State advises FERC some answers will take until January 2018

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(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 Alaska Gasline Development Corp. has started responding to federal regulators' July 5 data requests for preparation of the project's environmental impact statement, reporting that it will submit most of the requested information September through December this year — though some data will not be available until January 2018.

The January responses will include more information about geologic hazards along the 807-mile pipeline route from Prudhoe Bay to Nikiski; separate, detailed timelines for construction and restoration work in each of six pipeline construction spreads along the mainline and the 63-mile Point Thomson pipeline; and a response to assertions made by the city of Valdez and Alaska Gasline Port Authority that Valdez would be a better site for the project's gas liquefaction plant and marine terminal than Nikiski.

The Federal Energy Regulatory Commission (FERC) will not set a timeline for the Alaska LNG project's environmental impact statement (EIS) until it is confident it has sufficient information to predict its work schedule and that of other federal agencies involved in the review process.

In its April 2017 project application to FERC, the state corporation asked for a draft EIS in summer 2018 and a final impact statement and FERC decision by December 2018. Impact statements for LNG projects of similar size to the Alaska venture — but without 870 miles of pipeline — have taken more than two years.

AGDC staff reported to the board of directors Aug. 10 that the corporation expects FERC to issue its EIS schedule this fall.

FERC ASKS FOR MORE INFORMATION

While the Alaska Gasline Development Corp. (AGDC) was working on its responses to FERC's July 5 data request totaling 55 pages and 278 questions, federal regulators on July 28 sent an additional 40 pages with about 200 new questions to the state corporation. The second batch of questions covered the project's resource reports on socioeconomics; air and noise quality; and land use, recreation and visual resources.

AGDC is still waiting to receive FERC's data requests on three more of the project's resource reports that will become part of the foundation for the EIS: water use and quality, and

wastewater discharge; fish, wildlife and vegetation; and cultural resources. The state submitted a dozen resource reports with its application in April.

The state corporation took over permitting, engineering and marketing efforts on the $45 billion Alaska LNG project more than a year ago after North Slope oil and gas producers ExxonMobil, BP and ConocoPhillips declined to spend the substantial sums of money required to complete that work, citing weak global market conditions. The companies already had spent about half-a-billion dollars on preliminary engineering and other work since 2012.

AGDC is trying to market the venture and its LNG output to potential customers, partners and investors, particularly in Asia. The project includes a gas liquefaction plant and marine terminal in Nikiski, on Cook Inlet, about 65 air miles southwest of Anchorage; a large-diameter, highly pressurized pipeline to move North Slope gas to Nikiski; a plant at Prudhoe Bay to remove carbon dioxide and other impurities from the gas stream; and a pipeline to deliver gas from the Point Thomson field westward to join with Prudhoe Bay gas production.

Assuming the state can lock in long-term customers and financing — and obtain FERC approval along with other required permits and authorizations — AGDC hopes to start construction in 2019, with first LNG by 2023.

BUYERS CONTINUE PUSHING ON PRICE

Currently, the global market for LNG is oversupplied and prices are low, with most analysts predicting those conditions to continue until at least the early 2020s when increased demand from emerging economies and a lack of new export projects could turn around conditions for a couple dozen LNG prospects worldwide waiting for a chance to sign up customers.

Meanwhile, LNG buyers are negotiating for lower prices longer term. For example, GAIL (India), the country's largest gas distributor, is seeking to renegotiate the pricing on 20-year contracts it signed with U.S. export projects totaling 5.8 million tonnes per year. "We need to be in sync with the market. … So, if market dynamics have changed and there is a glut of gas the world over with falling rates, the same should also reflect in our prices," a source was quoted in Indian news media reports Aug. 7.

GAIL's contract terms, covering liquefaction and shipping, bring the landed price in India to about $9 per million Btu at current U.S. natural gas prices of just under $3. GAIL wants to bring down the landed cost of LNG to about $7 to $8, according to the news reports. The utility holds contracts to take LNG from U.S. Gulf and East Coast export terminals.

While waiting on results of its marketing efforts, AGDC will continue working to supply federal regulators with the requested information for the project's environmental impact statement. In addition to data already submitted, the corporation on July 25 provided FERC with a timeline for additional data in 2017, including:

- More details on specific work sites for support services, such as pipe-coating yards and fuel storage yards: September.
- A listing of temporary bridges that would be built over waterbodies for use during construction: October.
- Vessel traffic management plans during construction and operations at the Prudhoe Bay dock and in Cook Inlet: November.
- More information on construction plans for pipeline laying at both waterfront ends of the 29-mile Cook Inlet crossing into Nikiski: November.
- Soil monitoring plans for areas of permafrost and discontinuous permafrost: November.
- Location, land requirements and environmental impacts of the proposed Kenai Spur Highway relocation to accommodate the LNG plant and marine terminal: December.
- Description of permanent and temporary improvements that the state Department of Transportation is likely to construct for the project, especially highway and airstrip work: December.
- A response to the Environmental Protection Agency's request for an evaluation of how the gas line project would or would not promote growth in Alaska communities with access to gas supplies: December.
- Detailed mapping of any seismic hazards within 5 miles of the mainline and Point Thomson pipeline, and any areas within a quarter-mile that would require "special treatment" to protect permafrost: December.
- Erosion control measures along the Cook Inlet bluff in front of the LNG plant: December.
- Evaluation of alternative freshwater sources at the LNG plant site to avoid or at least minimize impacts on the local aquifer: December.

In its July 28 addition to AGDC's work assignment, FERC asked for:

- A year-by-year breakdown of Alaska resident and non-resident hire during construction.
- A year-by-year breakdown of purchases of goods and services in Alaska during construction.
- More information on how AGDC would recruit and train Alaskans for construction jobs.
- More information on the construction project's impacts on Alaska's tourism and recreational economies and housing availability and prices.
- How impact aid payments would be apportioned to communities affected by the project.

- More information on how project construction hiring could make it difficult for local police, emergency services and fire departments to recruit and retain employees and volunteers.
- An analysis of how the project could affect the state's salmon industry, including a more detailed explanation of salmon gillnet fishing in Cook Inlet and economic compensation for fishers displaced by the project.
- Detailed subsistence-use mapping for communities along the project route, including an analysis of project impacts on subsistence areas and users — particularly any measures to avoid impacts on subsistence users and areas by construction activities and off-duty work crews.
- How recreational hunting, fishing and other activities by off-duty construction workers would affect recreational activities for residents and visitors, including steps the project would take to lessen impacts by off-duty workers.
- A list of highways and roads that would require improvements to handle construction traffic and who would be responsible for pre-construction improvements and post-construction repairs. In addition, FERC asked for more information on additional pull-outs, passing lanes, weigh stations and truck staging areas that might be needed to handle the construction traffic on state highways.
- A traffic management plan that addresses freight delivery schedules, flaggers, road closures and other control measures during construction along the Glenn, Parks, Seward, Sterling and Kenai Spur highways.
- The criteria and analyses used to select and evaluate relocation options for the Kenai Spur Highway; how businesses and residences would be preserved during the highway relocation; and a detailed noise analysis of construction work and traffic on the relocated Kenai Spur Highway.
- More information on the primary and secondary ports that would be used during construction, including any dock or staging yard modifications that would be required in Anchorage or Seward.