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A plan to build a natural gas–fueled petrochemical plant in Kalama, Washington, ran into a new legal hurdle last week, as a coalition of environmental groups raised new objections to its construction.

The Port of Kalama methanol plant, if built on the Columbia River between Washington and Oregon, would expand North America’s capacity to export products produced by fracked shale gas wells, and is part of a [\\$5.2 billion](https://www.seattletimes.com/business/international-trade/china-staking-52b-methanol-venture-in-state/) (<https://www.seattletimes.com/business/international-trade/china-staking-52b-methanol-venture-in-state/>) plan to develop methanol plants in this corner of the Pacific Northwest. It has applied for funding from a controversial Department of Energy “Advanced Fossil Energy Projects” program — an \$8.5 billion fund offering taxpayer subsidies to the fossil fuel industry.

In July, the Port of Kalama applied for an \$11.5 million U.S. Department of Transportation grant to fund building a dock and improving roads to support the methanol project. On September 16, the Port applied for an additional round of subsidies for the export project, a Port Infrastructure Development Grant.



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Plastic (<https://www.flickr.com/photos/mbeo52/3276997568/in/photolist-5Zztd5-2crwN-4PdrRb-pGsnhV-78Zpm2-q2PtYc-9aXpaS-6o8pwT-7HAYLQ-m8aMEc-7v9miT-8QWen6-9eoGuC-7jRtgt-ksNbHZ-8eu4XU-5LhE7L-83MGRE-4wg2x2-4ZptR5-9PjFwY-8MkZjg-nZKUs9-7j8mC-8oCwRk-7GgSE2-7Hx3NP-35W7U1-27TWfq-4wGTeG-4ZH2fp-7DgEjU-5fgY1N-77ioG2-a7ZGGd-54VSQQ-2PoQq-mSDBYV-jAAwUC-wvqtH-2RN1dj-grEcNh-7AKMsj-nvipJh-7Ai73n-8kDCq6-E1B66-78ZpS8-7mupFc-794oZA>) Credit: *mbeo* (<https://www.flickr.com/photos/mbeo52/>), [CC BY-NC-ND 2.0](https://creativecommons.org/licenses/by-nc-nd/2.0/) (<https://creativecommons.org/licenses/by-nc-nd/2.0/>).

If built, the methanol refinery, the environmental organizations wrote, “would consume more fracked gas than all the power plants in Washington state combined” and “would become one of the top causes of greenhouse gas pollution in Washington state.” It would be used to transform raw materials from shale wells in



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The groups also questioned whether the U.S. government should offer any federal subsidies to a project linked to a foreign government.

“The Port is, essentially, asking the American taxpayer to give a private company called Northwest Innovation Works [NWIW] a \$11.5 million handout,” the groups wrote in a separate letter to Secretary of Transportation Elaine Chao. “That company is wholly owned by the Chinese Academy of Sciences, an agency of the Chinese government.”

Officials from NWIW disputed the letter's characterization of ownership, saying that the project involved investment from other organizations.

In an interview, NWIW also disputed the notion that the firm would be the only beneficiaries of the port's improvements, saying that improvements included a road that would be open to the public and that other port customers would be able to use the dock as well. “The claim there, I think is at best an exaggeration,” a spokesperson told DeSmog.

The Port of Kalama did not immediately respond to a request for comment.



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From the cover of the final supplemental environmental impact statement for the Kalamazoo methanol facility. Credit: [Kalamazoo SEIS](https://kalamamfgfacilitysepa.com/) (<https://kalamamfgfacilitysepa.com/>)

“As the draft [Department of Energy (DOE)] presentation outlines, the Chinese government is one of the principle backers of NWIW,” Pacific Standard [reported](https://psmag.com/environment/taxpayers-may-soon-be-on-the-hook-for-2-billion-fracked-gas-refinery) (<https://psmag.com/environment/taxpayers-may-soon-be-on-the-hook-for-2-billion-fracked-gas-refinery>) in 2018, in an article about the company's \$1.8 billion federal loan guarantee application. “The majority shareholder in Shanghai Bi Ke Clean Energy Technology is the Chinese Academy of Science Holdings, which the DOE presentation describes as a 'wholly owned state company.' In other words, a significant portion — if not the majority — of NWIW will be owned by the Chinese government, while the risk of financing its construction could be put on U.S. taxpayers.”



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sense because the American taxpayer would assume all of the risk.

Throughout his time in office, President Trump has pursued an aggressive trade war against China — a trade war that has recently been [faulted](#) (<https://www.washingtonpost.com/business/2019/10/01/trump-is-heading-into-re-election-with-deep-manufacturing-recession/>) for driving U.S. manufacturing to a 10 year low in September.

Without expressing a position on the wisdom of the trade war itself, the groups argued that approving the grant would create a situation where the left hand of the federal government was undoing with subsidies what the right hand had done with tariffs.

“A country that cheaply sells off its natural resources, only to buy back expensive goods manufactured elsewhere using those same resources, is unlikely to create a trade surplus,” Columbia Riverkeeper senior attorney Miles Johnson wrote. “If cheap methanol from Kalama is used to manufacture plastic and other products in China, many of those relatively expensive, value-added products would find their way back to China’s primary export market: America.”

