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September 12, 2016

U.S. Army Corps of Engineers, Regulatory Branch  
Attn: Melody White  
P.O. Box 2946  
Portland, OR 97208-2946.

*Sent Via Email to: Melody.J.White@usace.army.mil*

**RE: The NEPA Analysis for NWP-2014-177/2 (Kalama Manufacturing and Marine Export Facility) and NWP-2015-111 (Kalama Lateral Project) Should Analyze Regional Gas Supply Pipeline Construction.**

Dear Ms. White,

Columbia Riverkeeper (“Riverkeeper”) submits these supplemental comments to the U.S. Army Corps of Engineers (“Corps”) regarding the scope of the Corps’ National Environmental Policy Act (“NEPA”) analysis for NWP-2014-177/2, the Kalama Manufacturing and Marine Export Facility and NWP-2015-111, the Kalama Lateral Project.

The Corps should incorporate these comments and the attached exhibits into the Corps’ administrative record for the NEPA analysis for the Kalama pipeline, methanol refinery, and export terminal. Riverkeeper’s comments are timely because they contain new information about the projects’ impacts that was not available during the initial comment period. Because the Corps has not yet issued any draft or final NEPA document, the Corps will not be inconvenienced by considering this new information during the NEPA process.

**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

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

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 Corps’ NEPA analysis must address the impacts of new pipeline construction caused by NWIW’s project.**

The Corps’ NEPA analysis should study and describe the impacts of gas pipeline construction that would result from NWIW’s project. The Council on Environmental Quality’s regulations require the Corps to analyze the indirect effects of NWIW’s proposed methanol refinery and export terminal. 40 C.F.R. § 1508.25(c)(2). Indirect effects, for NEPA purposes, are those effects “which are caused by the action and are later in time or farther removed in distance, but are still reasonably foreseeable.” 40 C.F.R. § 1508.8(b). “Indirect effects may include growth inducing effects . . . and related effects on air and water and other natural systems, including ecosystems.” *Id.* As explained in Section I, above, several entities, including Northwest Natural,

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<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 2, 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.*

‘foresee’ that an increase in gas demand of the magnitude of NWIW’s proposal will cause the construction of new regional gas pipeline infrastructure. While the deal that NWIW is proposing to Northwest Natural would allow this development to occur slightly “later in time,” such development is nevertheless “still reasonably foreseeable,” and is therefore an indirect impact of NWIW’s action. 40 C.F.R. § 1508.8(b). Accordingly, the Corps’ 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 NEPA’s regulations, and NEPA’s policy of full environmental disclosure, the Corps should address the impacts of regional pipeline expansion in the Corps’ forthcoming NEPA document for the methanol refinery and export terminal.

Sincerely,



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Exhibits:

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