

Cook Inlet Update

March 21, 2024



Utility Duty to Serve

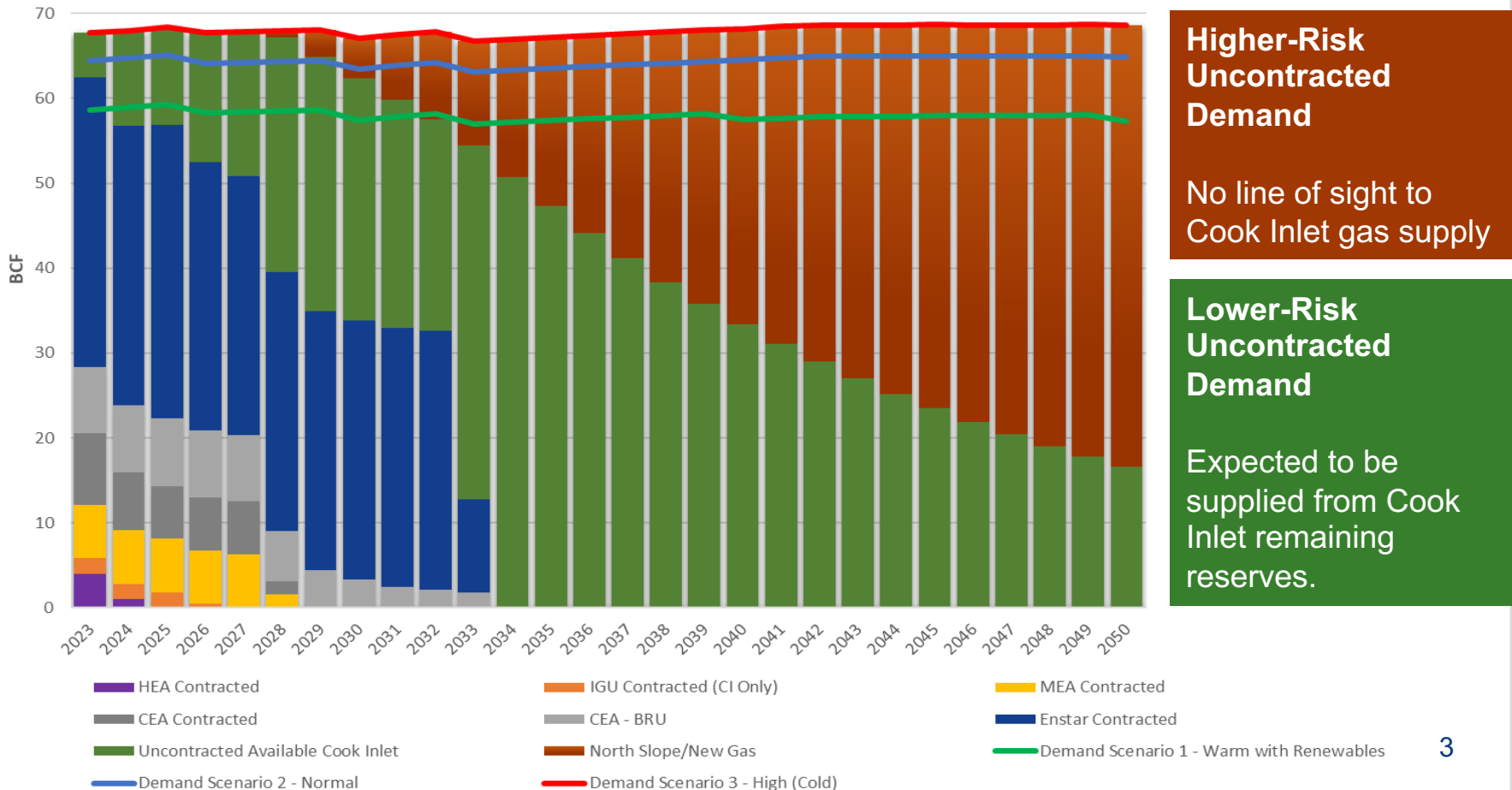
- This duty is not shared by producers, IPPs, or anyone else in this state. It is our obligation alone.

Sec. 42.05.291. Standards of service and facilities.

(a) Each public utility shall furnish and maintain adequate, efficient, and safe service and facilities. This service shall be reasonably continuous and without unreasonable interruption or delay.

