



TO: T.C. Broadnax, City Manager

FROM: Peter Huffman, Director, Planning and Development Services Department 

SUBJECT: Proposed Tideflats Methanol Plant

DATE: January 20, 2016

In light of recent City Council and citizen inquiries regarding the proposed Northwest Innovation Works methanol plant in the tideflats, the following information on the proposed project is provided.

Project Description: Northwest Innovation Works, Tacoma, LLC (NWIWT) proposes to develop and operate a natural gas-to-methanol production plant and export facility on approximately 125 acres leased from the Port of Tacoma (Port). The project location is on the Blair-Hylebos Peninsula, Port of Tacoma: 3400 Taylor Way, Tacoma (please see extract from Port webpage and the map that is included with the Scoping Notice, both attached). The project objective is the manufacture and shipment of methanol (a liquid) to global markets for use as a feedstock for manufacturing olefins used in the production of plastics and other materials. The characteristics of the proposed project are described below.

As proposed, the plant will include up to four methanol production lines, each with a production capacity of 5,000 metric tons per day, for a total of 20,000 metric tons per day. The plant will also include ancillary elements such as an administrative and lab building, employee parking, access roadways, fire suppression facilities, air separation units, air storage, water storage and treatment facilities, wastewater treatment facilities, cooling towers, a flare system for the disposal of flammable gases and vapors, substations and emergency generators. Plant components are proposed to be primarily located on approximately 110 acres of Port property situated at the southwest base of the Blair-Hylebos peninsula. Construction is expected to proceed in two phases, each including two production lines totaling production capacity of 10,000 metric tons per day.

The plant will utilize ultra-low emissions (ULE) reforming technology, which will emit substantially lower greenhouse gas and other air pollutants compared to conventional technologies for reforming natural gas to methanol.

Natural gas will be delivered to the methanol plant via a new lateral pipeline, which will transmit odorized gas. Northwest Pipeline GP will be responsible for obtaining permits and constructing this lateral pipeline. This lateral pipeline will connect the existing regional pipeline to the NWIWT project site over an approximately 10-mile corridor through unincorporated Pierce County, the Puyallup Tribe of Indians Reservation, and the cities of Sumner, Puyallup, Fife, Tacoma, and potentially others. Separately, Northwest Pipeline GP is pursuing expansion of its regional pipeline between Sumas and Longview, Washington which is being permitted through the Federal Energy Regulatory Commission; this is most likely a two year process. NWIWT anticipates using natural gas distribution capacity that will be provided by that portion of the Northwest Pipeline regional expansion project between Sumas and Tacoma.

It appears that there is no direct federal or State regulatory approval for the project siting decision itself. Rather, key permits for this project include the City of Tacoma Shoreline Substantial Development Permit, Department of Ecology Water Quality Certification, the Department of Fish and Wildlife's Hydraulic Project

Approval, the U.S. Army Corps of Engineers' Sections 10 and 404 permits, and a Notice of Construction air contaminant permit from Puget Sound Clean Air Agency; the federal permits will likely involve a thorough review of waterway operations by the US Coast Guard. Under the State Environmental Policy Act (SEPA) environmental review precedes any permit decisions. Given the large-scale of the proposed project an Environmental Impact Statement (EIS) is being prepared, with all costs borne by the applicant (NWIWT). This work could have been overseen by the Washington State Department of Ecology (WSDOE), or another State agency, but WSDOE has delegated this responsibility to the City of Tacoma.

The production process will require up to approximately 10.4 million gallons per day of water, which will be supplied by the City of Tacoma. Domestic water and sanitary services for on-site personnel use will be obtained from the City of Tacoma. Treated process wastewater (up to approximately 1.44 million gallons per day) will be discharged to the City of Tacoma's wastewater treatment works.

A construction stormwater permit will be required. Stormwater management post-construction will be discharged through Port of Tacoma outfalls or through the City of Tacoma's stormwater system.

At full production, the project will require up to approximately 450 megawatts of electrical power, which will be transmitted through the existing transmission system with localized upgrades if necessary.

