



Columbia Riverkeeper  
111 Third Street  
Hood River, OR 97031  
phone 541.387.3030  
[www.columbiariverkeeper.org](http://www.columbiariverkeeper.org)

September 12, 2016

Port of Kalama  
Ann Farr  
110 W. Marine Drive  
Kalama, WA 98625

Cowlitz County Department of Building and Planning  
Attn: Ron Melin, Senior Environmental Planner  
County Administration Building  
207 Fourth Avenue North  
Kelso, WA 98626

*Sent Via Email to:* SEPA@KalamaMfgFacilitySEPA.com; melinr@co.cowlitz.wa.us

**RE: The Final EIS for the Kalama Methanol Manufacturing and Marine Export Facility and the Kalama Lateral Project Should Address New Regional Gas Pipelines.**

Dear Ms. Farr and Mr. Melin,

Columbia Riverkeeper (“Riverkeeper”) submits these supplemental comments to the Port of Kalama (“Port”) and Cowlitz County (“County”) regarding the scope of the Environmental Impact Statement (“EIS”) for the Kalama Methanol Manufacturing and Marine Export Facility and the Kalama Lateral Project.

The Port and County should add these comments, and the attached exhibits, to the record for the EIS about the Kalama pipeline, methanol refinery, and export terminal. Riverkeeper’s comments are timely because they contain new information about the project’s impacts that was not available during the comment period on the draft EIS. Because the final EIS has not been published, the Port and County should not be inconvenienced by considering this new information.

**I. NWIW’s methanol refinery will cause major new gas pipeline construction in the Pacific Northwest.**

New information shows that the massive gas demand created by NWIW’s methanol refinery will ultimately result in significant new regional gas pipeline construction, in addition to the Kalama Lateral Project. In 2016, the Northwest Gas Association predicted that new methanol-related gas demand could push the regional pipeline system past an “inflection point,”

prompting new gas pipeline development.<sup>1</sup> Similarly, Northwest Natural’s Draft 2016 Integrated Resource Plan (“IRP”) predicts that new regional pipelines would only be constructed in scenarios where a project like a methanol refinery triggers massive increases in gas demand.<sup>2</sup> Those conclusions are supported by the Power and Natural Gas Planning Taskforce’s finding that a project exceeding roughly 150,000 dekatherms per day of demand “would likely need new [pipeline] infrastructure . . . due to high utilization of the existing pipeline systems.”<sup>3</sup> At 330,000 dekatherms per day of gas demand, NWIW’s methanol refinery would push the regional gas supply system past a tipping point and cause major new pipeline construction in the Pacific Northwest.

Until now, NWIW has obscured the impact of its gas demand on regional gas pipeline infrastructure by attempting to negotiate a short-term gas supply deal with Northwest Natural. This short-term deal would “bridge the gap” in gas supply—allowing NWIW to begin refining and exporting methanol while a new regional gas pipeline is built to augment the existing Williams Northwest pipeline.<sup>4</sup> Northwest Natural’s recently released IRP explains that NWIW is essentially proposing to lease some of the capacity that Northwest Natural owns in the Williams Northwest pipeline.<sup>5</sup> Northwest Natural states that:

“This arrangement is intended only to bridge the gap in time between the commencement of methanol plant operation and the in-service date for an upstream infrastructure expansion, say three years.”<sup>6</sup>

Accordingly, NWIW’s project will ultimately cause new regional gas pipeline construction, but NWIW is obscuring this fact by attempting to make a short-term gas supply deal.

## **II. The Final EIS analysis must address the impacts of new pipeline construction caused by NWIW’s project.**

The Final EIS analysis should study and describe the impacts of all gas pipeline construction that would result from NWIW’s project. The Washington Supreme Court has explained that an EIS under the State Environmental Policy Act (“SEPA”) should “evaluat[e] the *reasonably foreseeable* environmental consequences of proposed projects.” *PT Air Watchers v. Dep’t of Ecology*, 179 Wash. 2d 919, 926 (2014) (emphasis added). An agency preparing an EIS

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<sup>1</sup> Exhibit 1, Northwest Gas Association, *2016 Gas Outlook*, p. 3 (2016).

<sup>2</sup> Northwest Natural, *Draft 2016 Integrated Resource Plan*, p. 8.7 (July 2016) (online at: <https://www.nwnatural.com/uploadedFiles/2016%20Draft%20IRP%20as%20of%20July%2015.pdf>).

<sup>3</sup> Exhibit 3, Power and Natural Gas Planning Taskforce, *The Northwest Gas Landscape – Looking Forward*, p. 14 (July 2015).

<sup>4</sup> Northwest Natural, *Draft 2016 Integrated Resource Plan*, p. 3.39.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

“cannot close its eyes to the ultimate probable environmental consequences” of its current action. *Cheney v. City of Mountlake Terrace*, 87 Wn.2d 338, 344 (1976). As explained in Section I, above, several entities, including Northwest Natural, ‘foresee’ that an increase in gas demand of the magnitude of NWIW’s proposal will cause the construction of new regional gas pipeline infrastructure. Accordingly, such development is “reasonably foreseeable,” *PT Air Watchers*, 179 Wash. 2d at 926, and therefore the EIS must disclose and analyze the impacts of all pipeline construction triggered by NWIW’s proposal.

### Conclusion

New information shows that NWIW’s project would trigger the construction new regional gas pipeline infrastructure to ensure a stable, long-term gas supply to the proposed methanol refinery. NWIW has not disclosed the need for large-scale pipeline expansion to the public; not even to the landowners who would be impacted by the new gas pipelines. In order to comply with SEPA’s policy of full environmental disclosure, the Port and County should address the impacts of regional pipeline expansion in the forthcoming EIS about the methanol refinery and export terminal.

Sincerely,



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Miles Johnson  
Clean Water Attorney  
Columbia Riverkeeper  
(541) 490 – 0487  
[miles@columbiariverkeeper.org](mailto:miles@columbiariverkeeper.org)

Exhibits:

- Exhibit 1: Northwest Gas Association, *2016 Gas Outlook*.
- Exhibit 2: Power and Natural Gas Planning Taskforce, *The Northwest Gas Landscape – Looking Forward*.