

Koch Methanol St. James, LLC Land Use Application Overview

Introduction

Koch Methanol St. James, LLC (KMe) has applied to the St. James Parish Government Permitting and Planning office for land use approval for two separate projects planned for the existing KMe methanol production facility (the KMe Facility): the KMe Optimization Project and the Oxygen Back Up Supply Project. The St. James Parish Planning Commission is scheduled to consider KMe's application at its July 31, 2023, meeting.

This document provides descriptions of the two projects, the land use application submitted by KMe, and the impacts of the projects on employment and the tax base. For additional context, this document also provides an overview of the pending air and wastewater discharge permit applications submitted to the Louisiana Department of Environmental Quality (LDEQ) for the KMe Optimization Project (note that the Oxygen Back Up Supply Project is in earlier stages of planning and, at this time, KMe has not identified the need to revise its air or wastewater discharge permit for that project). All applications referenced in this document are available on KMe's website at www.kochmethanol.com.

Project Description- KMe Optimization Project

With the KMe Optimization Project, KMe intends to increase the KMe Plant's design production rate of refined methanol, primarily by further optimizing existing plant equipment. This will be completed via a raw material feed upgrade to add ethane into the natural gas feed stream, improvements to plant cooling capabilities, and other equipment upgrades with the collective primary goal of increasing the utilization of existing assets and achieving a 25% increase in the refined methanol design production rate from 4,950 to 6,200 metric tons per day (MTPD).

Project Description- Oxygen Back Up Supply Project

This project, which is in the early phases of design, will provide a backup supply of oxygen (O₂) and is expected to include oxygen storage tanks and equipment to vaporize oxygen prior to feeding the KMe Plant. The Oxygen Back Up Supply Project is a reliability improvement project aimed at reducing plant trips and associated flaring and plant downtime due to loss of O₂ feed from the existing Air Separation Unit; it will not provide additional plant capacity.

Land Use Application

The proposed work associated with the above-described projects will occur primarily within areas previously approved for development, except for limited portions of land separately owned by KMe and Plains Marketing LLP under/on which a pipeline and associated access road will be constructed to connect an existing third-party ethane pipeline to the KMe Plant (the pipeline will be constructed under Hwy 3127). The majority of the development will be constructed on land designated as Industrial, except for the land where the connection to the existing ethane pipeline and associated access road will be constructed, which is designated as Wetlands. The development in the area designated Wetlands is necessary given the location of the existing ethane pipeline. As noted in the application, a Phase IA Desktop Study of the 240-acre parcel under/upon which the ethane pipeline and access road will be constructed west of Highway 3127 was performed and concluded that the parcel has a very low to negligible probability of containing undisturbed cultural resources. All other project work will be conducted on land assessed for cultural resources prior to the original construction of the KMe Facility and will not disturb previously identified cultural resources.

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Employment and Tax Base

KMe is investing approximately \$185 million in the Optimization and Oxygen Back Up Supply Projects which will provide additional property tax revenue as well as additional sales and use tax benefits. The existing KMe Facility provides approximately 114 direct jobs to operate the facility, which will be retained with the proposed projects. The proposed projects are expected to create 400 temporary jobs and 2 new permanent jobs.

Environmental Permitting- KMe Optimization Project

Air Permitting

KMe submitted an air permit application for a Title V Significant Modification and initial Prevention of Significant Deterioration (PSD) permit for the KMe Optimization Project to LDEQ in November 2022. In addition to requesting to authorize the KMe Optimization Project, the permit application requests revisions to certain emissions limits to account for all foreseeable operating scenarios, including several that have been identified since beginning operation of the KMe Facility, and thereby ensure compliance with permitted emissions limits during all such operating scenarios.

Although not required, KMe voluntarily performed a PSD review, including best available control technology (BACT) and ambient air quality impact analyses, as part of the application and requested issuance of a PSD permit for the KMe Facility. By doing so, KMe has demonstrated that emissions of NO_x, CO, PM, PM₁₀, PM_{2.5}, VOC, and GHG are controlled by BACT and will not cause or contribute to an exceedance of any national ambient air quality standard (NAAQS).

