

State responds to last of FERC's initial data requests; waits for EIS schedule

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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 state corporation in charge of permitting, financing and building an Alaska North Slope natural gas pipeline project is busy while waiting: busy answering hundreds of questions that started rolling in three months ago from federal regulators, and busy preparing for its first presentation to state legislators since February on Oct. 16 and its first board meeting in more than two months on Oct. 23.

Meanwhile, the Alaska Gasline Development Corp. (AGDC) is waiting for two essential pieces in its development plan:

- The Federal Energy Regulatory Commission (FERC) to release a schedule for preparation of its environmental impact statement for the Alaska LNG project.
- Customers willing to sign multi-year deals to pay for the proposed gas treatment plant, pipeline and liquefaction plant, estimated at about \$40 billion to \$45 billion in construction dollars.

The corporation on Sept. 20 responded to FERC's last round of initial data requests after regulators reviewed AGDC's project application filed in April. Though the state corporation addressed each one of the more than 340 most recent requests, most of the responses provided a date in the future — between November 2017 and February 2018 — when the state will provide the detailed information requested by FERC.

In its data requests, FERC asks for the information within 20 days — or a schedule for when the data will be provided.

The Sept. 20 filing was the third batch of responses submitted by AGDC. The first two were filed in July and August. FERC's three data requests this summer totaled about 175 pages with more than 800 questions — not a surprising volume for a project the size of Alaska LNG, with its North Slope gas treatment plant, 807 miles of gas pipeline through the state, and massive liquefaction plant, LNG storage, and marine terminal on Cook Inlet.

Although federal regulators have completed their initial review of the Alaska project application and submitted their initial data requests to AGDC, follow-up requests for more information or clarifications are expected during the EIS process.

FERC does not need all the answers from a project developer before setting a schedule for the environmental impact statement, but commission staff will not release a work timeline until they are confident they have enough information to set a schedule they can meet.

While working with federal regulators, AGDC continues promoting the project to potential customers, looking for long-term contracts that could underpin financing for the venture. Unless customers come forward, showing market demand for the project, Alaska Gov. Bill Walker last month said, "I'm doubtful that we can continue the project without firm commitments."

The state took over management of the Alaska LNG project a year ago, after North Slope oil and gas producers ExxonMobil, BP, and ConocoPhillips decided to stop writing large checks for design, engineering and permitting work amid a weak global LNG market.

The producers and the state in total have spent close to \$1.7 billion on various North Slope gas line efforts since 2000, with the companies putting about \$1 billion over the years as they looked for an economically viable project to deliver Alaska's stranded gas to market. State spending has been close to \$700 million, with the latest LNG project effort through AGDC accounting for about 20 percent of that total.

The state Senate and House Resources committees are scheduled to meet in a joint session starting at 1 p.m. Monday, Oct. 16, in Anchorage for a project update from AGDC management. The corporation's board is scheduled to meet 9 a.m. Monday, Oct. 23, in Anchorage.

AGDC has been hoping for an expeditious review schedule at FERC. In its April application, the corporation asked the regulatory commission to complete its draft EIS by the summer of 2018 and a final EIS and decision by December 2018 to allow construction to begin. The FERC-led review would serve as the single federal EIS for the project, to be used by other regulatory agencies. AGDC wants to start construction soon after a FERC decision so that it could begin delivering LNG by 2023-24.

While waiting for FERC to issue its notice of schedule for the environmental review, AGDC staff and contractors continue working to fulfill the commission's data requests. The state corporation followed up on Oct. 2 with dozens of pages of additional material requested by FERC, including:

- A table of temporary bridges proposed for waterbody crossings during construction. More than 50 bridges would be set for pipeline right-of-way and access road crossings during construction, ranging from 30-foot spans to 300-foot spans at the Teklanika River (Milepost 476 from the start of the line at Prudhoe Bay) and two over the Deshka River (Milepost 704).
- Acknowledgement that pipeline construction work across Cook Inlet and at the LNG marine terminal in Nikiski could economically harm commercial salmon fishing in the area, particularly setnetters with fishing sites within the footprint or work zone of the

LNG plant. AGDC told federal regulators it would work to limit project impacts and would work with the state to find alternative beach fishing sites for the setnetters. In addition, AGDC said it “would work with individual setnetters to determine the appropriate amount of monetary compensation for salmon harvest loss or loss of access to a shore fishery lease.”

- A listing of ports of entry for construction material: Anchorage, Nikiski, Seward, Dutch Harbor, Prudhoe Bay and Point Thomson are listed as the primary ports; with Valdez, Whittier, Homer and Port MacKenzie listed as secondary ports.

AGDC’s Oct. 2 filing with FERC also addressed impact aid payments to affected communities in lieu of property taxes. FERC this summer asked the corporation for more information on how impact aid would be allocated between affected communities during construction and project operations.

AGDC on Oct. 2 provided FERC with the unfinished impact aid discussions of the state-created Municipal Advisory Gas Project Review Board, comprised of mayors from boroughs along the project’s route. The board has not discussed anything specific since a draft 2015 proposal to distribute payments based on direct impacts to communities, population and project property value located in each borough. AGDC presented no additional discussion or proposals for payment allocations.

Among the information requested by FERC that AGDC plans to deliver this winter:

- December: Location of water supply wells at the proposed LNG plant in Nikiski, along with a schedule for the “full-scale, long-duration aquifer pump test” that is required to properly evaluate water sources at the site. Nearby residents are concerned that the project’s draw on the aquifer could affect their water wells.
- January: More information on wetlands restoration plans along the pipeline route and at access roads, pipeline storage yards and other facilities.
- January: The potential for project construction and operations impacts on Cook Inlet beluga whales, an endangered species.

AGDC also continues working on its plans to relocate a couple miles of the Kenai Spur Highway around the LNG plant and marine terminal — another issue where FERC has requested more detail than the state included in its application and accompanying environmental and engineering reports.

The corporation has not shared any new maps or plans for the highway reroute with the community since the state took over management of the Alaska LNG project from North Slope producers. AGDC has told FERC to expect more details on the highway relocation by the first week of January.