

FERC and the Development of an Alaska Natural Gas Pipeline



**Robert J. Cupina, Deputy Director
Office of Energy Projects
Federal Energy Regulatory Commission
September 19, 2005**

Alaska Natural Gas Pipeline Act

Open Season Provisions



Applies to any initial or voluntary expansion capacity on any Alaskan natural gas transportation project.

Alaska Natural Gas Pipeline Act

Open Season Provisions



- Regulations to be issued 120 days after passage
- Must cover procedures for the allocation of capacity and timing of any open seasons

Alaska Natural Gas Pipeline Act *Open Season Provisions*



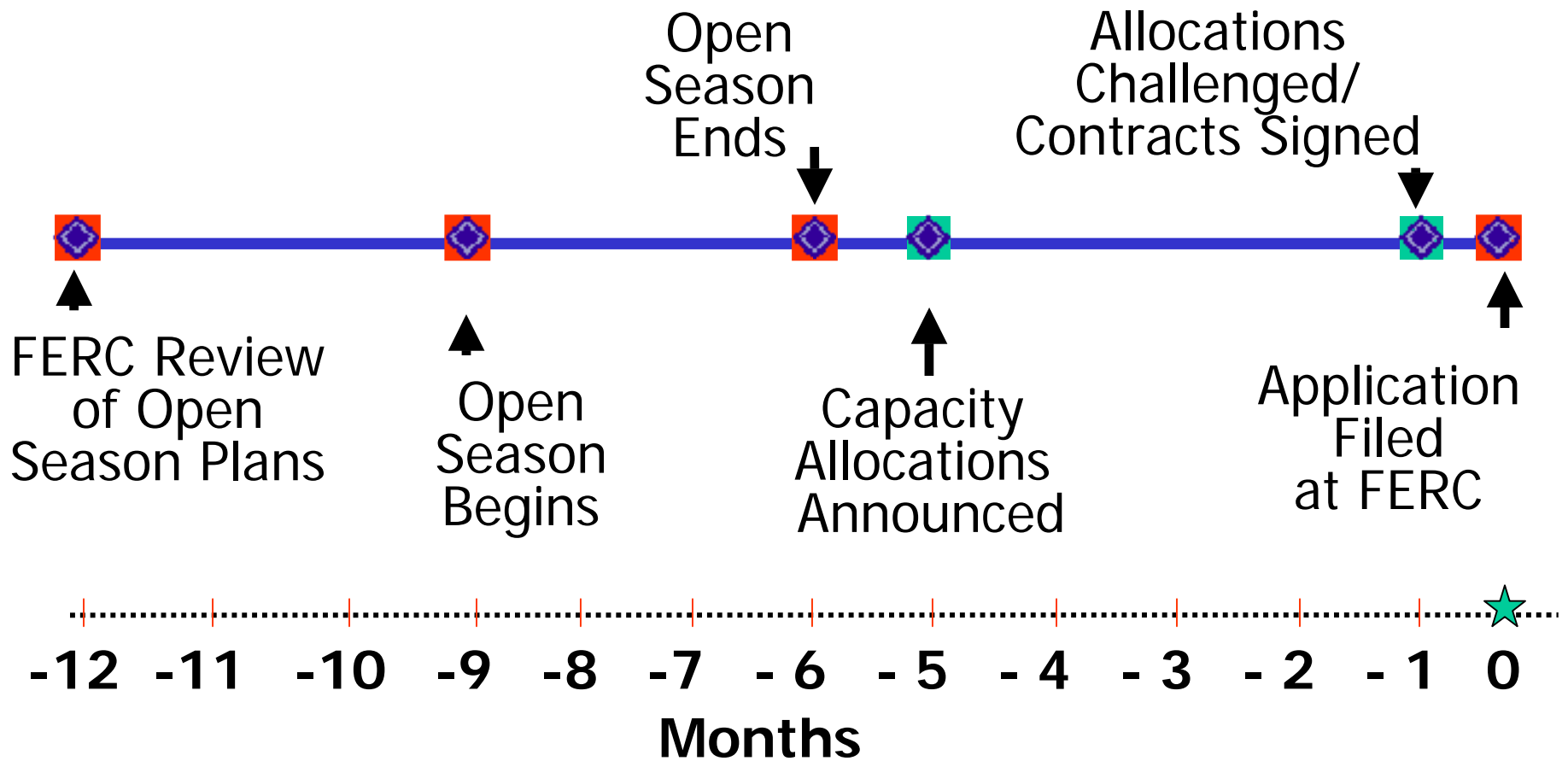
- Must promote competition in the, development of Alaskan natural gas
- Expansion open seasons must allow for transportation of natural gas from other production areas.

