Assessing the impact of additional coal exports from Washington State

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As domestic coal consumption in the United States has continued to decline despite containing the largest reserves of any nation in the world, coal producers of some of the country’s largest active coal mines have been actively searching for new buyers to their relatively high-caloric value fuel. With domestic power producers turning increasingly to more environmentally-friendly methods of electricity production, these coal producers are looking to ship their product overseas to other countries which remain heavily reliant on coal-fueled power plants to supply a stable, relatively inexpensive supply of power to their growing economies. Because some the largest consumers of coal globally are located across the Pacific in Asia (including China, India and Indonesia) while the plentiful Powder River coal reserves are located inland in the states of Montana, Utah and Wyoming, coal exports must first be transported overland by train and loaded onto ships in deep-water harbors along the west coast before being shipped across the Pacific Ocean. Numerous new coal export terminals have been proposed from California up to British Columbia, with some of the largest proposals located in Washington State. If built, these new terminals would rival any single export terminal in the country in terms of capacity, which raises significant issues related to the environmental impact of transporting additional tens of millions of coal across four states and loaded on to bulk cargo vessels. The purpose of this paper is to determine and weigh the environmental and economic impacts of establishing new coal export terminals in Washington State and specifically the proposed Millennium Bulk Terminals – Longview LLC (MBTL).

Coal production, consumption and export in the United States continue to decline as cheaper natural gas and cleaner renewable energy sources continue to make inroads in an industry historically dominated by cheap, domestic coal. In order to compete, coal companies are looking west in an attempt to sell their products in markets still heavily reliant on coal power. Coal usage in the United States has been in decline for a decade, with consumption tailing off from 565.7 million tonnes of oil equivalent (mtoe) in 2006 to 358.4 mtoe by 2016 representing a 36.6% reduction over the ten-year span (BP P.L.C.). This decline is the result of both declining electricity demand as a result of increased efficiency and a shift towards other power generation technology rather than any significant decline in domestic coal reserves, which remained the largest in the world as of 2016 at 251,582 billion tonnes of proven reserves, or 22.1% to total global reserves (BP P.L.C.).

Given these supply and demand trends, coal mining companies contend that new shipping terminals are necessary for business operations and would provide hundreds of millions of tax dollars and hundreds of jobs in Washington state (Berk Consulting). One of the largest such ventures is the Millennium Bulk Terminals – Longview LLC (MBTL), which launched a proposal to construct and operate a shipping terminal to export coal at the site of the former Reynolds Aluminum smelter in Cowlitz County near Longview, Washington. The coal export terminal would receive coal from the Powder River Basin in Montana and Wyoming, and the Uinta Basin in Utah and Colorado via rail. The coal would be unloaded and stockpiled in the project area and then loaded onto vessels for transport to Asian markets via the Columbia River and Pacific Ocean (Cowlitz County and Washington State Department of Ecology).

Under the Proposed Action, the MBTL would develop the terminal on 190 acres primarily within an existing 540-acre site that is leased by the company, which operates and would continue to operate approximately 350 acres of the leased area as a bulk product terminal. BNSF Railway Company (BNSF) or Union Pacific Railroad (UP) trains would transport coal in unit trains (rail cars that carry the same commodity) to Washington State. Trains would then travel on BNSF main line routes in Washington State and the BNSF Spur and Reynolds Lead in Cowlitz County. Coal would be unloaded from rail cars, stockpiled, and loaded by conveyor onto ocean-going vessels at the two proposed docks on the Columbia River.

At full terminal operations, the new facility would accommodate up to eight incoming loaded unit trains each day carrying coal to the project area, along with eight empty outgoing unit trains each day from the site, and load an average of 70 vessels per month or 840 vessels per year, which would equal 1,680 vessel transits in the Columbia River annually. Proponents for the export terminal contended that environmental risks can be mitigated through proper operational procedures and that the project would provide 135 direct jobs, $16 million in direct wages, and $49 million in direct output per year (not including employment and investment spent on construction of port infrastructure) (Berk Consulting). In addition, MTBL estimates that port operations would generate $2.2 million in state tax revenues, $1.7 million in county tax revenues, and $1.5 million to special purpose districts for a projected total of $146 million (2012 dollars) in tax revenues over 30-year period.

