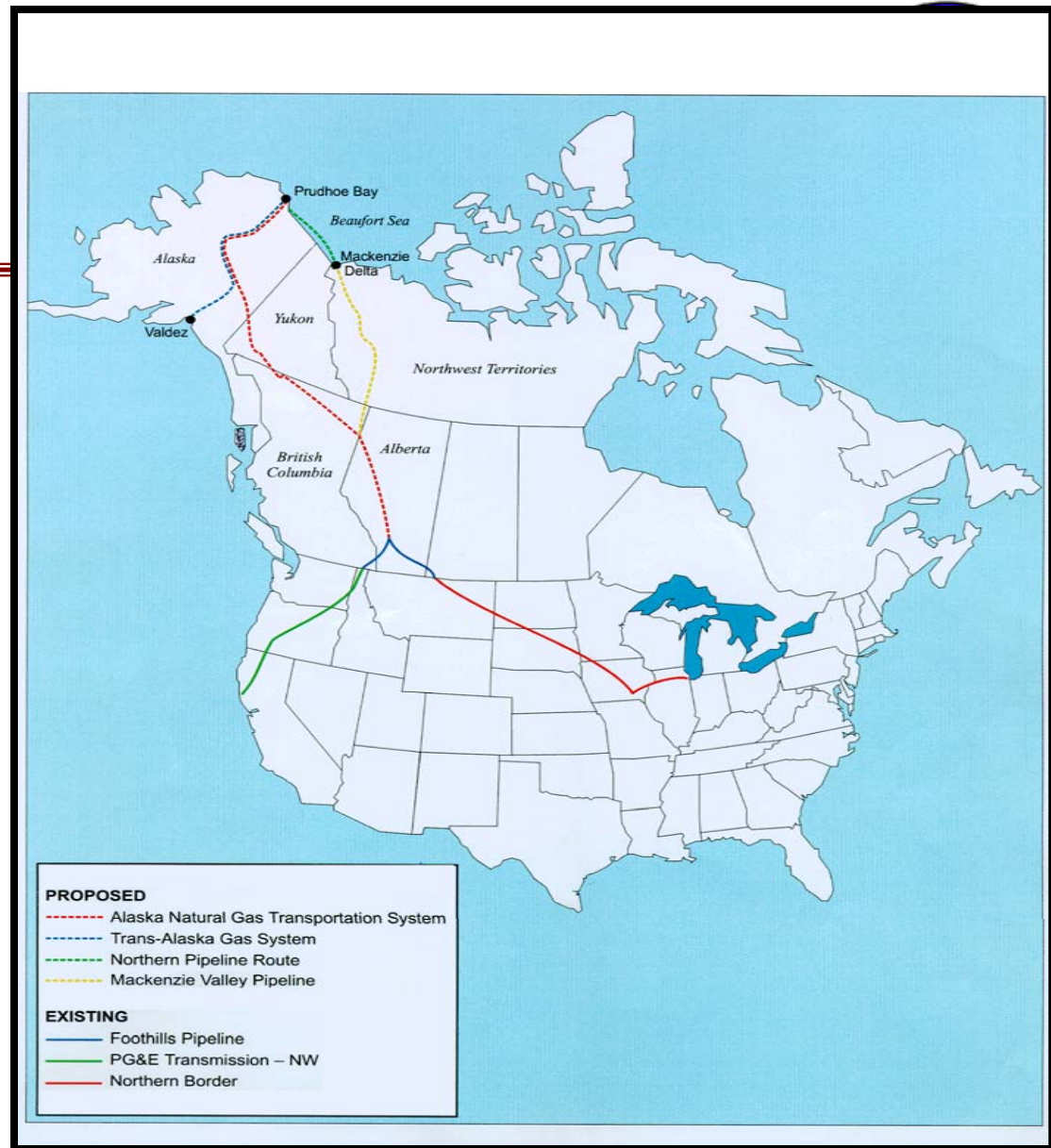


# Alaska Natural Gas Transportation Projects and Other Arctic Pipelines

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NARUC Annual Convention  
Staff Subcommittee on Gas  
Chicago, Illinois  
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# FERC and Alaska Project History

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- 1976** Congress passes the Alaska Natural Gas Transportation Act (ANGTA)
- 1977** FERC issues conditional certificates
- 1981** Western Leg of the Alaska Natural Gas Transportation System (ANGTS) – Pacific Gas Transmission – goes into service
- 1982** Eastern Leg of ANGTS – Northern Border Pipeline – goes into service

**The Alaskan portion of ANGTS was not constructed.**

## Next Federal Actions



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- 2001** In May, National Energy Policy recommends expedited construction of an Alaskan pipeline to deliver natural gas to the lower 48 states.
  - 2001** Alaska Natural Gas Interagency Task Force - Members include: Energy, State, Interior (BLM, MMS), DOT (OPS), FERC (Energy Projects), Joint Pipeline Office
  - 2004** **"Alaska Natural Gas Pipeline Act"** approved and signed by President on October 13<sup>th</sup>.

# Alaska Natural Gas Pipeline Act



- 
- Enacted on October 13, 2004
  - Special Open Season Rules issued on February 9, 2005
  - Commission has responsibilities any application(s) filed for natural gas projects where gas leaves Alaska by pipeline or by LNG ship.

