

FERC wants project to submit more specific mitigation measures

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Federal regulators want to see more details — stated as explicitly as possible — of mitigation measures to protect wildlife and public land during construction and operation of the proposed Alaska LNG project. The Federal Energy Regulatory Commission (FERC) has told the state team to submit tangible details on the measures the project would most likely use, even if they might later change.

FERC's instructions come as the project team is working with federal agencies to determine how the 870 miles of pipeline, North Slope gas treatment plant, and liquefaction plant in Nikiski would affect the environment — and decide on acceptable measures to reduce those impacts.

Officials from the Alaska Gasline Development Corp. (AGDC) and FERC met for almost two and a half hours in Washington, D.C., on March 22 to run through almost two dozen questions line by line as the state works to finish answering regulators' requests for details that will be used in preparing the project's environmental impact statement (EIS).

The state team was looking for and received guidance from FERC staff on the level of detail needed so that AGDC does not leave out required information in its next series of answers and, if more field work is needed to gather data, the state can start making plans.

The state project team and FERC staff were able to agree on the level of detail and further work required for most items — most of which FERC said could be so-called tabletop evaluations, not necessarily requiring more field work. There is no deadline for the state to submit the missing information, other than AGDC is eager to respond so that FERC can meet its self-imposed timeline to issue the project's draft EIS in March 2019. Under that timeline, FERC would issue its final EIS in December 2019, with a commission vote whether to authorize the project by March 2020.

FERC REQUIRED TO CONSIDER ALTERNATIVES

Portions of the discussion March 22 focused on the requirement that an EIS consider project alternatives. For the Alaska LNG project, that will include where the gas pipeline goes and where the LNG plant is built. FERC explained it uses three criteria to evaluate alternatives: 1) Does it meet the project objective; 2) Is it technically and economically feasible; and 3) Does it offer a significant environmental advantage. If an alternative does not meet the first two criteria, it does not move to a full environmental analysis.

AGDC applied in April 2017 for federal authorization and has been working the past year with FERC and other federal regulatory agencies to fill in environmental data gaps and missing

details of construction and operation plans for the state-led project. The state in 2016 took over development of the proposed \$43 billion North Slope natural gas project from oil-and-gas producers ExxonMobil, BP, and ConocoPhillips after the companies said weak global LNG market conditions and low oil prices precluded them from spending as much money and moving as fast as the state wanted.

The technical conference at FERC headquarters opened with discussion of construction and operation plans that AGDC would adopt to protect wildlife, habitat, and public lands. FERC staff explained they are looking for more than just an outline of how AGDC might address wildlife avoidance and mitigation; they want specific avoidance and mitigation strategies along the pipeline route from the Point Thomson field 63 miles west to Prudhoe Bay and then 807 miles north to south through the center of the state to the proposed liquefaction plant and LNG marine terminal in Nikiski.

The discussion March 22 addressed FERC's Feb. 15 letter to the state: "To date, only minimal drafts, and in most cases just outlines, of these (mitigation) plans have been provided, and/or the development of the plans have been deferred to a later date." The letter said FERC wants to see proposed mitigation plans for wildlife avoidance, marine mammal monitoring, vegetation and soils restoration, groundwater monitoring, and invasive plants.

FERC also wants to see more detailed plans from AGDC for mitigation measures to lessen user conflicts on public lands during construction, such as increased competition from construction workers for wildlife resources on public land.

As it prepares avoidance and mitigation plans for the FERC-led federal EIS, the state corporation explained March 22 it is coordinating its effort with other federal regulatory agencies. AGDC explained it does not want to set explicit measures before those other agencies consider proposed mitigation measures and complete their own reviews of the project.

FERC concurred that AGDC continue working with other federal agencies to devise mitigation plans for inclusion in the EIS, even if the measures later require more analysis and change.

The March 22 conference also covered plans for preventing noxious and invasive plants from spreading along the pipeline right of way, such as hitching a ride on construction machinery moving from one spread to another. FERC requested a new, consolidated plan from AGDC to clarify some past differing submissions.

Also at the conference, AGDC wanted guidance from federal regulators on the process — and details — required for FERC to consider alternatives to the state's preferred option to route the pipeline to Nikiski, where it would build the LNG plant. The Matanuska-Susitna Borough has asked FERC to require the state team to give a detailed look to the borough-owned Port MacKenzie across from Anchorage as a better site than Nikiski. In addition, the city of Valdez has pushed for the EIS to give further consideration to changing the pipeline route to end at an LNG plant in the Prince William Sound community instead of Nikiski.

An attorney for AGDC asked FERC staff at what point the project could stop considering options that add costs to the EIS analysis. The Alaska LNG project team in 2013 — when it was led by the producers with the state as a 25 percent partner — selected Nikiski over Port MacKenzie and Valdez.

