October 10, 2025

Now and the Future for Alaska LNG Project

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On September 11, JERA announced that it had signed a Letter of Intent (LOI) with Glenfarne, the U.S. company promoting Alaska LNG project, to advance discussions about LNG offtake from the project.

Given the advantage of shipping Alaska LNG to Japan in just under 10 days, without through chokepoints, JERA has previously expressed the view that "if economically viable, this could be a promising option." The content of this LOI is in line with that view.

Furthermore, the content of this LOI is also in line with the statement in the joint statement on the Japan-U.S. tariff agreement on September 4, which stated that "exploring a new Alaskan offtake agreement for such LNG".

When the two companies signed the LOI, Secretary of the Interior Doug Burgum and Secretary of the Department of Energy Chris Wright, who are said to have great influence on the energy policy of the Trump 2.0 administration, were also present, showing the administration's high expectations for Alaska LNG.

The Trump 2.0 administration issued an executive order titled "UNLEASHING ALASKA'S EXTRAORDINARY RESOURCE POTENTIAL" on its first day in January 2025, promoting the development of Alaska LNG, and has since sought involvement from Japan, Korea, Taiwan, Thailand, and so on. This is due in part to the expected decline in U.S. energy prices, a priority for the administration, the promotion of the project by Alaska's Republican governor and senators, and the strong influence of Hilcorp, the operator of the Prudhoe Bay oil field in northern Alaska, over the administration. However, ExxonMobil, ConocoPhillips, and Chevron, which also have investments in the Prudhoe Bay oil field, had previously considered involvement in Alaska LNG, but have now suspended their consideration.

Alaska LNG project is planned to purchase associated gas produced from the Prudhoe Bay oil field, transport it via a newly planned 1,300-kilometer pipeline to southern Alaska, and export it from a newly planned LNG terminal also in southern Alaska. The LNG production capacity will

be 20 million tonnes per year, and the total cost is expected to be $44 billion as of 2023 in pre-FEED (Front End Engineering Design) phase. Glenfarne is currently implementing FEED with Australian engineering company Worley for the pipeline, aiming for the completion of FEED and the following final investment decision (FID) within 2025. The company also aims to reach an FID for the LNG export terminal within 2026.

While the project is expected to provide shipping benefits to Asia, including Japan, as mentioned above, the cost estimation remains uncertain and is likely to increase further given current inflation trends and the impact of the "Trump tariff". In addition, the start-up date is expected to be 2030-31 at the earliest, post-Trump 2.0, raising the potential risk of policy change. Furthermore, no effective public support measures have been concretely provided by the U.S. to address these uncertainties. Therefore, it is currently difficult for Japan to reach a binding commitment. The same applies to the letters of intent signed by Taiwan's CPC in March 2025 and Thailand's PTT in June 2025.

Actually, in September 2025, Korea's POSCO International and Glenfarne announced a more in-depth strategic partnership agreement, including the offtake of 1 million tonnes of LNG per year for 20 years, the supply of steel for pipeline construction, and the possibility of investment in the LNG project. While this agreement is also not considered binding, Glenfarne states that the comprehensive agreement with POSCO International "underscores the strategic, geographic, and economic competitive advantages" of the Alaska LNG project.

Meanwhile, another project called Qilak LNG is also underway in Alaska, which aims to purchase raw gas from another oil field (Point Thompson) in northern Alaska, build a new LNG terminal nearby, and export LNG by icebreaker. This project, with planned annual production capacity of 4 million tonnes, is estimated to cost $5 billion, and is scheduled to begin operations in 2033. However, like Alaska LNG, it is still in the pre-FEED phase.

As for the outlook for Alaska LNG, the economics of the project should be reassessed based on new cost estimations based on the FEED for the pipeline, which Glenfarne plans to complete by the end of the year. Furthermore, assessing the economics of the project will require updated cost estimation for the LNG export terminal, so progress on that part will also need to be clarified. Japan needs to put first priority on the economic viability from a corporate perspective, but it also needs to consider the possibility of governmental involvement in light of the ever-changing energy security situation around the country. Furthermore, it will likely be important to consider information exchange and collaboration both at public and private levels with Korea, Taiwan, Thailand, and other countries that are discussing Alaska LNG with the U.S.

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