# Alaska Natural Gas Pipeline Act *Presumptions*

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The Act presumes that :

- Public need for Alaskan project exists, no FERC finding of need required
- Adequate downstream capacity exists to move gas to markets in the Lower 48, no other pipeline applications required to be reviewed at same time

# Alaska Natural Gas Pipeline Act *Provisions*

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- Clarifies legal issues which allows Commission to consider any application for Alaskan natural gas transportation projects.
- Clarifies ability to continue to process any modified application under the Alaskan Natural Gas Transportation Act of 1976 – *this option now effectively closed.*

# Alaska Natural Gas Pipeline Act *Provisions*

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- FERC must issue regulations for Alaskan pipeline capacity open season in four months of enactment (Feb. 2005)
- FERC may order expansion
- FERC may allow accommodation for State of Alaska royalty gas
- Only D.C. Circuit has judicial review of FERC orders for Alaskan projects

# Alaska Natural Gas Pipeline Act *Provisions*

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- Federal Coordinator is created for either type of project (i.e., ANGTA or NGA)
- Makes Federal loan guarantee of up to \$ 18 billion available to either type of project – pipeline or LNG.
- If no application is filed in 18 months, then DOE must study alternatives.

# FERC Events

## *Post - ANGPA*



- 
- Issuance of Order 2005 (February 2005)
    - Establishes Open Season Provisions
    - Rehearing Order in June 2005
    - Appeals Court Confirms Rules in July 2007
  - Memoranda of Understanding
    - FERC and National Energy Board of Canada (5/10/04)
    - FERC and Regulatory Commission of Alaska (1/24/03)
    - FERC and all other federal agencies to ensure cooperation and coordination of efforts (6/06)

# FERC Events

## *Post - ANGPA*

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- Meetings with agencies & stakeholders in Alaska – Office of Fed. Coordinator
- Submitted Alaska pipeline progress report to Congress, every 6 months, as required by EPAct 2005 – Public info
- Encouraged prospective project sponsors to start FERC pre-filing as soon as possible.

# Alaska Natural Gas Pipeline Act

## *Cooperation in Processing*

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- FERC is designated as the lead agency for NEPA processing.
- FERC is responsible for preparation of the EIS.
- Other federal agencies conducting reviews covered by the EIS shall comply with the deadlines established by FERC.
- The EIS prepared by FERC shall be adopted by the other federal agencies.

# Alaska Natural Gas Pipeline Act

## *Required Processing Timeline*

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- NEPA Pre-filing process is expected to take three years – *already started*
- When the formal application is filed:
  - Draft EIS issued in 12 months
  - Final EIS issued in 6 more months
  - Final order in 2 more months ( total elapsed time 20 months )

# Post-Certification Timeline



- 
- Two to three years of preparation prior to construction
    - Financing
    - Fabrication of Equipment and Supplies
  - Two to three years for construction
    - Majority of construction to be performed in winter
      - One year of preparation (camps, roads)
      - Gas treatment plant

# Alaska Project Proposals



- 
- **Denali Pipeline Project**
    - Pre-filing Docket No. PF08-26-000
    - Joint sponsorship - BP & ConocoPhillips
  - **TransCanada – TC Alaska**
    - State’s “choice/partner” - Alaska Gasline Inducement Act
    - Pre-filing Docket No. PF09-11-000
    - State will commit up to \$ 500 million
    - Alaskans get five gas access points
    - Offers freeze state gas taxes for 10 years
    - Exxon/Mobil is now aligned (helping)
  - Other in-state projects still active in planning stages

# Interstate Pipeline Open Seasons



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- Order No. 636 Unbundling of sales and transportation leads to need to a general FERC policy fairly allocate capacity
  - Pricing Policy For New And Existing Facilities Constructed By Interstate Natural Gas Pipelines, (Docket No. PL94-4-000 - Issued May 31, 1995)
  - Certification of New Interstate Natural Gas Pipeline Facilities, (Docket No. PL99-3-001-Issued February 9, 2000)
  - Flexible commercial process by sponsor, case specific, subject to party complaints and FERC required revisions and redo after the fact.
  - Anchor shippers allowed to be signed before open season.

# Alaska Natural Gas Pipeline Act

## *Section 103(e) - Open Season*

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### Rulemaking Schedule

- 11/18/04 – Commission issues NOPR
- 12/03/04 – Public technical conference in Anchorage, Alaska before all FERC Commissioners
- 12/17/04 – Written comments due on NOPR
- 02/09/05 – Commission final rule - Order 2005
- 06/01/05 – Rehearing issued – Order 2005-A

# Alaska Natural Gas Pipeline Act *Open Season*

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The regulations must :

- Include the criteria for and timing of any open seasons and include procedures for the allocation of capacity;
- Promote competition in the exploration, development, and production of Alaska natural gas; and
- Provide the opportunity for the transportation of natural gas other than from the Prudhoe Bay and Point Thomson units when capacity exceeds the initial capacity during open seasons.

# Alaska Natural Gas Pipeline Act *Open Season*

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The open season regulations apply to :

- Any initial or (voluntary) expansion capacity on any Alaska natural gas transportation project.
- Does not apply to involuntary expansion if one is ordered under the Act.

# Open Season Process for Alaska



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- Capacity for in-state market segregated
  - Notice of Open Season has long list of required design and rate elements
  - Notice submitted and reviewed by FERC
  - Open Season held for at least 90 days
  - Bid evaluated, winners announced and precedent agreements negotiated

# Alaska Pipeline Capacity Allocation

( FERC Staff Illustration – October 2009 )

