

Resolution On Freeing Alaskan North Slope Stranded Gas Reserves

WHEREAS, The United States is facing serious economic and national security challenges, exacerbated by domestic energy shortages, defense and terrorism challenges, all of which are related; and

WHEREAS, The United States is increasingly dependent on diminishing domestic supplies of clean burning natural gas, with the Department of Energy forecasting a gap between domestic production and consumption rising to as much as 8 trillion cubic feet (Tcf) per year by 2025; and

WHEREAS, The National Association of Regulatory Utility Commissioners' (NARUC) members are participating in the National Petroleum Council's study on natural gas in the 21st Century, requested by Energy Secretary Abraham, which will address our Nation's growing reliance on low supplies and higher prices of natural gas; and

WHEREAS, Environmental policies are producing a trend of natural gas conversion, and most new power plants are configured to use natural gas as a primary fuel; and

WHEREAS, More abundant supplies of domestically-produced natural gas would contribute to satisfying growing energy demands with the important advantages of lowering balance of payment deficits, increasing employment, and producing greater revenue for the private and public sectors; and

WHEREAS, In the years following the 1967-68 North Slope discoveries, NARUC in its July 1976 resolution identified the

Arctic as possessing "...vast resources of natural gas...." (27 Tcf in Alaska, then and 35 Tcf, now), available to domestic markets but requiring federal encouragement to create viable transportation alternatives for one of the largest construction projects in history; and

WHEREAS, The Congress passed and the President signed the Alaska Natural Gas Transportation Act of 1976, partly at NARUC's urging; and

WHEREAS, Subsequent lower demand for gas caused the hibernation of an Alaska North Slope gas transportation project for many years; and

WHEREAS, Current and projected gas shortages and the resulting spiraling prices have again brought an Alaska North Slope gas transportation project within the grasp of economic reality; and

WHEREAS, On January 24, 2003 the Federal Energy Regulatory Commission and the Regulatory Commission of Alaska executed a Memorandum of Understanding which, "...could result in increased efficiency and cost savings to both the public and regulated entities by reducing duplicative proceedings and evidence-gathering"; and

WHEREAS, The United States Congress is currently considering passage of an energy bill which could provide sufficient impetus for construction of an Alaska North Slope gas transportation project; and

WHEREAS, Following the North Slope oil and gas discoveries

over 30 years ago, there continues to be some debate about the several routes, modes, and financing alternatives proposed for transportation of the gas; now therefore be it

RESOLVED, That the Board of Directors of National Association of Regulatory Utility Commissioners (NARUC) convened in its July 2003 Summer Meetings in Denver, Colorado, respectfully petitions the United States Congress and the President of the United States, in the interest of national security and economic wellbeing, to free stranded Alaska North Slope gas reserves:

- By expeditiously deciding in 2003, in full cooperation with the State of Alaska and its Congressional Delegation, on the most appropriate framework for efficiently transporting Alaska North Slope gas to domestic markets;
- By expending sufficient effort to timely and most successfully resolve any industry, regional, regulatory, environmental, international and financial challenges necessary to link Alaska North Slope natural gas reserves to the Lower 48 natural gas transportation and distribution grid on or before 2012, and be it further

RESOLVED, that NARUC, in urging action under this resolution, takes no position with respect to financing alternatives for transportation of Alaskan North Slope natural gas to markets in the lower 48.

Sponsored by the Committee on Gas

Adopted by the NARUC Board of Directors July 30, 2003