

Senate Bill 1567

Sponsored by Senators DEMBROW, MANNING JR, FREDERICK, Representatives DEXTER, EVANS, GRAYBER, PHAM; Senators GORSEK, JAMA, LAWRENCE SPENCE, STEINER HAYWARD, TAYLOR, WAGNER, Representatives GOMBERG, HELM, HUDSON, NOSSE, POWER, REARDON, REYNOLDS, RUIZ, SANCHEZ, SCHOUTEN, WITT (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires owners or operators of bulk oils and liquid fuels terminals to conduct and submit to Department of Environmental Quality seismic vulnerability assessments. Requires department to review and approve seismic vulnerability assessments. Requires owner or operator of existing bulk oils or liquid fuels terminal to submit seismic vulnerability assessment by June 1, 2024. Requires department to submit report on seismic vulnerability assessments to interim committees of Legislative Assembly by November 1, 2024.

Requires owner or operator of bulk oils or liquid fuels terminal to properly implement seismic risk implementation plan approved by department. Directs Environmental Quality Commission to, by rule, adopt seismic risk mitigation program for bulk oils or liquid fuels terminals.

Requires State Department of Energy to develop energy security plan and report plan to interim committees of Legislative Assembly by January 1, 2024.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to energy infrastructure resilience; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 to 4 of this 2022 Act are added to and made a part of ORS chapter**
5 **468B.**

6 **SECTION 2. (1) As used in sections 2 to 4 of this 2022 Act, "bulk oils or liquid fuels ter-**
7 **minal" means an industrial facility located in this state that is primarily engaged in the**
8 **transport or bulk storage of oils or liquid fuel products and is characterized by having:**

9 (a) **Marine, pipeline, railroad or vehicular transport access;**

10 (b) **Transloading facilities for transferring shipments of oils or liquid fuel products be-**
11 **tween transportation modes; and**

12 (c) **One or more bulk storage tanks with a combined capacity of two million gallons of**
13 **liquid fuel products or more.**

14 (2) **An owner or operator of a bulk oils or liquid fuels terminal shall conduct and submit**
15 **to the Department of Environmental Quality a comprehensive seismic vulnerability assess-**
16 **ment for the entire bulk oils or liquid fuels terminal. A seismic vulnerability assessment**
17 **submitted to the department under this section must:**

18 (a) **Include a seismic risk assessment, or a series of seismic risk assessments, conducted**
19 **by qualified professionals using the most recent industry standards for assessing seismic risk**
20 **to:**

21 (A) **Buildings, structures and ancillary components;**

22 (B) **Pipelines, pipeline configurations, pipeline pathways and pipeline components, includ-**
23 **ing connections, valves and racks;**

24 (C) **Bulk storage tanks;**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (D) Spill containment structures;

2 (E) Transloading facilities, including wharves, piers, moorings and retaining structures;

3 (F) Loading racks;

4 (G) Control equipment; and

5 (H) Any other structures and related or supporting facilities that constitute the bulk oils
6 or liquid fuels terminal;

7 (b) Include a determination of the bulk oils or liquid fuels terminal's vulnerability to
8 liquefaction triggering and liquefaction consequences, such as lateral spreading and
9 coseismic settlement, using standards in accordance with guidance contained in "National
10 Academies of Sciences, Engineering and Medicine, State of the Art and Practice in the As-
11 sessment of Earthquake-Induced Soil Liquefaction and Its Consequences, 2016";

12 (c) Include a determination of whether the existing structures and related or supporting
13 facilities that constitute the bulk oils or liquid fuels terminal have been designed, improved
14 or retrofitted to reduce the potential for significant structural damage to property or harm
15 to people or the environment in or adjacent to the bulk oils or liquid fuels terminal in the
16 event of a magnitude 9.0 Cascadia Subduction Zone earthquake, including impacts from the
17 expected duration of shaking; and

18 (d) Include a determination of the structures and related or supporting facilities that are
19 most vulnerable to seismic risks and the potential of those structures and facilities to
20 maintain safe operating conditions, or safe shut down procedures, to protect public health,
21 life safety and environmental safety against releases of oils or liquid fuel products, including
22 information about operational procedures during disasters.

23 (3) The department shall review a comprehensive seismic vulnerability assessment sub-
24 mitted under this section and approve the assessment if it meets the requirements of sub-
25 section (2) of this section and any other requirements for seismic vulnerability assessments
26 that the Environmental Quality Commission adopts by rule. Rules adopted by the commission
27 may require the owner or operator of a bulk oils or liquid fuels terminal to submit seismic
28 vulnerability assessment updates to the department:

29 (a) Upon the retrofit or reconstruction of all or a part of a bulk oils or liquid fuels ter-
30 minal; or

31 (b) Based on new scientific or technical findings, but no more frequently than once every
32 three years.

33 (4) Notwithstanding subsection (2)(b) of this section, the commission may by rule adopt
34 revised or additional standards for determining a bulk oils or liquid fuels terminal's vulner-
35 ability to liquefaction triggering and liquefaction consequences if the commission determines
36 that guidance contained in "National Academies of Sciences, Engineering and Medicine, State
37 of the Art and Practice in the Assessment of Earthquake-Induced Soil Liquefaction and Its
38 Consequences, 2016" no longer represents the most recent industry standards for determin-
39 ing vulnerability to soil liquefaction triggering and liquefaction consequences.

40 **SECTION 3.** (1) The owner or operator of a bulk oils or liquid fuels terminal shall prop-
41 erly implement a seismic risk mitigation implementation plan that has been approved by the
42 Department of Environmental Quality. A seismic risk mitigation implementation plan must,
43 at a minimum, identify actions, with timelines, to protect public health, life safety and en-
44 vironmental safety within the facility, in areas adjacent to the facility and in other areas
45 that may be affected as a result of damages to the facility.