MTBL submitted environmental permit applications to county, state and federal environmental agencies in February 2012. A total of 23 permits are necessary for the project to proceed, including eight local permits, eight at the state level and another seven from federal agencies (Cowlitz County and Washington State Department of Ecology).

After years of exhaustive study by local, state and federal agencies, the Final Environmental Impact Statement (FEIS) for the proposed project was issued in April 2017. The Final EIS is used by Cowlitz Country, the Washington State Department of Ecology and other agencies to inform decision-making regarding permits for the project.

In September 2017, the Washington Department of Ecology denied a water quality certification sought by MBTL to construct and operate what would be the largest coal export terminal in North America. According to the report, the reasons for denying the water quality certification were based on two laws: The Federal Clean Water Act and the Washington State Environmental Policy Act (SEPA (Cowlitz County and Washington State Department of Ecology)).

Under the Clean Water Act, the permit application and supporting documents submitted by the company did not provide reasonable assurance that the project would meet state water quality standards. Under the State Environmental Policy Act, the project would have resulted in unavoidable and adverse impacts to the local environment, transportation, public health, the local community, and tribal resources. These impacts cannot be mitigated.

Specifically, the report cited nine specific environmental resource areas which would be subject to unavoidable and significant adverse impacts resulting from the construction and operations of the project. These included: social and community resources; cultural resources; tribal resources; rail transportation; rail safety; vehicle transportation; vessel transportation; noise and vibration; and air quality

In response, MTBL resubmitted a withdrawal/ reapply request for a water quality certification to the Washington State Department of Ecology on June 22, 2017. The permit was subsequently denied by the Department in September 2017 (Washington State Department of Ecology).

“The 1971 State Environmental Policy Act confers an awesome responsibility on the Department of Ecology and that is a responsibility to protect land, air and water for future generations and I take that responsibility very seriously,” Ecology Director Maia Bellon said in a September 2017 statement to The Daily News. “And future generations deserve no less than the Department of Ecology’s decision today to deny the Millennium coal export terminal to be constructed on the shores of the Columbia River (Stepankowsky).”

In spite of the setback, MTBL filed a new appeal in October 2017 to Washington’s Pollution Control Hearings Board (PCHB), for the denial of its 401 certification under the federal Clean Water Act.MTBL also appealed the denial of a Shoreline Permit (which was rejected in November 2017) and filed a

lawsuit in Thurston County Superior Court against the Washington State Department of Ecology for violating the Public Records Act by withholding essential information that the agency alleged was the basis for critical findings in Millennium’s Final EIS. Millennium officials have alleged that some state regulatory agencies invented rules and been biased against the terminal that they contend could benefit Seattle by reducing the number of coal trains headed north through the Puget Sound area for export from British Columbia.

“If Washington wants to remain a leader in world trade, it is critically important that the laws be applied by regulatory agencies fairly and that trade projects be judged based on their compliance with existing rules of law,” said Wendy Hutchinson, a Millennium vice president told the Seattle Times in October 2017 when describing the project and legal action (Bernton).

While expanding coal export routes to Asia would provide struggling coal producers an economic lifeline and provide new employment opportunities and tax revenue for the Washington state, the opportunity costs of transporting tens of thousands of tons of additional coal through the state’s transportation network are a crucial consideration in the project’s long-term viability. When taking this into account, the findings of the Final EIS state clearly that the proposed coal terminal would adversely impact numerous environmental areas. For this reason, my conclusion is that the scientifically-backed Final EIS be upheld throughout the appeals process and that that any positive economic contributions the project may contribute are outweighed by violations to local, state and federal environmental regulations.

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