

Report
Submitted to the
United States Congress
by the Federal Energy Regulatory Commission

Eighteenth Report to Congress on Progress Made in Licensing
and Constructing the Alaska Natural Gas Pipeline

August 2014

Eighteenth Report to Congress on the Alaska Pipeline

I. Executive Summary

The Federal Energy Regulatory Commission (Commission) submits this report pursuant to section 1810 of the Energy Policy Act of 2005 (EPAAct 2005).¹ Section 1810 of EPAAct 2005 requires that the Commission submit to Congress semi-annual reports describing the progress made in licensing and constructing an Alaska natural gas pipeline and any impediments thereto.

This report provides an update from the Commission's Seventeenth Report, submitted on March 4, 2014. That report highlighted that the State of Alaska has signed a pair of agreements with North Slope producers ExxonMobil, ConocoPhillips and BP, along with pipeline partner TransCanada, intended to advance an Alaska LNG export project. Those agreements were activated by Alaska Senate Bill 138² which paved the way for Alaska LNG Project, LLC's³ (Alaska LNG Project) filing on July 18, 2014 of an application with the U. S. Department of Energy, Office of Fossil Energy (DOE-FE) seeking authorization to export liquefied natural gas (LNG) from an Alaskan LNG terminal located in Nikiski to any country with which the United States currently has, or in the future may enter into, a free trade agreement (FTA) or any non-free trade agreement (non-FTA) countries.

As reported in its DOE-FE application, the Alaska LNG Project would consist of: (i) liquefaction and export facilities; (ii) an approximately 800-mile-long gas pipeline from the liquefaction facility to the gas treatment plant; (iii) gas treatment plant; and (iv) transmission pipelines between the gas treatment plant and producing fields. The pipeline would transport between 3 and 3.5 billion cubic feet per day (Bcf/d), providing North Slope gas to Alaskans at a minimum of five points along the route for in-state use, and ultimately to the LNG export terminal that would have an export capacity equivalent to 2 to 2.4 Bcf/d.

¹ P.L. 109-58, 119 Stat. 594 (2005), 42 U.S.C § 15801 *et seq.*

² On April 20, 2014, Alaska State Legislature passed Senate Bill 138, later signed into law by Governor Sean Parnell on May 8, 2014.

³ The Alaska LNG Project consists of ExxonMobil Alaska LNG LLC (ExxonMobil), ConocoPhillips Alaska LNG Company (ConocoPhillips) and BP Alaska LNG LLC (BP) (collectively, Project Sponsors). Affiliates of the Project Sponsors currently hold oil and gas leasehold interests in Alaska, including in the Prudhoe Bay and Point Thomson Units. Alaska LNG Project may seek to amend the Application at a later date to add a State of Alaska designee.

II. Status Report

A. TransCanada Alaska Company, LLC Alaska Pipeline Project Status

On May 11, 2012, TransCanada Alaska Company, LLC (TC Alaska) notified the Commission that it was curtailing interim work on the North Slope to Alberta option of its planned Alaska Pipeline Project while requesting to maintain the record in Docket No. PF09-11 for potential future use. TC Alaska submitted Quarterly Reports to the Commission in April 2014 and July 2014 stating that no additional work had been completed for the Alaska Pipeline Project during the reporting period.

On July 26, 2014, TC Alaska filed with the Commission its intent to terminate the prefile review process for the Alaska Pipeline Project in Docket No. PF09-11. In its filing, TC Alaska requests that the Commission maintain the administrative record in the subject docket for reference or use in any future project in Alaska by TC Alaska and its affiliates and co-venturers.

B. Alaska LNG Project, LLC Activities

The Alaska LNG Project seeks DOE-FE authorization to export LNG to FTA and non-FTA countries on its own behalf and as an agent of any of the following: 1) each of its members; 2) the respective affiliates of its members; 3) the State of Alaska or its nominee; and 4) other third parties, under contracts to be executed in the future, as applicable.

In its DOE-FE application, Alaska LNG Project requests that since its application stands on its own merits without regard to the cumulative impacts of LNG exports from the Lower 48, and given the unique nature of the project and the geographically separate supply base, its application should not be subject to DOE-FE's Order of Precedence for Processing Non-FTA LNG Export Applications.

C. The Commission's Activities

The Commission remains ready to resume its responsibilities as the lead federal agency for conducting the National Environmental Policy Act (NEPA) review of any future proposal by Alaska LNG Project or another entity. Representatives for the project have been meeting with the FERC Staff to discuss the proposed regulatory framework and environmental aspects of the Alaska LNG Project. The Commission continues to monitor activities regarding any natural gas pipeline or LNG project in Alaska for which the Commission would have jurisdiction.

III. Related Activities

Operations of the Federal Coordinator

The Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects (OFC) continues to coordinate the actions of federal agencies regarding Alaska natural gas transportation projects and to provide a liaison function to ensure communication with Congress, the State of Alaska, and federal U.S. and Canadian agencies. On May 19, 2014, the OFC held an Interagency Meeting focusing on recent developments in Alaska regarding the Alaska LNG Project. That meeting highlighted certain aspects of Senate Bill 138 as it relates to the development of the Alaska LNG Project.

Referred to as "enabling legislation," the changes in state law activated two documents signed last winter: 1) the Heads of Agreement signed in January by the State of Alaska, the Alaska Gasline Development Corporation, ExxonMobil Alaska Production, Inc., BP Exploration (Alaska) Inc., ConocoPhillips Alaska, Inc., and TransCanada Alaska Development Inc. covering joint ownership of the project, fiscal and other terms; and 2) the Memorandum of Understanding signed by the State of Alaska and TransCanada, setting out terms for their pipeline arrangement.

The OFC continues to provide updates on its website (www.arcticgas.gov) regarding national and world-wide natural gas issues that may affect the ultimate disposition of Alaskan North Slope natural gas.

IV. Conclusion

No progress has occurred since the last report on a project bringing Alaskan natural gas from the Alaskan North Slope to Lower 48 state markets. However, the Commission is ready to move forward to the next step in its NEPA process when the Alaska LNG Project submits a request to enter the Commission's pre-filing process.