



July 30, 2019

Perry Lund  
Unit Manager  
Shorelines and Environmental Assistance Program  
Washington Department of Ecology  
PO Box 47600  
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**RE: Newly proposed mitigation will not offset NWIW's massive climate pollution.**

Dear Mr. Lund,

Ecology should not be distracted by Northwest Innovation Works' (NWIW) recent greenhouse gas (GHG) mitigation proposal that ignores most of the climate pollution caused by methanol export. Instead, Ecology must require NWIW's Final Supplemental Environmental Impact Statement (Final SEIS) to disclose the actual climate cost of exporting fracked gas to China as methanol. If NWIW refuses, Ecology will not have adequate information to evaluate or approve the Shorelines Conditional Use Permit for the methanol refinery.<sup>1</sup> The project's stunning climate impact—from fracking to manufacturing to burning the methanol—conflicts with Washington's climate goals.

NWIW's in-state GHG mitigation proposal distracts from the real issue: NWIW's overall climate cost. Most GHG emissions caused by NWIW's proposal would occur outside Washington. Methane lost from fracking wells and pipeline equipment in Canada, vessel exhaust in the Pacific, and emissions associated with the end use of methanol in China—whether fuel or plastic—would all contribute to climate change. NWIW's mitigation proposal does not address such emissions, totaling several million tons of CO<sub>2e</sub> per year, even though Washington's shorelines would feel their effects.

NWIW's mitigation proposal is premised on NWIW's illusory "displacement" theory, advanced in the Draft Supplemental Environmental Impact Statement and elsewhere. According to the "displacement" theory, NWIW's massive fossil fuel export proposal would *benefit* global climate by discouraging coal-based methanol production in China. But, as Columbia Riverkeeper

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<sup>1</sup> See WAC 173-27-130(5) (explaining that Ecology "will not act on conditional use permit[s]" submitted without adequate supporting information).

explained in detail,<sup>2</sup> NWIW’s “displacement” theory rests on several unreliable assumptions. Instead of debating the details of NWIW’s mitigation proposal, Ecology should require a Final Supplemental EIS that abandons the “displacement” theory and articulates the true climate cost of NWIW’s proposal.

Burning methanol for fuel further undercuts NWIW’s “displacement” theory. Contrary to the company’s claims, some or all of NWIW’s methanol would likely be burned as fuel.<sup>3</sup> NWIW even attempted to attract investors by highlighting methanol’s versatility as a fuel and the projected growth in China’s fuel consumption.<sup>4</sup> But selling methanol as fuel undermines NWIW’s displacement theory because cheap methanol could easily spur *additional* fuel consumption in China. And new sources of cheap fossil fuels could also delay China’s transition to electric vehicles. NWIW’s displacement of upstream and downstream GHG emissions, which NWIW uses to justify in-state-only mitigation, is even less certain if NWIW’s methanol would be burned as fuel.

Finally, NWIW’s new GHG mitigation proposal is completely devoid of details. Without information about the specific carbon offset projects that NWIW would fund, Ecology has no real ability to assess the efficacy of NWIW’s proposed mitigation. Additionally, the Regional Greenhouse Gas Initiative and California Cap-and-Trade carbon credit markets are currently oversupplied,<sup>5</sup> so purchasing credits from those markets might not result in actual GHG reductions. NWIW’s vague mitigation proposal is essentially meaningless because Ecology cannot assess the likelihood that NWIW’s investments would offset NWIW’s in-state GHG emissions.

Instead of debating the details of NWIW’s mitigation proposal, Ecology should require NWIW’s Final SEIS to disclose the actual climate impact of exporting fracked gas to China in the form of methanol. The Final EIS should not rely on the illusory “displacement” theory, grossly underestimate methane leaks from fracking, or pretend that the methanol will not be burned for fuel. If NWIW fails to honestly describe the climate consequences of methanol export, Ecology should not approve the Shorelines Conditional Use Permit.<sup>6</sup> An accurate,

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<sup>2</sup> Columbia Riverkeeper *et al.*, *Comments on the Draft Supplemental Environmental Impact Statement for Northwest Innovation Works’ Methanol Refinery and Export Terminal*, pp. 10–16 (December 27, 2018) (attached).

<sup>3</sup> See Washington Department of Ecology, *Comments on DSEIS for the Kalama Methanol Facility*, pp. 6–7 (December 28, 2018).

<sup>4</sup> See OPB, [Controversial Kalama Methanol Plant May Be Misleading Public, Regulators](#) (April 19, 2019); see also Northwest Innovation Works, [Investment Overview](#) (March 2018).

<sup>5</sup> CalMatters, [Checking the math on cap and trade, some experts say it’s not adding up](#) (May 22, 2018); UtilityDive, [Is cap and trade the climate solution? The jury’s still out](#) (January 19, 2018).

<sup>6</sup> See WAC 173-27-130(5) (“ . . . If the department determines that the submittal does not contain all of the documents and information required by this section, the department shall identify the

unbiased accounting of the proposal's climate impacts would show that methanol export has no place in a low-carbon future.

Sincerely,



Miles Johnson, Senior Attorney  
Columbia Riverkeeper  
*on behalf of*

Brett VandenHuevel  
Executive Director  
Columbia Riverkeeper

Stephanie Hillman  
Campaign Representative  
Sierra Club, Washington Chapter

*enclosure*

cc:

- Maia Bellon, Director, Washington Department of Ecology
- Reed Schuler, Senior Policy Advisor to Governor Inslee, Climate & Sustainability

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deficiencies and so notify local government and the applicant in writing. Ecology will not act on conditional use permit . . . submittal until the material requested in writing is submitted to the department.”); *see also, e.g. Letter from Perry Lund to Ron Melin re Incomplete Shoreline Conditional Use Permit #1056* (April 18, 2017) (requesting clarification of statements in the EIS and additional information about NWIW's climate pollution).