

FERC sends 266 pages of comments, questions to Alaska LNG

By Larry Persily lpersily@kpb.us

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(This update, provided by the Kenai Peninsula Borough mayor's office, is part of an ongoing effort to keep the public informed about the Alaska LNG project.)

The Federal Energy Regulatory Commission has sent 266 pages of state and federal agency comments, questions and requests for more information to the sponsors of the Alaska North Slope natural gas pipeline and liquefaction plant project — and that covers just five of the project's 12 draft environmental reports.

It's part of the cooperative process for FERC and a project applicant to work together toward assembling all the information needed for the federally required environmental impact statement. "You should be aware that Alaska LNG needs to address all comments ... within its formal application," FERC cautioned in its Oct. 26 letter to Alaska LNG. "Any omission of content relevant to these comments could result in a determination that your formal application is not fully ready for processing."

The letter further explained: "These comments ask for clarifications of discrepancies and additional information that we believe necessary to begin substantive preparation of a draft environmental impact statement for the project. ... If certain information cannot be included in the application, Alaska LNG should clearly indicate which items would be delayed, and their projected filing dates."

The agency comments covered the project's second round of draft environmental reports, called "resource reports". Alaska LNG submitted the first drafts to FERC in early 2015 and the second drafts in summer 2016. Final reports would be submitted with a complete application for federal authorization to construct and operate the pipeline and gas plants.

WIDE RANGE OF COMMENTS

Agencies commented on every aspect of the \$45 billion construction project and operation plans for the North Slope gas treatment plant, 800-mile pipeline, and natural gas liquefaction plant and marine terminal in Nikiski. The questions and comments covered a wide range of topics, such as the need to submit:

- Site-specific traffic management plans to assist FERC in reviewing traffic impacts from the tens of thousands of truck trips on Alaska highways during the five or six years of construction.
- Site-specific construction drawings along with site-specific wetland crossing plans, and similar details for open-cut crossings of streams, rivers and other waterways along the

pipeline route. The requests also ask for a listing of temporary bridges needed during construction.

- “Specific time lines or limits of disturbances” to describe the project’s mitigation measures to protect the ecology and wildlife, rather than the draft report’s less specific terms “to the extent practicable” and “as soon as practical.”
- A complete mitigation plan “for unavoidable wetland losses” in pipeline construction.
- More information on dredging that would be required offshore the North Slope and in Cook Inlet, including plans for disposal of dredge material and how the activities could affect endangered or threatened species. The requests also ask for more information on disposal of dredged material.
- A complete avian protection plan. The U.S. Fish and Wildlife Service said it does not consider the plan outlined in the draft report “to be a complete document.”
- “Continued evaluation” of the proposed pipeline route to avoid the Minto Flats wetland area northwest of Fairbanks, said the Environmental Protection Agency.
- “A full assessment” of what would be needed for state airstrip and highway improvements during project construction.
- More information on the exact location, acreage and access to pipe and concrete coating yards, including information on utilities and water sources.
- A detailed work plan and impact assessments for routing the pipeline through Atigun Pass, “including the natural passage for wildlife, the operation of the trans-Alaska oil pipeline, traffic management for the Dalton Highway and geological hazards.” The pass, at 4,739 feet, is the highest point on the pipeline route and already is shared by the oil pipeline and highway.
- More information on the schedule to relocate the Kenai Spur Highway from its current route that cuts through the proposed LNG plant site in Nikiski. The highway relocation is needed for the safe movement of construction material from the offloading facility on the waterfront to the upland plant site. “The timeline (in the draft report) to complete the relocation of the Kenai Spur Highway is very ambitious,” the Alaska Department of Transportation commented. If construction of the LNG plant is to start as proposed in the fourth-quarter of 2019, the department said, “that only leaves approximately three years from the time these reports are finalized to have the Kenai Spur Highway relocated.”
- The size of any anticipated security zones while LNG carriers are moving to and from the terminal at Nikiski and while moored at the dock.
- Detailed information on the interconnection points that would allow gas offtakes for in-state use, including the “cost to take gas from the tap to the village community, as well as documentation of discussions with local entities.” (Plans call for five offtake points along the mainline, with the state still undecided on the locations.)

In its comments, the EPA asked that the project's final reports estimate direct and indirect greenhouse gases from project construction and operations, including emissions from the end-users of the gas. Such estimates would require predicting the LNG customers and their operations. The agency cited guidance from the White House Council on Environmental Quality in its request. The issue of "indirect" end-user emissions has come up in earlier LNG project reviews by FERC, with the agency so far declining to extend its environmental analysis to speculating on emissions from overseas consumption of gas.

The compiled agencies' comments cover five of the project's 12 draft reports: General project description; water use and quality, and wastewater; cultural resources; air and noise quality; and project alternatives. FERC is finishing its work to compile comments on the other seven reports: Fish, wildlife and vegetation; socioeconomics; geological resources; soils; land use, recreation and aesthetics; reliability and safety; and engineering and design material. The agency expects to forward the remaining comments to Alaska LNG shortly.

