



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

PO Box 47775 • Olympia, Washington 98504-7775 • (360) 407-6300

June 8, 2017

Port of Kalama
Attn: Tabitha Reeder
110 West Marine Drive
Kalama, WA 98625

Northwest Innovation Works, LLC
Attn: Murray Godley
110 West Marine Drive
Kalama, WA 98625

Re: Cowlitz County Permit #SL 16-0975
Port of Kalama and Northwest Innovation Works - Applicants
SIMULTANEOUS FILING OF
Approved Shoreline Substantial Development Permit (SDP) #3253
Approved Shoreline Conditional Use Permit (CUP) #1056

Dear Ms. Reeder and Mr. Godley:

On March 20, 2017, the Department of Ecology received the Cowlitz County decisions on your permits to construct and operate a marine export facility used to manufacture and export methanol.

Your approved SDP and CUP have been filed with Ecology.

By law, Ecology must review SDPs and CUPs for compliance with:

- The Shoreline Management Act (Chapter 90.58 RCW)
- Ecology's SDP approval criteria (WAC 173-27-150)
- Ecology's CUP approval criteria (WAC 173-27-170)
- The Cowlitz County Local Shoreline Master Program

Local governments, after reviewing SDPs for compliance, are required to submit them to Ecology. Your approved SDP has been received by Ecology.

After reviewing CUPs for compliance, Ecology must decide whether to approve, approve with conditions, or disapprove them.



Port of Kalama
Northwest Innovation Works, LLC
June 8, 2017
Page 2

Our Decision on your CUP: Ecology approves your CUP, provided your project complies with the conditions required by Cowlitz County and the following Ecology conditions:

1. The applicants shall revise the Updated Mitigation Plan, dated September 2016, according to the following requirements:
 - a. A section shall be added that describes the areas of riparian and wetland buffer impacts.
 - b. The riparian and wetland buffer enhancement areas shall be protected from human intrusion and damage by the installation of split-rail fencing, signs, a dense hedgerow, or the like. Such protection shall be maintained in good condition for the life of the project.
 - c. The riparian habitat buffer and wetland buffer mitigation areas shall be monitored and maintained for ten years.
 - d. Performance standards shall be added to Table 2 for years 5, 7, and 10, and shall address the following:
 - i. minimum percent cover of native plants, with at least 75 percent cover by year 10; and,
 - ii. 20 percent maximum cover of invasive plants for each monitoring year.
 - e. The row in Table 1 for *Salix lasiandra* shall have missing information added, and the total number of plants shall be corrected.
 - f. Mitigation planting, initial weed control work, and perimeter protection per condition 1.b shall be done concurrently with riparian and wetland buffer impacts, and planting shall be completed no later than one year from the start of the impacts.
 - g. The as-built report shall be submitted to Ecology, in addition to the other entities listed under Performance Standard 5 of the Updated Mitigation Plan, within 90 days of completion of mitigation planting.
 - h. As required by condition 12 of the Cowlitz County Hearing Examiner's *Order Granting Petitions for Reconsideration*, dated March 8, 2017, the applicants shall add a section describing the 90-95-acre area identified in Exhibit K-67. This section shall incorporate by reference the Technical Memorandum prepared by BergerABAM, dated January 30, 2017, with the subject "Kalama Manufacturing and Marine Export Facility – Supplemental Shoreline and Habitat Preservation." The section shall also include the actual total acreage of the area to be preserved, legal description(s), tax parcel number(s), and site map.
 - i. The 90-95-acre area described in condition 1.h above shall be permanently protected from development. The applicants shall record a conservation covenant (a recommended template is enclosed), a copy of this permit, and the site map required by condition 1.h, with the Cowlitz County Auditor's Office. The documents must be submitted to Ecology for review and approval prior to recording, and prior to beginning any work associated with this permit.
 - j. Section 11 of the Updated Mitigation Plan, which is the Long-Term Management Plan, shall be revised to be consistent with condition 11.C of the *Order Granting*

Port of Kalama
Northwest Innovation Works, LLC
June 8, 2017
Page 3

Petitions for Reconsideration, dated March 8, 2017, regarding the engineered log jams.

- k. Any other sections of the mitigation plan that would be affected by the requirements above (e.g., monitoring methods), shall be revised accordingly.

Once the revisions listed above have been made, the applicants shall submit to Ecology a revised mitigation plan, with the date of the revised version shown on the cover page, for approval prior to beginning any work associated with this permit. Once Ecology has approved the mitigation plan, we will notify you of this approval, and that final version of the mitigation plan will become the mitigation plan with which you are required to comply.