'A Carbon Bomb'

The impacts to trade would be in addition to the climate change implications of going forward with the project.

“The proposed Kalama methanol refinery is a major carbon bomb that would lock Washington into decades of fossil fuel use when the state is vigorously moving in the direction of clean energy,” attorneys for EarthJustice wrote. “It is also a project designed to produce more plastic, at a time when plastic garbage is choking our oceans and shorelines.”

In April, an [OPB investigation](#) (<https://www.opb.org/news/article/methanol-plant-kalama-fossil-fuel-china/>) found that NWIW had suggested to investors that methanol could be



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In May, Gov. Jay Inslee [announced \(https://tldr.com/news/local/inslee-changes-tune-opposes-kalama-methanol-project/article_5b1bbb68-e303-5e94-97f0-e54b29fe1662.html\)](https://tldr.com/news/local/inslee-changes-tune-opposes-kalama-methanol-project/article_5b1bbb68-e303-5e94-97f0-e54b29fe1662.html) that he could no longer “in good conscience” support construction of the plant.

Governor Jay Inslee ✓ @GovInslee · May 8, 2019 🐦

Replying to @GovInslee

We've always leaned on science to guide our efforts on [#climatechange](#). The accelerating threat and the emerging science on the damaging impacts of natural gas mean we must focus our efforts on developing clean, renewable, fossil-fuel free energy sources.

Inslee announces opposition to two gas proj...
Gov. Jay Inslee today signed a bill banning hydraulic fracking for oil and natural gas ...
[🔗 governor.wa.gov](https://governor.wa.gov)

Governor Jay Inslee ✓
@GovInslee

Being committed now to [#100percentclean](#) electricity and signing a bill prohibiting fracking in WA, we want to be consistent to a spirit of progress. I cannot in good conscience support construction of a liquefied natural gas plant in Tacoma or a methanol facility in Kalama.

5:24 PM · May 8, 2019 i

♥ 16
 👤 See Governor Jay Inslee's other Tweets

Climate change is at the center of a larger controversy over Department of Energy funding for fossil fuel projects at a time when the [United Nations warns that the world has just 11 years \(https://www.theguardian.com/environment/2018/oct/08/global-warming-must-not-exceed-15c-warns-landmark-un-report\)](https://www.theguardian.com/environment/2018/oct/08/global-warming-must-not-exceed-15c-warns-landmark-un-report) left to take action to avoid catastrophic harms from a warming climate.



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[advance \(https://www.govtrack.us/congress/bills/116/hr2740\)](https://www.govtrack.us/congress/bills/116/hr2740) in the Senate.

In May, a coalition of 143 environmental groups had [signed onto a letter \(https://www.foodandwaterwatch.org/sites/default/files/organizational_sign_on_letter_opposing_dept_of_energy_backing_petro_hub-2.pdf\)](https://www.foodandwaterwatch.org/sites/default/files/organizational_sign_on_letter_opposing_dept_of_energy_backing_petro_hub-2.pdf) to Congress expressing opposition to Title XXVI funding for a [different petrochemical project \(https://www.prnewswire.com/news-releases/adg-invited-to-submit-part-ii-application-for-19-billion-in-loan-guarantees-under-does-title-xvii-loan-guarantee-program-300577137.html\)](https://www.prnewswire.com/news-releases/adg-invited-to-submit-part-ii-application-for-19-billion-in-loan-guarantees-under-does-title-xvii-loan-guarantee-program-300577137.html), the Appalachian Storage Hub.

A third petrochemical project, the Lake Charles Methanol plant in Lake Charles, Louisiana, was [offered \(https://www.energy.gov/lpo/articles/lpo-announces-first-ever-conditional-commitment-offer-advanced-fossil-project\)](https://www.energy.gov/lpo/articles/lpo-announces-first-ever-conditional-commitment-offer-advanced-fossil-project) \$2 billion in Department of Energy loan guarantees in December 2016. That \$4.4 billion project, not yet under construction, would turn petcoke ([a residue \(https://www.energy.gov/sites/prod/files/2013/05/f0/EIS-0464-DEIS-2013.pdf\)](https://www.energy.gov/sites/prod/files/2013/05/f0/EIS-0464-DEIS-2013.pdf) from refining petroleum) from the Gulf Coast to methanol and use carbon capture and sequestration.

The Lake Charles project, according to its website, would [enable the production \(https://www.lakecharlesmethanol.com/\)](https://www.lakecharlesmethanol.com/) of 4.5 million barrels a year of U.S. oil, using the carbon “sequestered” from the refinery to pump more oil out of the ground. In announcing the loan, the Department of Energy said the Lake Charles project would produce roughly a third less greenhouse gases throughout its lifecycle than a “typical” methanol plant.

In a separate September 27 letter to the Department of Energy, the same environmental groups argued that the Kalama methanol project should not be eligible for the Energy Department's Title XXVI funding because it is “intended for plastics production, not energy,” and because it will not reduce greenhouse gas emissions.

Main image: Proposed site of the Kalama methanol facility. Credit: [Port of Kalama \(https://portofkalama.com/methanol-manufacturing-facility-fseis-released/\)](https://portofkalama.com/methanol-manufacturing-facility-fseis-released/)