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380 West Marine Drive, Kalama WA, 98625

October 9, 2020

Attn: Rich Doenges
NWIW SSEIS
Washington Department of Ecology
PO Box 47775
Olympia, WA 98504-7775

RE: Comments on the Kalama Manufacturing and Marine Export Facility
Draft Second Supplemental Environmental Impact Statement Ecology Publication 20-06-011

Mr. Doenges,

Northwest Innovation Works (“NWIW”) appreciates the opportunity to comment on the Department of Ecology’s (“Ecology”) Draft Second Supplemental Environmental Impact Statement (“Draft SSEIS”) for the Kalama Manufacturing and Marine Export Facility (“KMMEF” or “Project”). NWIW recognizes the effort Ecology has devoted to evaluating the potential greenhouse gas (“GHG”)-related impacts associated with construction and operation of the KMMEF and provides these comments to clarify aspects of the Project and highlight the climate benefits that will be realized through the application of the proposed clean technology.

A cornerstone of this Project is NWIW’s mission “to produce the world’s cleanest methanol in order to make everyday materials a part of the global climate solution.” In furtherance of this goal, NWIW has committed to installing advanced, innovative technology to produce methanol for materials manufacturing. The methanol produced using NWIW’s proposed clean technology will replace methanol produced overseas using dirtier, less efficient means, resulting in a global *reduction* in GHG emissions. Ecology has acknowledged these efforts in its Draft SSEIS¹ and similarly concluded that “emissions from the [Project] will always be lower than emissions from other substitute methanol pathways.”² In other words, Ecology’s analysis found that “the [Project] would slow the global increase in emissions arising from methanol production and use.”³

¹ See Draft SSEIS at p. 46 (“The KMMEF facility is projected to have a lower direct GHG emission rate than current methanol importers to China. This is due to KMMEF’s innovative ULE technology....”).

² Draft SSEIS at p. 86 (Section 3.5.5-- Net Global Emissions).

³ *Id.* at p. 105.

The net decrease in global GHG emissions resulting from operation of the innovative KMMEF will be felt globally, which is the meaningful measure for purposes of addressing and mitigating global climate change:

Greenhouse gases, once emitted from a specific source, quickly mix and disperse in the global atmosphere and have a long atmospheric lifetime. Current research on how greenhouse gases influence global climate change has focused on the cumulative environmental effects from aggregate regional or global sources. But there is limited scientific capability in assessing, detecting, or measuring the relationship between a certain GHG emission source and localized climate impacts in a given region.

Wash. Envtl. Council v. Bellon, 732 F.3d 1131, 1143 (9th Cir. 2013).

The KMMEF will result in a significant global reduction of GHG emissions over the current global course. However, it is important to recognize, in spite of that substantial global benefit, if you draw an emissions “box” around Washington State, the KMMEF will generate new direct and indirect in-state GHG emissions. Importantly, Ecology concluded that the in-state GHG emissions from the Project, while categorized as significant, are capable of mitigation.⁴

To address the in-state emissions, NWIW has proposed a Voluntary Mitigation Program Framework (“VMPPF”) to mitigate 100% of the direct and indirect in-state GHG emissions generated by this Project. This mitigation is *in addition to* the net global reduction in GHG emissions that will be realized from this Project.

Under the VMPPF, NWIW will annually calculate and report direct and indirect GHG emission from the KMMEF to Ecology. NWIW will use GHG calculation methods established in Ecology’s GHG Reporting Rule at WAC ch. 173-44. Ecology will then review and verify all GHG emissions calculations submitted by NWIW. Robust regulatory oversight is established to ensure accurate quantification of annual Project direct and indirect emissions.

The VMPPF also establishes a robust process for developing and selecting mitigation projects to offset 100% of the in-state GHG emissions from the Project. An independent VMP Board comprised of environmental, business, and community stakeholders will identify and nominate cost-effective GHG mitigation projects, and award and disperse funding for projects or, where necessary, the purchase of carbon credits. To be clear, Ecology and Cowlitz County will review the mitigation opportunities recommended by the VMP Board and, ultimately, verify whether they satisfy the requisite criteria outlined in the VMPPF and whether they achieve the annual VMP emissions obligations.

⁴ Draft SSEIS at pp. 25, 105-106.

