Energy Department orders lifecycle review of Alaska LNG emissions

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July 6, 2021

The U.S. Department of Energy has ordered a supplemental environmental review of the full lifecycle of greenhouse-gas emissions from production on the North Slope to consumption by customers for the proposed export of liquefied natural gas from Alaska.

Referring to executive orders issued in the first week of the Biden administration, the department determined "it was appropriate to further evaluate the environmental impacts" of exporting LNG from the proposed Alaska project.

The department issued a notice June 28 that it will prepare a supplemental environmental impact statement for the project.

The review "will include an upstream analysis of potential environmental impacts associated with natural gas production on the North Slope of Alaska."

The supplemental EIS, which will be prepared by the department's National Energy Technology Laboratory, will include a lifecycle calculation of greenhouse-gas emissions, "taking into account unique issues" in the production of North Slope gas; pipeline transport more than 800 miles through Alaska; liquefaction at the gas plant proposed for Nikiski, on Cook Inlet; and marine transport, primarily to Asian buyers.

A footnote to the June 28 order explained that lifecycle analysis "is a method of accounting for cradle-to-grave" greenhouse-gas emissions. The department considers emissions from the entire LNG supply chain, the footnote said, "from the 'cradle' when natural gas is extracted from the ground, to the 'grave' when electricity is used by the consumer."

The order to prepare a supplemental EIS comes 15 months after the Federal Energy Regulatory Commission, as the lead agency for environmental analysis of the Alaska project, issued its final EIS for the project in March 2020. The Department of Energy adopted that final EIS 10 days after FERC, as has been customary in recent years for the department to adopt the commission's environmental analysis.

Both agencies later issued final authorizations for the project: FERC governs construction and operation of the pipeline, LNG plant and other facilities; the Department of Energy regulates exports of U.S. natural gas.

Under new leadership, FERC also is attempting to measure lifecycle emissions in reviewing natural gas pipeline projects.

The FERC and Energy Department authorizations are held by two different entities. The state-owned Alaska Gasline Development Corp. holds the FERC authorization. The corporation proceeded with the expensive project application and EIS process on its own after North Slope producers in 2016 decided not to spend more money on the economically challenged $38 billion project and dropped out of the application process.

The export authorization for the gas is held by Alaska LNG LLC, a consortium of ExxonMobil, ConocoPhillips, and Hilcorp Alaska. The original application for exports was filed in 2014, with BP one of the partners. Hilcorp bought up BP Alaska last year, giving it the same one-third stake in Alaska LNG LLC as Exxon and Conoco.

The producers hold no interest in the state corporation, and the state is not a party to the export authorization.

The notice of a supplemental EIS had been anticipated after the department on April 15 granting a rehearing filed by the Sierra Club and determined that it would proceed with the additional environmental review of the Alaska project.

After the supplemental review is completed, the department may "reaffirm, modify, or set aside the Alaska LNG (export) order," according to the April 15 decision.

The department said June 28 it will issue a notice in the Federal Register when the draft supplemental EIS is released, dates of "one or more online public hearings" on the draft, and instructions for submitting public comments.

The department will pay for the supplemental EIS, an official reported July 6.

The FERC and Energy Department authorizations for the Alaska LNG project have been challenged in the U.S. Court of Appeals for the District of Columbia Circuit by the Sierra Club and other opponents of fossil-fuel projects. "Those lawsuits are ongoing and are currently subject to various pending procedural motions," according to the energy department order for a supplemental EIS.

For its additional review of upstream production issues, the department has "tentatively identified the following resource areas for analysis (although the following list is not intended to be comprehensive or to predetermine the potential impacts to be analyzed): land use and visual resources; geology and soils; water resources; air quality and noise; ecological resources; cultural and paleontological resources; infrastructure; waste management; occupational and public health and safety; socioeconomics; transportation; and, environmental justice."

Those are the same areas covered in the FERC-led EIS, which took three years to complete after the state corporation submitted the last of its required reports.

For the lifecycle analysis, the Energy Department said it will "examine the global nature of GHG emissions associated with exports of LNG from Alaska."

One of the presidential executive orders referenced in the department's June 28 notice directs all federal agencies to "immediately review all regulations, orders and other actions issued after January 20, 2017," that may increase greenhouse-gas emissions or affect climate change."

The second calls to "organize and deploy the full capacity of [federal] agencies to combat the climate crisis," according to the department's footnote, requiring the federal government to assess, disclose, and mitigate "climate pollution and climate-related risks in every sector" of the U.S. economy.