

FERC sends 55-page data request to state in review of Alaska LNG

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July 7, 2017

(This update, provided by the Kenai Peninsula Borough mayor's office, is part of an ongoing effort to help keep the public informed about the Alaska LNG project.)

The Federal Energy Regulatory Commission has delivered a 55-page list of questions that the Alaska Gasline Development Corp. needs to address before the agency will set a schedule for its environmental review of the proposed \$45 billion Alaska LNG project. The list, however, covers just half of the project's environmental reports, with more data requests still to come.

The July 5 letter to the state corporation divides 278 data requests into two categories: new requests or modified requests where AGDC's previous response was incomplete; and repeat requests because AGDC's April 17 project application to FERC lacked the information.

The requests cover six of the project's 12 resource reports: general project description, geological resources, soils, project alternatives, reliability and safety, and engineering and design at the gas treatment plant at Prudhoe Bay and liquefaction plant in Nikiski.

The state corporation on July 7 submitted responses to dozens of questions raised by FERC earlier in the review process; those responses were not considered in FERC's July 5 data request.

Still to come from FERC are data requests for reports covering water use and wastewater, fish and wildlife and vegetation, cultural resources, socioeconomics (including community impacts), land use and recreation, and air and noise quality. The dozen resource reports will provide the base for FERC's environmental review of the Alaska LNG project that would move more than 3 billion cubic feet a day of North Slope natural gas through an 804-mile pipeline to a liquefaction plant and marine terminal for export.

Some of the July 5 data requests are equipment-related, such as the number of temporary and mobile power generators that would be used during construction at each facility and "the anticipated duration of use."

Other requests are directed at construction plans, such as: "Describe the restoration challenges for restoring the banks on this Arctic coastal river [the Sagavanirktok River, just east of Prudhoe Bay]." An additional data request covers all pipeline crossings of Arctic rivers: "Open-cut crossings of Arctic Coastal Plain rivers could potentially destabilize the bank at the crossing point, leading to bank erosion and habitat degradation. Provide site-specific crossing plans and reclamation measures. ..."

FERC asked for more detail on plans to remove and segregate topsoil during construction for use during revegetation efforts after project completion, and detailed results of thermal modeling “to determine the pipeline’s potential impact on soil temperatures.”

DATA REQUESTS PART OF THE PROCESS

Such detailed follow-up requests are common, particularly for environmental reviews of large, complex projects.

AGDC, when it filed its application, said FERC “will soon publish a schedule” for preparation of the project’s environmental impact statement. However, based on other LNG project reviews nationwide, it can take a year or more before FERC has all of the data it needs from a project applicant to issue a formal Notice of Schedule for Environmental Review.

The state corporation in April asked that FERC complete its draft EIS by summer 2018, with a final impact statement and commission decision on the application “no later than Dec. 31, 2018.” Substantial data requests and the work required to file complete responses could certainly jeopardize the state’s optimistic schedule.

FERC authorization is required to build and operate an onshore LNG export plant in the United States.

In its July 5 letter, FERC directed the state corporation to respond within 20 days. “If certain information cannot be provided within this time frame, please indicate which items will be delayed and provide a projected filing date. You should be aware that the information described in the enclosure is necessary for us to continue preparation of the draft environmental impact statement.”

The FERC project manager further explained, “Once we have received your responses to the data requests for all of the resource reports, and we have reviewed them for completeness, we will be able to determine if the available information is sufficient to establish a schedule for completing the draft EIS.”

And, FERC reminded the state corporation, even after AGDC files its responses, the information “may be subject to additional data requests.”

STATE LOOKING FOR CUSTOMERS, PARTNERS

Assuming it can receive FERC approval by December 2018, along with other state and federal authorizations, AGDC’s schedule calls for a final investment decision in early 2019, construction start-up that spring, and first LNG production in 2024. That also assumes the state can find customers, investors, partners and financing for the venture.

The state corporation on June 28 signed a memorandum of understanding with Korea Gas “to collaborate on the potential” for the South Korean company’s participation in the Alaska project. It was one of four such MOUs that Korea Gas signed that week with proposed U.S. LNG project developers, though none included any financial commitments.

Separately, AGDC last month started a formal solicitation process, looking for potential customers for the pipeline and LNG plant. Responses are due by Aug. 31.

Citing weak market conditions, North Slope oil and gas producers ExxonMobil, BP and ConocoPhillips pulled out of the venture a year ago after spending more than \$500 million since 2012 on engineering, design and environmental work. Though the state took over project management, all three companies remain supportive of efforts to find an economically viable project for marketing North Slope gas.

FERC’s letter to AGDC also requested:

- More details for the proposed relocation of the Kenai Spur Highway to make room for the LNG plant and marine terminal.
- Description of the temporary and permanent highway, airstrip and other projects that the Alaska Department of Transportation is likely to develop to support construction and operation of Alaska LNG facilities.
- Vessel traffic management plans for the LNG terminal, West Dock at Prudhoe Bay and other construction material offloading sites.
- A plan for disposal of material dredged from Cook Inlet to build and operate the freight offloading dock in Nikiski, including sediment sampling results.
- Procedures for dismantling the freight offloading facility in Nikiski at the completion of project construction, including site and shoreline restoration plans.
- Discussion of alternative sources of freshwater for construction and operation of the LNG plant as options to minimize any impact on the local aquifer, and discussion of the feasibility of a seawater treatment plant to serve the LNG facility.
- Analysis of using natural gas instead of diesel fuel to power heavy construction equipment, dredges, trucks and barges at the LNG plant in Nikiski and gas treatment plant site on the North Slope.
- A listing of temporary bridges proposed for crossing waterbodies during construction, including the amount of time each bridge would remain in place.
- Measures AGDC would take to manage construction of the Cook Inlet seabed pipeline crossing, based on tides. And provide supporting data that led AGDC “to assume that

the backfill in nearshore trenching areas would naturally occur” at the pipeline’s entrance and exit from Cook Inlet waters.

- A response to comments by the city of Valdez and the Alaska Gasline Port Authority that the LNG plant should be built in Valdez, not Nikiski. Include a map of the proposed terminal site in Valdez, showing where the 39 million cubic yards of rock and other material that AGDC said would need to be removed from the plant site could be placed. And describe impacts of the fill on marine species and habitat.
- More discussion of ongoing changes in permafrost in Alaska, along with proposed construction and operation plans to reduce the project’s potential impacts to permafrost.
- A timeline for when the state would decide the location of the pipeline’s five offtake points to make gas available for in-state use. AGDC has selected three offtake locations — Fairbanks, the Matanuska Valley and Kenai Peninsula — but federal regulators want to know the other locations for the environmental analysis.
- Detailed construction plans for threading the gas pipeline around the trans-Alaska oil pipeline, Dalton Highway and wildlife passageways through Atigun Pass, at an elevation of 4,738 feet the highest point in the pipeline route.
- Detailed site-specific construction plans for going across the Nenana River Gorge near the entrance to Denali National Park and Preserve.
- Comparison of impacts on recreational activities and tourism between the proposed pipeline route just outside of Denali Park and the alternative that would run the pipe just inside the park for about 6 miles.
- Description of how the project “would or would not induce growth” in communities, “with particular respect to Alaska communities that would be able to access gas supplies as a result of the project.”
- “Address the cumulative climate change contribution of each project component.”