Utilities' Market View Fall '22

Combined Utilities' Annual Demand (Cook Inlet Supply Utilities Estimate)



Higher-Risk Uncontracted Demand

No line of sight to Cook Inlet gas supply

Lower-Risk Uncontracted Demand

Expected to be supplied from Cook Inlet remaining reserves.

New contracts, the true cost...

5. Special Cover Provision

- a. This Special Cover Provision applies in the following amounts for the applicable tranches (“Special Cover Tranches”) and for the time periods set forth below (“Special Cover Terms” and collectively the “Special Cover Term”), unless Buyer provides notice otherwise as set forth herein:

Special Cover Tranches and Terms	
April 1, 2024-March 31, 2025	1.0 Bcf
April 1, 2025-March 31, 2026	1.0 Bcf
April 1, 2026-March 31, 2027	1.5 Bcf

- b. Buyer and Seller agree that due to delivery of the New Demand Gas, Seller has an enhanced risk of a Delivery Shortfall during the Special Cover Term. If the Delivery Shortfall occurs during the Special Cover Term, Buyer agrees to waive any Cover remedies contemplated in Section 2.4(C)(3) of the Agreement up to the amount of the then-applicable Special Cover Tranche. For the avoidance of doubt, the amount of Cover remedy under this Section 5(b) is not cumulative, and the Cover amount provided by each Special Cover Tranche for New Demand Gas expires on the last day of the applicable Special Cover Term.

Contract Terms Overview

Contract Terms	All Requirements	Firm	Interruptible	Spot
Meets 100% deliverability?	✓	✗	✗	✗
Provided under contract?	✓	✓	✓	✗
Penalty for non-delivery? (Cover)	✓	✓	✗	✗
Allows for multi-year gas supply planning?	✓	✓	✗	✗
Set price?	✓	✓	✗	✗
Set quantity?	✓	✓	✗	✗
Set terms?	✓	✓	✗	✗
Not subject to changing market or operating conditions?	✓	✓	✗	✗

Phase II Project Team



Integrated Project Team Roles

ENSTAR and Utility Group

Strategic direction
Commercial, legal, regulatory leadership
Pipeline system, storage, existing supply integration
Public communications strategy and oversight

BRG

Project strategy advisor, local coordination
Planning of deliverables and Phase 2 project management
Gas supply project development and execution planning
LNG supply expertise and market interface
Financial and economic analysis
Project interface with Enstar, utilities, and public forums as directed by client

Cornerstone

Engineering and project cost estimates
Permitting plan
Project option technical viability and risk assessment

Additional Resources Engaged

Exp. (Alaska)

Coffman Engineers (Alaska)

Axiom Environmental (Alaska)

Cashman Preload
LNG tank experts, Alaska experience

Lloyd Engineering
Marine engineering, Alaska experience

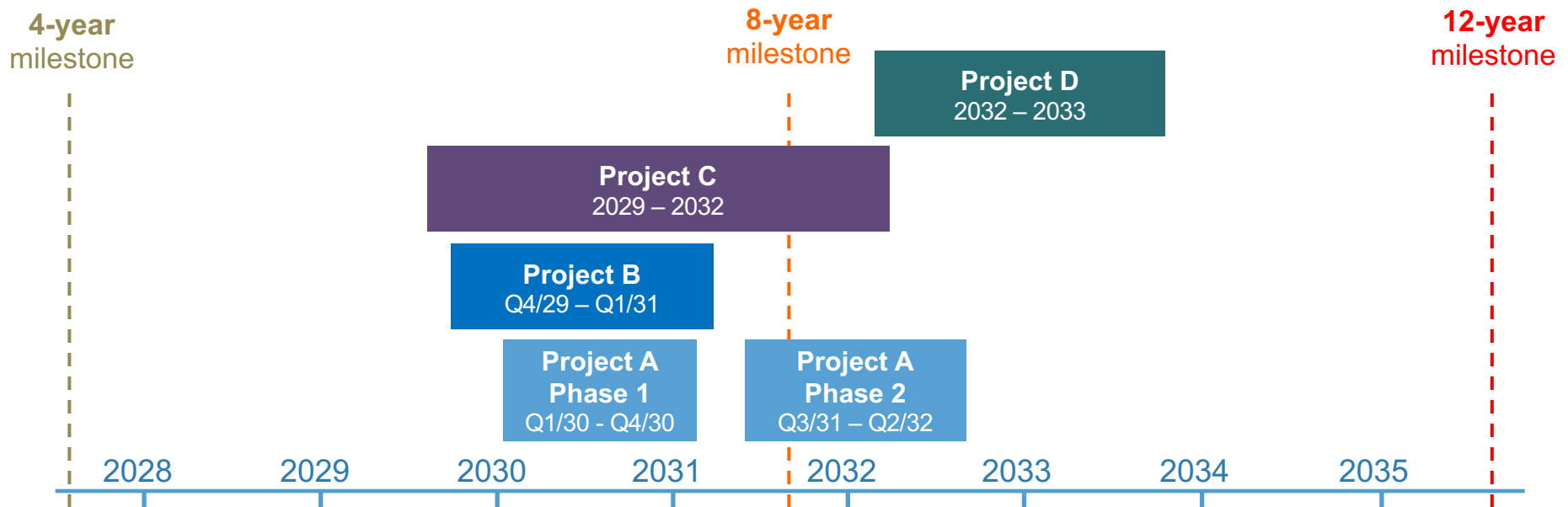
Precision LNG
Worldwide LNG shipping expertise

