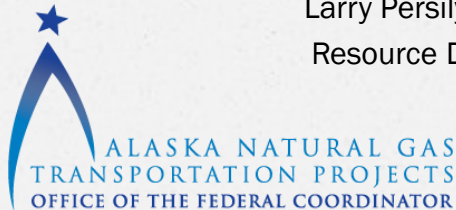
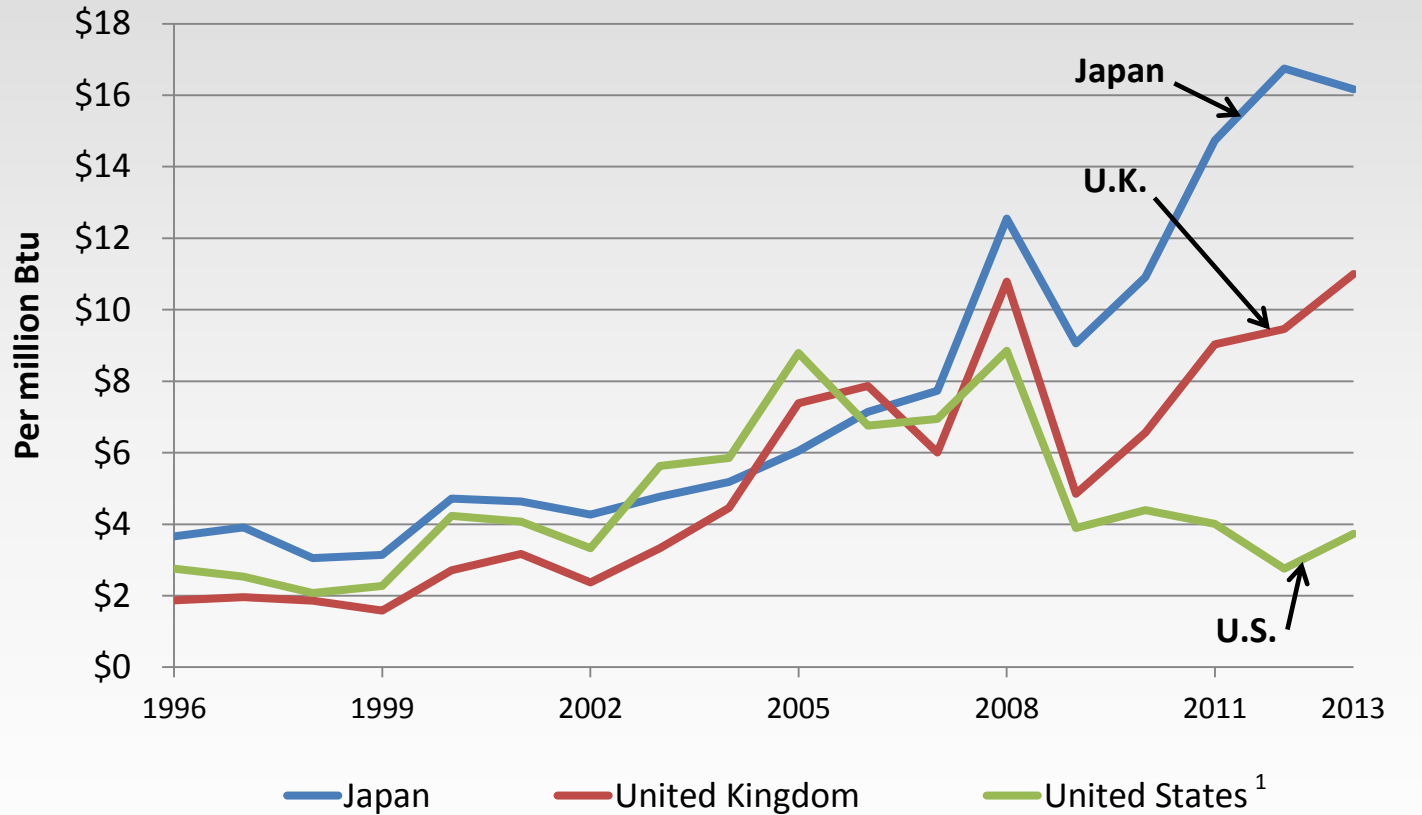


