Errata for the Analyses of Selected Provisions of Proposed Energy Legislation: 2003 as of 10/28/2003

Chapter 3. Oil and Gas Supply Provisions, Section D. Alaska Natural Gas Pipeline has been rewritten to deal primarily with two misinterpretations of language in the bills analyzed. The two major differences are:

- HR.6.EAS provides for a tax credit to Alaska North Slope gas producers which effectively guarantees a return of $3.25 per million Btu at the AECO-C Hub in Alberta. EIA had assumed that the $3.25 was in nominal dollars at the time the bill was passed (presumably 2003) and adjusted for inflation thereafter, when in fact the price is specified as $3.25 in nominal dollars at the time the pipeline starts operation, adjusted for inflation from that date forward.

- Under S.1149, the tax credit to North Slope Alaska producers is based on a market price in Alaska equal to a published reference price minus an estimate of transportation and processing costs from the North Slope. EIA had interpreted the term "processing costs" to reflect the activities occurring at a gas processing plant and did not include gas treatment costs, which apparently was the intent of the bill.

Other changes include:

- Expected dry gas delivery volumes at 3.9 billion cubic feet per day (Bcfd), not the 4.5 Bcfd that had been assumed by EIA at entry-into service or the 5.5 Bcfd with an expansion that was included in EIA's analysis of gas market effects.
- A reevaluation of the tariff for transporting gas from Alaska to Alberta, particularly how it might change over the life of the pipeline.
- A later earliest start date for the pipeline of 2013, rather than the previous 2010, to reflect more recent estimates.
- A lower price differential between Alberta and the average lower 48 States.

Footnote 62 on page 57 of the Dorgan report should be changed from:

Based a study by MathPro, *Effects of Repealing the Federal Oxygen Requirement in RFG Under A National MTBE Phase-Down* (July 1, 2002), the American Petroleum Institute (API)indicated that the impact of an ethanol credit trading program on the RFG price would be at most equal to the ethanol transportation costs from the Midwest to the California or Northeast markets. An effective ethanol credit trading problem could reduce the RFG price increases in those markets, at most 0.7 cents per gallon for California and at most 0.6 cents per gallon for the Northeast.

To:

The impact of an ethanol credit trading program on the RFG price would likely be lower than the ethanol transportation costs from the Midwest to the California or Northeast markets. An effective ethanol credit trading problem could reduce the RFG price increases in those markets, at most 0.7 cents per gallon for California and at most 0.6 cents per gallon for the Northeast.