1. **Identity of Petitioning Parties and Representatives**

   The petitioning parties are:

   Columbia Riverkeeper
   111 Third Street
   Hood River, OR 97031
   Phone: (541) 387-3030
   miles@columbiariverkeeper.org

   Sierra Club
   2101 Webster Street, Suite 1300
   Oakland, CA 94612
   Phone: (415) 977-5500
   Fax: (510) 208-3140
   Nathan.Matthews@sierraclub.org
The representatives of the petitioning parties are:

Janette Brimmer  
Adrienne Bloch  
Stephanie Tsosie  
Earthjustice  
705 Second Avenue, Suite 203  
Seattle, WA 98104  
(206) 343-7340 | Phone  
(206) 343-1526 | Fax  
jbrimmer@earthjustice.org  
abloch@earthjustice.org  
stsosie@earthjustice.org

2. **Identification of Other Parties**

The respondents in this appeal are Cowlitz County, the Department of Ecology, the Port of Kalama, and Northwest Innovation Works-Kalama, LLC.

3. **Decisions Under Review**

This is a Petition for Review of Shoreline Substantial Development Permit No. 3253 and Shoreline Conditional Use Permit No. 1056 (collectively “the Permit”). The Shoreline Substantial Development Permit was issued by the Cowlitz County Hearing Examiner to the Port of Kalama and Northwest Innovation Works-Kalama, LLC on March 8, 2017.¹ A copy of the Corrected Findings of Fact, Conclusions of Law and Decision is attached as Exhibit A to this Petition for Review. The Department of Ecology approved the Shoreline Conditional Use Permit with conditions on June 8, 2017. A copy of Ecology’s letter approving the Permit with conditions is attached as Exhibit B to this Petition for Review. Petitioners also challenge the Final Environmental Impact Statement prepared by the Port of Kalama and Cowlitz County in

¹ The Hearing Examiner issued his initial decision on February 27, 2017, and issued a final corrected decision following resolution of petitions for reconsideration on March 8, 2017.
support of the Permit; the cover and table of contents are attached as Exhibit C.²

4. Short and Plain Statement Showing Grounds for Petition

Cowlitz County issued the Shoreline Substantial Development Permit, and Ecology approved the Shoreline Conditional Use Permit, in violation of the State Environmental Policy Act (“SEPA”) and SEPA’s governing regulations. The Final Environmental Impact Statement (“FEIS”) failed to disclose and evaluate the full environmental impacts of the project and erroneously concluded that the project will not have a significant adverse environmental impact. Issuance of the Permit to Northwest Innovation Works will, as discussed further below, have a variety of significant adverse environmental impacts, and SEPA requires full consideration of these impacts, including project alternatives and potential mitigation, before a final permit can be issued.

Cowlitz County and Ecology also issued the Permit in violation of the Shoreline Management Act, RCW 90.58, implementing regulations, and the Cowlitz County Shoreline Management Master Program because the Permit authorizes portions of the project that are not “water-related” or “water-dependent” to be constructed within the shoreline. Additionally, the Permit fails to give adequate consideration to the purposes of the Shoreline Management Act and Shoreline Master Program, and fails to protect Shorelines of Statewide Significance.

5. Statement of Facts

The Port of Kalama and Northwest Innovation Works submitted Application No. SL 16-0975 for Shoreline Substantial Development and Shoreline Conditional Use Permits to construct the Kalama Manufacturing and Marine Export Facility, a new 100-acre methanol manufacturing and export refinery on the shores of the Columbia River (the “Methanol Refinery” or “Refinery”). The Refinery will manufacture methanol from large volumes of fracked natural gas, piped in from the western United States or Canada. The Refinery will store the manufactured methanol on site and then ship it overseas (likely to China) for use in the

² The complete FEIS is available at http://kalamamfgfacilitysepa.com/
production of olefins, a primary component of plastics. The Refinery includes the methanol manufacturing equipment, storage tanks, a new dock and related equipment, and a new natural gas-fired power plant to provide some of the electricity needed for the manufacturing facility, among other components. The Refinery in Kalama is one of two methanol manufacturing and export facilities proposed by Northwest Innovation Works in the region.