# Alaska LNG export license process

Larry Persily, Federal Coordinator for Alaska Gas Line Projects  
Resource Development Council – Nov. 20, 2014 - Anchorage



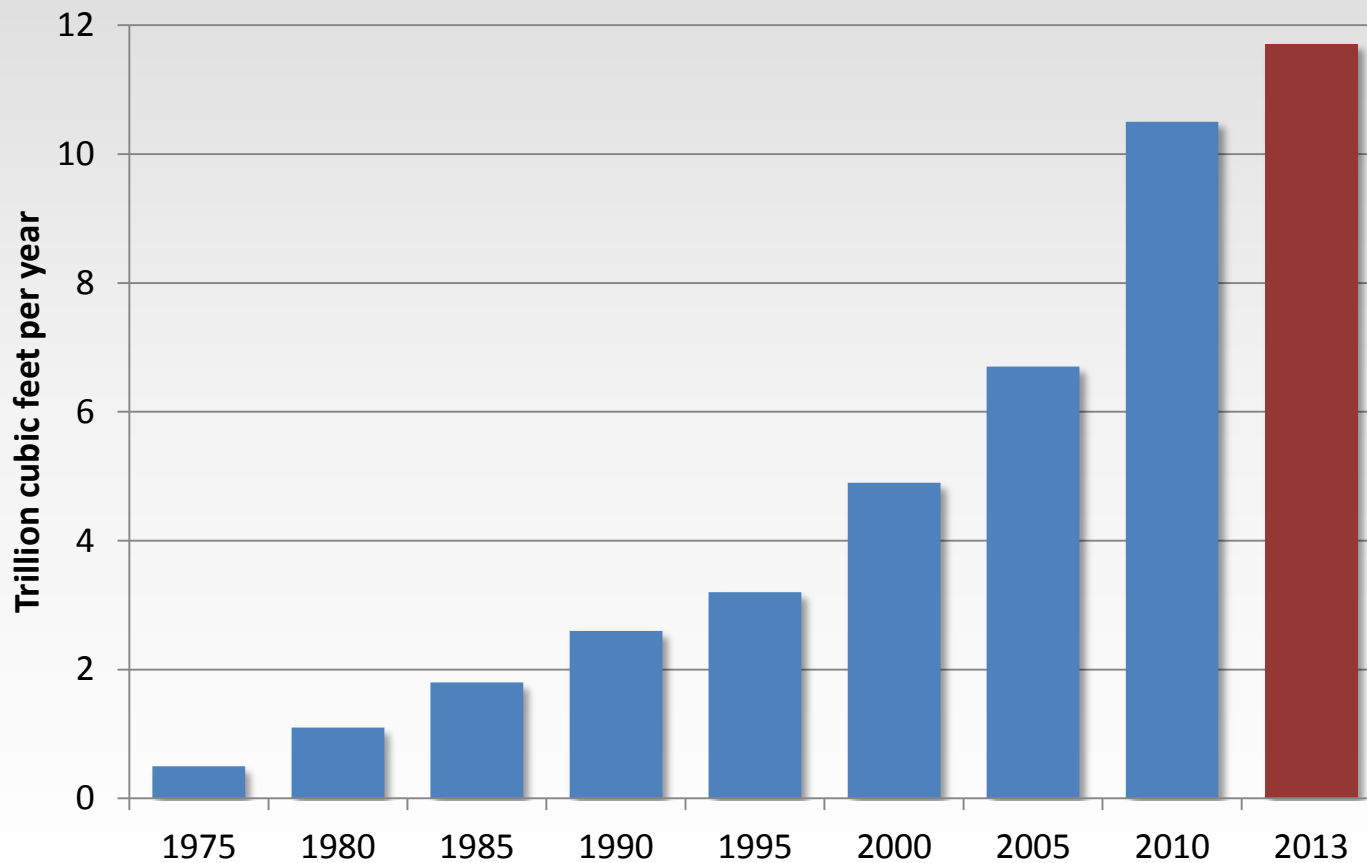
# Global gas prices diverge



<sup>1</sup> Henry Hub price

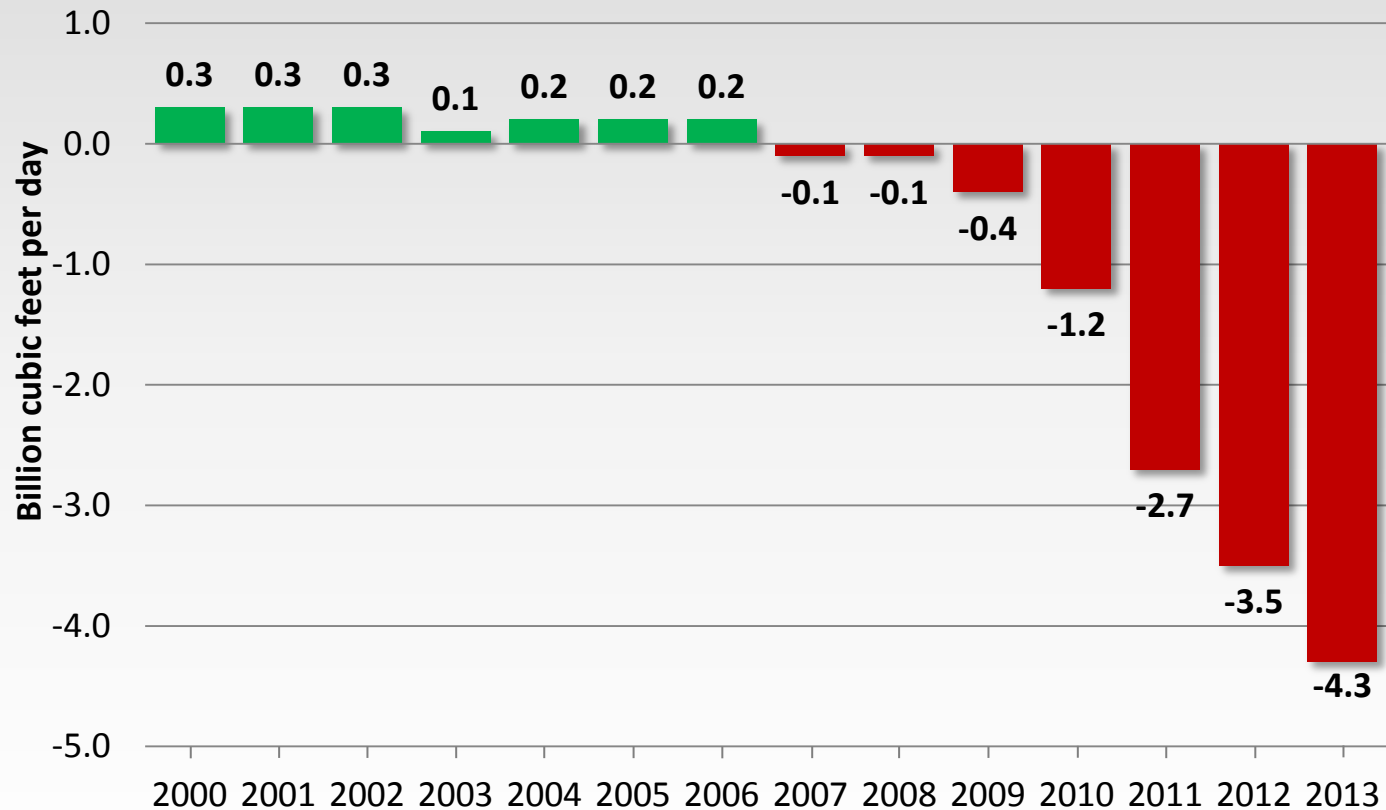
Source: BP Statistical Review of World Energy