UNFEASIBLE, UNECONOMIC ALTERNATIVES CAN BE DROPPED

FERC answered at the meeting that it will evaluate all options as they arise. In cases where AGDC determines an option is simply not feasible for economic or technical reasons and should be eliminated from consideration, FERC needs the opportunity and information to independently confirm those assessments. Much of FERC's requests to AGDC are to assemble more details using tabletop analyses of the Port MacKenzie and Valdez options.

For example, with the Valdez option, FERC will evaluate the entire pipeline route and LNG terminal location, and the alternative of rerouting the line to Valdez compared to the project's preferred option of Nikiski. As part of that effort, FERC has asked AGDC to evaluate a short reroute on the path to Valdez where the pipeline would cross the Delta and Gulkana rivers, both federally designated Wild and Scenic Rivers. FERC wants to see an alternative around the two crossings and the implications (environmental and fiscal) of any reroute.

Also discussed March 22 was the Kenai Spur Highway relocation to make room for the LNG plant and construction materials offloading facility (ship and barge dock) on the Nikiski waterfront. FERC has been asking for more information on the highway route and community impacts. Though the highway relocation is not under FERC jurisdiction, in such cases the staff said they look to ensure disclosure by the applicant and consultation with the affected communities.

AGDC has been working since last fall on narrowing down the list of preferred new highway routes to two options, which it has presented to the Nikiski community for comment. The state corporation hopes to present its preferred alternative to the community in June. The two options would build either 5.4 or 6.9 miles of new highway east of the plant site, through about 70 to almost 120 parcels of mostly undeveloped land but with a few dozen homes.

Though the highway would need to be moved for safety, security and barge offloading access before heavy construction could start at the Nikiski site, the necessary land acquisition and highway and utilities relocation will cost tens of millions of dollars — which AGDC does not have. Other than planning, any actual work would have to wait until the state finds partners and/or investors willing to help cover hundreds of millions of dollars in development and permitting costs before the project can reach a final investment decision and start construction.

At the same time AGDC is working toward its federal environmental impact statement, the corporation is talking with potential customers, partners, investors, and financiers to put together funding for the venture.

Other issues covered March 22 included:

- **Cook Inlet pipeline crossings at Shorty Creek on the west side and Boulder Point on the east side for the final miles to reach Nikiski:** FERC wants to know why the project is going with open-cut construction to set the pipe in the intertidal areas. Regulators said they want more information on the subsurface conditions to evaluate if the open-cut method will work but would accept the submission without more geotechnical analysis if AGDC's case is strong enough.
- **Wetlands:** AGDC has repeatedly asked FERC to accept and incorporate into the Alaska LNG impact statement the results of the years-long U.S. Army Corps of Engineers wetlands review for a separate state-led gas pipeline project, the Alaska Stand Alone Pipeline, which would end in Southcentral Alaska north of Anchorage rather than cross Cook Inlet to Nikiski. That \$10 billion project, which is close to receiving its final EIS this spring, is seen by some as a back-up plan for in-state gas needs should the larger-volume LNG export project falter. While acknowledging that the two pipeline routes are the same for most of the mileage, FERC said the LNG project has additional features such as compressor stations, the liquefaction plant, and marine terminal which require additional information.
- **Additional temporary work space along the pipeline right of way:** FERC said it wants to see exactly where additional work area is needed outside the normal right of way during construction, especially where it would involve wetlands. Regarding the project's impacts on wetlands, FERC wants information on "minimization measures" for wherever project work would come up against wetlands, such as criteria that would dictate where and when it is necessary to change construction techniques.
- **Groundwater monitoring plans:** AGDC said it has ideas for what monitoring plans it might put in place, but the state corporation does not have agreements with land owners and, besides, it is hard to know where and what to monitor until construction begins. Recognizing it's too early to establish site-specific monitoring plans, FERC said it wants to see contingency plans from AGDC for dealing with unanticipated groundwater impacts.
- **Sediment transport modeling:** FERC has asked for more detailed modeling of more rivers for how construction activities might stir up sediment that would be carried downstream. AGDC asked if it is possible to classify streams based on criteria and model them in groups rather than modeling each stream. FERC said it is looking for information on particularly sensitive areas and wants detailed information for major crossings unless AGDC can make the case it is unnecessary. AGDC said it will share with FERC its criteria for defining sensitive crossings.

- **Ichthyoplankton (fish eggs and larvae):** FERC asked that AGDC put together a work plan based on what the corporation believes is reasonable for modeling the project's impact on habitat for fish eggs and larvae. FERC will then confirm whether the plan is adequate.
- **Cook Inlet's Beluga whales:** FERC and AGDC agreed they need more follow-up with the National Marine Fisheries Services on the project's impacts on the endangered species.
- **Visual impacts:** AGDC explained it has limited ability to conduct studies on privately owned land. FERC said satellite imagery — along with other information — would be sufficient if the state can use it to show the project's effects on residents in the vicinity.
- **Air quality:** FERC tabled discussion on air quality issues until a later date.