The anticipated yearly production at full capacity is approximately 7.2 million metric tons of methanol. Up to approximately 300,000 metric tons of methanol will be stored in storage tanks at atmospheric pressure and ambient temperature and surrounded by secondary containment. Storage tanks will be co-located with plant components, as well as on approximately 15 acres of land adjacent to or in close proximity to the main 110 acre plant site. Methanol product will be transferred by pipeline across Port property from the storage area to the Port's existing deep draft marine terminal (the "East Blair One [EB1] terminal) on the Blair Waterway. Roadway improvements to access the EB1 terminal may be necessary. NWIWT anticipates loading between four and seven ships per month depending on vessel size. The Port will be responsible for obtaining permits for modifications to the dock, as well as localized dredging, if necessary, in the vicinity of the berth.

The plant will be operated in compliance with applicable fire, health, and safety regulations and codes. Plant safety features will include fire suppression systems, fire safety equipment, and storage and containment systems designed to current industry standards and regulatory requirements. NWIWT will conduct process safety management assessments and develop emergency response plans in accordance with applicable local, state and federal regulations.

Determination of Significance: PDS has initiated SEPA scoping for an Environmental Impact Statement ("EIS") for the Project; see attached Scoping Notice. It is anticipated that a Draft EIS will be issued for public review this summer with a Final EIS issued by the end of this year. The EIS is not a substitute for permit review. It is a process that develops information that is used to support permit review and development of recommended mitigation measures related to potential impacts associated with matters such as transportation, fire, health and safety.

Scoping: A 60-day scoping process began on December 15, 2015 and ends on February 17, 2016 to narrow the scope of the EIS. The NWIWT Project EIS will discuss the probable significant adverse impacts of the proposed action, the no-action alternative, and alternatives that are capable of attaining the proposal's objectives stated above. The City has determined that Environmental Health and Safety ("EH&S") will be areas of emphasis in the EIS.

In addition to the foregoing topics, agencies, affected tribes, and members of the public are invited and encouraged to comment on the scope of this EIS. The City will use the scoping comments to help define the topics to be examined closely in the project-specific EIS. Methods for presenting your comments are described below. All comments are due no later than 5 p.m. on February 17, 2016.

- **EIS Public Scoping Meetings (2)** – The first EIS Public Scoping Meeting is scheduled to begin at 6:30 p.m. on Thursday January 21, 2016, at the Greater Tacoma Convention and Trade Center, 1500 Broadway; NWIWT will have representatives and materials available in the foyer to share currently available information beginning at 5:00 p.m. The second EIS Public Scoping Meeting is scheduled to begin at 6:30 p.m. on Tuesday, February 16 at Meeker Middle School, 4402 Nassau Avenue (taking further public comment and comments on the draft scope which will be developed by City staff and posted on City website by February 9).
- The purpose of the public scoping meeting is to provide information about the proposed project and to provide an opportunity to make oral comment on the scope of the EIS. Additionally, written comments will be accepted at this meeting (comment forms will be available) which will be entered in the proposal's environmental review record as scoping comments. Additional information may be found at www.cityoftacoma.org/planning.

- **Submittal of written comments** - Written comments may be submitted via mail, e-mail or fax to the City's Project Manager, as follows

Project Manager:	Ian Munce, AICP
Address:	City of Tacoma Planning & Development Services Department 747 Market Street, Suite 345 Tacoma, WA 98402
E-mail:	tacoma.methanol.sepa@cityoftacoma.org
Phone:	(253) 573-2478
Fax:	(253) 591-5433

For more information about this project, please visit www.cityoftacoma.org/Planning and click on 'Proposed Methanol Plant.' We will continue to keep the Council abreast of the EIS development. If you or Council members have any questions, please contact Ian Munce, Special Assistant to the Director, Planning and Development Services Department, at (253) 573-2478 or imunce@cityoftacoma.org.

Attachments

**Determination of Significance, Notice of Request for EIS Scoping Comments, and
Notice of Public Scoping Meeting**

Proponent: Northwest Innovation Works, Tacoma, LLC
Project Name: Tacoma Manufacturing and Marine Export Facility (TMMEF)
Location of Proposal: Blair-Hylebos Peninsula, Port of Tacoma: 3400 Taylor Way, Tacoma, tax parcels: 0321363034, 0321363037, 0321363033, 0321363013, 0321363033, 0321363036, and 0321354035; see attached map (also at www.cityoftacoma.org/planning, under 'Proposed Methanol Plant')
SEPA Lead Agency: City of Tacoma – File No. SEPA2015-40000260025

Project Description: Northwest Innovation Works, Tacoma, LLC (NWIWT) proposes to develop and operate a natural gas-to-methanol production plant and export facility on approximately 125 acres in the Port of Tacoma (Port). The project objective is the manufacture and shipment of methanol (a liquid) to global markets for use as a feedstock for manufacturing olefins used in the production of plastics and other materials. The characteristics of the proposed project are described below.

