THE ALASKA NATURAL GAS PROJECT
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Good afternoon, and thanks for the kind invitation to be with you again to discuss getting Alaska's natural gas to market, and specifically what we've been doing in the Office of the Federal Coordinator to help make that happen.

Over the course of its lifetime, this project is estimated to create tens of thousands of good paying jobs, and in today's economy that represents a very bright spot.

Of course, the clean natural gas it will deliver will help the nation tremendously as we transition to renewable sources of energy.

For these reasons, and many more, we're fortunate to have broad support for the project from the Obama Administration, the Congress, from the State of Alaska and, of course, from the industry, which will build and fill this pipeline.

This week my Director of Permits, Scheduling and Compliance is at the annual AFL-CIO meeting in Pittsburgh to work with labor on the importance of the pipeline in creating jobs for Americans. And, as may be no surprise, the Alaska Natural Gas Pipeline is one of the topics of the day.

This morning, Vince Beltrami, the President of the Alaska AFL-CIO spoke before the national convention to all of labor about the importance of this gas pipeline project and the amount of renewable energy projects that exist and are being created in Alaska. Vince told thousands of convention goers that this project will create tens of thousands of jobs across our nation, from the manufacturing of steel pipe and other integral parts, to transportation, loading, shipping, and delivery of those parts. He explained that under Alaska law, AGIA, the construction of the

Alaska natural gas pipeline will be subject to a Project Labor Agreement. And finally, Vince expressed that natural gas is a clean, reliable and domestically produced energy source.

Vince's speech received a huge reception because on a national level the AFL-CIO working families get it.

To prove that point, the Second District Vice President of the International Brotherhood of Electrical Workers, which represents all of New England, today came out in support of the project. He said even though the project would be constructed thousands of miles away from the East Coast, "the jobs set the stage for the next generation of workers."

As all of Alaska's leaders – both at the Congressional level and the state level – and now national labor unions know, Alaska's natural gas is the "it fuel" of today's global economy; perhaps not as "it" as Paris Hilton, but in the context of clean, secure, available, low cost and green, we are a happening source for today's and tomorrow's energy supply.

This has been an active year for the pipeline project. TransCanada Alaska and ExxonMobil formed a new project partnership. Both Denali (the BP/ConocoPhillips partnership) and TransCanada Alaska have entered the FERC Pre-file Process and FERC designated Argonne National Laboratory as the third party contractor for the Denali project. At the OFC, we're doing our part to move the project forward.

As many of you know, we signed a Memorandum of Understanding three years ago to strengthen coordination with all the federal agencies that have permitting functions related to this project and create a consolidated project and implementation plan.

We need to make sure that these agencies are working together, that they are moving forward with their respective assignments and that they have the necessary knowledge and the most reliable information about the project as possible.

We work daily to ensure accurate and in-depth communication between all parties, and we coordinate with the Canadian federal, territorial and provincial governments as well as all stakeholders, including tribal interests, the Congress, and the State.

One of our first accomplishments this year was the completion of the First Phase Consolidated Implementation Plan for the Denali project in June. We'll do one for each applicant that enters the FERC Pre-file Process. So, we've finished the first phase of the Denali plan and will have the first phase of the TransCanada Alaska/ExxonMobil plan done by the end of the year.

In August, my office hosted eight White House and agency officials on a trip to the state to learn more about the pipeline and the route that it will follow.

Our guests were all critical members of the federal team involved in getting the pipeline built – Acting Deputy Administrator for the Pipeline and Hazardous Materials Safety Administration, a member of the TSA Pipeline Security Division, a member of the Advisory Council on Historic Preservation and the State Historic Preservation Officer, members from DOD and Army Corp of Engineers staff including the new Alaska head, Colonel Koenig, staff for the Department of the Interior's Office of the Secretary, and finally, two members of the White House's team, the NEPA lead at the Council on Environmental Quality and the Energy Director for the National Security Council.

It was a great opportunity for me and my staff to educate our travelers about the project, including our federal agency partners and their activities, so we can move it forward together.

In addition to our trip, this summer Alaska hosted a number of federal dignitaries and staff. Four cabinet secretaries who, along with Gov. Parnell and Senator Begich, visited rural Alaska to learn more about climate change and rural issues.

The Federal Energy Regulatory Commission and Environmental Protection Agency each sponsored a trip to meet with agencies that are part of the federal interagency team and the Alaska Department of Natural Resources.

Also this summer members of my staff traveled the Dalton Highway accompanied by FERC and EPA staff. They observed the entire route north from Fairbanks and spent significant time examining road conditions, bridges, river crossings and other infrastructure.

