



League of Women Voters of Portland

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Date: November 20, 2024

To: Chair Vega Pederson, Commissioners Beason, Brim-Edwards, Meieran, and Stegmann

From: League of Women Voters of Portland
Carolyn Buppert, President
Laura Rogers, Action Committee member

Re: CEI Hub financial responsibility ordinance - **support**

The League of Women Voters of Portland applauds the Multnomah County Commission's work to address the inherent risk posed by the Critical Energy Infrastructure (CEI) Hub. **We support the CEI Hub financial responsibility ordinance under consideration this week, and in this letter, we offer some suggestions to strengthen it.** As an initial step, the proposed ordinance will require owners of certain CEI facilities to provide financial assurance mechanisms for costs and damages caused by the spill or release of oil, liquid fuel products, and hazardous materials.

For reasons described more fully below, the League urges the Commission to adopt the proposed ordinance with all deliberate speed. Our conviction that the ordinance is vitally important to Multnomah County is grounded in the League's strong positions on air quality, water quality, public health, natural lands, and climate change.

We agree that the CEI Hub represents an existential threat to Multnomah County and the broader region. Located in Northwest Portland along the banks of the Willamette River, the CEI Hub is a six-mile area on which are located 630 tanks that hold fossil fuels and other hazardous substances. Together, these tanks have a combined active storage capacity of at least 350.6 million gallons.

The CEI Hub sits in the Cascadia Subduction Zone on soils subject to liquefaction and lateral spreading. Many of the tanks were built before modern earthquake standards and are at risk of failure in an earthquake or accident. According to a 2022 study by ECONorthwest¹, the total potential releases from the tanks range from 94.6 to 193.7 million gallons and the *minimum* costs to society range from \$359 million to \$2.6 billion:

The estimates of fuel releases from the CEI Hub are the same magnitude as what was released in the Deepwater Horizon spill of 2020 – the largest oil spill in U.S. waters to date...The fuel releases are likely to cause explosions and fires which pose immediate

¹ Impacts of Fuel Releases from the CEI Hub Due to a Cascadia Subduction Zone Earthquake:
<https://multco-web7-psh-files-usw2.s3-us-west-2.amazonaws.com/s3fs-public/Impacts%20of%20Fuel%20Releases%20from%20the%20CEI%20Hub%20Report.pdf>

threats to people on-site at CEI Hub facilities and on adjacent properties. A petrochemical fire poses significant risks to the surrounding areas because containment and suppression may not be possible in the aftermath of an earthquake.

We note that Multnomah County residents face risks from toxic chemical or fossil fuel spills during the normal operation, use, and storage of these materials and after accidents, or due to incidents such as lightning strikes or wildfires, in addition to the threats during a Cascadia Subduction Zone earthquake. Fuel released into the Willamette River may float downstream or sink and travel as sediment in the river. As we know, the lower Willamette River and Lower Columbia River provide abundant habitat to many species that could be affected by fuel releases.

Even though the State has started to address these risks, County action is still warranted. Although Oregon SB 1567² has the potential to make significant advances toward mitigation of safety and health risks in the region, many gaps remain. For example, the known risks to life and property extend beyond earthquakes. Even with the required fortification of tanks, leakage and damage can occur. Finally, the timeframe for implementation is a decade, leaving residents and the County exposed for almost ten years.

Risk bonds can help reduce these dangers and provide a high level of confidence that the mitigation efforts would be effective, by encouraging facilities **to identify risks in advance** and **to have funds immediately available** to address remediation.

As impactful as the proposed ordinance is, we see opportunities for important enhancements, as follows:

1. The current \$1,000 daily civil penalty is woefully inadequate.

Owners of CEI Hub facilities include some of the largest players in the oil and gas sector, *e.g.*, Kinder Morgan, Chevron, Phillips 66, and Zenith Energy. Yet the penalty for noncompliance is miniscule. In fact, owners could treat the penalty as merely the cost of doing business. A more effective and reasonable daily penalty would be \$25,000. Such an amount will motivate owners to take action to comply, thereby internalizing the costs of catastrophic oil spills that will occur due to an earthquake, negligence, or accident.

2. The extended timeline for implementation is not commensurate with the urgent risk taxpayers and the County face now.

The ordinance does not take effect until July 1, 2026, making it doubtful that facility owners will have sufficient information upon which to act until long after that date. Due to the magnitude of the current risk, we suggest the following timeline:

- The ordinance becomes effective 30 days after signature by the Chair,
- The rules are promulgated within 12 months after signing, and
- All certificates of financial assurance are required to be in place two months after the rules are promulgated.

² Codified as ORS 468B.510 et seq. and enacted in 2022.

3. Ensure fossil fuel facilities decommission tanks and remediate the property

The ordinance should clarify that facilities that discontinue use of their tanks have a duty to promptly decommission tanks and remove related fossil fuel infrastructure, then return the land to a marketable condition within a reasonable period. The owners of fossil fuel facilities who discontinue use of their infrastructure must not rely on the taxpayer to clean up their discarded tanks and infrastructure.

Thank you for this opportunity to submit comments. We urge you to quickly adopt this ordinance and to consider our suggestions to strengthen it further.