As proposed, the plant will include up to four methanol production lines, each with a production capacity of 5,000 metric tons per day, for a total of 20,000 metric tons per day. The plant will also include ancillary elements such as an administrative and lab building, employee parking, access roadways, fire suppression facilities, air separation units, air storage, water storage and treatment facilities, wastewater treatment facilities, cooling towers, a flare system for the disposal of flammable gases and vapors, substations and emergency generators. Plant components are proposed to be primarily located on approximately 110 acres of Port property situated at the southwest base of the Blair-Hylebos peninsula. Construction is expected to proceed in two phases, each including two production lines totaling production capacity of 10,000 metric tons per day.

The plant will utilize ultra-low emissions (ULE) reforming technology, which will emit substantially lower greenhouse gas and other air pollutants compared to conventional technologies for reforming natural gas to methanol.

Natural gas will be delivered to the methanol plant via a new lateral pipeline, which will transmit odorized gas. Northwest Pipeline GP will be responsible for obtaining permits and constructing this lateral pipeline. This lateral pipeline will connect the existing regional pipeline to the NWIWT project site over an approximately 10-mile corridor through unincorporated Pierce County, the Puyallup Tribe of Indians Reservation, and the cities of Sumner, Puyallup, Fife, Tacoma, and potentially others. Separately, Northwest Pipeline GP is pursuing expansion of its regional pipeline between Sumas and Longview, Washington which is being permitted through the Federal Energy Regulatory Commission. NWIWT anticipates using natural gas distribution capacity that will be provided by that portion of the Northwest Pipeline regional expansion project between Sumas and Tacoma.

The production process will require up to approximately 10.4 million gallons per day of water, which will be supplied by the City of Tacoma Domestic water and sanitary services for on-site personnel use will be obtained from the City of Tacoma. Treated process wastewater (up to approximately 1.44 million gallons per day) will be discharged to the City of Tacoma's wastewater treatment works.

A construction stormwater permit will be required. Stormwater management post-construction will be discharged through Port of Tacoma outfalls or through the City of Tacoma's stormwater system.

At full production, the project will require up to approximately 450 megawatts of electrical power, which will be transmitted through the existing transmission system with localized upgrades if necessary.

The anticipated yearly production at full capacity is approximately 7.2 million metric tons of methanol. Up to approximately 300,000 metric tons of methanol will be stored in storage tanks at atmospheric pressure and ambient temperature and surrounded by secondary containment. Storage tanks will be co-located with plant components, as well as on approximately 15 acres of land adjacent to or in close proximity to the main 110 acre plant site. Methanol product will be transferred by pipeline across Port property from the storage area to the Port's existing deep draft marine terminal (the "East Blair One [EB1] terminal) on the Blair Waterway. Roadway improvements to access the EB1 terminal may be necessary. NWIWT anticipates loading between four and seven ships per month depending on vessel size. The Port will be responsible for obtaining permits for modifications to the dock, as well as localized dredging, if necessary, in the vicinity of the berth.

The plant will be operated in compliance with applicable fire, health, and safety regulations and codes. Plant safety features will include fire suppression systems, fire safety equipment, and storage and containment systems designed to current industry standards and regulatory requirements. NWIWT will conduct process safety management assessments and develop emergency response plans in accordance with applicable local, state and federal regulations.

