



## **Request for Public Comment**

### **Proposed Second Extension of Air Discharge Permit**

**Notice Prepared:** February 23, 2021

**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 requested a second extension of the expiration date of Air Discharge Permit (ADP) 16-3204. ADP 16-3204 was issued final on June 7, 2017 and originally expired on December 7, 2018. In response to a previous request, SWCAA extended the expiration date of ADP 16-3204 to March 4, 2021. SWCAA now proposes to extend the expiration date of the permit by another period of eighteen months. Upon second extension, the permit would expire on September 4, 2022.

**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 developed a Supplemental Environment Impact Statement (SEIS) to address the identified deficiencies. A final SEIS was issued on August 30, 2019.

SDP No. 3253 and CUP No. 1056 were appealed on June 29, 2017. The Washington State Shorelines Hearings Board, and later the Cowlitz County Superior Court, reversed approval of the SDP and CUP, finding the permits relied on a flawed FEIS that did not fully analyze the impact of greenhouse gas (GHG) emissions from the project. In response to the reversal, Cowlitz County and the Port of Kalama developed a Supplemental Environment Impact Statement (SEIS) to address the identified deficiencies.

In August 2019, the Port and the County issued the final SEIS in response to the Board and the Court's rulings. In November 2019, Ecology issued a Notice of Determination that additional analysis of the project GHG emissions and potential mitigation was warranted. Ecology developed a Second Supplemental EIS (SSEIS) for the proposed project, which was issued on December 21, 2020. Subsequent to issue of the final SSEIS, Ecology denied the Shoreline Conditional Use Permit on January 19, 2021. Litigation of the denial is expected.

As stated in the extension request, NWIWK's intention is to promptly commence construction of the facility as soon as necessary permits and approvals are obtained. NWIWK has been unable to do so due to the above described actions. NWIWK is therefore requesting a second 18-month extension of the construction deadline in ADP 16-3204 to allow for final 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 obtaining permit approvals from other jurisdictions is consistent with past agency policy.

In considering this extension request, SWCAA 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 permit extension requests. EPA guidance also allows for second permit extension requests if the request includes a re-analysis of permit requirements. [*Guidance on Extension of Prevention of Significant Deterioration (PSD) Permits under 40 CFR 52.21(r)(2)*, Stephen Page, January 31, 2014]

SWCAA has reviewed recent permitting actions for similar facilities and determined the existing requirements in ADP 16-3204 are consistent with BACT and other program requirements. Hence, a second 18-month extension of ADP 16-3204 is justified. Like the first permit extension, 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](http://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](mailto:wess@swcleanair.org).

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

**Comments Due By:** March 25, 2021