

June 28, 2023

## **Alaska Railbelt Utilities Release Phase 1 Results of a Cook Inlet Gas Supply Assessment**

*Several options are being considered to meet the region's long-term gas supply needs*

ANCHORAGE- Today, John Sims, President of ENSTAR Natural Gas Company along with Lieza Wilcox, of the Berkeley Research Group (BRG) presented the Phase 1 results of a recently conducted Cook Inlet Gas Supply Assessment.

The assessment is part of a multi-phase project to identify and select near- and long-term gas supply solutions for Cook Inlet users. It is a result of the combined effort of the Utility Working Group, which formed in May 2022 after Hilcorp announced its current gas contracts would not be extended. Chugach Electric Association; Interior Gas Utility; Matanuska Electric Association; Golden Valley Electric Association; Homer Electric Association; and ENSTAR Natural Gas Company actively participated in the assessment.

The assessment confirms the following:

- Cook Inlet supplies begin to taper as early as 2027, meaning Railbelt gas users face little time to assess potential solutions and make decisions on those solutions to meet the eventual gap.
- Timing is a critical component of any selected project to avoid a shortfall. The Working Group additionally focused on reliability as a key factor to ensure the project predictably meets area needs for several years.

Phase I of the assessment explored ten various options to fill the anticipated natural gas supply gap. The study then narrowed the assessment to three categories of projects which could meet the expected gas shortfall in 2027 and beyond. Rather than pursuing a single project, the assessment further reveals that a combination of projects will likely be required to address Railbelt gas needs. The three project categories are:

- Additional Cook Inlet gas production
- Importing gas from outside Alaska
- Bringing gas from North Slope

**Additional Cook Inlet gas production** is viewed only as a very short-term fix, given the challenging market conditions limiting the economically recoverable volumes of gas remaining. Utilities continue to pursue further Cook Inlet development in confidential negotiations with producers.

**Imported LNG** was identified as a leading project which could timely meet the utilities needs in 2027. The Utilities will continue to explore this through the next phase of the assessment, which has already begun and is expected to be completed by year-end 2023

**North Slope gas** options considered as part of the assessment included an in-state pipeline for in-state use and a larger diameter line for export. However, the permitting and construction process may not be compatible with the utilities' timeline. These projects will continue to be explored as part of a longer-term gas supply solution for Alaska.

### **Working Group weighs in on the Phase 1 Assessment:**

**John Sims, President, ENSTAR Natural Gas:** “The work we are doing now represents a generational shift in the Railbelt’s energy landscape. The Phase 1 Assessment confirms what we already know about Cook Inlet: for 60 years, we have benefited from relatively easy access to gas. But this is an aging basin and we need a solution now in order to continue to serve our customers when ENSTAR’s contracts with Hilcorp expire in 2033. This assessment is centered on accessing reliable and timely gas delivery, not just for ENSTAR’s 150,000 customers, but for electric utilities who rely on natural gas to generate electricity in Southcentral and the Interior. Our goal is to ensure customers never worry about a gas shortage, and that we have a plan in place to meet these needs into the next generation.”

**Arthur Miller, CEO, Chugach Electric:** “We appreciate the efforts of the Working Group to evaluate short and long-term solutions for gas supply to ensure we are serving our members with affordable, reliable power,” said Arthur Miller, Chugach CEO. “At Chugach, we are focused on meeting our gas needs as we transition to a balanced generation portfolio that includes additional clean energy sources, including renewables. This report aligns with findings from a study Chugach commissioned with Black & Veatch earlier this year confirming that importing liquified natural gas is likely the least cost, earliest option available for the near term.”

**Curtis Thayer, Executive Director, Alaska Energy Authority:** “The Phase 1 Assessment is an important first step to understanding the options that we have going forward. Alaska has some challenging decisions to make, as we transition from the past and look forward towards a carbon-neutral future,” said AEA Executive Director Curtis Thayer. “The only way that we are going to solve this problem is to continue working together.”

**Tony Izzo, CEO, Matanuska Electric Association:** “MEA is appreciative of ENSTAR's leadership in investigating options for a continued gas supply,” said Tony Izzo, CEO of Matanuska Electric Association. “We expect natural gas to be a component of MEA's energy mix as we transition towards our diversification goals and the results of this study will be helpful in assessing options with our fellow utilities and other stakeholders.”

**Brad Janorschke, General Manager, Homer Electric Association:** “Homer Electric has been pursuing opportunities to diversify its generation portfolio to create energy security for our members on the Kenai Peninsula. These efforts include identifying additional options for natural gas and incorporating clean energy generation options into the grid. Natural gas will continue to play a strategic part of Alaska’s utility landscape for the foreseeable future. We will continue to partner with Enstar and other Railbelt utilities on the Utility Working Group to expand access to natural gas for all Alaskans.”

**John Burns, CEO, Golden Valley Electric Association:** “The availability of gas is vitally important to GVEA’s ability to lower the cost of electricity to our members, to reduce carbon emissions, and to integrate large scale renewables into our system. Specifically, GVEA’s ability to achieve the Strategic Generation Initiative we adopted in June of 2022, which includes the shut-down of the Healy Unit 2 coal plant and the integration of large-scale wind, is dependent on having gas available to assist in meeting our generation needs. GVEA appreciates the Working Group’s efforts in pursuing options that ensure the availability of gas for all Railbelt members.”

###

Media contacts:

Lindsay Hobson  
ENSTAR Natural Gas Company  
[Lindsay.Hobson@enstarnaturalgas.com](mailto:Lindsay.Hobson@enstarnaturalgas.com)  
907-334-7810

Julie Hasquet  
Chugach Electric Association  
[Julie\\_Hasquet@chugachelectric.com](mailto:Julie_Hasquet@chugachelectric.com)  
907-762-4489

Elena Sudduth  
Interior Gas Utility  
[esudduth@interiorgas.com](mailto:esudduth@interiorgas.com)  
907-452-7111

Julie Estey  
Matanuska Electric Association  
[Julie.Estey@mea.coop](mailto:Julie.Estey@mea.coop)  
907-355-4447

Meadow Bailey  
Golden Valley Electric Association  
[MPBailey@gvea.com](mailto:MPBailey@gvea.com)  
907-451-5676

Lorraine Henry  
Department of Natural Resources  
[Lorraine.Henry@alaska.gov](mailto:Lorraine.Henry@alaska.gov)  
907-378-4926

Keriann Baker  
Homer Electric Association  
[Kbaker@HomerElectric.com](mailto:Kbaker@HomerElectric.com)  
907-235-3302

Brandy Dixon  
Alaska Energy Authority  
[bdixon@akenergyauthority.org](mailto:bdixon@akenergyauthority.org)  
907-771-3078