Determination of Significance: NWIWT acknowledges the issuance of a Determination of Significance as the SEPA Threshold Determination in order to initiate SEPA scoping for an Environmental Impact Statement ("EIS") for the TMMEF Project. The EIS is not a substitute for permit review. It is a process that develops information that is used to support permit review and development of recommended mitigation measures related to potential impacts associated with matters such as transportation, fire, health and safety. Key permits for this project include the City of Tacoma Shoreline Substantial Development Permit, Department of Ecology Water Quality Certification, the Department of Fish and Wildlife's Hydraulic Project Approval, the U.S. Army Corps of Engineers' Sections 10 and 404 permits, and a Notice of Construction air contaminant permit from Puget Sound Clean Air Agency. The federal permits will likely involve a thorough review of waterway operations by the US Coast Guard.

Scoping: Consistent with TMC Chapter 13.12, the City of Tacoma, as SEPA lead agency, is initiating a 60-day scoping process beginning December 15, 2015 and ending on February 17, 2016 to narrow the scope of the EIS. The NWIWT Project EIS will discuss the probable significant adverse impacts of the proposed action, the no-action alternative, and alternatives that are capable of attaining the proposal's objectives stated above. The Blair-Hylebos Terminal Redevelopment Project FEIS (Feb. 2009) and the Tacoma LNG FEIS (Nov. 2015) are proposed for incorporation, to the extent relevant, by reference under WAC 197-11-600(4)(b) to provide additional information and analysis in preparation of the project-specific TMMEF EIS. The City has determined that Environmental Health and Safety ("EH&S") will be areas of emphasis in the EIS.

In addition to the foregoing topics, agencies, affected tribes, and members of the public are invited and encouraged to comment on the scope of this EIS. You may comment on alternatives, proposed mitigation measures, probable significant adverse impacts, permits, licenses and/or other approvals that may be required. The City will use the scoping comments to help define the topics to be examined closely in the project-specific EIS. Methods for presenting your comments are described below. All comments are due no later than 5 p.m. on February 17, 2016.

- **EIS Public Scoping Meetings (2)** – The first EIS Public Scoping Meeting is scheduled to begin at 6:30 p.m. on Thursday January 21, 2016 at the City Convention Center, 1500 Broadway; NWIWT will have representatives and materials available in the foyer to share currently available information beginning at 5 p.m. The second EIS Public Scoping Meeting is proposed for February 16 in NE Tacoma (taking further public comment and comments on the draft scope developed by City staff and posted on City website February 9); time and location will be posted on the City web page as these are determined.
- The purpose of the public scoping meeting is to provide information about the proposed project and to provide an opportunity to make oral comment on the scope of the EIS. Additionally, written comments will be accepted at this meeting (comment forms will be available) which will be entered in the proposal's environmental review record as scoping comments. Additional information may be found at www.cityoftacoma.org/planning.
- **Submittal of written comments** - Written comments may be submitted via mail, e-mail or fax to the City's Project Manager, as follows

Project Manager:	Ian Munce, AICP, Principal Planner
Address:	City of Tacoma Planning & Development Services Department 747 Market Street, Suite 345 Tacoma, WA 98402
E-mail:	tacoma.methanol.sepa@cityoftacoma.org
Phone#:	(253) 573-2478
Fax#:	(253) 591-5433

Responsible Official: The Responsible Official is the designated person within the City of Tacoma's Planning & Development Services Department who is responsible for compliance with the SEPA lead agency procedural responsibilities.

Issuance Date: December 15, 2015



Peter Huffman, Planning & Development Services Director
SEPA Responsible Official

Tacoma Daily Index Publication: December 15, 2015 and December 22, 2015

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PROJECT AREA MAP

Proponent: Northwest Innovation Works, Tacoma, LLC
Project Name: Tacoma Manufacturing and Marine Export Facility (TMMEF)
SEPA Lead Agency: City of Tacoma
Agency File No.: SEPA2015-40000260025



Proposed Tacoma Methanol Manufacturing and Export Facility

 Project Location*

* Approximately 15 acres of land adjacent to or in close proximity to the location shown above will be needed for storage tanks.



Contact: Ian Munce
Building and Land Use Services
City of Tacoma
747 Market Street, Room 345, Tacoma, WA 98402
(253) 573-2478 | imunce@cityoftacoma.org



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Development sites & projects

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Northwest Innovation Works

Northwest Innovation Works is proposing a facility on the site of the former Kaiser Aluminum smelter to convert natural gas to methanol for export to Asia.



