

Alaska LNG filing attracts opponents, supporters

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

While it waits for federal regulators to review its application and request any missing data, the Alaska LNG project has attracted opposition from two national environmental groups — and also letters of support from more than 35 Alaska municipalities and Native corporations, businesses and individuals.

The state-sponsored Alaska LNG project [applied last month](#) to start the federal environmental impact statement (EIS) process toward approval to construct and operate a North Slope natural gas project, [800-plus-mile pipeline](#) through the state, and [liquefaction plant and export terminal](#) on Cook Inlet in Nikiski.

The Alaska Gasline Development Corp. (AGDC) has started the multi-year process with the Federal Energy Regulatory Commission (FERC) at the same time it is looking for the customers, investors and partners needed to finance the \$45 billion development and justify further state spending on design and permitting efforts. The corporation has close to \$100 million from past legislative appropriations — enough to start working with FERC while marketing efforts continue.

The deadline was May 22 for parties to file motions to intervene in the FERC proceeding.

The Sierra Club and Center for Biological Diversity each filed its own motion to intervene in the proceeding, both raising similar environmental objections against the pipeline, compressor stations and liquefied natural gas plant: increased air pollution and greenhouse-gas emissions, risk to wildlife and disruption of fish habitat.

VALDEZ CONTINUES ITS ADVOCACY

The city of Valdez, which believes the gas pipeline should end at an LNG plant in its community on Prince William Sound, 170 miles east of Nikiski, was the only Alaska municipality to file a motion to intervene. Valdez has previously submitted two [other filings with FERC](#), arguing that the EIS should take a hard look at requiring the project developer to build in Valdez, not Nikiski.

The city claimed in its May 22 motion that Valdez is a lower-risk, lower-cost option than Nikiski, with less “environmental degradation.” In addition, the city told FERC that bringing the project to Valdez would ensure that “its citizens and businesses have access to inexpensive natural gas.”

The state gasline corporation and the North Slope producers-led team that previously managed the project have all pointed to Nikiski as their preferred site, judged for cost, environmental and construction considerations. FERC has always planned for the EIS to look at the Valdez alternative, and the city's filing as an intervenor does not change that plan.

Intervenors, if accepted by FERC, are allowed to request rehearing of commission orders and challenge final commission decisions in federal court. Their input during preparation of the environmental impact statement, however, is pretty much the same as anyone else — file comments with FERC to put issues, questions and objections on the record to be addressed in the EIS.

SIERRA CLUB OBJECTIONS A REPEAT OF 2014

In its motion, the Sierra Club raised the issue of greenhouse-gas emissions not just during project construction and operation but also during natural gas production to feed the LNG plant and from emissions when the gas is burned by the end user. The group has raised the same production-to-consumption issues for other LNG projects reviewed by FERC elsewhere in the country, and has not prevailed in blocking any of those approvals.

The Sierra Club raised the same objections against the Alaska venture in 2014 when it protested the project's application to the Department of Energy for export authority. The department in 2015 dismissed the objections and [approved the export request](#) filed by North Slope oil and gas producers ExxonMobil, BP and ConocoPhillips.

In its May 22 filing with FERC, the Center for Biological Diversity — based in Arizona, with offices in Alaska and 11 other states — objected to the project on the grounds that it would result in more drilling for natural gas in the Arctic.

The organization also objected to the state corporation's request for expedited FERC review. "The project's overwhelming size and myriad significant environmental impacts certainly counsel in favor of more review, not less," the group said. The state has asked FERC to complete the EIS process in 18 months and issue a decision by Dec. 31, 2018.

FERC has 90 days from the state's [April 17 application](#) to issue a Notice of Schedule for Environmental Review — a timeline for the EIS — or to request more information from the applicant to fill data gaps.

In a conference call with federal and state regulatory agency personnel four days before AGDC filed its application, FERC staff explained they would review the filing and "note which areas need additional information and create a data request for the applicant," according to notes from the meeting. "An incomplete application could result in FERC issuing multiple data requests."

Staff further explained, “Once all information necessary for the draft EIS is received, writing of the document will begin and FERC will issue a Notice of Schedule for the release date ... and the projected date for completion of the final EIS.”

NO SET SCHEDULE FOR EIS

There is no deadline or EIS schedule in federal law; each project is different in its environmental impacts and controversies, and each project sponsor decides how quickly it wants to respond to data requests from FERC and other federal regulatory agencies.