2. On-site dredge disposal must meet the following criteria, which are stated in criterion 2(c) of the specific use criteria in the Rural District for Landfill and Dredging in the Cowlitz County Shoreline Master Program:
 - a. Dredge spoils disposal sites shall be completely enclosed by dikes of sufficient capacity to allow for the settling of sediment before entrapped water leaves the diked area. The outside face of the dikes shall be sloped at 1-1/2 to 1 (horizontal to vertical) or flatter and seeded with grass or otherwise protected to prevent erosion. Outlet structures in dikes shall be placed so that water discharged within the dikes will take the longest possible time to reach the outlet and shall be designed so that only the clearest water is allowed to return to the receiving waters.
3. The public access area located at the end of Tradewinds Road, and at the north end of the project site, shall be protected and remain open for access for the life of the project through a deed restriction or other appropriate document. The Port of Kalama will submit to Ecology the proposed deed restriction or similar document for Ecology's review and approval prior to recording, and prior to beginning any work associated with this permit.
4. Northwest Innovation Works (NWIW) is required to mitigate for greenhouse gas emissions covered under Chapter 173-441 WAC originating from its facility. This mitigation requirement is to be met by demonstrating achievement or acquisition of greenhouse gas emission reductions on an annual basis as follows:
 - a. For any year that the facility has been assigned an emission reduction pathway under the Clean Air Rule (Chapter 173-442 WAC), an approved compliance report submitted at the end of the applicable Clean Air Rule compliance period will satisfy the mitigation requirement for that year.

Port of Kalama
 Northwest Innovation Works, LLC
 June 8, 2017
 Page 4

- b. For any year that the facility has not been assigned an emission reduction pathway under, or is not subject to, the Clean Air Rule, the mitigation requirement for that year:
- i. Is an amount of greenhouse gas emission reductions (metric tons of carbon dioxide equivalent) equal to the product of the following three factors:
 1. A cumulative rolling average of the total greenhouse gas emissions reported from the facility in accordance with Chapter 173-441 WAC, with the cumulative average beginning in the first full year of operation and turning into a five-year rolling average in the fifth year.
 2. An emission reduction factor of one and seven-tenths percent (1.7%).
 3. The number of years from the first calendar year of operations at NWIW with emissions reported under Chapter 173-441 WAC to the year in which the emission reduction requirement is being calculated, or to the year 2035, whichever is less.
 - ii. Can be met in two ways:
 1. Demonstration that some or all of the mitigation requirement is achieved through reductions in greenhouse gas emissions at the facility if the greenhouse gas emissions reported for the applicable year in accordance with Chapter 173-441 WAC are lower than the rolling average calculated in (b)(i)(1) above.
 2. Acquisition of qualifying emission reductions through the purchase of carbon credits or by investing in or facilitating the creation of emission reduction projects in accordance with a mitigation plan approved by Ecology.

NWIW is to provide an annual report, due by December 31 of the year following the emissions year, to Ecology describing the manner in which the mitigation requirement is met. If NWIW is complying with this mitigation requirement using the method in (4)(a) above, then the compliance report specified in WAC 173-442-210 will meet this requirement.

Please note that other federal, state, and local permits may be required in addition to these shoreline permits.

What Happens Next?

Before you begin activities authorized by this permit, the law requires you wait at least 21 days from June 8, 2017, the “date of filing.” This waiting period allows anyone (including you) who disagrees with any aspect of this permit to appeal the decision to the state Shorelines Hearings Board.

Port of Kalama
Northwest Innovation Works, LLC
June 8, 2017
Page 5

You must wait for the conclusion of an appeal before you can begin the activities authorized by this permit.

We recommend contacting the Shorelines Hearings Board at (360) 664-9160 before beginning permit activities to ensure that no appeal has been filed. Information on appeals is also posted at http://www.eluho.wa.gov/Decision/Search_Cases. Select "Shorelines Hearings Board" from the drop down menu labeled "Board" and enter "Search." The most current appeal will appear on top.

If **you** want to appeal this decision, you can find appeal instructions (Chapter 461-08 WAC) at the Shorelines Hearings Board website above. They are also posted on the website of the Washington State Legislature at: <http://apps.leg.wa.gov/wac/>.

If you have any questions about this letter, please contact me at (360) 407-7260 or perry.lund@ecy.wa.gov or Rebecca Rothwell at (360) 407-7273 or rebecca.rothwell@ecy.wa.gov.

Sincerely,



Perry J Lund, Unit Manager
Shorelands and Environmental Assistance Program
Southwest Regional Office

Enclosure: Conservation Covenant Template

By Certified Mail 91 7199 9991 7036 9330 2719 (Port of Kalama)

By Certified Mail 91 7199 9991 7036 9330 2726 (Northwest Innovation Works, LLC)

cc: Elaine Placido, Cowlitz County
Ron Melin, Cowlitz County
Brian Carrico, Berger ABAM
Emily Nelson, Assistant Attorney General
Neil Caudill, Ecology