

FERC denies requests for rehearing of Alaska LNG approval

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Without comment, the Federal Energy Regulatory Commission on July 22 declined to take up two requests that it reconsider its June 6 approval of the state-sponsored Alaska LNG project.

Under federal law, such requests for rehearing are deemed denied if FERC declines to act on the motion within 30 days. The Matanuska-Susitna Borough filed its objections to the project approval on June 19, followed on June 22 by a motion for rehearing from the Center for Biological Diversity and Earthjustice. The clock ran out July 22 without FERC acting on the requests.

“In the absence of commission action on the requests for rehearing within 30 days from the date the requests were filed, the requests for rehearing (and any timely requests for rehearing filed subsequently) may be deemed denied,” FERC said in its July 22 notice.

The next step — should either the borough or the environmental groups choose — would be to challenge the FERC authorization in federal court.

The borough believes its property at Port MacKenzie, across Knik Arm from Anchorage, would be a better location for the proposed gas liquefaction plant and marine terminal than the project’s preferred site 60 miles to the southwest in Nikiski, on the Kenai Peninsula.

The environmental groups in their 142-page request for a rehearing argued that the federal environmental impact statement was deficient, particularly in how it addressed air emissions and damage or loss of wetlands.

Though the federal agency had no comment in declining to act on either appeal, the Alaska Gasline Development Corp., which has been leading the venture the past four years, in a July 17 filing with FERC referred to the Center for Biological Diversity’s claims as “overbroad and unsupported ... where intervenors mischaracterize the record and/or the law.”

In the same filing, AGDC said the Matanuska-Susitna Borough “misconstrues facts” in its challenge to the federal decision. The final environmental impact statement, released in March, affirmed the project team’s preferred option to build the LNG terminal in Nikiski.

FERC commissioners on May 21 authorized the Alaska LNG project, adopting all of the findings and decisions in the final EIS.

Separate from legal maneuvering by challengers to the FERC decision, the AGDC board is working with a new price tag for the project, estimated at \$38.7 billion following a 14-month review by a third-party engineering and construction firm. The latest cost estimate, presented to the board June 25, is down about \$5 billion from the previous number but is still substantially higher per tonne of output capacity than most other LNG projects proposed worldwide.

Multiple Alaska North Slope natural gas development projects have been in various proposal and permitting stages for 50 years, all failing to advance due to no viable market for the gas or uneconomic project numbers. The state took over the latest LNG project in 2016

when North Slope oil and gas producers ExxonMobil, BP, and ConocoPhillips cited weak economics in withdrawing as participants.

The project, as authorized by FERC, would include 62 miles of pipeline from the Point Thomson field to Prudhoe Bay, a gas treatment plant at Prudhoe to remove carbon dioxide from the gas stream for reinjection into the reservoir, and 807 miles of pipeline through the state and across Cook Inlet to the liquefaction plant and marine terminal in Nikiski.

The AGDC board is looking to get the state out of the role as project leader for the economically challenged venture. The board does not support the state continuing as the sole project sponsor past Dec. 31, and plans to “put the Alaska LNG project assets up for sale” in a formal bidding process if no one steps up to take over as lead developer.