# Global LNG trade grows fast



Source: BP Statistical Review of World Energy

# China's domestic gas supply deficit



Source: BP, National Bureau of Statistics China, China SignPost

# LNG export authorization

- o Department of Energy Aug. 15 adopted new procedures for LNG export applications
- o No longer order of first-come, first-served
- o No more conditional approvals pending EIS
- o New procedures: See FERC first and get EIS
- o Then DOE will consider export application

# Why did DOE change?

- o Less likely they'd work on unlikely projects; better allocation of 'department resources'
- o Only serious projects spend money on EIS
- o Conditional approvals not necessary before applicants can choose to proceed with EIS
- o Better information after the EIS and FERC
- o Quicker action on projects likely to proceed

# Winners and not winners

- o Winners: Cheniere's Sabine Pass expansion, Freeport (Texas) and Golden Pass (Texas) — all add exports to LNG import terminals
- o Not winners: All those projects not very far along with their EIS and FERC application but which were near top of the list at DOE
- o Even a 'brownfield' environmental review can cost a project \$100 million — or more

# Where does Alaska fit in?

- o New procedures apply only to Lower 48
- o No Alaska application when DOE started; therefore, Alaska is not covered by change
- o DOE will decide how to handle Alaska LNG application “in the context of proceedings”
- o Energy Secretary: “We are very explicit this is a completely separate evaluation.”



# Alaska exports process

- o Energy Secretary was clear: Alaska exports will not affect Lower 48 natural gas markets
  - o August: “We see nothing but upside in the monetization of Alaska gas.”
  - o October: “The Department intends to act as expeditiously as possible on the current, pending request to export Alaska LNG.”
- o Burden on opponents to show that Alaska exports not in the public’s interest

# Public comments

- o Comments closed Nov. 17; only 27 received
- o Sierra Club objected, just as it has for LNG export projects in the Lower 48
- o All others were supportive
- o Even public gas utilities said OK to Alaska; agree exports will not affect Lower 48 prices
- o No deadline for Energy Department decision

# Fracking and LNG exports

- o Fracking opponents argue that LNG exports will provide market for even more shale gas
- o Comments filed with FERC and DOE against every LNG export project application
- o DOE has declined fracking arguments
- o FERC has declined to cover gas production in its environmental reviews of LNG projects

# FERC response

- o FERC Chairwoman Cheryl LaFleur:

*“We look at the direct project impacts, we do not do a cradle-to-grave, molecule-by-molecule analysis of where ... a fuel is coming from, what's going to happen at the end of the ship when it goes off to the other side of the Earth and what other fuel it displaces. ... We don't believe that's in our authority.”*

# FERC process for LNG

- o Federal Energy Regulatory Commission approves LNG construction and operation
- o Law gives FERC option to include pipeline, compressor stations, gas treatment plant
- o Single, FERC-led EIS for all federal agencies
- o FERC process started with applicant pre-file
- o NRG selected as third-party EIS contractor

# Resource reports

- o FERC requires that LNG project applicants submit 13 “Resource Reports” when they turn in the formal application for approval
- o Reports will form basis for the project’s environmental impact statement; drafting starts in pre-file (FERC provides guidance)
- o FERC and other federal agencies will review drafts, request more information as needed

# FERC is at work

- o Environmental project manager
- o Deputies for above and below ground
- o FERC, NRG were at Alaska LNG open houses
- o FERC plans statewide scoping sessions to run late-February through November
- o Working with federal agencies to ensure that the single EIS meets everyone's needs

# For more information

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