

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

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

August 2011

Twelfth Report to Congress on the Alaska Pipeline

I. Executive Summary

This report by the Federal Energy Regulatory Commission (Commission or FERC) is submitted 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 Eleventh Report, submitted on February 24, 2011. During the period covered by this report: 1) Denali – The Alaska Gas Pipeline LLC (Denali) notified the Commission on May 17, 2011, that it was terminating its project and withdrawing from the Commission's pre-filing process; and, 2) TransCanada Alaska Company, LLC (TC Alaska) continued to advance its project through engineering design, field data gathering, and stakeholder outreach with a target date for filing an application with the Commission for a Certificate of Public Convenience and Necessity in October 2012. Additionally, TC Alaska continued commercial discussions with potential shippers, but did not announce the execution of any precedent agreements.

II. Status Report

A. The Commission's Activities

The Commission continues to execute its National Environmental Policy Act (NEPA) and Natural Gas Act certificate application responsibilities for the TC Alaska proposal. The Commission staff continues to work under its pre-filing process, preparing to initiate an environmental impact statement (EIS) once the project sponsor submits a complete application to the Commission containing all of the information that the Commission and other agencies would need to evaluate the proposed project.

An ongoing topic of discussions with TC Alaska since it entered pre-filing has been the clarification of the data needs of Commission staff and those of the extensive team of agencies tasked with evaluating and ultimately granting the various permits and authorizations for construction and operation of the project. Through these discussions, TC Alaska and the Commission staff have sought to identify resource data gaps that must be filled prior to the filing of TC Alaska's FERC application. One such gap is the data

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

necessary to support an evaluation of the project's potential impact on subsistence and subsistence users.

As the Commission stated in its Tenth Report to Congress, delaying initiation of studies that require more than one year of data gathering and analysis (such as updating the subsistence databases), could also delay the filing of a complete application with the Commission. TC Alaska has a commitment under the Alaska Gasline Inducement Act (AGIA) to file an application with the Commission in October 2012. The Commission staff has informed TC Alaska that the risk of delay has increased because it did not begin subsistence surveys during the 2010-2011 winter season, as recommended. TC Alaska has recently indicated that it would begin the surveys in the 2011-2012 winter season and is developing a strategy to acquire the necessary information in the time available.

In March 2011, the Commission staff and representatives of other federal and Alaska state agencies attended technical workshops in Anchorage that TC Alaska sponsored to familiarize agencies with its proposed natural gas pipeline construction practices. Workshop topics included general pipeline construction, right-of-way preparation and maintenance, and waterbody crossing practices.

From March to June 2011, the Commission's staff participated in 24 public Open House meetings that TC Alaska held throughout the project area. At these meetings the Commission's staff provided information to community leaders, concerned citizens and potentially affected parties about the Commission's role in the authorization of an Alaska natural gas pipeline project and the required environmental review process. The Commission's staff also used these meetings as an opportunity to meet with Alaska Native community leaders and solicit initial concerns regarding TC Alaska's proposal, also known as the Alaska Pipeline Project (APP).

In June 2011, the Commission staff sent an informational letter to all the federally-recognized tribes in Alaska seeking their assistance in identifying those tribes that could be directly affected by the APP. This letter asked each tribe to indicate whether they believed the APP would affect their tribe or village and if they would like to formally participate in government-to-government consultation.

In August 2011, the Commission opened the NEPA scoping process by issuing a Notice of Intent to Prepare an Environmental Impact Statement and Request for Comments on Environmental Issues (NOI). This notice was mailed to potentially affected landowners; federal, state, and local government agencies; elected officials; environmental and public interest groups; Alaska Native tribes; local libraries and newspapers; and other interested parties. The NOI summarizes TC Alaska's proposal and the issues of concern already identified by the Commission's staff, identifies a public comment period, provides instructions on how to submit comments, and outlines the environmental review process.

B. Denali's Proposal

On May 17, 2011, Denali withdrew from the Commission's pre-filing process in Docket No. PF08-26, stating that it has ended its open season process because it had not received the customer support needed to continue advancing the project. Denali further stated that it has ended its contract with Argonne National Laboratory, which is assisting FERC staff in preparation of an EIS for the project.

C. TC Alaska's Proposal

The APP, as contemplated by TC Alaska, consists of a gas treatment plant (GTP) near Prudhoe Bay, about 58 miles of 32-inch-diameter pipeline from the processing plant at the Point Thomson Field to the GTP, and about 745 miles of 48-inch-diameter mainline pipeline from the GTP to the Alaska-Yukon border. All items related to TC Alaska's project are available to the public in FERC's eLibrary under TC Alaska's pre-filing docket (Docket No. PF09-11-000).

TC Alaska is moving forward with engineering design, environmental studies, and other work while continuing commercial discussions to negotiate terms and conditions of the bids obtained during the open season for its pipeline capacity. In April 2011, the company filed its Preliminary Draft Resource Report numbers 1 and 10 with the Commission. These draft resource reports provide the general project description and a summary of the alternatives considered to date during the project's design. In their final form, these will be part of a series of reports that constitute the environmental component of an application to the FERC.

TC Alaska continued meeting with affected communities, governments, Alaska Native tribes and corporations, local businesses, and other stakeholders to satisfy the requirements of its Stakeholder Engagement Plan. As described above, TC Alaska conducted a series of public Open House meetings in the project area between March and June 2011. These meetings provided an opportunity for the company to share preliminary project information with stakeholders and to identify the communities' concerns.

While the company continues analysis of the data collected in the 2010 field programs, TC Alaska's summer 2011 field data gathering program is underway, with physical, biological, and cultural resource crews working through the summer. TC Alaska also has mobilized crews for its summer 2011 engineering field program. This program includes geologic fault delineation, compressor station site reconnaissance, and the refinement of pipeline routing. Technology development programs, including frost heave and uplift resistance testing and tensile and strain capacity modeling, are continuing as well. TC Alaska is working with the Department of Transportation's

Pipeline and Hazardous Materials Safety Administration to develop the pipeline design information necessary to meet its regulatory filing requirements.

III. Related Activities

A. 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.

In August 2011, the OFC published its second semi-annual Attention Items Update. This report discusses permitting priorities and identifies issues considered critical-path due to timeline constraints. According to the update, the following issues represent challenges to overcome before TC Alaska can file a complete application with the FERC in October 2012: sharing data collection and field season plans with federal agencies, developing a plan for the timing of permit applications and issuance, resolving the pipeline routing and land access issues through the Tetlin National Wildlife Refuge, and conducting community subsistence surveys. The update states that timely resolution of these issues would allow the project to stay on schedule for the environmental impact statement and permitting. The OFC continues to monitor these issues and assist in coordination efforts as appropriate between TC Alaska and federal regulatory agencies.

B. Developments in Canada

TransCanada Corporation and Exxon Mobil are continuing the commercial process, field studies, and public engagement necessary to develop the Canadian segment of the APP. Concurrently, Canada's Northern Pipeline Agency (NPA), pursuant to the Northern Pipeline Act, continues to coordinate the actions of other Canadian federal agencies and to engage with the governments of British Columbia and Yukon. The NPA has initiated the process, including consultations with nine Yukon First Nations, to extend the term of the Foothills pipeline right of way easement agreement beyond the current expiration date of September 20, 2012.

IV. Conclusion

Progress has occurred on the TC Alaska project since the last report. Both the Commission staff and the OFC are actively engaged with TC Alaska and the permitting agencies to assist in the successful development of an Alaska pipeline project. However, each has identified issues that TC Alaska must work diligently to resolve in order to file a complete application with the Commission in October 2012.