

ALASKA  
GASLINE  
DEVELOPMENT CORP.

# Stable LNG Pricing

## PARADIGM SHIFT FOR BUYERS & SELLERS

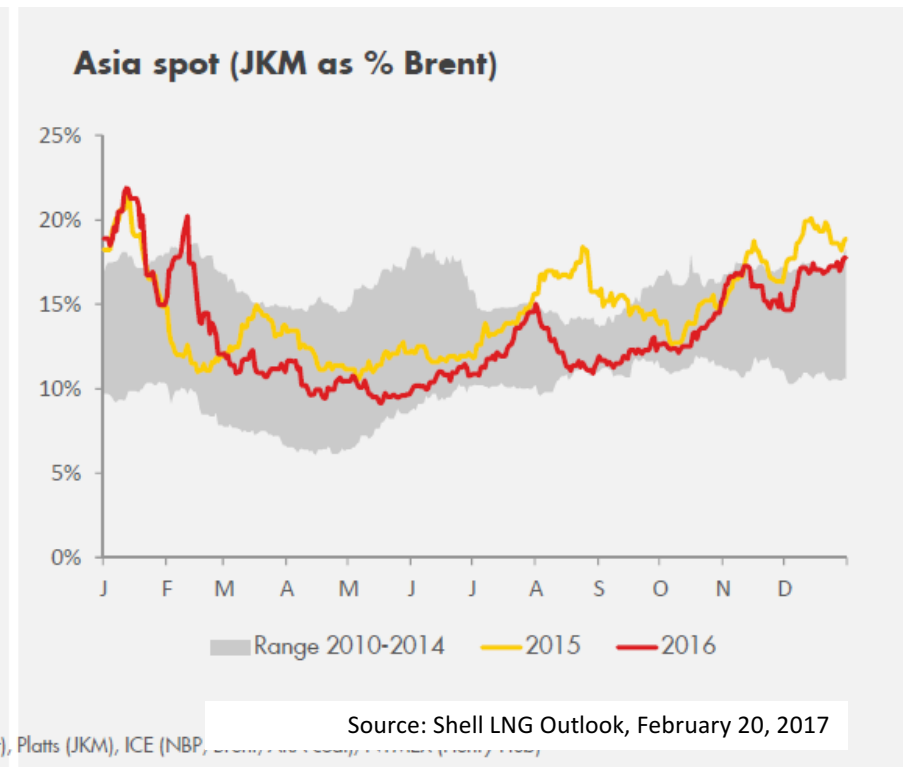
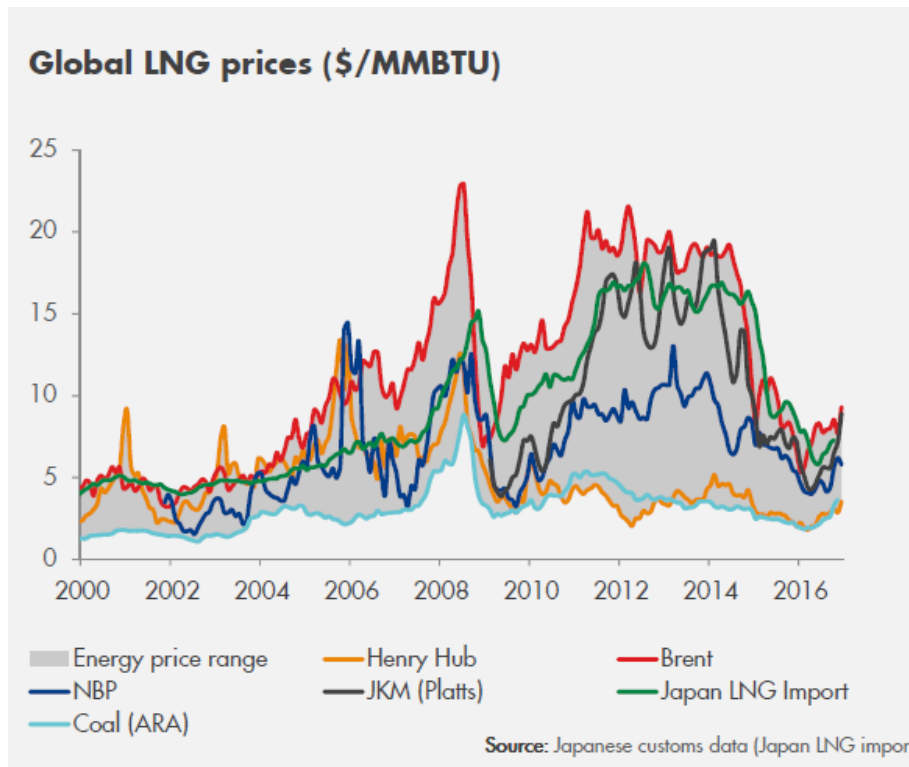
China – US Oil & Gas Industry Forum  
Ningbo, China

16 November 2017

Guy Dayvault, Senior LNG Commercial Negotiator

[www.agdc.us](http://www.agdc.us)

# VOLATILE LNG PRICES HURT CUSTOMERS



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- Gas Consumers suffer from volatility.
- LNG industry can reduce long-term price volatility.
- Stable LNG prices will lead to natural gas market growth.

*LNG price volatility is difficult for global gas consumers.*

- **LNG is capital intensive.**
- **Majority of cost is infrastructure.**
- **Any cost-escalation is limited in magnitude.**
- **Long-term service life for liquefaction plants and related infrastructure** (over 40 years in Indonesia, Brunei, Algeria, UAE, Alaska).
- **Low risk technology:**
  - Natural gas treatment, pipelines, and liquefaction.
- **Feed gas supply can be stabilized:**
  - Proven supplies or known production economics can provide the foundation for stable feed gas cost.

