

Mat-Su and Kenai boroughs continue arguing over project site review

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Their contracted law firms are just four blocks apart in downtown Washington, D.C., but the Matanuska-Susitna and Kenai Peninsula boroughs are far apart on their opinions of where the proposed Alaska LNG terminal should be built and whether the draft federal environmental impact statement is adequate.

The Mat-Su Borough, which is promoting its municipally owned property at Port MacKenzie for the gas liquefaction plant and marine terminal, has asked the Federal Energy Regulatory Commission (FERC) to start work on a supplemental draft environmental impact statement (EIS) to correct alleged “significant flaws” that shortchange Port MacKenzie.

The Kenai Borough, which supports the Alaska LNG project’s preferred site within its municipal borders in Nikiski, told FERC on Oct. 15 “there is simply no need to require a supplement to the draft EIS.”

The environmental review found insufficient reason to go against the state-led venture’s preferred site of Nikiski, which the project’s original development team selected six years ago. The FERC report said Port MacKenzie “would not provide a significant environmental advantage over the proposed Nikiski site.”

Federal law requires that an EIS look at economically feasible alternatives to a developer’s preferred option to determine the “least environmentally damaging practicable alternative.” An alternative has to offer “a significant environmental advantage” to win out over the preferred option, FERC explained in the draft EIS.

“In reality, the Mat-Su’s contention is not so much a complaint about the extent of the review by the commission staff of the Port MacKenzie location, as it is a complaint about the conclusion reached by the staff in the draft EIS,” the Kenai Borough said in its Oct. 15 filing with FERC answering the Mat-Su’s assertions.

Just three days after the Kenai Borough submitted its comments, the Matanuska-Susitna Borough came back with a request that FERC allow it to respond to the Kenai filing. While acknowledging that “answers to answers are generally not permitted,” the Mat-Su Borough on Oct. 18 said it wanted to correct “numerous factual misstatements and mischaracterizations” by the competing borough and also by the state team leading the project.

The Mat-Su accused the state team and Kenai Borough of misrepresenting one of the project’s many objectives — to serve Southcentral Alaska — in a “blatant attempt to eliminate all reasonable alternatives in order to rig the process in favor of Nikiski.”

The commission released the draft EIS on June 28; public comments closed Oct. 3; and unless FERC embarks on a supplemental review or otherwise changes its schedule, the final EIS is set for release in March 2020.

Even if the Mat-Su Borough is correct that some of the analysis is flawed and information is missing from the draft EIS, there is no need to slow down the process with a

supplemental review, the Kenai Borough said Oct. 15. The Mat-Su Borough has already filed “extensive comments” on the draft EIS, and FERC staff can “include any additional analysis it feels necessary in the final EIS,” the Kenai Borough said in its filing.

Any delay in the environmental review and FERC decision on the project application “is not in the public interest,” the borough said.

Avoiding any delay in the EIS is one of the few things the two boroughs agreed on in their October filings with FERC — sort of. Whereas the Kenai Borough said a supplemental draft EIS could delay the federal review, the Mat-Su Borough said failure to prepare a supplemental review would risk future delays in court.

“In order to ensure the draft EIS withstands judicial scrutiny, the commission should correct these errors now so that these inadequacies do not result in challenges in the future,” the Mat-Su said in its Oct. 18 filing.

In addition to the Matanuska-Susitna Borough’s motion for a supplemental draft, the city of Valdez has also asked FERC to add to its review. Valdez has argued that its community on Prince William Sound is a better site than Nikiski on Cook Inlet, and that the draft EIS failed to “rigorously explore and objectively evaluate” the pipeline route and LNG terminal site at Valdez.

While the three municipal governments are arguing before the federal agency on where the multibillion-dollar LNG terminal should be built, public interest in the project is tepid if judged by the low turnout of fewer than three dozen people at eight FERC-sponsored public comment meetings held across the state in September.

The meeting in Nikiski drew 16 people with 10 signing up in Anchorage. Just one person signed up to testify at one of the two meetings in the Matanuska-Susitna Borough, while no one signed up at the other meeting.

Not many more than 50 individuals, environmental organizations, industry groups, and unions filed comments on the draft EIS before the Oct. 3 deadline, not counting filings from Alaska municipalities, state legislators, oil companies, state and federal regulatory agencies, or employees, a contractor, or board member of the state-created Alaska Gasline Development Corp. (AGDC).

AGDC took over the project three years ago when North Slope oil and gas producers ExxonMobil, BP, and ConocoPhillips declined to keep spending toward a FERC application and federally mandated environmental review.

The state’s current plan is to complete the EIS, win FERC approval of the application next summer to build and operate the project, and wait then to see if North Slope producers or other private investors step in to take over the venture to build an 807-mile pipeline to a gas liquefaction plant and marine terminal in Nikiski.

AGDC on Oct. 11 filed its own answer with FERC against the Mat-Su Borough request for a supplemental draft EIS, calling the borough’s complaint “frivolous.”

The state corporation said the information that the Mat-Su Borough claimed is missing from the draft actually is in the report, just in a different section than the one cited by the borough. AGDC pointed to three pages of analysis of Port MacKenzie in a section on Cook Inlet

alternative sites, rather than in the environmental analysis section of the report. The draft EIS is 3,600 pages long.

The borough's characterization that the draft lacked "any environmental analysis is patently false," AGDC said.

The Mat-Su Borough on Oct. 18 responded that three pages of analysis "does not come close" to a fair and adequate review of the alternative site.

And while the Alaska municipalities continue their legal arguments over the project site and draft EIS, the state corporation continues answering questions from FERC on project design elements, including more than 200 pages of information submitted the first two weeks of October on plant layout, spill containment, hazard detection, and firefighting systems at the North Slope gas treatment plant and LNG terminal.