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MEMORANDUM

To: Senate Interim Committee on Environment and Natural Resources

From: Janine Benner, Director, Oregon Department of Energy
Sean Mole, Federal Projects Coordinator and Energy Siting Division Operations and Policy Analyst, Oregon Department of Energy

Date: September 16, 2019

Re: Jordan Cove Energy Project – State Permitting Overview and Status

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Thank you for the opportunity to submit testimony on the Jordan Cove Energy Project. The Oregon Department of Energy serves as the lead agency for state coordination on the project, and my testimony will provide an overview of the project as well as the federal, state, and local permitting obligations of the applicant.

Overview of Project

The Jordan Cove Energy Project consists of a proposed liquefied natural gas export facility in Coos Bay, Oregon, and an approximately 230 mile 36" diameter natural gas pipeline – called the Pacific Connector Gas Pipeline – connecting Coos Bay and Malin.

Liquefied Natural Gas (LNG) is natural gas in a liquid form. It is turned into a liquid by cooling the gas to around -260°F (-160°C). This shrinks the volume of the gas 600 times, making it easier to store and transport. When LNG reaches its destination, it is returned to a gas state at a regasification facility. It can then be piped to homes, businesses, and industries.

The Jordan Cove project would export approximately 7.8 million tons of LNG per year. The current design calls for, on average, a little more than two tankers per week to enter and exit the port of Coos Bay. The natural gas that the facility will liquify and load onto the tankers will be supplied from either the Canadian or American Rockies regions, via two large pipelines which intersect at the existing Malin hub. The pipeline would transfer gas from Malin in

Klamath County, through Douglas and Jackson Counties, and would terminate at the LNG Terminal in Coos County.

The current project is the third iteration of LNG terminals to be proposed at this site, starting with an import facility in 2005. The project is now owned by Pembina Pipeline Corporation, based in Alberta, Canada.

Federal Permitting

The federal government – specifically, the Federal Energy Regulatory Commission (FERC) – is responsible for siting LNG terminals in the United States and is the lead agency for the Jordan Cove project. Proposed LNG facilities, however, require approvals from authorities at the federal, state, county, and local levels.

The FERC process began in February 2017 when the applicant indicated that they would participate in FERC's pre-filing process. Federal agencies are required to prepare an Environmental Impact Statement (EIS) if a proposed major federal action is determined to significantly affect the quality of the human environment. The EIS is the primary environmental evaluation and recommendation document which is produced to satisfy National Environmental Policy Act requirements. FERC issued a Notice of Intent to prepare an EIS, and to hold public scoping meetings on the EIS, in June 2017.

In September 2017, Jordan Cove and Pacific Connector formally submitted their applications for certification under Sections 3 and 7 respectively of the Natural Gas Act. FERC published its Draft EIS in late March 2019. The agency has received comments and is preparing the Final EIS. It anticipates issuing a notice of availability of the Final EIS and public review period on October 11, 2019. In addition to the Final EIS, FERC will also prepare and include in its Final Order: Certificate of Public Convenience and Necessity, Rate Insert, and Accounting Insert. The Final Order is expected to be issued January 9, 2020. This Final Order is the last step in the FERC process, before any requests for rehearing.

The federal government provides a permitting dashboard for certain federal infrastructure projects, which shows current state and anticipated timelines for federal permits.

Local Permits

In order to construct the facility, the developer of the Jordan Cove Energy Project must also pursue a number of local permits. A partial list of these is included in the federal Draft Environmental Impact Statement as shown below:

- Coos County Zoning and Land Development Ordinance, Coos County Comprehensive Plan, and Coos Bay Estuary Management Plan (CBEMP)

- Douglas County Comprehensive Plan and Douglas County Land Use and Development Ordinance
- Jackson County Comprehensive Plan and Jackson County Land Development Ordinance
- Klamath County Land Development Code
- North Bend Comprehensive Plan, North Bend City Code

State Process

The State of Oregon plays a critical role in the review and siting of LNG facilities. Our work is done across multiple agencies and involves numerous responsibilities, including specific regulatory roles. In addition to ensuring that the state follows all laws and regulations when considering any proposed project, state agencies also work hard to ensure Oregonians are aware of and have opportunities to offer input to permitting entities.

State agencies review and comment on the project, offering input throughout the Federal process. For example, on July 3, 2019, the State of Oregon submitted comments on FERC's Draft EIS. Each agency brings unique subject matter expertise.

The state's process also provides numerous opportunities for Oregonians to directly participate in the evaluation and permitting of the project. Many of the state permits require public participation and input. For example, DLCD is currently accepting comments on the Federal Consistency Determination, DSL received over 50,000 comments on its Removal/Fill permit, and Oregon DEQ solicited comments and received boxes of hand -delivered comments during the comment period for the section 401 Water Quality Certification.

The major state permitting authority associated with the Jordan Cove Energy Project rests with four Oregon state agencies: the Department of Environmental Quality, the Department of Land Conservation and Development, the Department of State Lands, and the Department of Fish and Wildlife. A full list of the state agencies and how they are involved in the application process can be found on ODOE's website.

Oregon Department of Energy

The Oregon Department of Energy has three roles when it comes potential LNG facilities.

First, we coordinate all state agency comments and serve in a lead role for state participation in the Federal Energy Regulatory Commission process. Oregon's Governor has designated ODOE as the lead state agency for ensuring that Oregon's interests are addressed in the FERC siting process for LNG facilities and associated pipeline projects.