Hunton Andrews Kurth LLP
Regulatory / Permitting legal experts



Summary Findings for Schedules – Phase II

- None of the options meet the LNG demands for the 4-year milestone (first gas 4Q2027)
- Greatest time unknowns are related to FERC and US Corps of Engineers permitting durations, time to modify or construct in-water piers
- Risks are high for FSRU Options due to tides and winter effects at Cook Inlet
- Long-lead procurement items must be started, and commercial agreements concluded before permits are issued



What now?

- Timely actions are required to avoid a gap in supply.
 - Short-term: Need strong support for Cook Inlet exploration and production activities.
 - Long-term: Decisive action on a large natural gas supply project.
- Ultimately, customers (Alaska residents and businesses) are on the hook for cost impacts.
- Working to minimize impact, but the longer we wait, the fewer options available and at higher rates.

Additional storage is key

- Under every scenario, additional natural gas storage is required:
 - Added Cook Inlet deliverability
 - Support new projects coming online
- In November, CINGSA filed with the RCA to expand its facility to provide additional service.

Meeting Peak Demand

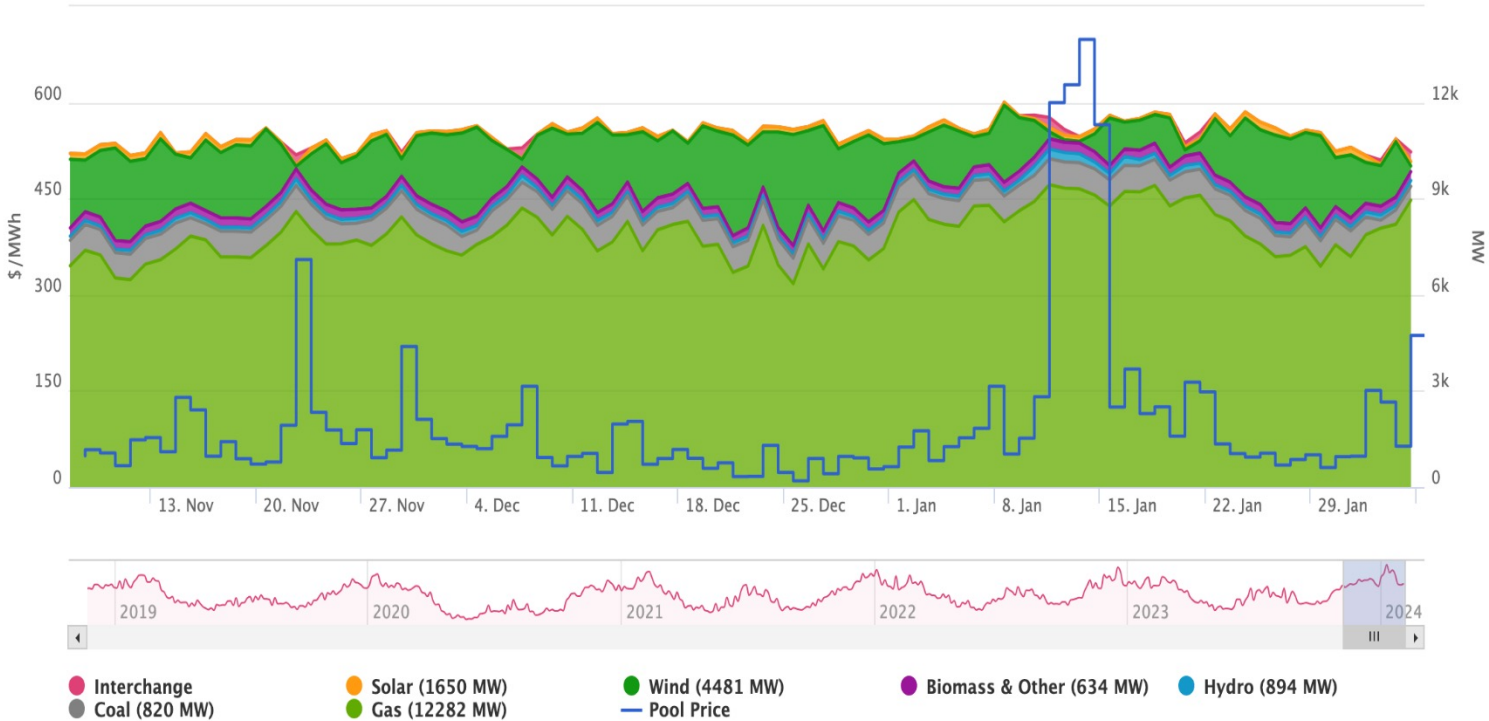


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Zoom 1d 1w **3m** 1y all



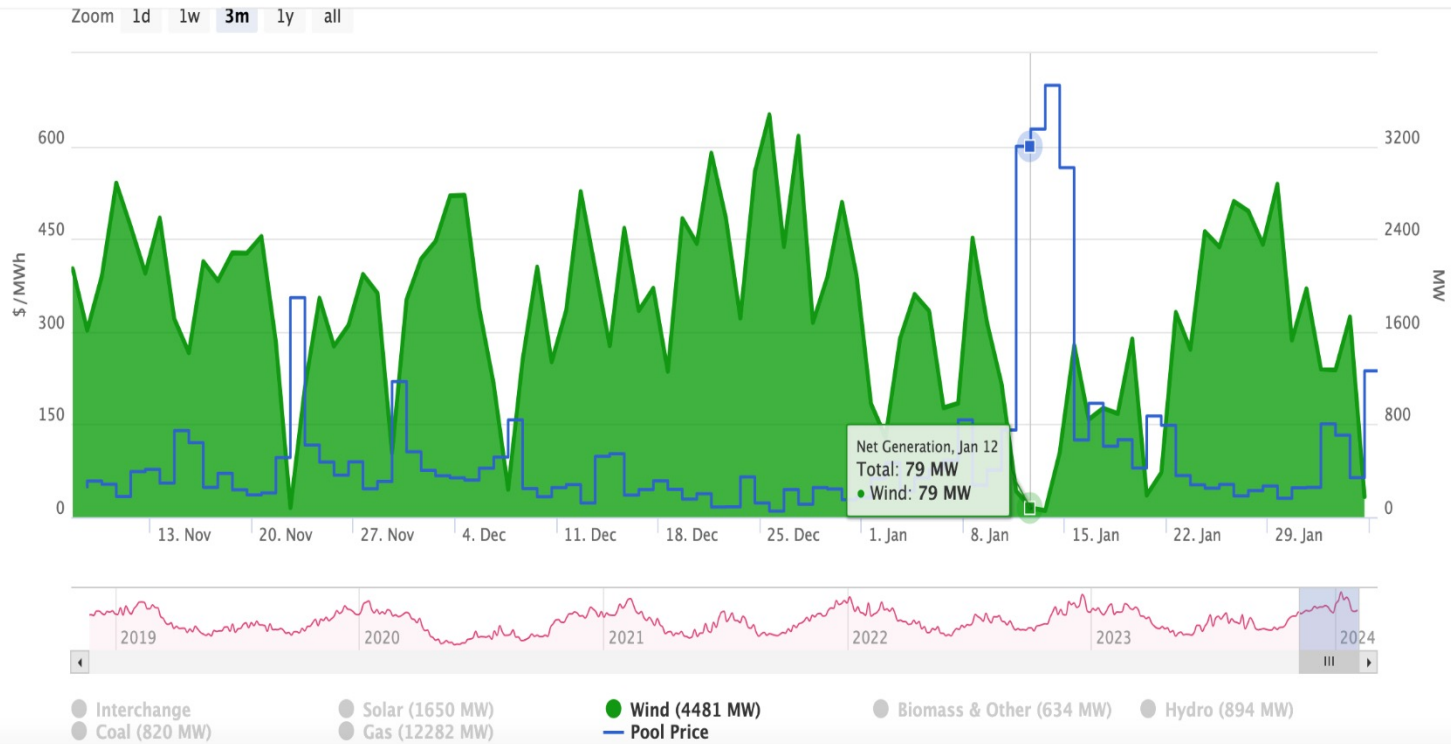
Meeting Peak Demand (Cont.)