Alaska Natural Gas Pipeline Act *Open Season Provisions*



- Open season provisions were finalized in Order No. 2005, on February 9, 2005
- Rehearing on open season provisions were considered in Order No. 2005-A, issued on June 1, 2005

Alaska Pipeline Capacity Allocation Process



Open Season Process in NOPR



-
- No advance notice
 - Open season held for 90 days after 90 day prior notice period
 - Capacity awarded
 - Contracts signed
 - Application filed

Open Season Policy Considerations



-
- Balance encouragement of project construction with fair and open competition
 - Rebuttable presumption for rolled-in rate treatment of costs of expansions
 - Balance appropriate oversight with letting market forces work

Alaska Natural Gas Pipeline Act

FERC Process Under Section 103 or 110



- Retains NGA duties
- Issues open season regs in 120 days
- Establishes rates, terms and conditions of tariff
- May approve or require future expansion
- May provide access to Alaska royalty gas
- Cooperate with Federal Coordinator and other agencies

Alaska Natural Gas Pipeline Act

FERC Process Under Section 110



- Review previous certificate; determine level of info needed to satisfy terms and conditions
- Change previous certificate, as needed
- Issue final order, no timeframe
- Lead agency determined by DOE Secretary

Alaska Natural Gas Pipeline Act

FERC Process Under Section 103

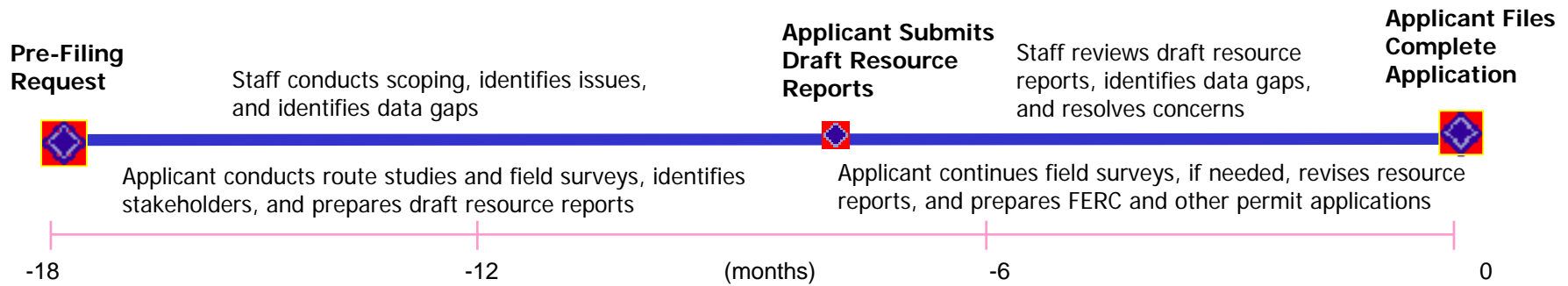


- Normal review process with 2 exceptions:
 - Presumption of public need
 - Presumption of adequate downstream capacity
- “Over-the-top” route prohibited
- Lead agency for NEPA review
- Issue DEIS 12 months after application
- Issue FEIS 6 months after DEIS

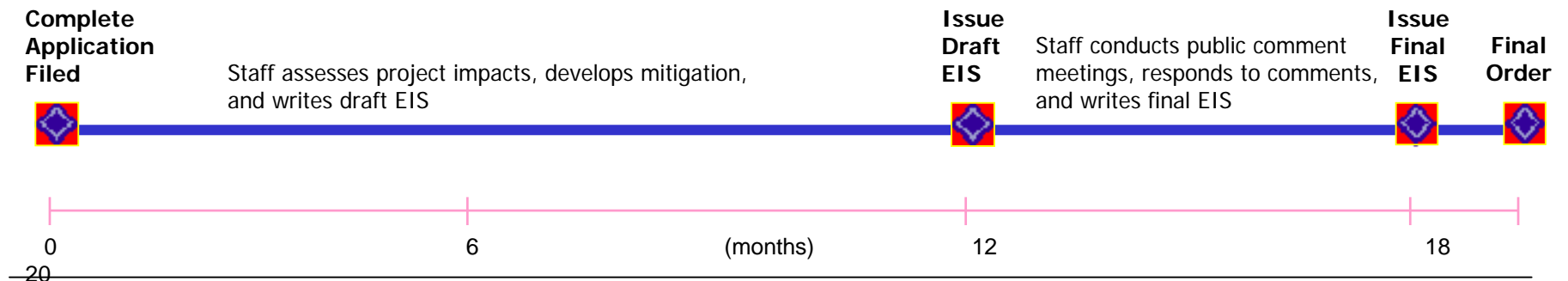
Alaska Natural Gas Pipeline Project FERC's Environmental Review Process



Pre-Filing Review and Application Preparation ^{1/}



Legislative Timeframes for Environmental Review and FERC Action



^{1/} The duration of the pre-filing process will depend on the project proposed. The 18 months shown would be sufficient to accommodate a proposal with significant variations from the previously studied corridor.

