

ALASKAN OPEN SEASON FACT SHEET

Alaska Natural Gas Pipeline Act - *Open Season Provisions*

- FERC must issue regulations for Alaskan pipeline capacity open season within 120 days from date of enactment
- Regulations must include procedures for the allocation of capacity
- Regulations must include the criteria for and timing of any open seasons
- Regulations must promote competition in the exploration, development, and production of Alaska natural gas
- Regulations must cover voluntary expansion open seasons which must then provide the opportunity for the transportation of natural gas other than from the Prudhoe Bay and Point Thomson

The open season regulations apply to :

- Any initial or (voluntary) expansion capacity on any Alaska natural gas transportation project
- Does not apply to involuntary expansion if one is ordered under the Act

Open Season Rulemaking Schedule : Docket No. RM05-1-000

- 10/13/04 – Alaska Natural Gas Pipeline Act enacted
- 11/15/04 – Commission issues Notice of Proposed Rulemaking (NOPR)
- 12/3/04 – Public technical conference in Anchorage, Alaska.
- 12/17/04 – Written comments due on NOPR
- 2/9/05 – Commission issues Final Rule

Open Season Process in NOPR

- Prospective applicant provides specified detailed information about its project to the public 30 days before open season starts
- Prospective applicant holds open season for at least 90 additional days
- Prospective applicant awards capacity bid for in the open season without undue discrimination or preference of any kind

Changes to NOPR approved in Final Rule (as a result of public comments)

- Recognition of Alaskan in-state needs
 - Prospective applicant must use results of an in-state study to design in-state capacity, delivery points and transportation rates as part of its open season
 - Bidding on in-state capacity will be independent of out-of-state deliveries during a prospective applicant's open season

- Prevention of Undue Discrimination or Preference
 - Standards of Conduct of Order 2004 APPLY
 - Open season information identifies all of a prospective applicant's affiliates involved in the production of natural gas in the State of Alaska
 - Prospective applicant must create or designate an independent unit or division for its open season
 - Information made available to any potential shipper must be made available to all potential shippers

- Capacity Allocation
 - Pre-subscriptions are allowed, but all such agreements must be made public within in 10 days of execution and all other bidders in the open season may have such terms
 - If capacity is oversubscribed in the open season, pre-subscriptions will be subject to pro-rata reductions
 - A prospective applicant must consider qualified bids after the open season and may reject them only if they cannot be feasibly accommodated
 - The results of the open season must be made public within 10 days including the name of the shipper, amount of capacity awarded, and term of agreement
 - Copies of all accepted precedent agreements and copies of any rejection correspondence must be provided to the Commission within 20 days

- Pre-filing, Project Design & Expansions
 - A prospective applicant must pre-file its open season proposal for Commission review
 - The Commission will consider project design and the to capacity needs of initial and future shippers
 - The Commission will consider whether proposed capacity expansions adequately accommodates shippers not awarded initial capacity

- Policy Considerations
 - Balance objective to encourage project construction with objective have fair and open competition and access.
 - Rebuttable presumption for rolled-in rate treatment of costs of expansions
 - Balance objective to be pro-active in oversight with objective to let market forces work within the rules prescribed by FERC