State nearing the end of project information owed to FERC

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The Alaska Gasline Development Corp. continues to whittle down the information it owes federal regulators for the Alaska LNG project's environmental impact statement, which is due out as a draft sometime in June.

The state-funded public corporation submitted three batches of responses to the Federal Energy Regulatory Commission on May 3 — totaling more than 300 pages — answering dozens of requests from this winter for additional technical information about the project.

AGDC expects to send another package of information to FERC by the end of May, answering two-thirds of the remaining questions in that filing. The last responses are planned by the end of June and end of July.

Among the last filings will be answers to regulators' questions about the project's 27-mile underwater pipeline crossing of Cook Inlet to Nikiski. FERC wants more geotechnical data about the seafloor and how AGDC proposes to stabilize and protect the pipeline against tidal currents and boulders.

FERC had planned to release its draft environmental impact statement for the proposed Alaska LNG project in February, but postponed publishing the document until June. The commission did not provide a specific reason in February for the delay, though the five-week federal government shutdown that ended Jan. 25 interfered with the work of other agencies involved in helping to prepare and edit the draft EIS.

FERC is under no legal requirement to issue the draft in June, though it would need to notify the applicant and public of any change in the schedule. The commission plans a nine-month period for public and agency comment, public hearings, review and revisions to the draft, with the final EIS scheduled for March 2020.

Under FERC regulations, the commission would be required to issue its decision on the Alaska LNG project application by June 2020.

Already this year, the commission has issued final impact statements and project approvals for several U.S. Gulf Coast LNG ventures as developers are racing to meet growing market demand for the fuel amid an anticipated tightness in global supply sometime in the mid-2020s.

The state of Alaska has been the sole developer of the Alaska LNG project for two and a half years since North Slope oil and gas producers ExxonMobil, BP, and ConocoPhillips declined to spend the substantial sums of money required for permitting, final engineering, and design.

The Alaska LNG project, estimated by the state at $43 billion, would remove carbon dioxide and other impurities from the gas stream at a North Slope treatment plant, then pipe the methane 807 miles to a liquefaction plant at Nikiski on the east side of Cook Inlet.

AGDC has enough money left over from previous legislative appropriations to cover its work on the EIS this year. In case one or more of the North Slope oil and gas companies or other investors want to help start paying the bills toward further development efforts, the

Alaska Legislature is considering giving the corporation “receipt authority” to deposit any checks AGDC might receive so that it could spend the money on the project.

The state capital budget, which the Senate Finance Committee unveiled May 3, includes authorization for AGDC to receive and expend up to $25 million of non-state funds in the fiscal year that starts July 1. The bill still requires approval by the full Senate, the House, and then by the governor. Lawmakers face a constitutional adjournment deadline of May 15.

Without that receipt authority or additional state funds, AGDC would essentially run out of money sometime next year.

Legislators generally have been supportive of AGDC using its available funding to at least complete the EIS. “There’s value in having a permit,” Sen. Bert Stedman, R-Sitka, co-chair of the Finance Committee, was quoted in the Anchorage Daily News on May 5.

The AGDC board of directors is scheduled to meet May 22. The corporation continues to talk about commercial opportunities for selling Alaska LNG in the growing Asia market, while acknowledging that it first needs to determine the project’s economic competitiveness and then find partners, investors, and customers for the gas.

The corporation’s May 3 filings with FERC covered mostly safety systems and procedures at the Nikiski LNG facility and Prudhoe Bay gas treatment plant, such as the coverage area of firefighting water-spray apparatus, the use of firefighting foam equipment, emergency shutdown systems, and protection of air intakes from volcanic ash.

The filings also included a draft ballast water management plan for vessel traffic in Cook Inlet and Prudhoe Bay and a marine mammal monitoring and mitigation management plan.

For example, the marine mammal management plan explains that humpback whales, beluga whales, killer whales, sea otters, harbor porpoises, and harbor seals “may be encountered near the construction activities” in Cook Inlet. If a marine mammal is spotted in the area during construction, pile driving would stop until the area is clear of the marine mammals, according to the management plan.