Pre-Filing Process



-
- About 18 months from Green Light to Complete Application
 - Two field seasons
 - Parallel Activities of Staff and Sponsor

Pre-Filing Process



-
- FERC Staff Activity
 - Route recognition
 - Community outreach and public scoping
 - Native Alaskan consultation
 - Identify issues and resolve conflicts

Pre-Filing Process



-
- Project Sponsor Activity
 - Stakeholder identification
 - Open Houses
 - Route studies and field surveys
 - Prepare FERC and other permit applications

Application Review



-
- Verify and Document Data
 - Coordinate Agency Analyses
 - Develop Mitigation
 - Issue Draft and Final EIS

Post-Certification Activities



- Two to three years of preparation prior to construction
 - Financing
 - Fabrication of Equipment and Supplies
- Two to three years for construction
 - Primarily winter construction

Activities to Date



-
- Memoranda of Understanding (MOU)
 - FERC and National Energy Board of Canada (5/10/04)
 - FERC and Regulatory Commission of Alaska (1/24/03)
 - Under development with DOE, DOI, and 11 other federal agencies

Activities to Date



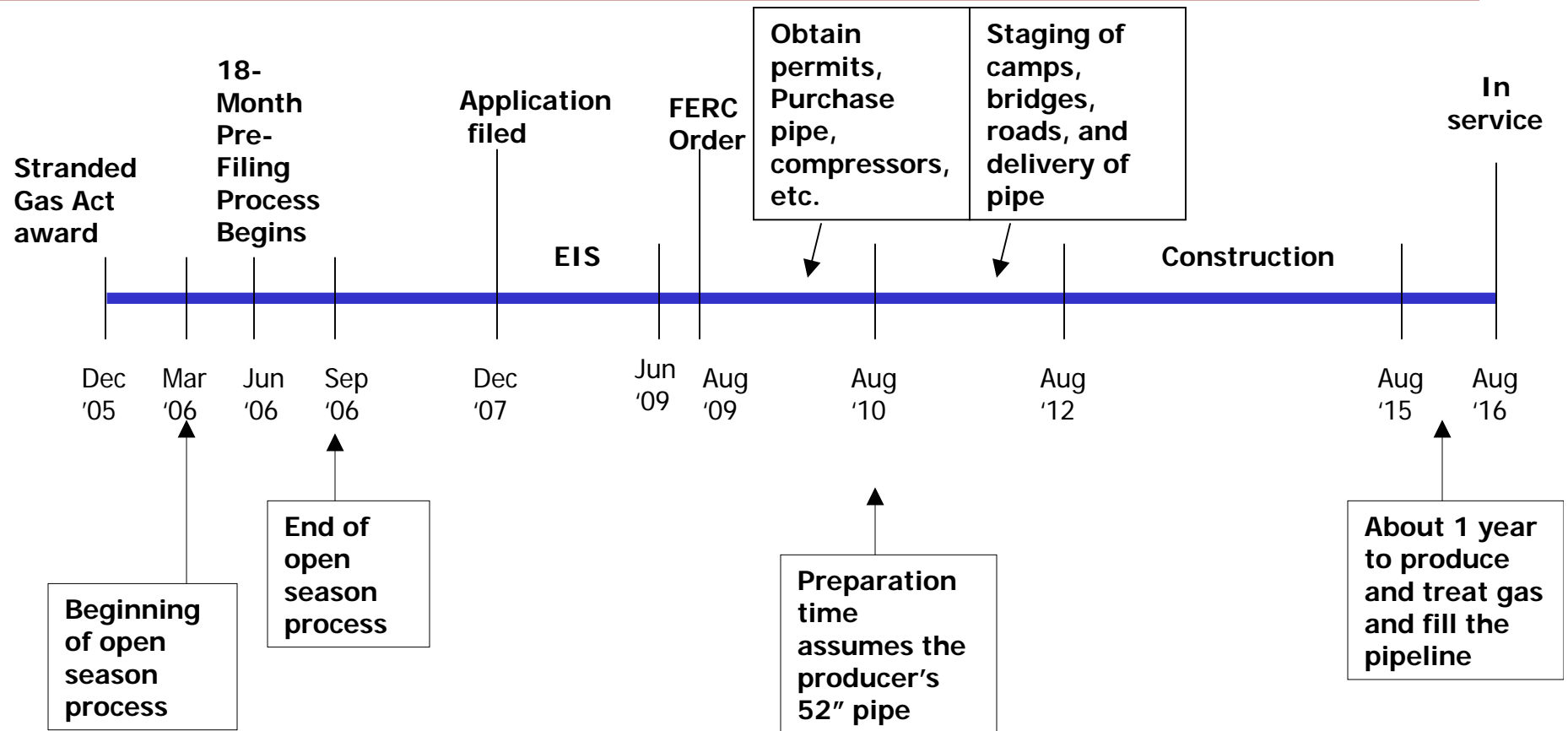
-
- Toured the pipeline route and met with stakeholders.
 - Meetings with U.S. federal, state, and Canadian agencies