If constructed, the Kalama Refinery will be the largest methanol refinery in the world. The Refinery would use between 270,000 and 320,000 dekatherms of natural gas per day, both as the feedstock for methanol production and for the gas-fired electric generating unit that will supply some of the Refinery’s significant electricity demand, making it by far the largest single gas user in the state of Washington. Because regional gas pipelines are already operating at close to full capacity, the massive additional demand generated by the Refinery will likely drive the construction of a new regional gas pipeline.

The greenhouse gas emissions attributable to the Refinery are also massive. The emissions associated with the manufacturing process alone will easily exceed 1,000,000 tons of carbon dioxide per year. This does not include the substantial upstream and downstream emissions caused by the project, such as emissions associated with the extraction and transport of the large volumes of gas the Refinery will use, or the transport of the methanol to China and the conversion of methanol into olefins.

A. State Environmental Policy Act

On September 30, 2016, as part of their SEPA obligations, Cowlitz County and the Port of Kalama jointly issued the FEIS for the Refinery. The FEIS concluded that the project will not result in any unavoidable significant adverse impacts to the environment, and so no mitigation of any kind will be necessary. In reaching this conclusion, the responsible officials failed to consider adequately the reasonably foreseeable direct, indirect, and cumulative impacts caused by construction and operation of the Refinery and related actions, including at least the following:

a. The FEIS failed to adequately disclose and consider the upstream environmental
impacts of the project, including the greenhouse gas emissions and other impacts associated with
the extraction and transport of massive volumes of natural gas and the construction and operation
of a new regional pipeline that will likely be necessary to meet the Refinery’s demand for gas;

b. The FEIS failed to adequately disclose and consider the downstream
environmental impacts of the project, including the greenhouse gas emissions and other impacts
associated with transport of the methanol to China and production of olefins from methanol;

c. The FEIS failed to adequately disclose and consider the project’s cumulative
impacts, including the greenhouse gas emissions and other impacts of the Kalama Refinery in
conjunction with other facilities proposed along the Columbia River and the other methanol
production and export refinery proposed by Northwest Innovation Works.

Had the responsible officials considered these reasonably foreseeable direct, indirect, and
cumulative effects of the Refinery and related actions, they would have concluded that the
Project is likely to have a significant adverse environmental impact. This would, in turn, require
the responsible officials to consider whether it would be possible to avoid these impacts by
considering project alternatives, or whether to require mitigation of these impacts prior to a
decision to grant the permit. However, the responsible officials erroneously considered only the
immediate, local impacts of building and operating this project, and they failed to adequately
consider the above effects and related actions as part of their SEPA analysis.

The responsible officials’ conclusion in the FEIS that the greenhouse gas emissions
attributable to the immediate, local operation of the project do not constitute a significant
environmental impact is also erroneous, arbitrary, and contrary to law. While the FEIS did
consider some of the greenhouse gas emissions attributable to the Refinery, including some of
the emissions associated with two different potential production processes (the “CR Alternative”
and the “ULE Alternative”), the FEIS failed to accurately calculate and consider the greenhouse
gas emissions associated with these processes.

Moreover, the conclusion in the FEIS that neither production process will have a
significant environmental impact due to its greenhouse gas emissions is untenable. The FEIS
relies on internal guidance issued by the Department of Ecology to conclude that the project’s greenhouse gas emissions will not be significant, even though the (incomplete and inaccurate) estimates in the FEIS show that the project will be responsible for more than 1,000,000 tons per year of greenhouse gas emissions. By any measure, this volume of emissions is significant, and the responsible officials erred in concluding the contrary. Had the responsible officials correctly concluded that the greenhouse gas emissions from the project constituted a significant adverse environmental impact, they would have been required under SEPA to consider project alternatives and mitigation measures.