Based on feedback KMe proactively requested from community members, prior to the start-up of the raw material feed upgrade portion of the KMe Optimization Project, KMe will install a fence line monitoring system that will monitor volatile organic compounds (VOC) or methanol along the KMe Facility property boundary or other facility perimeter. KMe anticipates that the LDEQ will include this voluntary commitment to install the fence line monitoring system as a requirement in the air permit for the KMe Optimization Project.

Wastewater Discharge Permitting

In May 2023, KMe applied to the LDEQ to renew its wastewater discharge (LPDES) permit for the KMe Facility. The renewal application requests authorization for anticipated wastewater-related changes that will result from the KMe Optimization Project and seeks to reconcile the permit with the KMe Facility's as-built operations by providing narrative updates, updates to represented streams routed to each permitted outfall, updates to the layout and location of permitted stormwater outfalls, and other minor changes.

The KMe Optimization Project will result in an increase in production rates, which will result in an increase in the volume of process-generated wastewaters sent to the wastewater treatment facility as well as an increase in the volume of blowdown waters from cooling and steam systems, demineralized regeneration wastewater, and return waters from the feed water treatment plant clarifier systems. The approximately 25% increase in volume of wastewater flow will result in a commensurate increase in volume of wastewater discharged to the Mississippi River. While a change in concentration of pollutants in the wastewater discharge is not anticipated, there will be an associated increase in pollutant loading (lb/day) from final outfalls that discharge to the Mississippi River due to the increase in discharge volume. The LPDES Renewal Application accounts for these changes and KMe will ensure that the facility's wastewater treatment plant is designed and operated to comply with all permit conditions.

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KMe will continue to perform annual Whole Effluent Toxicity (WET) testing on the final outfall to the Mississippi River to ensure that wastewater effluent discharged into the Mississippi River does not negatively impact aquatic ecosystems. The KMe Optimization Project will not impact discharges to the St. James Canal.

Environmental Justice

KMe completed Environmental Impact Assessments (EAS) as part of the air and wastewater discharge permit applications described above. The EASs demonstrate, among other things, that the social and economic benefits of the KMe Optimization Project outweigh any environmental impacts of the Project because, while environmental impacts have been largely avoided and those that will exist will be minimized to the maximum extent possible, the social benefits realized through KMe investments in the areas of education, community enrichment, entrepreneurship, and environment are significant. In addition, the community will realize economic benefits from the Project, through job creation and labor income during Project construction and continued KMe Facility operations.

These EASs each include an environmental justice (EJ) assessment performed utilizing the EPA's Environmental Justice Screening and Mapping Tool (EJScreen). Based on the EJScreen report, additional analysis of seven EJ Indexes, including air toxics cancer risk and air toxics respiratory hazard index, was performed to further evaluate potential KMe Facility-specific (not just the proposed KMe Optimization Project) impacts. That analysis, which is based on review of data relied upon in EJScreen, facility-specific air modeling, and other facility characteristics indicates that the KMe Facility will not cause adverse impacts either directly or cumulatively considering existing conditions surrounding the KMe Facility and, therefore, will not result in disproportionate impacts (adverse impacts borne disproportionately on the base of race, color, national origin, or income).

KMe has also taken several actions to ensure meaningful engagement with the community both generally and specific to the KMe Optimization Project and the related permitting efforts. This engagement has included joint training with local emergency services personnel, employee outreach through volunteer activities, KMe's participation with the St. James Citizens Advisory Panel, and hosting two focus group meetings, a subsequent follow up meeting, and a Community Outreach Meeting. KMe has also established a community advisory board (CAB) to foster regular and sustained engagement between the KMe Facility and the community so that community feedback can be received on a routine and ongoing basis. And KMe has also acted on feedback received from the community, as the establishment of the CAB and KMe's commitment to install fence line monitoring are two specific examples.