

Draft supplemental EIS says Alaska LNG would not add to greenhouse gases

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An almost year-long review has determined that the proposed Alaska LNG project wouldn't raise global greenhouse gas emissions more than if it were not built — since Asian users would simply get their gas from other suppliers.

The U.S. Department of Energy in June 2021 ordered a supplemental environmental impact statement to review the full life cycle of greenhouse gas emissions from production on the North Slope to consumption by end-users for the proposed export of liquefied natural gas from Alaska.

The department issued its draft supplemental EIS on June 24.

Of the 416-page report — which is out for public comment through August 15 — 10 pages are devoted to the potential life cycle greenhouse gas emissions from the project, including upstream development and gas production, transportation to destination markets, and final end-use, referred to as “combustion.”

Although the Federal Energy Regulatory Commission issued a 3,800-page final EIS in 2020 — for use by all federal agencies involved in permitting the development — the Department of Energy last year determined “it was appropriate to further evaluate the environmental impacts” of exporting natural gas, particularly the full life cycle of the gas.

A footnote to the 2021 order for the supplemental EIS said the life cycle analysis “is a method of accounting for cradle-to-grave” greenhouse gas emissions.

The Energy Department draft report noted that while the FERC-led EIS determined that overall impacts to GHGs and climate change from construction and operation of the proposed project would be “minor to moderate,” the 2020 EIS “did not consider the life cycle global warming potential of delivering LNG to destination countries or the cumulative emission profiles for the entire timespan of the proposed project.”

FERC governs construction and operation of pipelines, LNG plants and other facilities, while the Department of Energy regulates exports of U.S. natural gas — by pipeline and as LNG — to determine if the exports are in the public interest. Both FERC and the Department of Energy have expanded their consideration of greenhouse gas emissions under the Biden administration.

The proposed Alaska LNG project, last estimated in June 2020 at almost \$39 billion, would move North Slope gas from Prudhoe Bay through an 807-mile, 42-inch-diameter pipeline to a liquefaction plant and export terminal in Nikiski on the eastern shore of Cook Inlet.

The project is planned for almost 20 million metric tons per year of LNG, equal to about 5% of global demand projected for this year by BloombergNEF, an energy research business.

In its modeling comparison, the Energy Department's draft supplemental EIS determined that life cycle greenhouse gas emissions from an export terminal on the U.S. Gulf Coast would be slightly higher than for LNG from Alaska, “based on several factors, including increased shipping distance.”

The department modeled emissions from the Alaska project versus LNG produced and supplied from the Lower 48, “since energy demand from foreign markets would remain and would need to be fulfilled from an alternate source.”

Of the seven operating LNG export plants in the United States, the five largest are on the Gulf Coast in Texas and Louisiana, with the two smallest facilities in Georgia and Maryland. Substantial additional capacity is under construction on the Gulf Coast, with further development planned due to the proximity to large-volume U.S. gas production fields and the ability to send LNG cargoes to both Europe and Asia.

The Energy Department review used Japan, South Korea, China, and India in its analysis as possible destination countries for U.S. LNG exports. “For modeling purposes, it was assumed that the LNG would be used to generate electricity in each country; however, DOE acknowledges that some of the delivered LNG may be used for other purposes.”

Alaska project proponents have long targeted the Asia market as the closest destination for the gas. And while most Gulf Coast LNG cargoes had been going to Asia, those deliveries have abruptly turned — with some tankers literally turning around mid-transit — as the U.S. is now sending most of its LNG to Europe to help the continent end its reliance on Russian gas.

The draft supplemental EIS concluded that not building the Alaska LNG project would do little to nothing to reduce the volume of greenhouse gases released into the atmosphere, since Asia buyers would simply get their gas from elsewhere.

Project opponents were not impressed by the conclusion.

“Nothing in this analysis changes the fact that this massive fossil fuel project is a massively terrible idea,” Kristen Monsell, a senior attorney with the Center for Biological Diversity, said in an emailed statement last month to Energywire, an online newsletter.

“It ignores the overwhelming science showing that new fossil fuel projects are simply inconsistent with maintaining a livable planet,” said Monsell, legal director of the center’s oceans program.

Other than Energywire and Natural Gas Intelligence, another online news service, the Department of Energy’s draft review attracted little national news media or industry attention. Most of the industry and political focus in recent months has centered on immediate and near-term gas supplies into Europe and Asia to alleviate shortages and high prices that risk significant damage to the global economy.

FERC issued authorization for the Alaska project in May 2020, giving it 10 years to start operations. A developer can request an extension, though approval is not automatic and could depend on changes in the environment, federal laws and the composition of the five-member commission.

The Energy Department’s EIS will supplement the final EIS issued by FERC “and will support DOE’s decision-making process” in deciding whether to reaffirm, modify or set aside its earlier order to allow exports of Alaska gas.

The state of Alaska has been paying the permitting costs for the project since the major North Slope oil and gas producers in 2016 determined the development was not economically viable for their investment plans.

Since then the state-owned Alaska Gasline Development Corp. has been looking for partners, investors, financing, and customers, particularly a private party to take over as lead developer on the venture. However, no one has publicly stepped forward to assume that

responsibility or start writing the large checks required to order the long lead-time equipment needed for construction.

An AGDC spokesperson said the corporation is working toward moving the project under private ownership with 2030 as an estimated date for full operations if a new lead party can be found soon.