STATE PLANS TO FINISH REPORTS

Though the North Slope oil and gas producer partners in the venture — ExxonMobil, BP and ConocoPhillips — have decided not to proceed with a formal application next year to FERC for approval to build and operate the gas pipeline and liquefaction plant, the state of Alaska wants to take over control of the project and submit its application in the first quarter of 2017.

The companies have cited low oil prices and an oversupplied global LNG market in their decision to back off from proceeding with the FERC application and significant additional spending on environmental and engineering work at this time. The state currently is a 25 percent partner in Alaska LNG but would hold a majority stake if it takes over the project. State officials plan to spend much of 2017 looking for project partners, investors and customers.

The producers are turning over project records and environmental data to the Alaska Gasline Development Corp., a state agency created by the Legislature in 2010. AGDC officials have said they plan to use staff and contractors to fill in the data gaps and submit final reports and a project application to FERC. Submitting the application in first-quarter 2017 assumes an "amicable transition" of project responsibilities from the producers to the state, AGDC President Keith Meyer reported to his board Nov. 10.

"No formal agreement is in place at this date, however AGDC is still targeting end of year for full transition," AGDC said in a prepared statement to a news media request this past week.

In addition to negotiating a transition agreement with the three companies, covering the data from several hundred million dollars in environmental and engineering work completed the past four years, AGDC President Meyer told the board Nov. 10 two other agreements are needed to complete the transition to state control of the project:

- A confidentiality agreement, governing what information might be restricted and setting out terms for the state to use the information.
- A land-access agreement for the almost 650 acres in Nikiski purchased by Alaska LNG LLC (ExxonMobil, BP and ConocoPhillips) for the plant site. The state was not a party to the land purchases but needs to show it has the right to the acreage to satisfy a FERC requirement that an applicant own, control or hold a right to project lands. The price paid for the parcels by Alaska LNG is not public information, though the borough's assessed value of the acreage is more than \$20 million. An additional 200 acres or more will be needed to complete the site acquisition.

In addition, the state needs to negotiate two more actions with the producers for AGDC to have everything in place for the state to complete its takeover:

- The project currently is in pre-file status at FERC, under the name of the state and all three producers. If the state is going to take over sole authority, the companies will need to notify FERC of their withdrawal and the agency will need to accept the state as the project lead.
- The U.S. Department of Energy in 2015 granted conditional authority to Alaska LNG Project LLC to export up to 20 million metric tons per year of LNG from the Nikiski plant. The state is not a party to that export authorization; only the North Slope producers. At some point, AGDC and the companies would need to negotiate a change of control and submit the transfer to the Department of Energy for approval. The department would accept comments before acting on the request. The export authorization granted in 2015 is conditional upon completion of the federal environmental review.

Other comments this fall from the BLM and EPA to the project sponsors included:

Bureau of Land Management

- The agency wants to see more information about land clearing on federal lands, particularly whether it could affect fire suppression and firefighting efforts along the pipeline route. BLM also wants a discussion of "forest health prevention measures" during land clearing.
- Federal law requires the project to purchase and harvest any timber cleared from BLM-managed lands. Though the draft resource reports said efforts will be made "where practicable" to salvage any timber, BLM said it wanted to remind the sponsors that approach is not acceptable and the project would need to pay for any timber.
- To avoid the risk of fuel spills in trucking up to 7 million gallons of ultra-low diesel to the North Slope per month for use at peak construction, the BLM said "the applicant may want to consider" building a plant on the North Slope to produce the fuel. "If not, then the EIS needs to include a thorough analysis of the risks of fuel spills, associated costs and potential mitigations associated with the expected increase in trucking of fuel on the Parks and Dalton highways."

- The BLM also cautioned that while the reports look at the impacts on fish and wildlife stocks harvested by subsistence users, there is more to consider. “Large crews of workers in an area could inadvertently wipe out a berry crop or displace wildlife without realizing the impact to subsistence users.” The BLM added, “Subsistence use of firewood and timber is a hot issue in the Dalton (Highway) Corridor.”
- In sharing its concerns over permafrost, vegetation and wildlife habitat, the BLM said it expects “significant localized impacts on the vegetation community and wildlife habitat within 100 meters” of any gravel pad installed as part of the project. As such, the BLM asks whether engineering techniques, such as insulating foam pads beneath gravel work areas, would be used to minimize impacts to permafrost and wildlife habitat.

Environmental Protection Agency

- The EPA recommended that the environmental reports “evaluate project abandonment, decommissioning, rehabilitation and restoration” of the landscape at the end of the project life. The agency also asked for more information on removal and restoration efforts planned after temporary facilities, such as construction access roads, are removed.
- Regardless of the emissions directly related to the project, the EPA recommended that the reports also describe potential environmental changes from climate change that could occur in the project area.
- And the EPA would like to see more information on mitigation measures to reduce the project’s greenhouse-gas emissions, such as the use of natural gas instead of diesel to fuel the equipment, dredges and barges used during construction.