Finally, the responsible officials failed to adequately consider less environmentally harmful alternatives to the project, such as more efficient, less carbon-intensive methods of producing olefins, less carbon-intensive feedstocks for the production of methanol, or relying on renewable energy sources for the project’s electricity needs instead of constructing a new fossil fuel-fired electric generating unit. SEPA requires a full consideration of alternatives to the proposed action, but the responsible officials failed to adequately consider alternatives that would meaningfully reduce the project’s significant adverse environmental impact. Similarly, the responsible officials erroneously failed to define the project goals, including purpose and need for the project, sufficiently broadly to allow for a reasoned choice among less environmentally harmful alternatives such as those listed above.

For at least these reasons, the conclusion in the FEIS that the Refinery will not result in any significant adverse environmental impact due to its greenhouse gas emissions is erroneous, arbitrary, and contrary to law.³

B. Shoreline Management Act

Cowlitz County and Ecology issued the Permit in violation of the Shoreline Management Act, RCW 90.58, implementing regulations, and the Cowlitz County Shoreline Management Act, RCW 90.58, implementing regulations, and the Cowlitz County Shoreline Management Act.

³ Ecology imposed minimal greenhouse gas mitigation requirements on the Refinery as part of its approval with conditions of the Shoreline Conditional Use Permit. See Exhibit B. However, these minimal conditions were not based on a full evaluation in the FEIS of the greenhouse gas emissions attributable to the project, including project alternatives and potential mitigation.
Master Program because the Permit authorizes portions of the project that are not “water-related” or “water-dependent” to be constructed within the shoreline. See WAC 173-26-020. The Permit also fails to give adequate consideration to the purposes of the Shoreline Management Act and Shoreline Master Program, and fails to protect Shorelines of Statewide Significance.

The Shoreline Management Act strictly regulates development in the state’s shorelines to protect limited and valuable shoreline resources. Development in Shorelines of Statewide Significance, such as the Columbia River, is subject to additional, more protective criteria. All development in the shorelines must be consistent with the Act, its implementing regulations, and the relevant Shoreline Management Master Program.

Cowlitz County and Ecology relied on the mistaken premise that all portions of the Refinery are “water-dependent” or “water-related” in granting the Permit. While some portions of the Refinery that will be located in the shoreline may be “water-dependent” or “water-related,” other portions are not. Cowlitz County and the Department of Ecology authorized Northwest Innovation Works to construct portions of the Refinery in the state’s shorelines not because such portions of the Refinery are dependent on a waterfront location but because the Refinery requires more space than is available in the upland portion of the site. But allowing uses that could be located upland to be built in the shoreline simply because the proposed project is too big for the available site is not consistent with the Shoreline Management Act, its implementing regulations, and the Cowlitz County Shoreline Management Master Program. The Permit fails to comply with the Act, implementing regulations, and Master Program, and the responsible officials’ decision to issue the Permit is erroneous, arbitrary, and contrary to law.

6. Relief Sought

Petitioners respectfully request that this Board find unlawful and set aside both the Permit and the FEIS, and prohibit Cowlitz County and Ecology from reissuing new permits until they have adequately complied with SEPA and the Shoreline Management Act.

7. Service

Copies of this Petition for Review were sent to the Washington Department of Ecology,
the Washington State Office of the Attorney General, the Cowlitz County Hearing Examiner, Northwest Innovation Works – Kalama, LLC, Port of Kalama, and Cowlitz County via Federal Express on June 29, 2017.

Respectfully submitted this 29th day of June, 2017.

JANETTE BRIMMER
ADRIENNE BLOCH
STEPHANIE TSOSIE
Earthjustice
705 Second Avenue, Suite 203
Seattle, WA  98104-1711
(206) 343-7340 | Phone
(206) 343-1526 | Fax
jbrimmer@earthjustice.org
abloch@earthjustice.org
stsosie@earthjustice.org

Attorneys for Petitioners