

North Slope gas

Just where is it going to go?

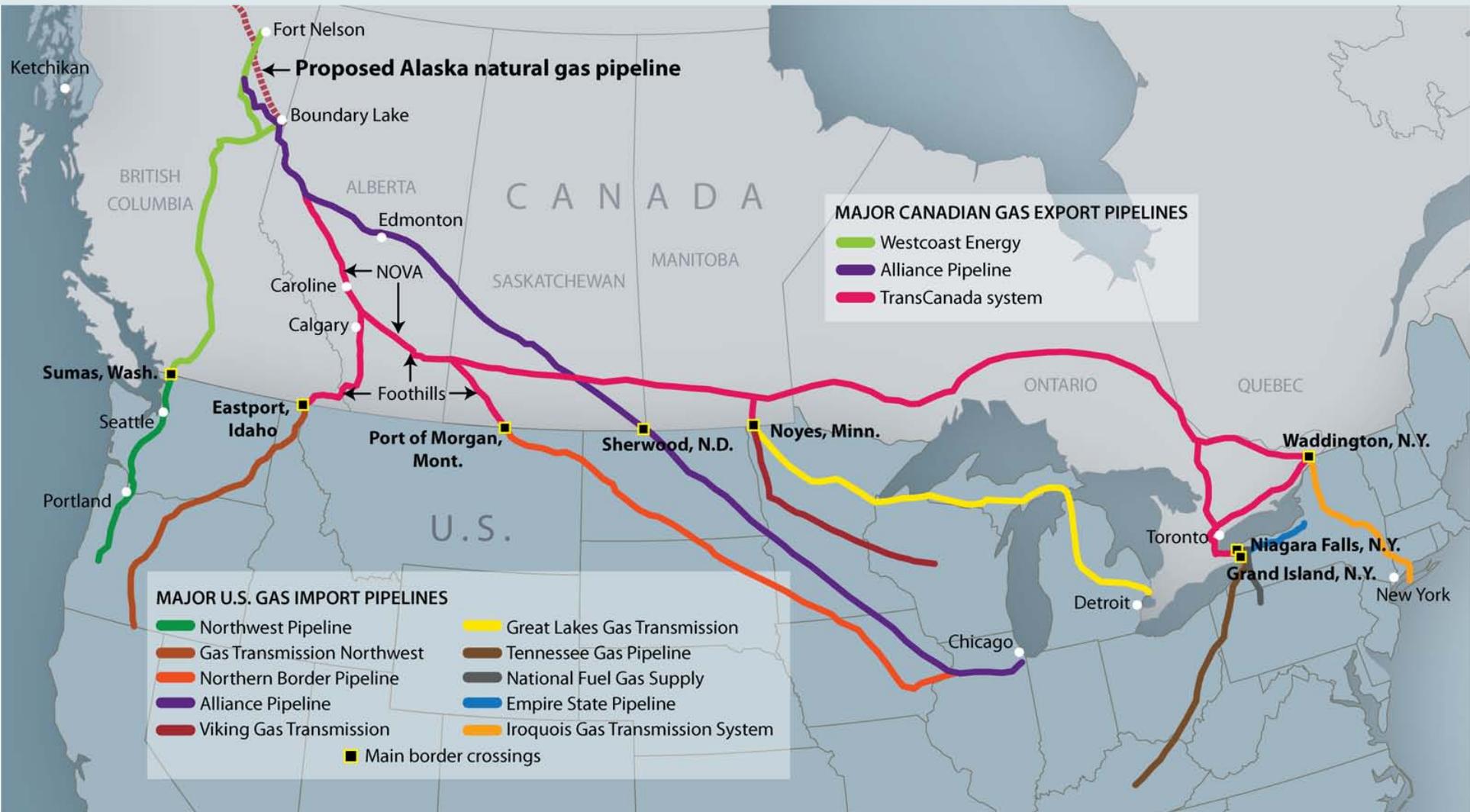


Fairbanks Chamber of Commerce

November 9, 2011

Larry Persily, Federal Coordinator

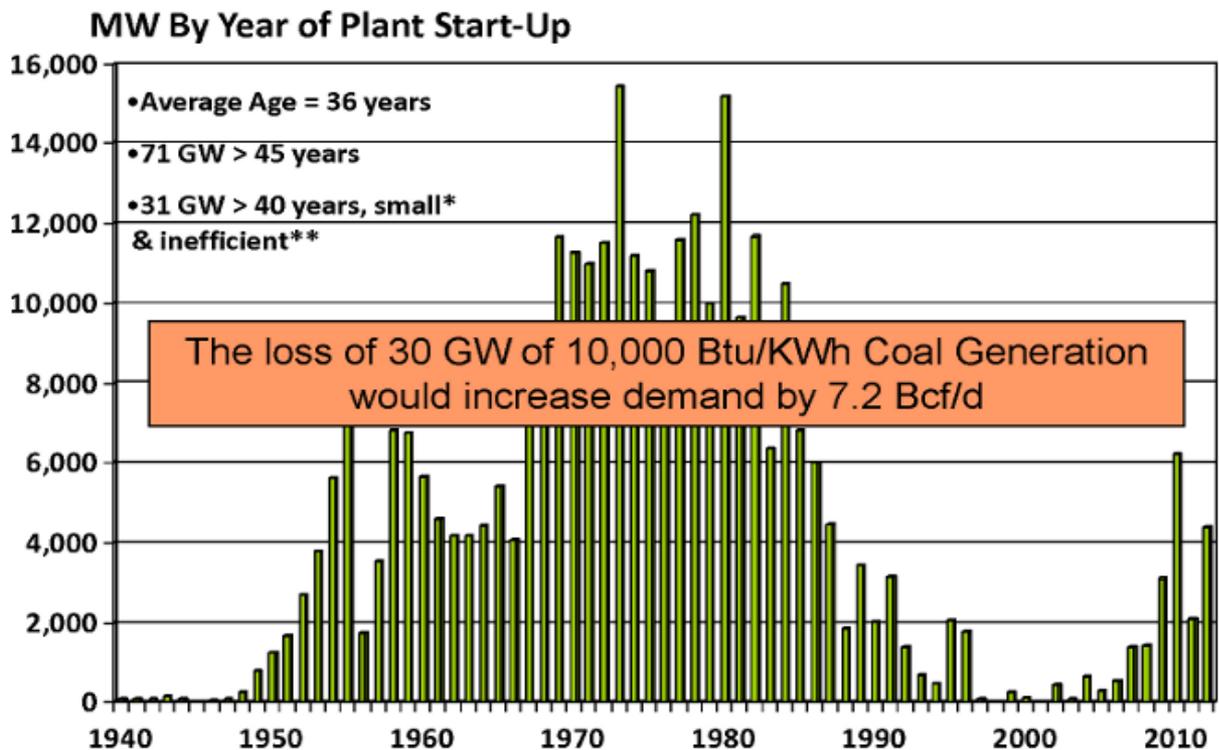
Major Canada-U.S. gas pipelines



Headlines Alaska needs to see

- American Electric, the biggest U.S. producer of coal-fired electricity, plans to retire 6,000 MW of coal production by the end of 2014.
- Southern Co., the biggest U.S. utility owner by market value, will shutter 4,000 MW of coal plants and replace the load with gas.
- Carolina's Progress Energy will phase out 11 of its oldest, dirtiest coal power plants by 2014.
- Coal's share of electrical generation 1st qtr. 2011 was the lowest in 30 years, according to EIA.

U.S. coal plants are getting old



Between 30 and 70 GW (10-20% of coal fleet) could be shuttered due to more stringent environmental regulations

