



Strategic Gas Initiative

I've begun my campaign for governor, but here's an issue that needs to be resolved long before the election. We need to create an emergency storehouse of natural gas for Southcentral Alaska. Neither a bullet line, nor a spur line from a big pipeline is going to get here fast enough to fix our problem. Many people have studied the issue and the conclusion is that it is not so much gas supply, but rather gas deliverability, which is at the root of the problem.

Two numbers illustrate what's happening: On a warm summer day the natural gas system, and by that I mean the gas that is used for home and business heating, will deliver and burn about 20 million cubic feet of gas. Come winter the same system will need 300 million cubic feet. The system has trouble dealing with that big of a swing in volumes.

We know there have been close calls in the recent past. Last January in fact, when a compressor shut down unexpectedly, we came within hours of needing to shut off gas to businesses in order to keep gas flowing to residences. It is not as if we have not been warned.

It's time to start work on what I am calling a Strategic Gas Initiative to promote natural gas storage. Whether it is stored underground in old wells, or above ground in tanks, or is delivered here via the LNG plant in Kenai (which would need some work in order to switch from being an export facility to one that can import as well), can be determined through some careful economic analysis. Essentially, it's like chopping wood in the summer to burn in the winter.

The state can help facilitate this through favorable state lease rates for old fields used only for storage, perhaps through state-backed financing, through a reasonable RCA rate structure to cover the costs, and through a regulatory process that ensures open access to all users of the storage system.

Let's be smart and get started!