In this role, ODOE serves as a clearinghouse for information on the project and facilitates state agency comments. ODOE also facilitates regular meetings and communications among state

regulatory agencies in order to help understand the regulatory interconnectivity, timelines, and requirements of the various permitting processes. In collaboration with the Governor's office, ODOE also facilitates meetings and communications among the state agencies and Oregon's tribes.

Second, ODOE is responsible for overseeing public health and safety planning in the event of an LNG emergency at the proposed terminal or along a transit route. This work entails reviewing and approving the proposed facility's Emergency Response Plan to ensure all risks have been identified, and that appropriate mitigation measures are in place as a result of Jordan Cove's construction or operation.

Because of its proposed location near Coos Bay, the Jordan Cove LNG export facility could be affected by natural disasters like earthquakes, tsunamis, floods, fires, and winter storms. Facilities would also have to be prepared for man-made events like industrial accidents or fires, spills, terrorism, bomb threats, civil disturbances, or violence in the workplace. An incident at an LNG facility could have a negative effect on Oregonians working at the facility, living near the terminals, or working, living, or recreating along the LNG vessel transit routes.

FERC designated the U.S. Coast Guard to work with LNG developers, ODOE, and affected local emergency response organizations to develop a comprehensive facility and waterway Emergency Response Plan (ERP) for each proposed project. The ERP includes response procedures in the event of an incident at the terminal, along the LNG carrier transit route, and along the associated pipeline to ensure the protection of public health and safety from an LNG emergency. As the designated lead state agency for Emergency Support Function 12 over the liquid fuel sectors, ODOE will also oversee safety and security activities throughout the life of any approved LNG project.

ODOE has been working with various developers of the Jordan Cove Energy Project as well as local, state, and federal partners, to identify and vet risks, response measures, resource needs, and coordination protocols. This work has involved meetings, workshops, tabletop exercises with entities including the US Coast Guard, Oregon State Fire Marshall, Oregon State Police, Coos County, and the Cities of North Bend and Coos Bay.

We are working with the current developer on a memorandum of understanding that identifies criteria for personnel, facilities, equipment, training, and other resources necessary to implement the Emergency Response Plan. The state standards were established by ODOE in consultation with the Oregon State Fire Marshall's office, the Oregon Department of Justice, and the Governor's office in 2009.

The third role ODOE plays is as staff to the Energy Facility Siting Council. If the LNG facility includes an energy generating facility that is within the jurisdiction of EFSC, the developer must apply for and receive a site certificate in order to operate the energy facility.

The developer of the Jordan Cove Energy Project is proposing to construct and operate a co-generation energy facility to provide power to the LNG terminal. LNG refrigerant compression gas turbine drivers burn natural gas and generate exhaust, which is used in heat recovery steam generators that generate steam. That steam will be used in steam turbine generators to produce electricity. The proposed energy generating components of the LNG terminal are located in the northeast corner of the terminal, which is proposed to be on the North Spit of Coos Bay, approximately 3,800 feet north of the city limits of North Bend.

In June 2018, ODOE received an application for exemption from a site certificate from Jordan Cove Energy Project for the co-generation energy facility. In April 2019, ODOE received a letter from the developer indicating that, due to engineering changes to on-site energy generation at the export facility, the facility will no longer be within EFSC jurisdiction and therefore is no longer seeking an exemption to a site certificate.

The applicant has indicated that it will operationally limit the on-site power generation capabilities of the system to ensure that the production capacity is less than 25 megawatts and therefore lower than the threshold for EFSC jurisdiction. The remainder of the electricity necessary to operate the terminal will come from the regional electric grid, which is owned and operated by Pacific Power. Under this approach, the applicant would enter into a memorandum of understanding with ODOE requiring limiters, which would be either mechanical or software, as well as periodic reporting throughout the lifespan of the facility to demonstrate ongoing compliance with the MOU. ODOE is currently in discussions with the applicant about this MOU.

Other State Agencies

The Oregon Department of Environmental Quality is responsible for implementing authorities related to the Clean Air Act and the Clean Water Act that have been delegated to the state by the federal government. DEQ will be responsible for drafting, issuing, and ensuring compliance with environmental permits.

The Oregon Department of Land Conservation and Development also has federally delegated authorities and is responsible for reviewing proposed plans to determine whether the project is consistent with Oregon's Coastal Zone Management Act.

The Oregon Department of State Lands is responsible for regulating permits related to the removal and fill of materials in waters of the state, as well as issuing proprietary authorizations. The agency will administer a process for a removal-fill permit that the developer must secure before FERC issues a certificate of need.

Other state agencies playing pivotal roles in the process include the Water Resources Department, the Department of Fish & Wildlife, the Department of Aviation, and the Department of Forestry. For example, the Oregon Department of Fish and Wildlife, while only

having direct permitting authority over two permits, Fish Passage and In-Water Blasting, serves as a subject matter expert whose participation in the review of other agency environmental permits is often specifically required.

Conclusion

While LNG facilities in the United States fall under the jurisdiction of FERC, which is the ultimate decision-maker on the Jordan Cove Energy Project, numerous state agencies have important roles to play to ensure that the environment and the health and safety of Oregonians are protected. ODOE works to ensure that state agencies are coordinated in the review of the project.