Source: Ventyx Velocity Suite
*Less than 300 MW
** Heat rate > 10,000 Btu/KWh

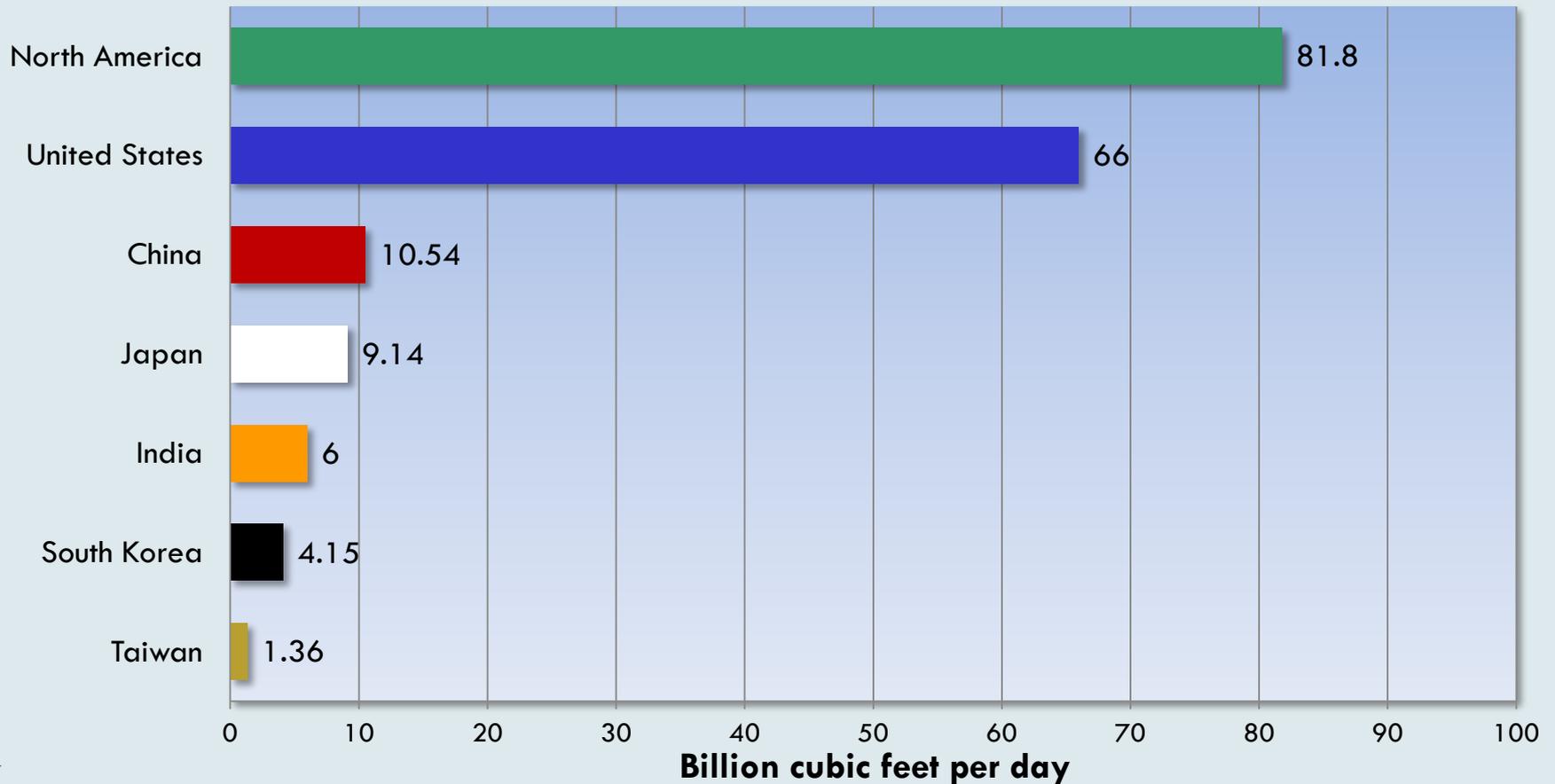
Optimistic view of U.S. demand

Natural gas demand growth potential by 2020

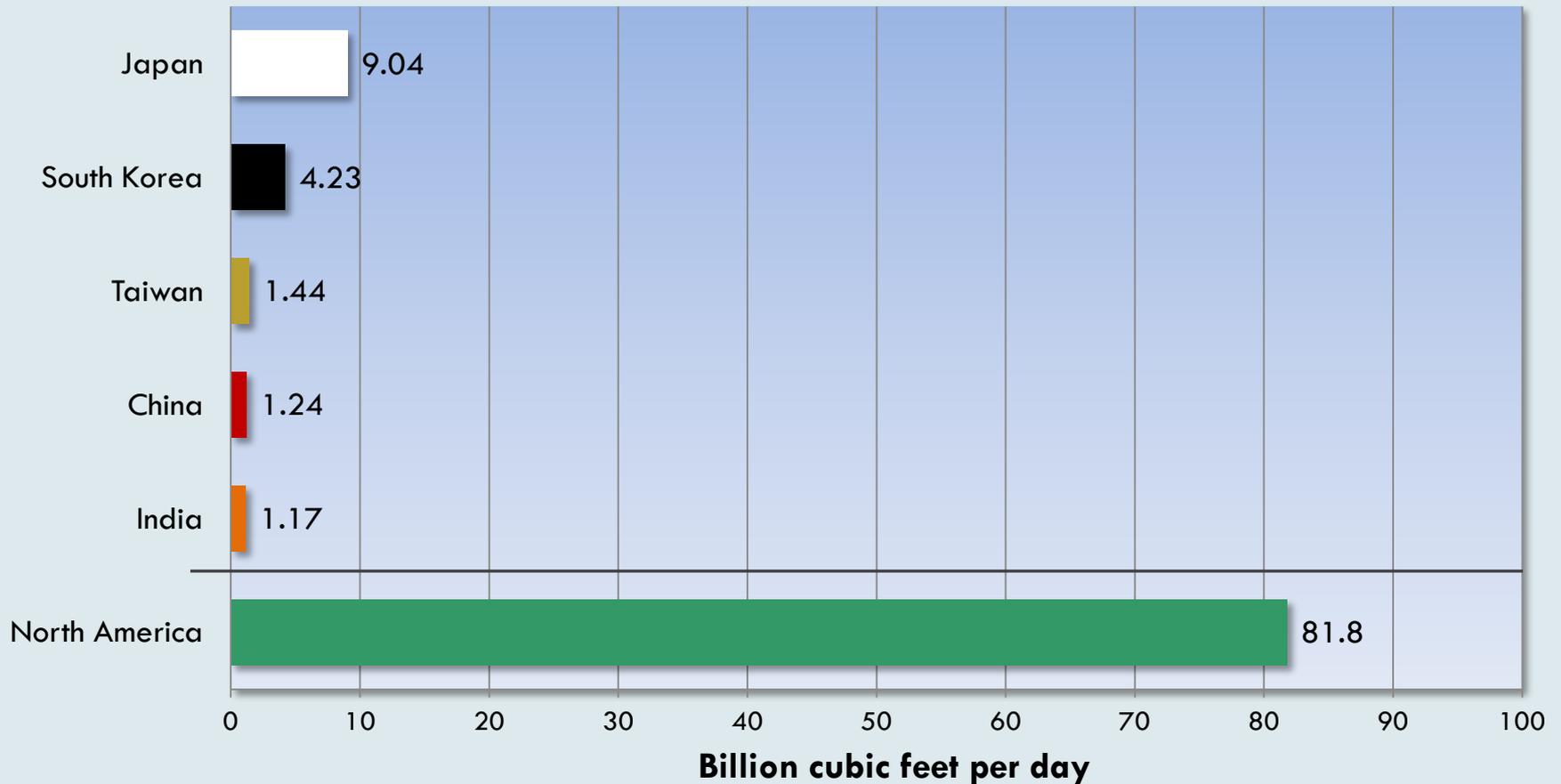
Coal-to-gas power generation switching	4 - 10 bcf/d
New industrial demand	2 - 5 bcf/d
LNG exports	0 - 5 bcf/d
Heating oil-to-gas fuel switching	2 - 4 bcf/d
GTL projects	0 - 2 bcf/d
Transportation: CNG/LNG/electric vehicles	0 - 5 bcf/d
Potential new demand total:	8-31 Bcf/d

