

**STATE OF ALASKA
HOUSE OF REPRESENTATIVES**

2010

Source
CSHR 17(RLS) am

**House
Resolve No.**
12



Urging the United States Department of Energy to expeditiously approve a two-year extension of the export license for the Kenai liquefied natural gas plant.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

WHEREAS the Kenai liquefied natural gas plant has been operating safely and efficiently for more than 40 years and is currently the only significant industrial user of natural gas in Southcentral Alaska; and

WHEREAS the Kenai liquefied natural gas plant received a two-year extension of its export license in March 2009, and the license will expire in March 2011; and

WHEREAS the Kenai liquefied natural gas plant is a significant economic engine for the Kenai Peninsula Borough and the City of Kenai, generating approximately \$130,000,000 in economic benefits to the combined state and local economy each year; and

WHEREAS the approximately 60 jobs that the Kenai liquefied natural gas facility supports directly and the approximately 50 jobs it supports indirectly generate approximately \$17,000,000 annually in personal income; and

WHEREAS the production of gas for transportation to the Kenai liquefied natural gas facility or for feedstock and the sale of Kenai liquefied natural gas together generate

approximately \$60,000,000 in royalties and taxes for the state and the Kenai Peninsula Borough; and

WHEREAS, by serving as a virtual storage facility, the Kenai liquefied natural gas plant ensures a stable supply of gas for Southcentral Alaska by backing up gas supplies for local utilities during periods of peak demand on cold days or when disruptions occur in the gas supply system; and

WHEREAS, while additional storage options are being investigated, encouraged, and pursued, to date, no practical source of backup gas other than the Kenai liquefied natural gas plant exists; and

WHEREAS the Kenai liquefied natural gas plant helps drive investment in development of natural resources in the state; and

WHEREAS resources developed for the Kenai liquefied natural gas plant can and will be used during the life of the Kenai liquefied natural gas plant and may continue to be used to meet local demand, even if exports are discontinued in the future; and

WHEREAS maintaining natural gas demand is vital to the economics of gas exploration and development in the state; and

WHEREAS the availability of liquefied natural gas at a local gas plant for distribution by truck would alleviate the high price of liquefied petroleum energy for many cities and villages on the Kenai Peninsula; and

WHEREAS maintaining the infrastructure of the Kenai liquefied natural gas plant will preserve the option to use the plant in the future to help meet the natural gas demands of Southcentral Alaska; and

WHEREAS the supply of deliverable gas exceeds local market demand, and, if this excess gas is not exported, it may become shut-in, causing reserves to diminish and further jeopardizing the ability of liquefied natural gas producers to meet peak winter demands; and

WHEREAS the owners of the Kenai liquefied natural gas plant have demonstrated their commitment to meeting local needs by voluntarily diverting gas from contractual export obligation when necessary to meet peak consumer demands in Southcentral Alaska; and

WHEREAS the Department of Natural Resources, on March 15, 2010, declared its commitment, under the terms of a 2005 settlement agreement, accepted by the Regulatory Commission of Alaska in order P-04-20(16)/U-05-20(13) on January 26, 2007, to work with

the Kenai liquefied natural gas plant owners, stating that the department recognizes the importance of the Kenai liquefied natural gas export facility to the market and economy of the Cook Inlet region and expressing the department's desire that the facility stay in operation;

BE IT RESOLVED that the House of Representatives supports a two-year extension of the Kenai liquefied natural gas export license; and be it

FURTHER RESOLVED that the House of Representatives urges the United States Department of Energy to expeditiously approve a two-year extension of the Kenai liquefied natural gas export license.

COPIES of this resolution shall be sent to the Honorable Steven Chu, United States Secretary of Energy; and the Honorable Lisa Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.