State response timeline adds 4 months to EIS schedule

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Feb. 28, 2019

Citing the state's timeline for answering federal regulators' questions and fulfilling data requests, the Federal Energy Regulatory Commission (FERC) has extended by four months its scheduled release date for the Alaska LNG project's draft environmental impact statement (EIS).

In a notice issued Feb. 28, FERC said it now plans to issue the draft EIS in June. The commission did not specify a date in June. The scheduled release date had been February.

The delay in the draft EIS also adds four months to FERC's schedule for the state-led project's final EIS. In its Feb. 28 notice, the regulatory commission said the final impact statement would be issued March 6, 2020, instead of November 2019. But March 2020 depends on the Alaska Gasline Development Corp. (AGDC) answering all of FERC's questions in full this summer.

"The revised schedule for the EIS is based upon AGDC meeting its commitment to provide complete responses to outstanding data requests on the dates it has identified," FERC said in its notice. "Staff has revised the schedule for issuance of the final EIS based on an issuance of the draft EIS in June 2019."

FERC explained that its previous schedule of a draft EIS in February and final impact statement in November "was based upon AGDC providing complete and timely responses to any data requests." The commission has always advised Alaska LNG — the same as for any other project — that an EIS schedule is dependent on full information from the applicant.

In its filings in January and February, the state project team reported it would submit answers and additional technical data to more than 150 of FERC's most recent questions in several batches, starting in early March and ending in July.

If FERC issues its final impact statement in March 2020, the deadline for commission action on the Alaska LNG project application would be June 4, 2020, 90 days after issuance of the final EIS.

Federal regulators have been working to prepare the draft EIS since the state in April 2017 submitted its application for the estimated $43 billion project to move North Slope natural gas down an 807-mile pipeline to a liquefaction plant and export terminal in Nikiski, on the eastern shore of Cook Inlet. AGDC has been working to answer hundreds of questions and data requests from FERC and other federal regulatory agencies participating in the single federal EIS for the project.

The proposed Alaska LNG development, which the state took over from North Slope oil and gas producers in late 2016, also includes a gas treatment plant at Prudhoe Bay to remove carbon dioxide and other impurities from the gas stream and a 62-mile pipeline to deliver gas from the Point Thomson field to the treatment plant at Prudhoe.

AGDC still owes FERC information on fire safety, spill-containment safeguards, and hazard-mitigation designs at the gas treatment plant, liquefaction plant, and LNG storage tanks in Nikiski. In addition, federal regulators are waiting for information from the state on pipeline crossings at active earthquake faults and a more detailed route map showing all seismic hazards within 5 miles of the pipelines.

The state team also owes FERC more information about the project's 27-mile underwater pipeline crossing of Cook Inlet, including addressing whether tidal flow and other currents would move debris and boulders across the pipeline and, if so, how much movement is expected.

The regulator also wants to know if AGDC plans to use any additional weights or supports along the underwater pipeline after construction to stabilize the line against tidal currents, and whether the seafloor is firm enough to prevent the weighted 42-inch-diameter pipe from sinking into the seabed and straining the pipe welds during construction and operations.

The state gas development corporation reports it has enough funding left over from prior legislative appropriations to last through the EIS process, assuming lawmakers this session approve AGDC's $10 million operating budget plan for the fiscal year that starts July 1.

Moving past the EIS, however, would require at least several hundred million dollars for final engineering and design, which the corporation does not have. It also would require investors, binding gas-supply contracts with the North Slope producers, bankable contracts for customers to take capacity on the pipeline and through the liquefaction plant, and buyers for the LNG.

The state has been talking the past two years with potential lenders, partners and customers in China and elsewhere in Asia, but has not reached any firm deals.

The state has spent close to $500 million the past several years on the Alaska LNG project and a smaller, backup project, the Alaska Stand Alone Pipeline, as hopes continue that someday a pipeline will deliver North Slope gas to Alaskans and overseas markets.

"Our current plan is to step back and evaluate technical and commercial aspects of the project," AGDC's interim president Joe Dubler told a state Senate budget subcommittee in Juneau on Feb. 28. "If it is viable and we can solicit partners," Dubler said, "we will continue into front-end engineering and design," as quoted in an S&P Global Platts report.