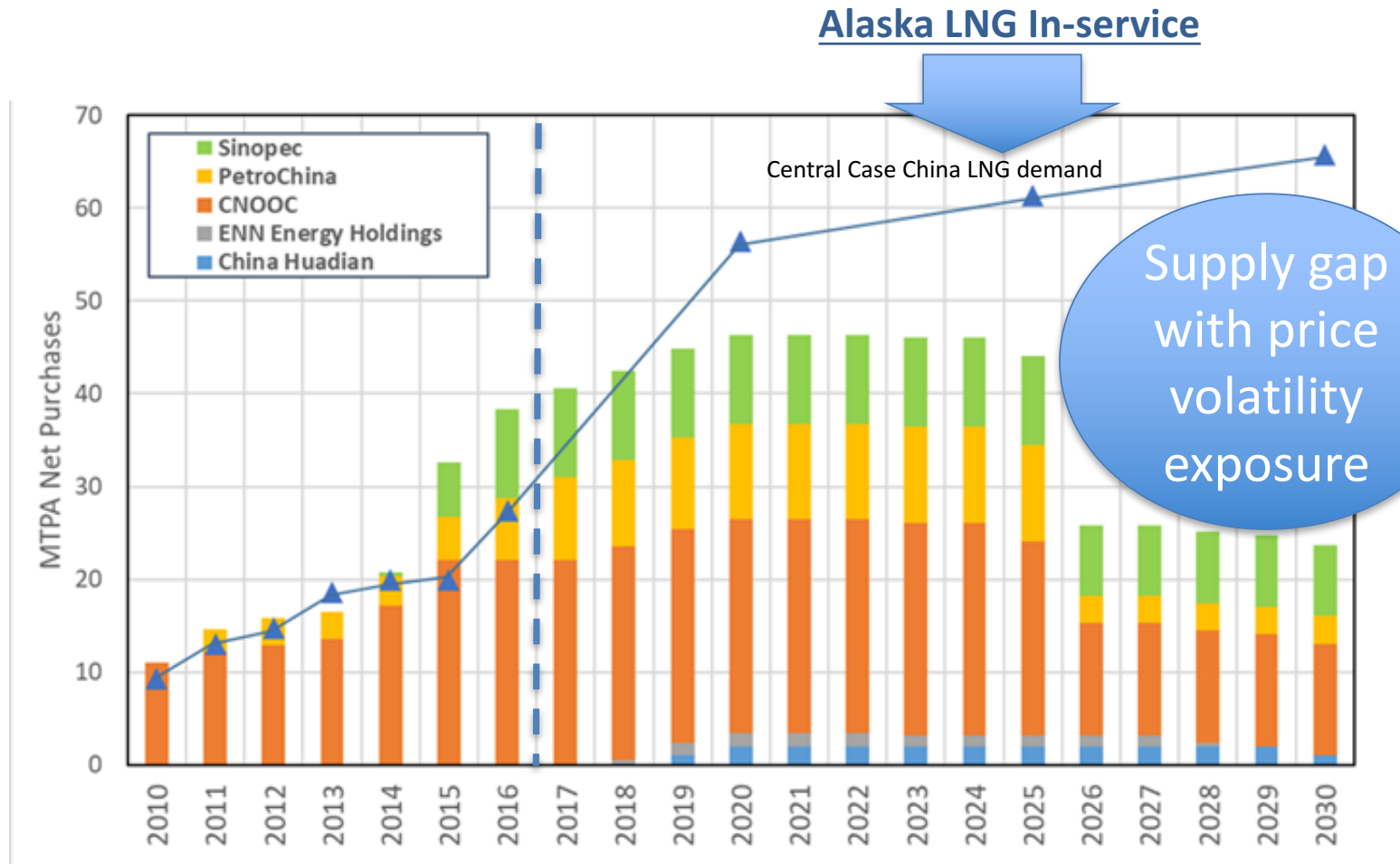
# REQUIREMENTS FOR STABLE GAS & LNG PRICE

- Large, reliable, dedicated, available natural gas reserves.
- Natural gas supply that can have fixed or pre-set price.
- Eliminate the volatility of spot energy prices.
- Long-term competitive supply contracts secure good deals:

For LNG Buyer	For LNG Seller
Stable LNG price for many years for gas customers.	Reliable cash flow for long-term project financing.
Stable pre-set LNG shipping fuel cost.	Reliable customer relationship supports stable LNG purchase.
Helps plan for market growth.	
Eliminates volatility of energy costs.	Supports important infrastructure investment.

*Win-Win commitments underpin stable gas supply and price.*

# CHINA LNG SUPPLY GAP BIGGER POST-2026



Source: Global NatGas Advisors, October 2017

- Projected supply-demand gap in 2026 and beyond.
- Stable priced LNG can be part of the solution.

*Global supply is sufficient now to secure long-term price certainty.*

- **Fluctuating energy costs** aggravate unstable economic growth.
- **Predictable Natural gas price** will increase global use of natural gas and result in cleaner air.
- **Natural gas storage** either geologically underground in vapor form or above-ground in LNG form provides clean backup energy to renewables such as solar and wind power.
- **Imported LNG provides both:**
  - Cryogenic storage resupply in times of ultra-high demand through spot purchases, and
  - Long-term stable price-setting competitive natural gas supply to keep pipeline delivered natural gas fairly priced.

# CONCLUSIONS

- **GDP growth** is more predictable with stable energy cost.
- LNG can be sold with stable pre-set price from certain basins.
- **Natural gas** is a key component of **green GDP growth**.
- LNG with stable pre-set price will support GDP growth and clean skies for **better quality of life for the people**.

