



May 26, 2020

Mr. Wess Safford, Air Permit Engineer  
Southwest Clean Air Agency  
11815 NE 99<sup>th</sup> St, Suite 1294  
Vancouver, WA 98682

**Re: Request for MVCU Construction Permit 2<sup>nd</sup> Extension (ADP 17-3223)**

Mr. Safford,

In the latter half of 2018, NuStar and major multinational trading organization verbally agreed to contract terms to export ethanol from NuStar's Vancouver, WA terminal. The primary market for these exports out of Vancouver was targeted towards China. Geopolitical and associated trade challenges in the region created uncertainty in the ethanol trading community and caused delays in executing the contract. As such, NuStar requested an eighteen (18) month extension to commence construction and was granted same on January 22, 2019.

In 2019, NuStar encountered further delay due to the U.S. and China trade wars. China is a large marketplace that is fundamentally very short in ethanol supply balance once they start their gasoline blending program to meet their long-term biofuels blending targets.

Today, NuStar is experiencing delays with ethanol export opportunities out of its Vancouver, WA due to COVID-19. COVID-19 has created a sizeable downward turn in markets across the globe and the ethanol market has been hit hard. U.S. ethanol exports declined 28% in March 2020 compared to February 2020. As we have all seen, many countries are mandating self-quarantines, which has resulted in unprecedented demand destruction. With several million less drivers on the road each day, the need to blend or use ethanol has declined along with the consumption of gasoline. This domino effect continues with many ethanol producers idling of number of their plants. Additionally, ethanol trade groups are seeking relief from the federal government.

The above demand destruction seen within the ethanol industry, due to COVID-19, has drastically impacted each ethanol players' drive to pursue export opportunities. NuStar has discussed with many players their position to move forward, and all have expressed that capital projects are on indefinite hold until further notice. For this reason, NuStar is kindly requesting consideration of a second eighteen (18) month extension to commence construction.

A review of similar facilities and recent permitting actions indicates BACT for affected operations has not changed significantly since New Source Review was originally conducted. We do not believe conducting New Source Review for a second time is likely to result in substantially different approval conditions. If you have any question, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Chan".

Chris Chan  
Sr. HSE Manager – WR  
Chris.Chan@NuStarEnergy.com