The surveyed pinch points such as the Yukon River and Atigun Pass. In Prudhoe Bay, they visited the West Dock, sand and gravel locations and toured the proposed location of the gas treatment plant.

There was also an arctic tour by the head of NOAA, the Deputy Secretary of the Department of the Interior, the U.S. Coast Guard Commandant and the Chair of the White House Council on Environmental Quality to study coastal erosion and the oceans as the first step in establishing a new comprehensive ocean policy.

So, in effect, we're creating our own information pipeline from the arctic to Washington, D.C. in preparation for the final push to get permitting in place and get the natural gas pipeline construction going.

President Obama has told us that getting a natural gas pipeline built is one of his priorities and having the President's support is important for moving it along.

I don't need to remind this audience that the project concept has spanned six presidents, seven Alaska governors, eight Canadian Prime Ministers including Pierre Trudeau twice! There have been countless proposals to produce North Slope gas since the late 1970's.

Ironically, not far from where our lawmakers meet in the Capitol, there are these busses that ferry people around D.C., and I got a kick out of seeing a bus sign that says "this bus runs on clean natural gas."

Our message is being delivered by everyday citizens right under the nose of lawmakers who are considering a climate change bill that needs to be friendly to natural gas development.

To keep America running on abundant natural gas, which is now being touted as the bridge fuel of the 21st century, we have to pay attention to every piece of legislation and Federal agency proposed rule making that might impact the project.

As I meet with members of Congress and their staff, they continue to ask the question "what can we do to help?" And my response is that their most important action is to make sure any legislation they pass will do no harm. As they work on energy and climate legislation, they need to be careful to not negatively impact the nation's ability to gain the benefits of Alaska's natural gas through this pipeline.

One goal of Congress is to reduce CO2 and other harmful emissions. Using natural gas, a clean burning and cost effective source of energy is a great way to do just that. This project will deliver approximately 4.5bcf of natural gas each day to the lower 48 states. That is a lot of clean natural gas that can fill existing and upcoming energy demand.

Congress also must be mindful to maintain a level playing field by ensuring that natural gas can compete fairly in our energy markets. And, as the Senate creates its climate and energy legislation, it should listens to Alaskan colleagues, Senators Murkowski and Begich. The Senators are working together to bolster the use of natural gas, the cleaner burning fossil fuel, as well as understand the moderate and potentially negative financial impacts to all natural gas pipelines, including this project, of the cost of CO2 allowances on combustion emissions and compliance with performance standards for fugitive emissions.

Congressional actions to date have been very helpful. The Senate Energy and Natural Resources Committee recently passed a bill that included loan guarantee language that will increase the project federal guarantee to $30 billion, and make sure that whichever company applies can receive 80 percent of the project cost. Both these changes are helpful to ensuring the economics of this privately financed project.

As for other OFC actions, we recently opened an Alaska office here in Anchorage headed by my Deputy, Admiral Tom Barrett, who prior to this job was the Deputy Secretary at the Department of Transportation and prior to that was the Administrator of the U.S. Pipeline and Hazardous Materials Safety Administration; the office also includes Christa Gunn, our environmental engineer.

In Washington, our staff includes a permitting chief, a communications staff and administrative support along with our general counsel.

As I mentioned earlier, we work closely with the state agencies in Alaska, with Canadian authorities as well as with every stakeholder.

We've begun negotiations with the State of Alaska on a joint Monitoring and Surveillance Agreement to oversee construction of the project.

We're also in the process of developing a prototype Geospatial Information System, GIS, along a 20-mile stretch of the proposed pipeline route at Atigun Pass. We recently conducted a Light Detection and Ranging, LiDAR, shoot along the pass and hope to have the prototype done by the end of the year. If successful, we'll propose the system for the entire 750-mile pipeline route from Prudhoe Bay to the Canadian border.

This system will provide the most consistent source of information and mapping for the pipeline project. Using LiDAR technology to create a base map, the GIS will offer a range of existing documents, studies and research from private sector and government sources to create a web-based data source that can be used not only by federal and state agencies involved in permitting the gas pipeline but also the public.

This is critical because right now, agencies use different sets of data and systems when studying the pipeline route, and those data sets are not compatible. The new resource system will erase those inconsistencies and incompatibilities by giving every agency involved in the pipeline project use of the same geospatially referenced baseline data on fault and landslide hazard detection, wetlands, and river crossing in order to lay a foundation for consistent, effective and streamlined permitting activities and land and resource management.

On the diplomatic front, since spring we've met with government leaders in Canada multiple times on key issues ranging from workforce development on both sides of the border to mapping out how to coordinate critical permitting timelines.

