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March 12, 2020

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E., Room 1A  
Washington, D.C. 20426

RE: Northwest Pipeline LLC  
Kalama Lateral Project  
CP15-8-\_\_\_\_\_  
Request for Extension of Time

Dear Ms. Bose:

On April 11, 2016, the Federal Energy Regulatory Commission (“Commission”), in the above referenced docket, issued an order granting a certificate of public convenience and necessity (“Certificate Order”) to Northwest Pipeline LLC (“Northwest”) for the construction and operation of the Kalama Lateral Project (“Lateral Project”).<sup>1</sup> The Lateral Project is an approximately 3 mile, 24-inch diameter, lateral extending from Northwest’s existing 30-inch mainline to a proposed delivery meter station and related facilities in Cowlitz County, Washington. The Lateral Project will enable Northwest to provide up to 320,000 dekatherms per day of firm transportation service to the proposed methanol facility of Northwest Innovation Works Kalama, LLC (“NWIW”) in the northern industrial area of the Port of Kalama (“Methanol Facility”).

The Certificate Order initially provided for Northwest to complete construction of the Lateral Project and make it available for service by April 11, 2018. On April 11, 2018, the Office of Energy Projects, by delegated order, extended this deadline through April 11, 2019. On April 10, 2019, the Office of Energy Projects, by delegated order, further extended this deadline through April 11, 2020. Northwest now requests a 2-year extension of this deadline through April 11, 2022 for the reasons set forth below.

The previous extensions for the Lateral Project have been based upon unforeseen challenges that NWIW has encountered in receiving the major permits necessary for the Methanol Facility. Unfortunately, these challenges have persisted and are the basis for the extension currently being requested as well. A timeline of NWIW’s past and present efforts to receive these major permits is set forth in the attached Exhibit A. Despite Northwest having

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<sup>1</sup> *Northwest Pipeline LLC*, 155 FERC ¶ 61,026 (2016) (“Certificate Order”).

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received the major permits necessary to construct the Lateral Project<sup>2</sup>, such construction has not commenced because the Lateral Project's sole purpose is to serve the Methanol Facility.

### The Commission's Standard for Granting Extensions

The Commission has recently stated that so long as “a certificate holder files for an extension of time within a timeframe during which the environmental and other public interest findings underlying the Commission's authorization can be expected to remain valid, [then] the Commission, or staff wielding delegated authority, generally will grant an extension of time if the movant demonstrates good cause...” *Constitution Pipeline Company, LLC*, 165 FERC ¶ 61,081 at P 9 (2018) (“Constitution Order”). Therefore, three questions need to be answered with respect to the requested extension of time for the Lateral Project: (1) Are its environmental findings still valid?; (2) Is its public interest finding still valid?; and (3) Has Northwest demonstrated good cause for the requested extension?

### The Lateral Project's Environmental Findings Remain Valid

In the Constitution Order, the Commission stated that a project's environmental findings will remain valid unless (i) “an agency ‘makes substantial changes in the proposed action that are relevant to environmental concerns’” or (ii) new information shows that the project “will affect the environment in a significant manner or to a significant extent not already considered”. *Id.* at P 17. Neither has occurred with respect to the Lateral Project.

No agency has made any changes to the Lateral Project that would affect environmental concerns. Nor has any new information arisen about the Lateral Project that will significantly affect the environment in a manner or to an extent not already considered in the Certificate Order. In February 2020, Northwest reviewed all pertinent environmental analyses and consultations previously completed for the approximately 3-mile Lateral Project. The United States Fish and Wildlife Services (“USFWS”) has been contacted to determine if there has been any new information relating to the species and habitats analyzed under the Endangered Species Act as part of its November 2016 biological opinion. The USFWS has confirmed that there is no new information that would warrant a new consultation. In addition, Northwest has verified that the October 2017 biological opinion of the National Marine Fisheries Service for the Lateral Project remains current for the five seasonal streams to be crossed in the dry and the two perennial streams to be crossed via horizontal directional drilling. Therefore, the original July 13, 2015 environmental assessment and supporting biological opinions remain unchanged and valid for the Lateral Project. Even if new information affecting the environment were to arise after the requested extension has been granted, the Commission has said that it can still address such new information by imposing additional environmental mitigation measures before authorizing construction of the Lateral Project to proceed. *Id.* at P 17.

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Northwest had received by February 11, 2019, all the major permits necessary to commence construction of the Lateral Project.

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### The Lateral Project's Public Interest Finding Remain Valid

In the Constitution Order, the Commission stated that a project's public interest finding will remain valid if the project's market need, as indicated via its long-term precedent agreements, will not be impacted by the extension. *Id.* at P 16. The Certificate Order for the Lateral Project recognizes that the project is supported by a long-term precedent agreement with NWIW for one hundred percent of the Lateral Project's capacity<sup>3</sup>. NWIW's precedent agreement calls for execution of a firm transportation agreement with a primary term of twenty-five years that doesn't commence until after the lateral has been placed in service. Therefore, the long-term precedent agreement supporting the Lateral Project's public interest finding will be not impacted by the requested extension.

