

AGIA

The Alaska Gasline Inducement Act

Producer Incentives to Expand Pipeline for Third-Party Shippers

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Interests as Producers May Conflict With Interests as Pipeline Owners

“Wishing to deny the fruits of their monopoly power to nonowner shippers, the [producer-owned] pipeline would have to deny pipeline access to nonowner shippers. . . . The analysis above should make it clear that producer-ownership of the pipeline creates incentives to deny or impede such future capacity expansion.”

Report of the Attorney General to Congress Pursuant to The Alaska Gas Transportation Act at 58-59.

Stranded Gas Development Act History

- Draft SGDA contract included the 10 ANGPA requirements for expansion and added 20 more conditions
- Explorers objected that they were better off with no contract expansion terms
- Draft LLC agreement provided that pipeline board representatives owed fiduciary duties not to the pipeline, but to producers that appointed them.

AGIA History

- ConocoPhillips alternative proposal provided for expansion at higher cost to new shippers than AGIA requires
- Denali proposal makes no expansion commitments