

September 13, 2016

Katherine Schultz, Chair
Portland Planning and Sustainability Commission
1900 SW 4th Avenue, Suite 1700
Portland, Oregon 97201

Re: Fossil Fuel Zoning Testimony

Dear Chair Schultz and Commission Members:

The Portland Business Alliance (Alliance) represents more than 1,850 member companies, small, medium and large, throughout the Portland metro region. The Alliance's mission is to promote and foster an environment in the Portland region that attracts, supports and retains private-sector jobs and spurs economic vitality.

From the outset, the Alliance opposed the city's resolution to restrict expansion of fossil fuel infrastructure. At the same time, we appreciated the amendments to Resolution 37168, adopted by City Council, making it clear the resolution does not restrict 1) improvements in the safety, or efficiency, seismic resilience, or operations of existing infrastructure, 2) provision of service directly to end users, 3) development of emergency backup capacity, 4) infrastructure that enables recovery or reprocessing of used petroleum products, or 5) infrastructure that accelerates the transition to non-fossil fuel energy sources.

Portland is a regional fossil fuel hub, located at the terminus of the Olympic pipeline. Fuels stored and distributed from northwest Portland serve the entire state of Oregon and parts of southwest Washington. Consumers and businesses throughout this broad market area rely on the fuels that are supplied from the energy hub in Portland. While we support the goal of reducing greenhouse gas emissions and improving public safety and resiliency, we are concerned with the approach taken in the Fossil Fuel Terminal Zoning Amendments Proposed Draft.

The resolution passed by City Council makes it clear that it **does not restrict** the exemptions noted above. Yet, that is exactly what the proposed draft contemplates by its very language because it prohibits development of new fossil fuel terminals and restricts the expansion of existing terminals, as well as makes the existing uses nonconforming. The report notes that the proposed code changes may be more restrictive than the exemptions in the resolution direct.

Furthermore, restricting expansion at existing fuel terminals and prohibiting new terminal development may impact industrial job growth and middle-income jobs. It may also constrain the supply of fossil fuels to serve anticipated population and employment growth, leading upward pressure on fuel costs which disproportionately affects lower-income households.

The resolution adopted by City Council directs the Bureau of Planning & Sustainability to undertake an economic impact analysis of any proposed code changes yet no analysis has been undertaken and the proposed draft acknowledges that information is limited. Though the report does acknowledge that there may be impacts to job growth, tax revenue, and fuel costs, there is no quantitative analysis about those impacts. We urge that the proposed code changes not be implemented until a thorough economic analysis has been conducted to determine to what extent the proposed constraints will impact fuel supply or prices for users throughout Oregon and southwest Washington, which depend on the fuels in Portland's northwest energy hub.

Under the federal Renewable Fuel Standard and Oregon Clean Fuel Program, transportation fuels are required to contain renewable fuels. Fuels that are considered "clean fuels" by the state, such as natural gas and propane, are subject to restriction under these proposed changes. If companies are required to blend ever greater amounts of cleaner fuels into fossil fuels, but the proposed limits do not allow them adequate expansion opportunities to do so, there will be conflicts. It does not make sense for the city to potentially interfere with key policies of the federal and state government that seek to reduce greenhouse gas emissions in the transportation sector. The proposed draft also includes methanol, which under any definition is not a fossil fuel.

We appreciate the challenge staff faced in trying to develop code language to implement City Council's resolution. The fact is, at this point in time, consumers and businesses rely on fossil fuels to meet their everyday needs. That reliance is becoming less so as alternative energy sources are developed and cleaner fuels are used and/or blended into fossil fuels to reduce greenhouse gas emissions. The city should exercise extreme caution in adopting proposed code changes that unnecessarily restrict or drive up the supply of fuels, particularly when some of the very fuels the infrastructure limitations impact are needed to comply with existing laws designed to further environmental goals.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra McDonough". The signature is fluid and cursive, with a large, stylized initial 'S'.

Sandra McDonough
President & CEO

cc: Portland City Council
Susan Anderson, Bureau of Planning and Sustainability