



Request for Public Comment Proposed Extension of Air Discharge Permit

Notice Prepared: November 08, 2018

Affected Facility: Northwest Innovation Works Kalama
222 Tradewinds Road
Kalama, WA 98625

Permit Number: ADP 16-3204

Facility Description: Northwest Innovation Works Kalama (NWIWK) proposes to construct and operate a methanol production facility on approximately 90 acres at the Port of Kalama's Northport site. The proposed facility is referred to as the Kalama Manufacturing and Marine Export Facility (KMMEF).

As proposed, KMMEF will have the capacity to produce up to 10,000 metric tons of AA grade methanol per day, and will be configured with two production lines, each with a daily production capacity of 5,000 metric tons. Annual methanol production capacity will be approximately 3.6 million metric tons per year (mtpy). Methanol will be manufactured by removing impurities from natural gas, creating synthesis gas ("syngas") from the purified feedstock gas, and then converting the syngas into liquid methanol. Natural gas feedstock for the facility will be provided via pipeline by Northwest Pipeline GP. Finished methanol will be stored on site prior to shipment to global markets via marine vessel. A new dock will be constructed in support of shipping operations.

Proposed Action: NWIWK has made a request to extend the expiration date of Air Discharge Permit (ADP) 16-3204. ADP 16-3204 was issued final on June 7, 2017 and expires on December 7, 2018. In response to the request, SWCAA proposes to extend the expiration date of the permit by a period of eighteen months. Upon extension, the permit would expire on June 7, 2020.

Background: Cowlitz County and the Port of Kalama issued a Final Environmental Impact Statement (FEIS) for construction of this facility on September 30, 2016. SWCAA issued ADP 16-3204 on June 7, 2017. The Washington Department of Ecology (Ecology) approved Shoreline Substantial Development Permit (SDP) No. 3253 on June 8, 2017. Cowlitz County approved Shoreline Conditional Use Permit (CUP) No. 1056 on June 8, 2017.

SDP No. 3253 and CUP No. 1056 were appealed on June 29, 2017. The Washington State Shorelines Hearings Board reversed approval of the SDP and CUP on September 15, 2017, finding the permits relied on a flawed FEIS that did not fully analyze the impact of greenhouse gas (GHG) emissions from the facility. In response to the reversal, Cowlitz County and the Port of Kalama are developing a Supplemental Environment Impact Statement (SEIS) to address the identified deficiencies. A draft SEIS is expected to be available for public comment by the end of 2018. A final SEIS will be prepared at the close of the public comment period. Ecology will revisit approval of the SDP and CUP following issuance of a Final SEIS.

As stated in the extension request, NWIWK planned to commence construction of the facility after receiving permit approval in 2017. NWIWK has been unable to do so due to the above described actions. NWIWK is therefore requesting an 18-month extension of ADP 16-3204 to allow for issuance of a final SEIS and approval of the SDP and CUP for this facility.

SWCAA's general regulations allow for extension of a permit's expiration date if the applicant provides appropriate justification. [SWCAA 400-110(8)] SWCAA has previously granted permit extension requests to applicants who demonstrated willingness and ability to commence, but were delayed by events beyond their control. These events have included changes in ownership, contractual disputes, zoning/permit litigation and delayed equipment availability. Granting an extension due to a delay in SDP and CUP approval is consistent with past agency policy.

In considering this extension request, SWCAA also reviewed guidance from the Environmental Protection Agency (EPA) regarding extension of Prevention of Significant Deterioration (PSD) Permits. EPA implementation of the PSD program (major New Source Review) is often used as a benchmark for minor New Source Review programs. Current EPA guidance specifically cites permit litigation and/or delays in obtaining other permits as appropriate justification for first time permit extension requests. [*Guidance on Extension of Prevention of Significant Deterioration (PSD) Permits under 40 CFR 52.21(r)(2), Stephen Page, January 31, 2014*]

Based upon the above review, SWCAA has determined that an 18-month extension of ADP 16-3204 is justified. The scope of this action is limited to extension of the expiration date for ADP 16-3204. No changes will be made to existing emission limits or permit conditions.

Other Information: Additional information regarding this determination is available:

- Online at www.swcleanair.org/permits/othernotices.asp, or
- For review in person by appointment at:
Southwest Clean Air Agency
11815 NE 99 Street, Suite 1294
Vancouver, Washington 98682-2322

How To Comment: Written comments regarding this proposed action will be accepted via regular mail at the address above or via email at wess@swcleanair.org.

SWCAA will examine all information received and issues raised during the comment period prior to taking final action.

Comments Due By: January 8, 2019