

April 2, 2015

Planning and Sustainability Commission
1900 SW 4th Avenue, Suite 7100
Portland, Oregon 97201

Dear Chair Baugh and PSC members,

I am writing to add three additional considerations to my March 27 testimony and recommendation to the Commission that it reject the amendment to allow propane to be transported via pipe through the environmental conservation overlay zone at Terminal 6 of the Port of Portland. The amendment is being proposed exclusively to accommodate the proposal by Pembina Marine Terminals, Inc. to construct and operate a marine propane export terminal at Terminal 6.

The additional considerations are as follows:

1. Pembina's "Propane Terminal Project Information Package" [see 1, Project Materials] includes sections on pipeline "Incident History" and "Recent History." Both sections present Pembina's message that "regardless of size or location, incidents are reported, investigated, and analyzed to prevent recurrence, and to improve Pembina's performance" [2, p. 18]

A different story is presented, however, by the fact that on Feb. 26, 2013, Alberta's Energy Resources Conservation Board (ERCB) issued the following high-risk enforcement action against Pembina:

"A high-risk enforcement action was issued against Pembina Pipeline for neglecting to immediately inform the ERCB about a pipeline spill on July 20 near Swan Hills. On August 15, 2011, a second failure occurred on the same pipeline about 1600 m from the July 20 failure. Through the investigation, the ERCB determined that both pipeline failures were caused by circumferential stress corrosion cracking. The ERCB also directed the company to develop and implement a dig program to inspect for, identify, and address potential stress corrosion cracking in all pipelines that are in a condition similar to the condition of the pipeline that failed, and to share with its peers the knowledge gained from the incidents to ensure an industry-wide response to prevent similar pipeline failures in the future." [3]

A different story is also suggested by the weak and growing weaker regulatory environment in Alberta for fossil fuel corporations, fracking, and oil/tar sands operations. Here's Canadian author and award-winning journalist Andrew Nikiforuk on "What's Missing from Canada's Fracking Debate," and "regulatory capture" [4]:

"All of these papers share a critical disconnect from the real world, where best practices are ignored; captive regulators turn a blind eye to rule breakers; and government knowingly abuses public water resources with impunity.

Nor have any of these papers seriously reflected the experience of real families and communities impacted by the industrialization and complexity of hydraulic fracturing. (The sprawling industry requires more land, water and energy and yet produces less energy over time than conventional resources. It is the energy equivalent of ocean-bottom trawling.)

Even in Tory-blue Alberta, landowners pointedly refer to fracking operations for shale oil north of Cochrane as "industrial terrorism" due to air pollution, truck traffic and property devaluation of 26 per cent.

So here's what missing: the academic reports aren't looking at the cost of cleaning up polluted groundwater; they don't acknowledge the fact of regulatory capture; they've omitted key data about the complexity of fracturing; and they make little mention about the cruel world of gas migration."

"The Alberta Energy Regulator is one hundred per cent funded by industry levies. Gerard Protti, a former energy lobbyist and Encana executive, now directs this board. How responsible is it that a former Encana vice president, a firm that pioneered oilsands steam projects and hydraulic fracturing (and fracking controversies in Colorado, Michigan, Texas, Wyoming and Alberta) now oversees the regulation of hydraulic fracturing and oil sands in Alberta?

Because oil and gas advertising largely dominate Alberta's media outlets, the local press rarely mentions this blatant conflict of interest. It is perhaps appropriate that recent changes to energy regulation in Alberta also removed the words "public interest" from the board's mandate." [4]

2. Also of concern are the major differences in Pembina's statements about the seismic standards its proposed export terminal will be designed to meet. More specifically, at the PSC's March 17 meeting, Eric Dyck, Pembina's vice president for marine operations, reported that the export terminal will be designed to withstand a 9.0 magnitude earthquake in Portland [5]. Yet the "Earthquakes" section of Pembina's "Safety Factsheet" [see 1, Project Materials] indicates that:

"Our facility will be designed to meet the most recent seismic standards of the 2012 International Building Code and the 2014 Oregon Structural Specialty Code. Consequently, the facility will be designed to withstand the effects of a magnitude-7 earthquake in the City of Portland or a magnitude-9 earthquake on the coast." [6]

3. In its "Project Overview" section, Pembina states that "propane is the only commodity to be shipped from this site. The site will not accommodate handling and shipment of crude oil or liquefied natural gas" [1]. One wonders why there is no mention in the statement of butane which has also been proposed for export, and which (like propane) is also transported in pressurized DOT 112 tank cars [7,8]? Also relevant is the fact that the Union Pacific Railroad recently applied to the Federal Railroad Administration for a permit to transport liquefied natural gas [9,10]. None of the Class I freight railroads currently hauls liquefied natural gas, but if permits were granted, one wonders whether Pembina's proposed terminal would then be able to "accommodate" liquefied natural gas?

As the Commission well knows, Portland is officially committed to dramatically reducing its carbon emissions, mitigating climate change, and providing a healthy, equitable, and resilient community for all. Pembina's proposal and corporate operations [11] fly in the face of such commitments. It is thus my strong recommendation to the Commission that you reject the environmental overlay zone code amendment that would accommodate and facilitate Pembina's proposal.

Sincerely,

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[11] Our Operations - Pembina

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