Source: Societe Generale

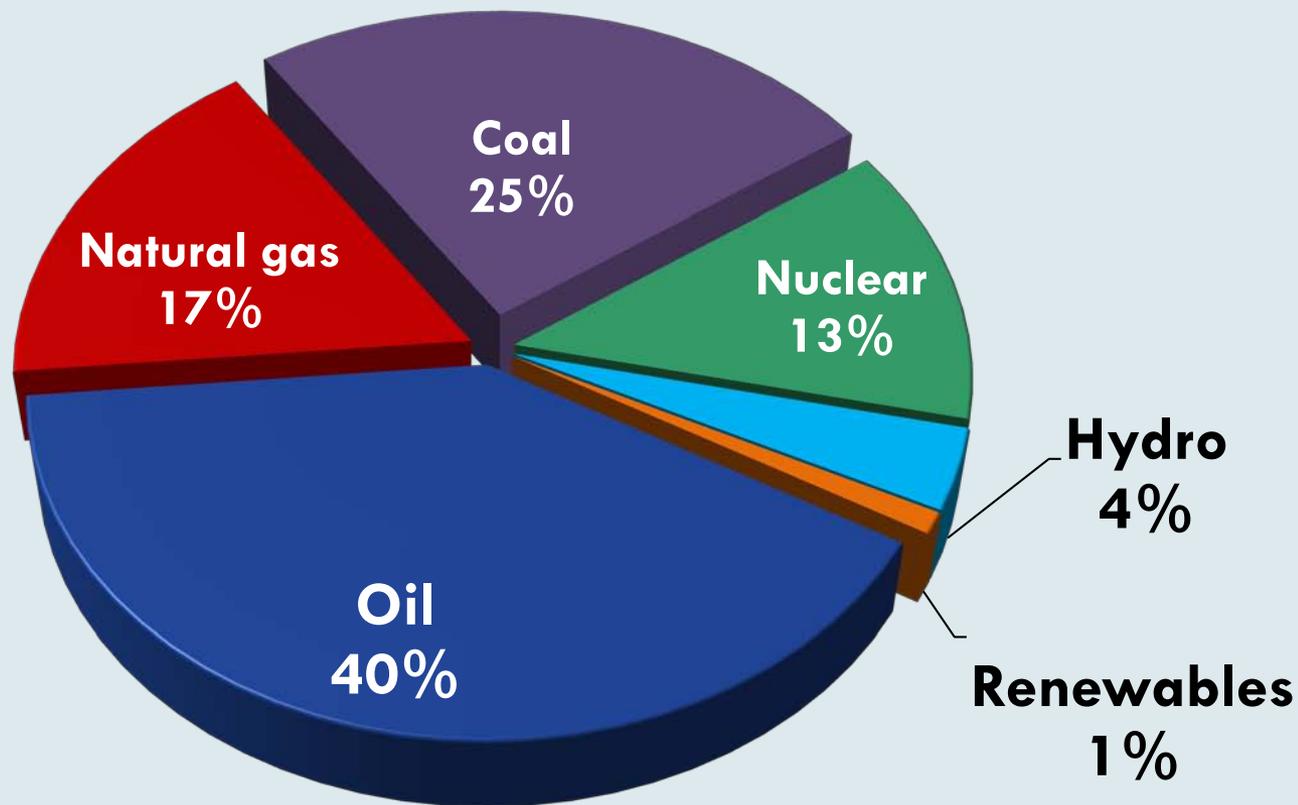
Natural gas consumption 2010



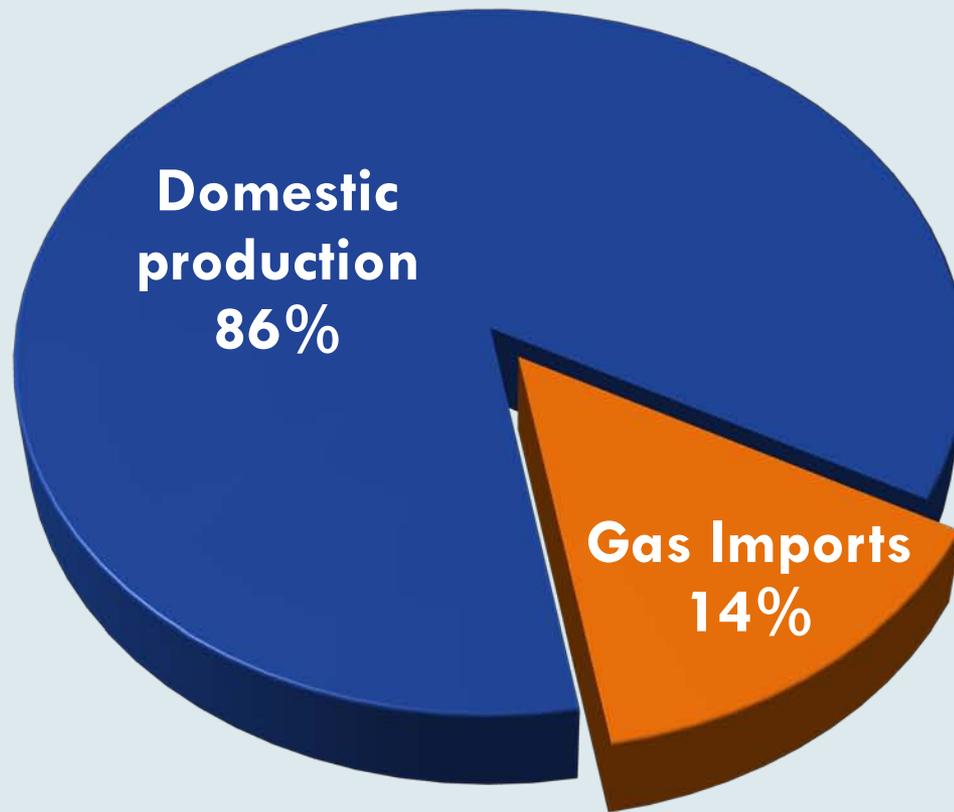
Asia LNG imports 2010



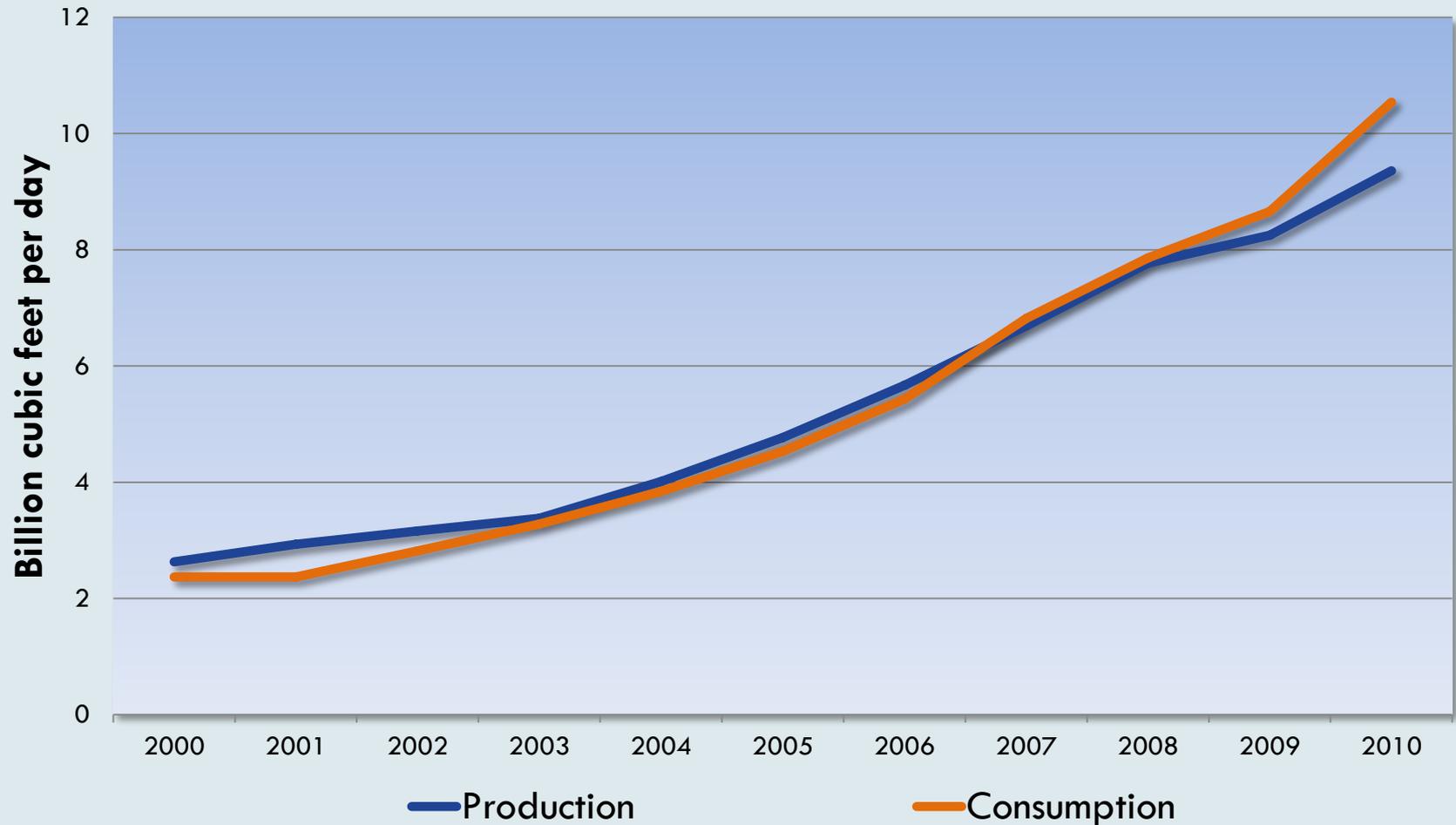
Japan's energy sources 2010



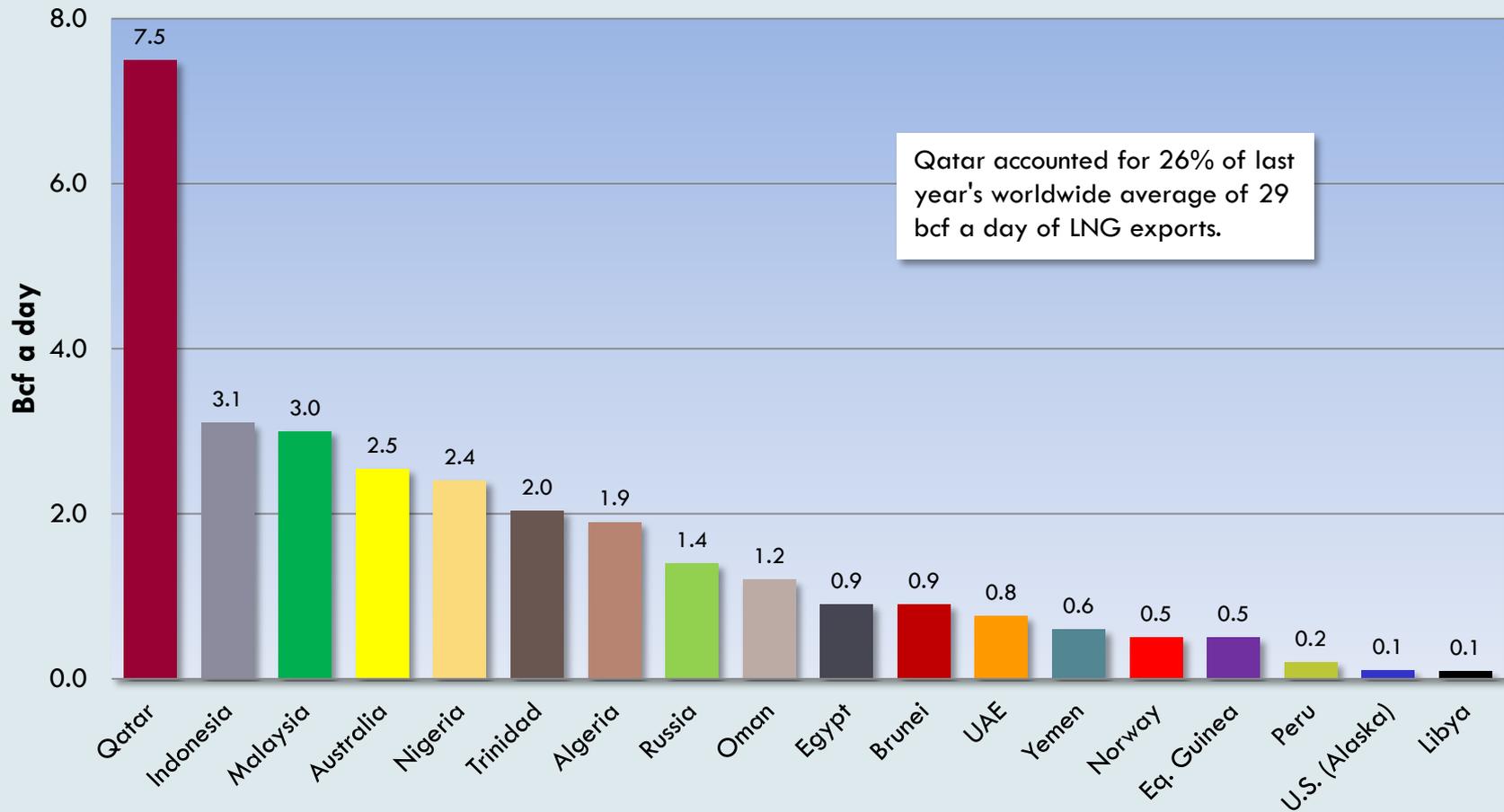
China's gas supplies 2010



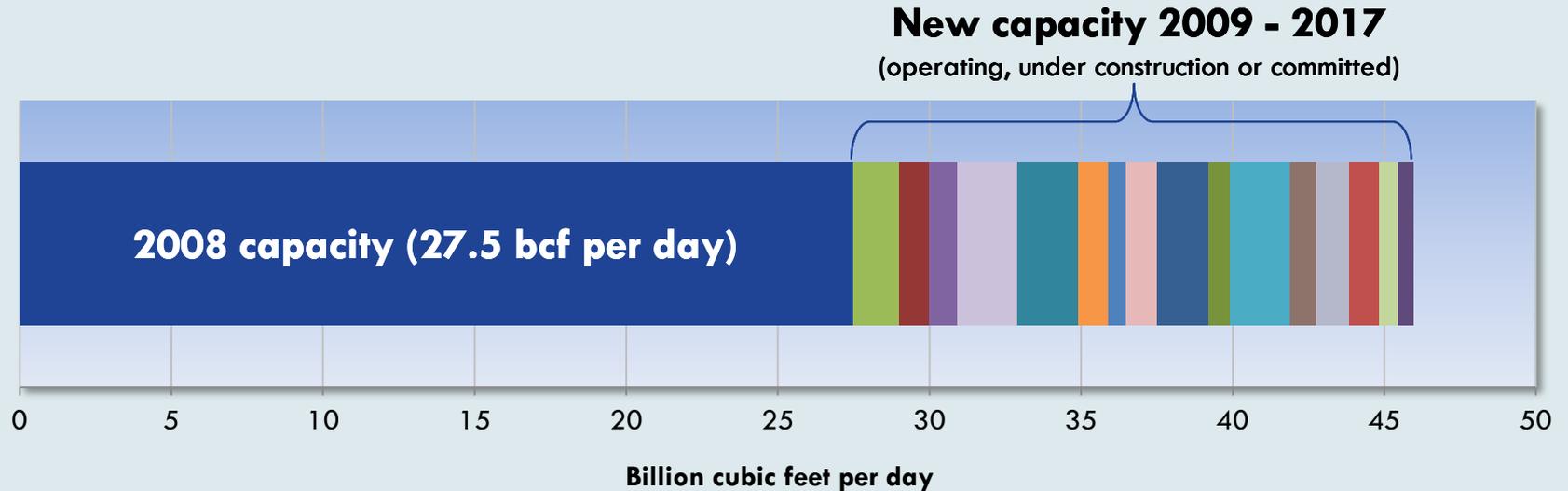
China production, consumption



Global LNG exporters 2010



LNG export capacity growth



- Global capacity (2008)
- Sakhalin, Russia (2009)
- Tangguh, Indonesia (2009)
- Yemen LNG, Yemen (2009)
- Qatargas II, Qatar (2009)
- Ras Laffan III, Qatar (2009)
- Qatargas III, Qatar (2010)
- Melchorita LNG, Peru (2010)
- Qatargas IV, Qatar (2011)
- Pluto LNG, Australia (2011)
- Soyo LNG, Angola (2012)
- Gorgon LNG, Australia (2014)
- Port Moresby, Papua New Guinea (2014)
- Queensland Curtis, Australia (2014)
- Gladstone, Australia (2015)
- Australia Pacific LNG, Queensland, Australia (2015)
- Prelude floating LNG, offshore Australia (2017)

Alaska politics

- State leaders are warming up to the notion that Alaska needs to negotiate a fiscal structure that works to enhance gas pipeline economics
- The public appears more willing to underwrite an in-state line than a big pipeline out of state
- Frustration a strong political force, but unproductive
- Alaskans should realize they need a big gas line for jobs, energy and more oil — and then count the cumulative benefits, not just the tax dollars

Thank you

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