### Good Cause Has Been Demonstrated for the Requested Extension

All major permits for the Lateral Project have been received. Even the Final Supplemental Environmental Impact Statement for the Methanol Facility has been received. The response of the Washington State Department of Ecology ("Ecology") to require yet more information on global greenhouse gas emissions and mitigation measures was neither reasonable nor foreseeable. In fact, such response is now being challenged in court by one of the local government regulators with environmental oversight. Nevertheless, NWIW continues to work in good faith to provide the information necessary to affirm the sufficiency of the Final Supplemental Environmental Impact Statement<sup>4</sup> already issued or, in the alternative, minimize delay in the issuance of a Second Supplemental Environmental Impact Statement and final permitting decision. Extending the construction deadline for the Lateral Project while NWIW works through these issues only makes sense; it is not in the public interest for Northwest to begin constructing the Lateral Project until the future of the Methanol Facility has been determined. Accordingly, good cause has been demonstrated for the requested extension.

Moreover, the two-year extension that Northwest seeks is reasonable and comparable to the extensions granted other projects. "The Commission has frequently authorized infrastructure projects with initial deadlines of four, five, or six years without expressing concerns about the certificate order's economic or environmental findings becoming stale." *Id.* at P 16. As shown in the attached Exhibit B, Northwest's initial deadline *plus* its requested extensions still fall well within the range of initial deadlines plus extensions granted to other projects.

In closing, the environmental and public interest finding underlying Certificate Order remain valid, and good cause has been demonstrated for extending the Lateral Project so that the good faith efforts of NWIW to obtain required authorizations for the Methanol Facility may run their course. Accordingly, Northwest hereby requests that the Commission grant a two-year

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<sup>3</sup> *Northwest Pipeline LLC*, 155 FERC ¶ 61,026 at P 6-7.

<sup>4</sup> As explained in Exhibit A, if Ecology is successful in requiring additional information, it has indicated that it will take an additional twelve to fourteen months to complete its analysis. Ecology has yet to award a contract for the analysis. Therefore, it is unlikely that its analysis will be completed until the latter half of 2021.

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extension until April 11, 2022, for Northwest to construct and make available the Lateral Project for service.

Respectfully submitted,

NORTHWEST PIPELINE LLC

*Bruce Reemsnyder*

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## **EXHIBIT A**

### **Timeline of NWIW's Efforts to Receive Major Permits for Methanol Facility**

**September 30, 2016** - Final Environmental Impact Statement (FEIS) for the Methanol Facility is issued.

**September 15, 2017** - Shoreline Hearings Board for the State of Washington (SHB) vacates a Shoreline Substantial Development Permit and a Shoreline Conditional Use Permit (Permits) that authorized construction of the Methanol Facility. SHB bases its decision on a finding that the underlying FEIS for the Methanol Facility fails to fully analyze the impacts of greenhouse gas emissions from the Methanol Facility and to consider whether additional related mitigation should be required. SHB remands the matter to Cowlitz County (County) and the Port of Kalama (Port) for further analysis and required a supplemental EIS (SEIS).

**November 20, 2017** - Port and County each file a Petition for Review in the Cowlitz County Superior Court (Court).

**July 12, 2018** - The Court orders the restoration of the Permits, subject to review by the County and the Washington State Department of Ecology (Ecology) of a greenhouse gas focused SEIS.

**August 30, 2019** - Final SEIS (FSEIS) is released by the County and Port.

**September 11, 2019** - County affirms that based on the FSEIS no additional action is required for the Methanol Facility to receive its major permits. County notifies Ecology of its findings.

**October 9, 2019** - Ecology responds that it needs more time and information from the County in order to make its determination.

**November 4, 2019** - County responds to Ecology's request, clarifying certain information and reaffirming that the FSEIS is sufficient; NWIW provides focused information on its voluntary plan to mitigate 100% of in-state GHG emissions.

**November 22, 2019** - Ecology notifies County that it intends to supplement the FSEIS with additional information on global GHG emissions and mitigation measures; Ecology indicates that such information could take an additional 12 to 14 months to complete.

**December 23, 2019** - Port files a petition with the Court to prevent Ecology from further delaying review of the Methanol Facility through additional redundant analysis.

**April 13, 2020** - Date set for the show cause hearing before the Court.

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**EXHIBIT B**Northwest's Requested Extension is Reasonable and Comparable to Other Projects

|                                      | Initial<br>Deadline | Extensions<br>Granted        | Total<br>Period |
|--------------------------------------|---------------------|------------------------------|-----------------|
| Kalama Lateral                       | 2 years             | 1 year<br>1 year             | TBD             |
| Constitution<br>Pipeline<br>CP13-499 | 2 years             | 2 years<br>2 years           | 6 years         |
| Iroquois Gas<br>CP13-502             | 2 years             | 2 years<br>2 years           | 6 years         |
| Islander East<br>CP01-384            | 2 years             | 1 year<br>2 years<br>2 years | 7 years         |
| Algonquin Gas<br>CP01-387            | 2 years             | 1 year<br>2 years<br>2 years | 7 years         |
| Pine Prairie<br>Storage<br>CP11-1    | 3 years             | 3 years<br>3 years           | 9 years         |

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