Of the nine FERC-approved LNG export terminals in the Lower 48 states, most were proposed as expansions of existing import terminals that were underutilized as the shale gas boom took out the need to bring in overseas LNG cargoes for North American consumers. And though some required short connecting pipelines for gas deliveries to the liquefaction plant, none of the projects included anything close to the more than 800 miles of pipeline through Alaska.

The smallest of the six LNG export terminals under construction is at Lusby, Md., on Chesapeake Bay, where Virginia-based Dominion Energy is adding a single liquefaction train to a 1970s import terminal. Start-up is scheduled for late this year. In part because the project had the advantage of an existing LNG storage facility and marine terminal, and the liquefaction facility is entirely within the fencing of the import operation, the project went through an environmental assessment, not a full environmental impact statement. Even then, the assessment and FERC decision took 18 months, though the project faced strong opposition from many of its neighbors and environmental groups, adding to the regulatory review.

LNG projects of similar capacity to the proposed Alaska development took even longer to work their way through FERC. Golden Pass LNG took more than 29 months from date of application to FERC decision late last year. Freeport LNG required almost 32 months from application to approval. Both are on the Texas coast, and both are liquefaction expansions to underutilized LNG import terminals. Freeport LNG is under construction and Golden Pass is waiting on a final investment decision by its owners.

OPPONENT RAISES ISSUE OF ENVIRONMENTAL EXEMPTIONS

Besides objecting to the Alaska LNG project on environmental-protection issues, the Center for Biological Diversity also noted in its motion to FERC that the state has asked for fast-track consideration and exemptions of several federal regulatory requirements. [Alaska Gov. Bill Walker on Feb. 7 wrote President Donald Trump](#), touting the development’s economic benefits and asking the president to exempt the project from:

- All “wetlands compensatory mitigation requirements” of the federal Clean Water Act.
- EPA oversight of any programs delegated to the state under the Clean Water Act and Clean Air Act.

- The National Marine Fisheries Service’s Beluga whale recovery program management conditions in Cook Inlet; and to “re-evaluate and define” with the concurrence of the state the exclusion zone for Beluga protections.

The letter also asked for a waiver of the requirement to reimburse the federal pipeline safety agency for its costs incurred in reviewing the project’s construction and operating plans, and requested limits on the agency’s ability to object to the project’s pipeline design plans.

The governor’s letter asked that any federal action on the project under the Endangered Species Act “should require concurrence from the state,” and that the president direct the U.S. Army Corps of Engineers not to declare any project areas “with underlying permafrost” as jurisdictional wetlands.

In separate comments to FERC on May 22, Gov. Walker reiterated his request for timely action by regulators: “In order to capitalize on export opportunities, monetize the state’s stranded gas resources, and put Alaskans to work, it is imperative the Alaska LNG project be ready to deliver in-service first cargoes by the mid-2020s. To accomplish this, I respectfully request FERC prioritize AGDC’s application.”

PRODUCERS, ALYESKA ALSO FILE TO INTERVENE

ExxonMobil, BP, and ConocoPhillips also filed motions to intervene in the FERC proceeding to ensure their interests are represented in the review — the producers hold the leases on the North Slope fields that would produce gas for the project. Though all three companies decided more than a year ago to pull out of spending more money on the LNG project during a period of low oil and gas prices and weak global LNG market conditions, they have long been supportive of efforts to find an economic way to move the gas to market.

A motion to intervene also came from Alyeska Pipeline Service Co., which operates the trans-Alaska oil pipeline system (TAPS). The proposed gas pipeline would “run parallel to and in close vicinity to TAPS for approximately 400 miles from Prudhoe Bay to Livengood,” Alyeska said in its filing. The gas line would cross the oil line at multiple locations and come within 200 feet of the oil pipe at 17 more locations, raising issues that Alyeska said warrants its participation in the FERC review.

“Furthermore, given the proximity of the proposed project’s gasline and related facilities to TAPS in several locations, Alyeska’s own regulatory permits and approvals may be significantly affected, including becoming more burdensome,” the company said in its FERC filing.

The Fairbanks-based Northern Alaska Environmental Center also filed a motion to intervene, not to take a position on the project, the group told FERC, but rather because of its members’ interests in the project and its environmental, socioeconomic and energy impacts in the state.