Sites & projects overview

PSE LNG facility

Methanol export facility

Maytown mine site

Project status

The proposed facility is currently under environmental review through the [Washington State Environmental Policy Act \(SEPA\)](#) to analyze the likely environmental impacts, feasible alternatives and measures to avoid or minimize adverse impacts.

The City of Tacoma is the lead agency. View the City's website for [details about the process](#).

opportunities for public comment and related documents.

Project overview

[Northwest Innovation Works](#) is proposing a facility at the Port of Tacoma to convert natural gas to methanol.

The methanol will be used as feedstock in Asia to produce olefin, a compound used in such consumer goods as plastic containers, cell phones and carpet fibers. The cleaner-burning methanol would help reduce China's reliance on higher-emission coal and petroleum.

Learn more about [Northwest Innovation Works and its plans](#).

Proposed facility location

The facility is planned for the former Kaiser Aluminum site, which the Port bought in 2003. Since then, the Port has removed thousands of tons of waste from the site, demolished buildings and cleaned up the property.

This proposal will put a former industrial site back into productive use, creating jobs and economic growth for our community, as well as supporting our strategic goals to diversify our cargo mix.

Lease terms

The 30-year lease with Northwest Innovation Works covers about 90 acres of the former Kaiser site. The lease terms include three phases:

- **Feasibility period (2014-2016):** 18 months, which Northwest Innovation Works may extend to 24 months.
- **Construction period (2016-2018):** Upon successful completion of a feasibility period, Northwest Innovation Works will build or install such improvements to the site as natural gas processing facilities, storage tanks, containment systems, pipelines and stormwater systems.

- **Full rent period:** Includes preferential/non-exclusive use of the East Blair One wharf.

Environmental review

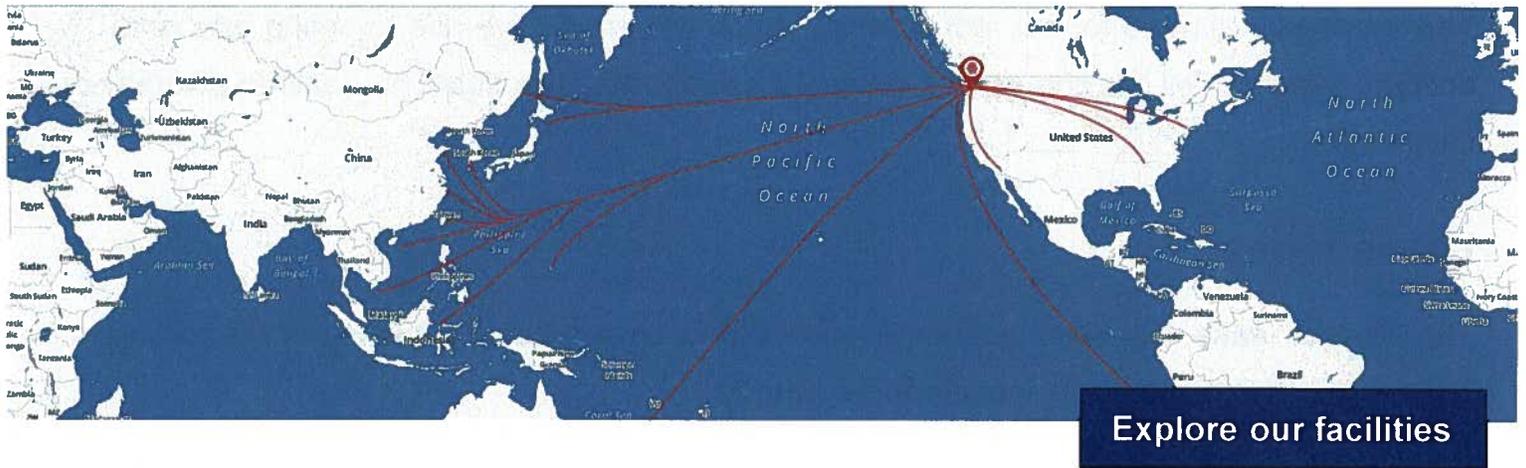
The City of Tacoma is the lead agency for the **SEPA process**.

Project information

Visit **Northwest Innovation Works' website** to learn more about the company and its plans.

Who to contact

Contact **Northwest Innovation Works by email** to subscribe to regular updates or ask questions about the proposed facility.



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