

Mat-Su, Kenai boroughs continue sparring over LNG plant site

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The Matanuska-Susitna and Kenai Peninsula boroughs continue to file comments with federal regulators as they each defend their own community as the best site for the proposed Alaska LNG project's gas liquefaction plant and marine terminal.

The Mat-Su Borough on Oct. 16 asked that the Federal Energy Regulatory Commission (FERC) request additional information from the state team leading the development, the Alaska Gasline Development Corp. (AGDC), "so that the commission can perform an adequate alternatives analysis related to the proposed liquefaction facility."

The borough is promoting its underused property at Port MacKenzie across Knik Arm from Anchorage, as a better site for the LNG plant than Nikiski on the Kenai Peninsula, which the project development team selected early in the planning process five years ago. The borough and AGDC have traded filings in the FERC docket the past few months, disputing the attributes — or detractions — of Port MacKenzie.

The state corporation has provided FERC with multiple reasons why it believes Port MacKenzie is not a viable option to Nikiski.

"Since AGDC continues to show an unwillingness to provide any information regarding Port MacKenzie unless specifically requested by the commission, the Matanuska-Susitna Borough respectfully requests that FERC consider issuing additional information requests to AGDC ... to demonstrate why it prefers Nikiski over Port MacKenzie."

Among the questions the borough wants FERC to present to the state team are:

- Why AGDC believes the existing road to the port is inadequate.
- Why the Knik Arm Shoal shipping channel would need widening to accommodate the estimated 240 LNG carriers a year that would dock at Port MacKenzie.
- And why the additional 116 miles for a round-trip voyage to Asia from Port MacKenzie rather than Nikiski "are material in light of the overall length of a trans-Pacific journey."

A few years ago, the project team — then led by North Slope producers ExxonMobil, BP, and ConocoPhillips — acquired more than 600 acres of private land at Nikiski toward the final footprint of about 900 acres. The producers stopped buying land when they decided not to pursue the LNG project. AGDC, which took over project management, does not have money to buy the remaining acres at this time.

The Kenai Peninsula Borough, in an Oct. 11 filing with FERC, argues that the commission “should defer to the selection” of Nikiski by the state, “unless there are clear and overwhelming environmental, social, or safety reasons for rejecting the site — which there are not.”

The Kenai Borough contends that since the Alaska Legislature created AGDC to develop a North Slope natural gas project, the corporation’s decision to go with Nikiski “is in effect a selection by the State of Alaska through its delegation of authority to the AGDC.” The Kenai Borough argued to FERC: “The Mat-Su Borough is therefore advocating for a site for the Alaska LNG Project that is contrary to the site preferred by AGDC, an instrumentality of the State of Alaska, the superior governmental body in Alaska.”

FERC is scheduled to release its draft environmental impact statement (EIS) for the Alaska project in February 2019, with the final EIS planned for release November 2019. However, in a letter to AGDC on Oct. 2, with 63 pages of follow-up questions and additional data requests, FERC cautioned that its EIS schedule is subject to change. Though some of the questions related to Port MacKenzie, most covered a wide range of other project design, construction, and environmental issues.

“You should be aware that the information described in the enclosure is necessary for us to continue preparation of the draft environmental impact statement,” FERC told the state team. “The forecasted schedule for both the draft and final EIS is based on AGDC providing complete and timely responses to this and any future data requests.”

Federal law requires an environmental impact statement to review alternatives to multiple aspects of a project. In the case of Alaska LNG, that will include some pipeline routings, construction methods, river crossings — and the LNG plant site, too.

If FERC stays on its EIS schedule, the full commission could vote on the state’s project application in February 2020. If AGDC can lock down investors, financing, LNG customers, firm sales agreements to buy gas from North Slope producers, and all the other pieces of the \$43 billion project to move Alaska gas to market, the corporation could be in position to make a final investment decision after the FERC vote.

However, without additional state funding from the legislature or private investors, AGDC could run out of money before January 2020. The corporation plans to make its pitch to investors by early 2019.

In a Sept. 14 filing with FERC, the Mat-Su Borough went much further in its challenge, urging a stop to the EIS process. “FERC must not proceed with its review of AGDC’s application” until the state team “has presented a fair and accurate analysis of Port MacKenzie as an alternative site,” the borough said. The commission is not required to respond to the borough’s stop-action plea.

In its Oct. 16 filing, the Mat-Su Borough did not repeat its call for FERC to stop the environmental review process, blaming AGDC for any delays. “AGDC has caused undue delay and provided late filings as a result of its continued resistance to performing an adequate analysis of Port MacKenzie as an alternative site for the proposed liquefaction facility.”

The borough said it is pushing FERC “to ensure that the draft environmental impact statement produced by the commission is based on accurate information relative to Port MacKenzie.”

AGDC believes its analysis of Port MacKenzie is accurate, the corporation told FERC on Oct. 2. “The fact that the Matanuska-Susitna Borough disagrees with AGDC’s analysis does not indicate a lack of consultation or bad faith,” the state project team said. The borough’s assertions “are devoid of merit,” AGDC said. “The incendiary accusations are baseless, entirely inappropriate and should be disregarded.”