

1. PURPOSE AND NEED

The Alaska Gasline Development Corporation (AGDC) has prepared this Plan of Development (POD) to describe the design, construction, and operational components of the Alaska Stand Alone Pipeline (ASAP) project. The POD also describes the environmental assessment and regulatory permit requirements that apply to ASAP. It includes information on the following:

- 1) Purpose and Need
- 2) Project Description
- 3) Right-of-Way (ROW) Locations
- 4) Facility Design Factors
- 5) Additional Components of the ROW
- 6) Government Agency Involvement
- 7) Project Construction
- 8) Resource Values and Environmental Concerns
- 9) Stabilization and Rehabilitation
- 10) Operations and Maintenance (O&M)
- 11) Termination and Restoration

Revision 1 of the ASAP POD was published in March 2011. Revision 2 was published in October 2012. This third revision, published June 20, 2014, provides further updates based on information AGDC developed after the U.S. Army Corps of Engineers (USACE) prepared a Final Environmental Impact Statement (FEIS) for the ASAP project in 2012. The POD, Revision 3, presents the ASAP project plan that will be evaluated by the USACE in a forthcoming Supplemental Environmental Impact Statement (SEIS). As components of the project develop further, the POD may be updated to incorporate new information.

1.1 PURPOSE

The Alaska Stand Alone Pipeline (ASAP) project will deliver North Slope natural gas to Fairbanks, Southcentral and as many other communities within Alaska as practical. The project will provide Alaskans with a stable, affordable, long-term supply of natural gas for heating and powering their homes and businesses. The purpose of the Alaska Gasline Development Corporation, the sponsor of the ASAP project, is established in Title 31, Chapter 25 of Alaska Statute.

AS 31.25.005 states that the Corporation shall, for the benefit of the state, to the fullest extent possible:

“develop and have primary responsibility for developing natural gas pipelines...and other transportation mechanisms to deliver natural gas in-state for the maximum benefit of the people of the state;

when developing natural gas pipelines...and other transportation mechanisms to deliver natural gas in-state, provide economic benefits in the state and revenue to the state;

assist the Department of Natural Resources and the Department of Revenue to maximize the value of the state’s royalty natural gas, natural gas delivered to the state as payment of tax, and other natural gas received by the state;

advance an in-state natural gas pipeline...in a safe, prudent, economical, and efficient manner, for the purpose of making natural gas...available to Fairbanks, the Southcentral region of the state, and other communities in the state at the lowest rates possible;

...endeavor to develop natural gas pipelines ...to deliver natural gas...to public utility and industrial customers in areas of the state to which the natural gas...may be delivered at commercially reasonable rates; and

endeavor to develop natural gas pipelines ...that offer commercially reasonable rates for shippers and access for shippers who produce natural gas...”

1.2 NEED

The ASAP is needed to meet statewide demands for access to cleaner and more affordable energy. These demands have intensified to such a level in the Interior that the Alaska State Legislature has enacted an interim plan to provide some Fairbanks North Star Borough (FNSB) communities with liquefied natural gas by truck until an in-state gasline can be developed. Furthermore, the ASAP project will supplement or replace natural gas provided by Cook Inlet gas fields, whose production has declined over the past decade, as reported in Alaska Department of Administration Alaska Oil and Gas Conservation Commission Monthly Production Reports (2014). Although recent drilling activity has occurred in Cook Inlet, new wells remain unproven and may not satisfy the long-term energy demands for residential and commercial use. Access to gas will also help to meet the need for improving air quality in the Fairbanks area, which is adversely affected by the combustion of wood and expensive heating fuels. Fairbanks is currently classified as an air quality non-attainment area by the Alaska Department of Environmental Conservation (ADEC) and the U.S. Environmental Protection Agency (USEPA).

The ASAP project will address these needs by providing up to 500 million standard cubic feet per day (MMscfd) of utility-grade natural gas from North Slope gas reserves to in-state markets by 2020; thereby, meeting current and projected future in-state energy demands, as well as helping to improve air quality in the Fairbanks area. Since the ASAP project will transport utility-grade natural gas at a commercially reasonable rate, the energy resource will be accessible to communities adjacent to the line that choose to tap into it and develop the required infrastructure for its use. The

project will make expansion of commercial and industrial enterprises statewide possible. It will also provide a substantial number of jobs to Alaskans and economic benefit to the State of Alaska through royalties.

A stable and reliable supply of utility-grade, lean natural gas is needed to meet the current and future demand of 500 MMscfd as follows:

- 200 MMscfd – Cook Inlet area current demand
- 50 MMscfd – Cook Inlet area future demand (2030)
- 60 MMscfd – Fairbanks area future demand (2030)
- 190 MMscfd – Future commercial and industrial use

1.3 BACKGROUND INFORMATION

Much of Alaska has no long-term source of fuel other than heating oil. For decades, various sponsors have studied projects to export natural gas from Alaska's North Slope to North America, Asia, or both. To date, none of these projects have advanced past the feasibility study stage. AGDC's Proposed Action will serve developed and developing markets within Alaska, including the South-central region, Fairbanks, and the Railbelt.

ASAP is an intrastate project independent of other proposed intrastate natural gas pipeline projects. The Alaska Liquefied Natural Gas Project (AK LNG) is studying the feasibility of exporting Alaska's North Slope natural gas via a large-diameter pipeline. As these export plans and studies continue, near-term and projected future needs remain for additional natural gas to supplement or replace current reserves and serve Alaskan markets.

Community, commercial, and industrial development in interior Alaska could be facilitated with a reliable supply of natural gas. ASAP will provide jobs, new business opportunities, and tax revenues for Alaska. New jobs will become available during both the construction and operational phases. Existing and new industrial activities will have access to more cost-effective energy.

The ASAP project design was developed to minimize and avoid environmental impacts where practicable. An FEIS was produced by the USACE for the project in October 2012 (USACE, 2012), and a public Notice of Intent to initiate an SEIS for the project is being issued. The SEIS will capture the extent of changes to environmental impacts associated with project improvements and revisions.

1.4 EXPECTED PUBLIC BENEFITS

The expected public benefit of the ASAP project is the potential for delivery of a long-term, reasonably priced supply of natural gas to the Southcentral region, Fairbanks, and other Alaskan communities. Specifically, this supply could be used for:

- Heating homes, public safety facilities, military bases, and businesses
- Generating electrical energy
- Continuing economic stability and growth by supporting industrial users
- Accommodating future population growth and increased commercial usage served by the existing ENSTAR Natural Gas Company (ENSTAR) Beluga local distribution system, and for the Fairbanks–North Pole area and other Railbelt communities.
- Improving air quality in the Fairbanks area, which is currently classified as an air quality non-attainment area by ADEC and USEPA
- Potentially promoting Compressed Natural Gas (CNG) as a substitute for gasoline and diesel fuel used by cars and trucks in Fairbanks; for use by communities along the Parks Highway, including tour buses in Denali National Park and Preserve (DNP&P); and for use by Anchorage and communities on the Kenai Peninsula
- Potentially providing CNG for distribution to rural Alaska communities via the Yukon and Tanana Rivers and marine barges from Cook Inlet
- Facilitating the development of infrastructure to allow more economic development of mining and oil and gas projects