Tom Barrett and I met in early June with Michael Wilson, Canadian Ambassador to the United States and later that month we met with the heads of agencies including Natural Resources Canada, the Major Projects Management Office, the Canadian Environmental Assessment Agency and the Northern Pipeline Agency on myriad issues.

As you may know, the U.S. and Canada are both going through a transition in the appointment and confirmation of new Ambassadors. My office will continue to work with the new appointees just as we have with their predecessors.

Positive working relations between the U.S. and Canada are essential to resolving key cross-border issues. For example, we are working with both the U.S. Pipeline and Hazardous Materials Safety Administration and the Canadian National Energy Board to standardize requirements on both sides of the border to withstand the extreme Arctic conditions. These relations also provide us with opportunities to discuss how the Alaska pipeline can coexist with and potentially benefit from smaller pipeline projects in Canada, such as the Mackenzie Gasline Project in the Northwest Territories. Permitting and timeline issues and the development of infrastructure and employment on both sides of the border are important issues we discuss regularly.

While we're dealing with these issues at the national level, there also are major challenges at the state level.

The most critical for the immediate future are the challenges that face the State of Alaska in developing both its workforce and its infrastructure that must be taken into consideration to make this project possible.

As I have discussed in years past and FERC noted in its latest report to Congress, in order to construct a pipeline, it is imperative to have the necessary infrastructure in place to stage all the manpower and materials for construction.

There are a number of projects to be done. The State and companies are working together to identify and prioritize State projects that the State can improve such as bridges, highways, airports, material sites and maintenance camps that might be used to support tens of thousands of workers, the heavy equipment and the 2.5 million tons of steel needed to construct the pipeline.

The latest estimate of projects the state identified for completion before construction begins outlines $2 billion dollars in projects.

But it will take 4-6 years to complete all the projects, and they must be committed to by the state legislature.

Every day, week, month, year that we wait to build the infrastructure adds major costs to the project. We can't afford unnecessary delays.

And then there is the challenge of finding, training and retaining the labor pool needed on both sides of the border. Labor for the Trans Alaska Pipeline System

peaked during its construction at 28,000 workers with over 70,000 jobs created between 1975 and 1978, and that was just for construction.

As I mentioned earlier, at its peak this pipeline will require tens of thousands of skilled workers. This skilled labor force must be trained, be ready to be hired, and then retained throughout the preconstruction and construction. A major focus on the training must be giving the workers job skills that can be used beyond the construction of a pipeline.

The U.S. Dept. of Labor gave the State of Alaska a grant it's using to conduct a study as well as to begin finding and training that labor pool.

Alaska Department of Labor Commissioner Click Bishop and Vince Beltrami both spoke to our August visitors explaining their efforts to date to ensure we have a prepared workforce.

The State of Alaska and the Government of Canada also have approval processes that must proceed alongside the U.S. federal licensing and permitting process.

In some respects, the Canadian coordination is the most important part of the process because the pipeline will traverse more than a thousand miles through remote Canada.

In the U.S., ANGPA designates the FERC as the lead agency for completing the environmental review, or EIS, and allows 18 months to do it. In my conversations with Minister Prentice in Canada and Governor Parnell, both have agreed to time their processes to coincide with the aggressive schedule set by the U.S. Congress.
The schedule is very demanding, especially if two applicants proceed with a separate EIS.

Nevertheless, all federal agencies have been working diligently during the Pre-File Process preparing for the EIS. That work, the Implementation Plans the OFC is preparing, and the interagency meetings my office hosts should ensure the federal agencies can meet the aggressive schedule.

I have to tell you that expediting this confluence of interests and the permitting and technical issues may seem daunting. I like to think of it as multitasking at its finest.

But I do love a good challenge and want to ensure a transparent process that brings a more predictable, accountable and timely regulatory review process and construction for this project.

When the process seems slow, I'm reminded of Winston Churchill who advised to never, never, never give up.

You might know that it was Churchill who, as Lord of the Admiralty and a member of the War Council of Great Britain, negotiated to acquire a majority interest in the Anglo-Persian Oil Company in 1914. That deal brought the company under British government control and secured its access to Persian oil. That company later became British Petroleum.

When I look at the complexity of our gas pipeline project, and all of the competing and complementary interests, I'm reminded of Churchill's foresight in bringing energy security to Great Britain and of his words, which I leave you with today:

He said: "Success is not final, failure is not fatal; it is the courage to continue that counts."

This project is great for the economy, for the environment, for Alaska and it's great for America.

With the kind of broad support we're seeing from the President, the Congress and from labor as recently as today, we're more than hopeful that we will be delivering abundant arctic natural gas to North American markets within nine years, but we must continue to work diligently to deliver that dream.

Thank You