeoff points within Alaska should be calculated for the actual transportation costs to those points;
- H. Whereas AS 38.35.120(a) and AS 42.05.711-42.06.370 may act to prohibit access to North Slope natural gas by many or all communities in Alaska;
- I. Whereas South Central Alaska has had access to an abundant supply of low-cost natural gas from Cook Inlet Basin, which is forecasted to meet existing demand until approximately 2012;
- J. Whereas Interior Alaska would benefit from having access to natural gas either for industrial uses or distribution or for generating lower cost electricity;
- K. Whereas Southeast Alaska communities are isolated and largely rural, and rely on importing oil from lower 48 suppliers for most energy needs; and an alternative source of clean, efficient and cost-effective energy offers a high likelihood of beneficial effect on economic development and quality of life for residents of the Southeast region;

Be it therefore resolved:

- 1. The Municipal Advisory Group requests the State of Alaska to include the placement of multiple, strategic takeoff points in the rural and urban areas of Interior, South Central and Southeast Alaska as part of the construction project along the route of any natural gas pipeline from Alaska's North Slope in its negotiations with successful applicants.
- 2. AS 38.35.120(a) and AS 42.05.711-42.06.370 should be amended to provide greater assurance that communities in Alaska, to the greatest extent practicable, will have access to North Slope natural gas from any trans-Alaska natural gas pipeline.
- 3. The State of Alaska should retain its rights to take the State's royalty share of natural gas in kind in order to provide maximum access to natural gas to meet the future needs of the communities, businesses and regions of Alaska.