Alaska Gasline Port Authority LNG Project



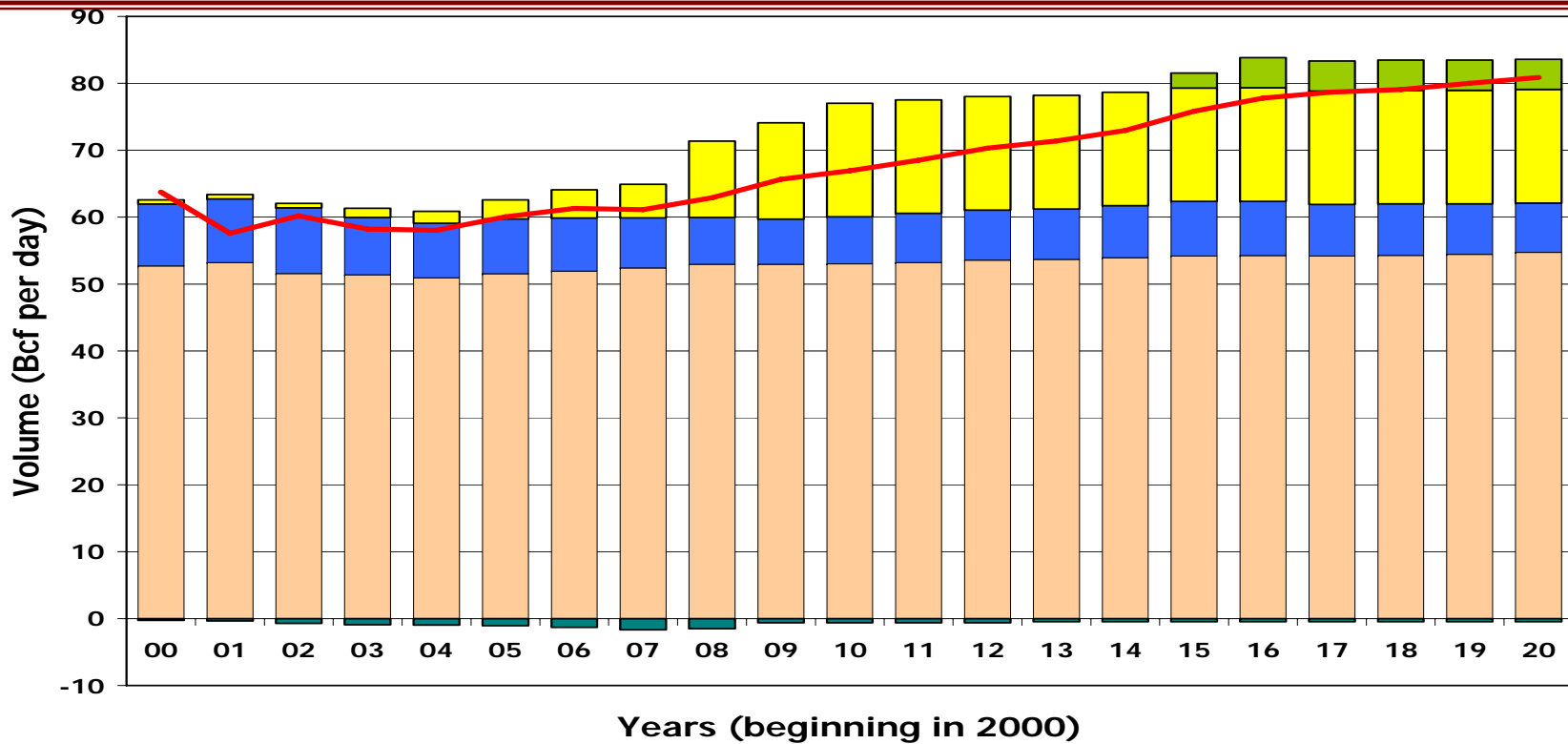
-
- 800 mile, 48" pipeline parallel to TAPS route from Prudhoe Bay to Valdez
 - 125 mile lateral line for deliveries to South Central and Kenai areas
 - Liquefaction plant/terminal in Valdez
 - Destination: West Coast regas terminals in Canada, Lower 48 or Mexico
 - FERC implications:
 - Yukon Pacific 1995 authorization for export terminal
 - TAGS line would require certificate

Alaska Pipeline Construction Timeline – Example Case



Timeline assumes Canada completes permitting within same timeframe.

US Natural Gas Balance



- Total Production
- Net Imports from Mexico
- Alaska (to Lower 48)
- Canadian Imports
- LNG Imports
- Demand - US