



Municipal Advisory Gas Project Review Board

March 13th, 2015

Agenda item:

Overview of the FERC NEPA Process

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Relevance to MAGPR Board Deliberations

- Impact of the AK LNG project;
 - Construction phase
 - Operational phase
- Nature of impact on communities differs for each phase
 - Property Tax/PILT discussions focused on operational phase
 - Impact Fee discussion required to address construction phase

AK LNG Goals set out in HoA

“Subject to consultation by the Administration with local governments:

a. Payments in lieu of property tax (“PILT”) would be paid by the Alaska LNG Parties on each component of the Alaska LNG Project. For the Alaska LNG Project, the PILTs would be on a unit rate per throughput basis (e.g., cents per thousand cubic feet, etc.) and could be level or escalating dollar payments for the Alaska LNG Project components.

b. The Parties would establish a series of impact payments to be paid by the Alaska LNG Parties to help offset increased service and other costs borne by the State and local governments during construction of the Alaska LNG Project.”

Legislative Process set out in SB 138

REQUESTING THE GOVERNOR TO ESTABLISH AN ADVISORY PLANNING 21 GROUP.

(a) The legislature requests the governor to establish an advisory planning group.....etc

- (b) The advisory planning group shall review available information, hold public meetings, and provide annual reports by December 15 of each year to the governor that include**
- the potential impact and benefits of new infrastructure for North Slope natural gas development, whether designed to provide natural gas for in-state sale or for export, or both, on communities in the state, including consideration of tax structure under [AS 29.45](#) and [AS 43.56](#), and consideration of other payments before construction of new infrastructure associated with North Slope natural gas development;**
 - recommendations for *changes to [property tax/oil and gas property tax]* that would facilitate development of a major natural gas project and *mitigate financial impacts to communities affected by development of a North Slope natural gas project;***
 - *recommendations for legislative or other options to minimize the financial impact to communities in proximity to North Slope natural gas project infrastructure during construction of a natural gas pipeline and associated infrastructure; and***
 - recommendations on the impact and benefits to communities not in proximity to a North Slope natural gas project.**

Recommendations set out in MAGPR Board Annual Report 2014

“Overarching Principle # 9:

Actual impacts on communities and the State, incurred during the construction and operation of the Alaska LNG Project, should be paid by the Alaska LNG Project. The MAGP Board recognizes that the actual impacts are not commensurate to the length of the pipeline or the value of taxable property within a community’s boundaries. Instead, impact payments should be based on the actual community impacts. “

“Assessing Impact Payments: Alaska LNG Projects designed to move gas in interstate and international commerce will be permitted by the Federal Energy Regulatory Commission under the Natural Gas Act, Section 3. **This will require an Environmental Impact Statement (EIS) that assesses, among other matters, the socio-economic impacts to communities from the project. Those documents, and the processes associated with them, will be authoritative and publically documented. Any effort at this point to assess impacts should consider how to coordinate and/or incorporate those impacts into the FERC Pre-File and EIS processes respectively.** “

“Tiers: The MAGP Board recommends that there be two tiers of impact payments: direct and indirect payments. Direct impact payments are for those communities that will be affected immediately by the construction of the Alaska LNG Project through the use of municipal services and infrastructure. Indirect impact payments are for communities where the Alaska LNG Project is not an immediate presence in their jurisdiction, but nevertheless indirectly impacts the municipal services (e.g. loss of municipal workforce to the project). Indirect impact payments could be made by the State through a separate fund. “

NEPA Overview

- National Environmental Policy Act of 1969 (NEPA) requires analysis of environmental impacts of Alaska LNG Project
- FERC will prepare Environmental Impact Statement (EIS) for the Project

Prefiling Process

- FERC instituted “prefiling” process to allow for input and framing of issues prior to filing for approval of project
- Prefiling mandatory for LNG projects
- 13 resource reports (RR) describe project, alternatives, environmental impacts and proposed mitigation
- RRs form basis for EIS

Prefiling of Alaska LNG Project

- FERC accepted Alaska LNG prefiling in September 2014
- Third party contractor paid for by Project assists FERC to prepare EIS

Requested Timeline

- March 2015 – FERC issues Notice of Intent to Issue EIS
- March-Dec – Scoping Period & Comments
- Jan 2016 – 2d Draft of RR Reports
- Sept 2016 – Expected Sec 3 Application
- October 2017 - FERC Issues Draft EIS
- March 2018 - FERC Issues Final EIS

Public Participation With FERC

- Fall 2014 - Open Houses
- March – Dec 2016 - Scoping Meetings and Comments
- After Issuance of Draft EIS – Meetings and Comments

Cooperating and Participating Agencies

- FERC is lead agency for NEPA process and preparation of EIS
- Permitting agencies are or could request cooperating agency status
 - provide input to FERC & adopt FERC EIS
 - e.g., Coast Guard, DOT, COE, BLM, DOE

Resource Reports

- Due to breadth and complexity of project, two draft RRs planned
- 1st draft RRs filed February 2015
- 1st draft RRs intended primarily to describe project footprint, existing environment (baseline conditions) and preliminary impacts

Resource Reports

- 2nd draft RRs expected January 2016
- 2nd draft will include more detailed impacts and mitigation measures as engineering studies progress

Resource Reports

- RRs of interest include:

RR3: Vegetation & Wildlife

RR4: Cultural Resources

RR5: Socioeconomics

RR8: Land Use, Recreation & Aesthetics

RR9: Air & Noise Quality

Resource Report 5

- Describes existing socioeconomic conditions and seeks to quantify the Project's impact on these conditions
- Studies demographics, economy, housing, infrastructure, services and transportation
- Includes analysis of subsistence (e.g., hunting and fishing) and impacts

Resource Report 5

- 1st draft explains baseline conditions and general summary of potential impacts
- 2nd draft will incorporate more project-specific data and describe location-specific project impacts

Data Used in RR 5

- U.S. Census Bureau Data
- State & local government data (revenues, expenditures, labor, employment, health, roads, housing, schools, police, etc.)

Examples of Potential Mitigation of Socioeconomic Impacts

- Use of temporary housing to ensure adequate short-term housing, particularly during tourism season
- Fire prevention and suppression plans
- Plans for traffic and transportation
- Repair and restore road surfaces

Considerations for MAGPR Board

- Nature of engagement with FERC NEPA process
 - Individual municipalities
 - MAGPR Board
- Process to determine likely impact fee range
 - Focus on FERC process
 - Combination of FERC process and other studies/assessment
 - Other approach