



NW
INNOVATION
WORKS
KALAMA

380 West Marine Drive, Kalama WA 98625

October 4, 2018

Delivered via FedEx and Email

Paul Mairose
Chief Engineer
Southwest Clean Air Agency
11815 NE 99th Street, Suite 1294
Vancouver, Washington 98682
paul@swcleanair.org



RE: Request to Extend the Air Discharge Permit Issued for the Kalama Manufacturing and Marine Export Facility

Mr. Mairose:

This letter is a request to the Southwest Clean Air Agency (SWCAA) for an 18-month extension on commencing construction under Air Discharge Permit No. 16-3204 (hereafter “the Permit”), issued by SWCAA on June 7, 2017, to Northwest Innovation Works Kalama, LLC (NWIWK) to construct and operate the Kalama Manufacturing and Marine Export Facility (KMMEF), a methanol production and export facility to be located at the Port of Kalama’s Northport site (hereafter, “the Project”). The remainder of this letter will describe the relevant factors that have prevented NWIWK from commencing construction within the current 18-month deadline imposed by General Provision E of the Permit and made this request necessary.

Cowlitz County and the Port of Kalama served as co-lead agencies under the State Environmental Policy Act (SEPA), and a Final Environmental Impact Statement (FEIS) was issued for the project on September 30, 2016. As indicated above, SWCAA issued the Permit on June 7, 2017, and, on June 8, 2017, the Washington Department of Ecology (Ecology) approved, with conditions, Shoreline Substantial Development Permit (SDP) No. 3253 and Shoreline Conditional Use Permit (CUP) No. 1056 issued by Cowlitz County.

The SDP and CUP include a 21-day waiting period before the permits become effective, and, on June 29, 2017, the SDP and CUP were appealed. On September 15, 2017, the Washington State Shorelines Hearings Board reversed approval of the SDP and CUP, finding that the permits relied on a flawed FEIS that did not fully analyze the impact of greenhouse gas (GHG) emissions from the Project. The matter was remanded to Cowlitz County and the Port of Kalama for further analysis under SEPA. Cowlitz County Superior Court reinstated the SDP and CUP on May 8, 2018 and clarified that the scope of the SEPA analysis on remand was limited to GHG impacts.

To address the findings by the Shorelines Hearings Board, Cowlitz County and the Port of Kalama completed the scoping process for a Supplemental Environmental Impact Statement (SEIS), which consisted of a public comment period that lasted from January 30 to March 1, 2018 and culminated in the issuance of an SEIS scoping document on April 27, 2018. A Draft SEIS is currently under development

- Uri _____
- Jerry E. _____
- Paul _____
- Wess _____
- Clint _____
- John _____
- Vannessa _____
- Jerry _____
- Brian _____
- Duane _____
- Monica _____
- Michael _____
- Chip _____
- Traci _____
- Tina _____
- File _____

and is expected to be available for public comment by the end of 2018. At the close of the public comment period, Cowlitz County and the Port of Kalama will proceed with preparation of the Final SEIS.

Following issuance of the Final SEIS, which is expected to occur approximately a few months after the close of the Draft SEIS comment period, Ecology will revisit its conditional approval of the SDP and CUP issued by Cowlitz County and the Port of Kalama. NWIWK believes that the SEIS process will result in findings that will allow Ecology to approve the SDP and CUP, which will allow construction pursuant to the Permit to commence.

In summary, it has been NWIWK's intention to promptly commence construction of the KMMEF, but the litigation associated with the shorelines permits appeals, and subsequent SEIS process have prevented that from occurring. Based on related U.S. Environmental Protection Agency guidance,¹ we believe the ongoing litigation that has precluded commencement of construction is sufficient basis to support a permit extension. We anticipate that the SEIS process, which is already well underway, will be resolved, and that construction will commence within the requested additional 18-month permit extension period (i.e., by June 7, 2020).

Thank you, and if you have any questions, please direct them to me at (360) 673-7802.

Sincerely,



Murray V. (Vee) Godley, III
President
Northwest Innovation Works Kalama, LLC

¹ See Environmental Protection Agency, Memorandum dated Jan. 31, 2014, titled "Guidance on Extension of Prevention of Significant Deterioration (PSD) Permits under 40 CFR 52.21(r)(2) at p. 5, *available at*: <https://www.epa.gov/nsr/guidance-extension-prevention-significant-deterioration-psd-permits>.