

KATE BROWN
GOVERNOR



Date: March 15, 2017

To: House Committee on Energy and Environment

From: Mike Harryman, State Resilience Officer-Office of Governor Kate Brown

Subject: HB 2889 – Task Force on Secure Pipelines

Chair Helm, members of the Committee, I'm Mike Harryman the State Resilience Officer in the Office of Governor Kate Brown.

I'm honored to speak to you all today on HB 2889. Since this bill is not part of the Governor's Recommended Budget we are neutral on the bill but want to offer the committee additional information that we hope will inform and assist in your deliberation on this bill. We have seen the -1 amendment and believe it adds clarity to the Task Force bill.

The National Academy of Sciences in 2012 described resiliency as an *"ability to prepare and plan for, absorb, recover from or more successfully adapt to actual or potential adverse events."*

Oregon's event is the Cascadia Subduction Zone (CSZ) and the last complete rupture was 317-years ago.

In February 2013, the Oregon Seismic and Safety Policy Advisory Commission (OSSPAC) presented to the 77th Legislative Assembly the Oregon Resilience Plan (ORP) as directed based on House Resolution 3, adopted in April 2011.

The ORP focuses on providing legislators with information and data so that you can make critical investments each biennium starting with the 2013 session and continuing over the next several biennium's to build up the resilience of the state's infrastructure. The early investments that have started are the building blocks for future investments, but make no mistake we still have a long road to get there.

Chapter 6 of the ORP addressed Energy with subject matter experts (SME) from both public and private sectors working together to highlight several areas, but today I would like to address Oregon's critical energy infrastructure hub (CEI Hub) which covers a six-mile stretch on the lower Willamette River between the southern tip of Sauvie Island and the Fremont Bridge on U.S. Highway 30. This relatively small area in Portland is the site of liquid fuel, natural gas, and electrical infrastructure and facilities; it is also an area with significant seismic hazard. The energy sector facilities in the CEI Hub include:

- All of Oregon's major liquid fuel port terminals
- Liquid fuel transmission pipelines and transfer stations
- Natural gas transmission pipelines
- A liquefied natural gas storage facility
- High voltage electric substations and transmission lines
- Electrical substations for local distribution

More than 90 percent of Oregon's refined petroleum products come from the Puget Sound area of Washington State. Oregon imports the liquid fuel by pipeline and marine vessels; it passes through the CEI Hub before it is distributed throughout Oregon to the end users.

City Club of Portland released a reported titled "Big Steps before the Big One: How the Portland area can bounce back after a major earthquake" on February 14, 2017. Their report made two recommendations relating to the CEI Hub. I would like to highlight just one of those recommendations:

The Governor and Legislature should designate a single state agency to oversee seismic risks at the CEI Hub. That agency should have the authority to:

- Require all owners of CEI Hub facilities to provide an engineering assessment of their facilities' vulnerability to a CSZ earthquake and other information relevant to mitigating the current risks.
- Develop and implement, in collaboration with industry stakeholders, standards for construction and retrofit of storage tanks at the CEI Hub. The standards should be designed to prevent releases and to preserve substantial functionality in the event of a CSZ earthquake.

HB 2889 and the -1 amendment would create a 13-member Task Force that would include six state agencies that each have some role in the regulatory or response world relating to liquid fuel operations. The Task Force also includes representation from petroleum suppliers and the natural gas industry.

HB 2889 and -1 amendment requires the Task Force to submit a report and may include recommendations for legislation, to an interim committee no later than September 15, 2018.

The task force has four primary focus areas:

- 1) To learn about new technologies that will mitigate potential dangers to pipelines, associated storage units and terminals.
- 2) Identify the costs associated with using those technologies when constructing new pipelines and when retrofitting pipelines, storage units, and terminals.
- 3) Look at incentives that may be used to encourage using those technologies
- 4) Seek other task force recommendations.

This task force in conjunction with the long term focus of the Oregon Resilience Plan will greatly add to the state's resilience and address Oregon's Achilles Heel.

I thank you for the opportunity to testify before you today. I would be happy to answer any questions.