The intent of the VMPF is to establish a solid procedure for identifying worthy mitigation projects with meaningful input from community stakeholders. Indeed, it would be more straightforward to simply commit to purchasing carbon credits to offset annual emissions. However, NWIW would prefer to direct its mitigation investment in a way that prioritizes more immediate in-state or regional improvements, and, over time, serve to develop and grow a robust regional carbon offset marketplace and growing portfolio of emission reduction projects. Identifying effectual mitigation projects that meet the criteria outlined in the VMPF will take time and community and agency engagement. The approach adopted in the VMPF not only makes sense from a practical standpoint, but it is also consistent with the obligations under SEPA related to the level of specificity that is appropriate at the proposal state of a project when the EIS is prepared.⁵

In mitigating its direct and indirect GHG emissions, NWIW is joining other Washington companies in their corporate climate leadership. Microsoft, Amazon and Starbucks have all made significant carbon mitigation pledges and have been identified by Sightline Institute as national leaders.⁶ These companies are implementing voluntary mitigation programs similar to NWIW's VMPF, using a combination of emission reduction projects and offset purchases.

The emission profile scale of Microsoft (4.1 million MTCO₂e/year⁷) and Amazon (11.2 million MTCO₂e/year⁸) suggest that NWIW's commitment to mitigate between 786K and 1.4 million MTCO₂e/year⁹ is both feasible and achievable. In fact, NWIW's mitigation plan goes one step further in accountability, by including regulatory oversight from Cowlitz County and the Department of Ecology. As described above, under the VMPF, Ecology not only verifies the annual GHG emissions obligation for NWIW, but also has final approval of the VMP Board's recommendations regarding the proposed mitigation projects.

NWIW appreciates the breadth and depth of analysis undertaken to reach Ecology's key conclusions in the Draft SSEIS. In that light, there are only three points NWIW offers as warranting further clarification in the final SSEIS:

- 1) The VMPF is an acceptable mechanism for mitigating in-state GHG emissions from the Project.** During preparation of the Draft SSEIS, Ecology carefully reviewed the VMPF and offered revisions to strengthen the reporting requirements, and new criteria to ensure one-

⁵ See e.g., *City of Des Moines v. Puget Sound Reg'l Council*, 97 Wn. App. 920, 928, 988 P.2d 993, 998 (1999) (A "dire prediction that mitigation will never be undertaken because it has not been specifically imposed...is unfounded.").

⁶ https://www.sightline.org/2020/09/21/how-cascadian-corporations-stack-up-on-climate/?utm_source=Sightline%20Institute&utm_medium=web-email&utm_campaign=Sightline%20News%20Selections

⁷ *Id.*

⁸ *Id.*

⁹ Draft SSEIS at p. 85.

to-one emissions mitigation, which were incorporated into the VMPPF.¹⁰ Ecology also describes the VMPPF in detail and includes it as an appendix to the Draft SSEIS.¹¹ NWIW requests that Ecology confirm in its final SSEIS that the VMPPF is an effective and appropriate vehicle for achieving mitigation of in-state GHG emissions from the Project.

- 2) **With NWIW mitigating 100% of in-state GHG emissions, along with global GHG benefits, the GHG-related impacts from the Project will be reduced to a nonsignificant level.** Since the Project will result in avoided global GHG emissions, as “the [Project] would slow the global increase in emissions arising from methanol production and use,”¹² and NWIW will mitigate 100% of the in-state GHG emissions, the Project as implemented will have minimal GHG-related impacts. This is a foundational component of the Project, and NWIW requests that Ecology confirm in the final SSEIS that mitigation measures are identified that will reduce the identified adverse impacts to a nonsignificant level.
- 3) **KMMEF methanol is not going to be used as a fuel.** NWIW is developing a cleaner process for producing methanol to be used in materials manufacturing, a critical improvement over the existing methanol feedstock produced overseas using less efficient, dirtier processes. NWIW is committed to this materials pathway limitation, and is in fact prohibited through its Dock Usage Agreement (see Appendix E to the SEIS) from producing methanol that will be used as a fuel source. While Ecology conservatively analyzes the impacts of KMMEF methanol being combusted as a fuel in its Draft SSEIS, NWIW requests that Ecology clarify that this analysis is purely a conservative assumption and modeling conclusion addressing methanol market inputs, and that this scenario is neither consistent with the purpose or intent of this Project nor does it assert or imply that NWIW will pursue or enable such transactions.

Thank you again for the opportunity to review and comment on the Draft SSEIS. NWIW remains available to Ecology staff and your consulting team as necessary to continue the robust and collaborative process undertaken by Ecology through this SSEIS production.

Sincerely,



Kent Caputo
General Counsel

¹⁰ See Draft SSEIS at Appendix D, VMPPF.

¹¹ See Draft SSEIS at Section 3.7 and Appendix D.

¹² *Id.* at p. 105.

Mr. Rich Doenges

October 9, 2020

Page 5

CC: Ron Melin, Cowlitz County
Mark Wilson, Port of Kalama

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