



380 West Marine Drive, Kalama WA 98625

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Delivered via mail and email

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RE: Request to Extend the Expiration Date of ADP No. 16-3204 for a Second Time

Mr. Mairose:

This letter is a request to the Southwest Clean Air Agency (SWCAA) for a second 18-month extension of the deadline in Air Discharge Permit No. 16-3204 (hereafter “the ADP”), issued by SWCAA on June 7, 2017 to Northwest Innovation Works Kalama, LLC (NWIWK), to commence construction of 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. The current deadline to commence construction is March 4, 2021, which was determined by SWCAA in a letter dated September 10, 2019. The remainder of this letter will describe the regulatory basis for the extension request, as well as relevant factors that have prevented NWIWK from commencing construction, and are expected to continue to prevent the start of construction before the current deadline.

Section 400-110(8) of SWCAA's general regulations allows a permit's expiration date to be extended if the applicant (1) provides appropriate justification for the extension and (2) includes “relevant supporting information.” In the past, SWCAA has found that permit extension requests were justified where applicants have demonstrated willingness and ability to commence construction but were delayed by events beyond their control. These events have included changes in ownership, contractual disputes, permit and/or zoning litigation, and equipment availability delays. In this case, ongoing permit litigation has prevented NWIWK from commencing Project construction, which they otherwise would have done. We believe that SWCAA granting an extension due to delays as a result of this permit litigation would be consistent with past agency policy.

Since SWCAA granted the prior extension, at the direction of the Shorelines Hearings Board, Cowlitz County and the Port of Kalama completed a Supplemental Environmental Impact Statement (SEIS) on the greenhouse gas (GHG) impacts of the project. Following issuance of the Final SEIS, Cowlitz County and the Port of Kalama reissued the shoreline substantial development permit (SDP) and conditional use permit (CUP). On September 20, 2019, these permits and the SEIS were appealed to the Shorelines Hearings Board (SHB No. 19-011). Thereafter, the Washington Department of Ecology (Ecology) decided to conduct a second SEIS (SSEIS) to further evaluate GHG-related impacts to inform its decision on the SDP and CUP. Ecology issued its final SSEIS on December 21, 2020. Ecology will now revisit its conditional approval of the SDP and CUP issued by Cowlitz County and the Port of Kalama. NWIWK

remains ready to commence construction on the Project once the permits are finalized and pending litigation is resolved.

The “relevant supporting information” mentioned in SWCAA 400-110(8) refers to a review of the determination made by SWCAA that the KMMEF will comply with all applicable regulations and emission standards, and an assessment of whether any portion of that determination has changed since the ADP was issued. When the ADP was issued, the KMMEF was located in an area that was in attainment with all ambient air quality standards, or was considered non-classifiable, and, per SWCAA 400-113, evidence was provided that the KMMEF would comply with the following requirements:

1. The equipment or technology is designed and will be installed to operate without causing a violation of any applicable emission standard;
2. Best Available Control Technology (BACT) will be employed for all air contaminants to be emitted by the proposed equipment;
3. The proposed equipment will not cause or contribute to exceedance of any ambient air pollutant standard; and
4. If the proposed equipment or facility will emit any Toxic Air Pollutant (TAP) regulated under WAC 173-460, the proposed equipment and control measures will meet all requirements of that Chapter.

The area in which the KMMEF is located continues to be an attainment or non-classifiable area, and the details that comprise the evidence that it will comply with the requirements enumerated in SWCAA 400-113 have not changed significantly since the ADP was issued. The emission standards that were applicable to the KMMEF remain applicable, and NWIWK still intends to comply with all such standards when the facility is in operation.

We have reviewed recent permitting actions for similar facilities, as well as the EPA’s RACT/BACT/LAER Clearinghouse (RBLC) and concluded that BACT and best work practices have not changed significantly for methanol plants or for the individual emission units that will comprise the KMMEF since ADP 17-3223 was issued. The BACT determinations made by SWCAA when the ADP was issued in 2017 would not differ significantly from what SWCAA would determine is BACT if the same equipment were proposed now.

The ambient air pollutant concentrations provided in the ADP application submitted to SWCAA in February 2016 were estimated using Version 15181 of the AERMOD air dispersion modeling system. SWCAA determinations that the KMMEF would not cause or contribute to exceedance of any ambient air quality standard, and that TAP emissions from the KMMEF would comply with all applicable requirements in WAC 173-460, were based on these predicted concentrations. Ambient concentrations have not changed since that time, and SWCAA continues to use the August 21, 1998 version of WAC 173-460. Since the modeling results were submitted to SWCAA, there have been three updates to the AERMOD modeling system (i.e., Versions 16216, 18081, and 19191), but the substance of these updates and the associated modeling guidance changes are not expected to alter the predicted concentrations to the extent that the conclusions drawn from the dispersion modeling simulations would change SWCAA’s decision to issue the ADP.

In summary, it has been NWIWK’s intention to promptly commence construction of the KMMEF, but litigation and subsequent processes have prevented that from occurring. Per SWCAA regulation and policy, we believe the ongoing litigation that has precluded commencement of construction is sufficient

basis to support a permit extension. We anticipate that the litigation will be completed and construction will commence within the requested additional 18-month permit extension period (i.e., by September 4, 2022). Thank you, and if you have any questions, please direct them to me at (360) 673-7802.

Sincerely,

A handwritten signature in black ink, appearing to read "Murray V. (Vee) Godley, III". The signature is stylized with a prominent initial "M" and a long horizontal stroke.

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