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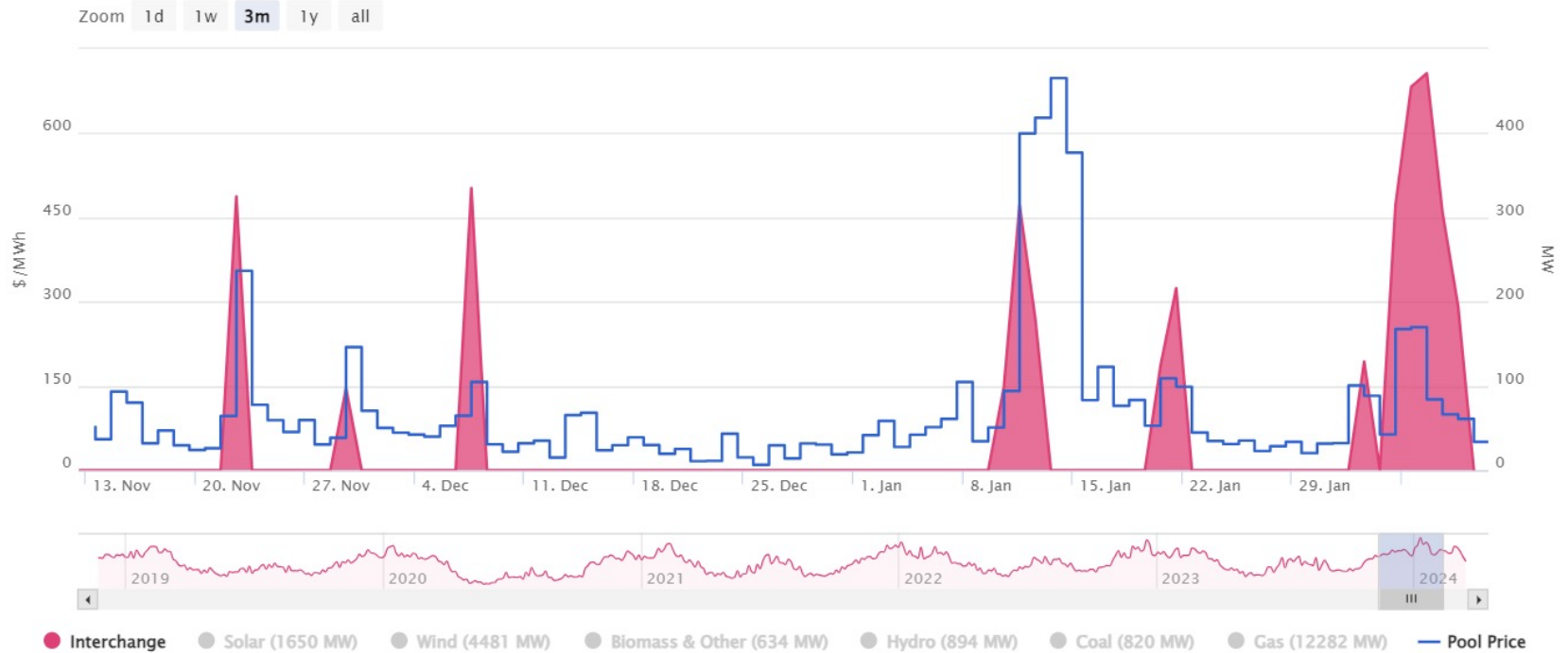
Meeting Peak Demand (Cont.)



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Alberta Generation



Economic Impact

- Anchorage School District
 - 2023 \$5.9 million total billed from ENSTAR
 - \$4.9 million = Cost of gas
 - Assuming a 30% increase
 - Total impact to ASD is \$1.47 million per year

Key Considerations

- There is no unsubsidized energy solution that will reduce the cost of power or space heating in the next 10 years.
- Any incentive or tax relief must be linked to firm contracts for Cook Inlet utilities.
- The second worst thing for Alaska is to import LNG. The worst thing is to do nothing.



Questions