1 **(2) The Environmental Quality Commission shall adopt by rule a seismic risk mitigation**
2 **implementation program for bulk oils or liquid fuels terminals. To the extent feasible and**
3 **appropriate, the program adopted under this section shall be consistent and coordinated with**
4 **the program established under ORS 468B.345 to 468B.415. Rules adopted under this section**
5 **shall include, but not be limited to:**

6 **(a) Rules for the required content of seismic risk mitigation implementation plans and**
7 **rules for approval by the department of seismic risk mitigation implementation plans.**

8 **(b) Provisions for training, response exercises, external peer reviews, inspections and**
9 **tests in order to verify the ability of the facility to sustain safe conditions and respond to**
10 **uncontrolled releases of hazardous materials from the bulk oils or liquid fuels terminal due**
11 **to an earthquake.**

12 **(c) Requirements to minimize harmful impacts to local communities and natural re-**
13 **sources due to uncontrolled releases of hazardous materials from the bulk oils or liquid fuels**
14 **terminal due to an earthquake and its associated direct and indirect impacts, including fires**
15 **and flooding.**

16 **(d) Requirements for the inspection of bulk storage tanks at bulk oils or liquid fuels**
17 **terminals.**

18 **(e) Design and construction standards for new bulk storage tanks constructed at bulk**
19 **oils or liquid fuels terminals.**

20 **(f) Design and construction standards for seismic mitigation of existing bulk storage**
21 **tanks, piping and related structures constructed at bulk oils or liquid fuels terminals.**

22 **(g) Provisions requiring the proper installation of seismically certified generators to**
23 **power critical operations, or at a minimum, the installation of electrical hookups for emer-**
24 **gency generators.**

25 **(h) Provisions for the review of seismic vulnerability assessments required under section**
26 **2 of this 2022 Act and seismic risk mitigation implementation plans required under sub-**
27 **section (1) of this section by other state agencies with expertise in earthquake hazards, risk**
28 **mitigation and emergency preparedness or management.**

29 **(i) Provisions requiring the owner or operator of a bulk oils or liquid fuels terminal to**
30 **submit seismic vulnerability mitigation implementation plan updates to the department:**

31 **(A) Upon the retrofit or reconstruction of all or a part of a bulk oils or liquid fuels ter-**
32 **terminal; or**

33 **(B) Based on new scientific or technical findings, but no more frequently than once every**
34 **three years.**

35 **(3) The department shall establish a fee to defray any portion of the costs of operating**
36 **the seismic risk mitigation program not appropriated to the department by the Legislative**
37 **Assembly for that purpose. The owner or operator of a bulk oils or liquid fuels terminal shall**
38 **submit the fee to the department at the time a seismic risk mitigation implementation plan**
39 **is submitted to the department for approval.**

40 **SECTION 4. Information containing trade secrets submitted to the Department of Envi-**
41 **ronmental Quality by the owner or operator of a bulk oils or liquid fuels terminal under**
42 **section 2 or 3 of this 2022 Act is confidential and not subject to public disclosure under ORS**
43 **192.311 to 192.478, except that the department may disclose summarized information or ag-**
44 **gregated data if the information or data does not directly or indirectly identify the trade**
45 **secrets.**

1 **SECTION 5.** A person who owns or operates an existing bulk oils or liquid fuels terminal
2 on the effective date of this 2022 Act shall submit the seismic vulnerability assessment re-
3 quired by section 2 of this 2022 Act no later than June 1, 2024.

4 **SECTION 6.** (1) Section 3 of this 2022 Act becomes operative June 1, 2024.

5 (2) The Environmental Quality Commission and the Department of Environmental Qual-
6 ity may adopt rules and take any action before the operative date specified in subsection (1)
7 of this section that is necessary to enable the commission and the department, on and after
8 the operative date specified in subsection (1) of this section, to exercise all of the duties,
9 powers and functions conferred on the commission and the department by section 3 of this
10 2022 Act.

11 **SECTION 7.** (1) The State Department of Energy shall develop an energy security plan.
12 The energy security plan must meet the requirements for a state energy security plan de-
13 scribed in 42 U.S.C. 6326.

14 (2) To the extent consistent with the requirements of 42 U.S.C. 6326, the energy security
15 plan must align with strategies in the Oregon Fuel Action Plan developed by the department
16 and must include, but need not be limited to:

17 (a) An evaluation of the state's ability to recover quickly from physical threats, including
18 a magnitude 9.0 Cascadia Subduction Zone earthquake, and cybersecurity threats.

19 (b) Recommendations for increasing the geographic diversity of fuel storage capacity
20 throughout this state.

21 (c) An assessment of the seismic resilience of existing fuel storage facilities throughout
22 this state.

23 (d) Consistent with state programs to reduce greenhouse gas emissions associated with
24 transportation fuels, an assessment of the use of renewable fuels and other innovative al-
25 ternatives to improve disaster resilience.

26 (e) An evaluation of strategies for mitigating barriers to implementing a geographically
27 distributed fuel network throughout this state, including:

28 (A) Adoption of Oregon Fuel Action Plan criteria for predesignated fuel points of dis-
29 tribution for receiving emergency fuel supplies at selected fuel diversification sites.

30 (B) Strategies for expanding storage capacities at public facilities with existing capability
31 to store and dispense unleaded, diesel or aviation fuel, including an evaluation of whether
32 fuel storage sites contain properly installed seismically certified generators and adequate
33 on-site fuel storage capacity to power backup generators so that independent operations can
34 be maintained for three or more weeks after a Cascadia Subduction Zone earthquake.

35 (C) Partnerships with private-sector companies to build fuel storage capacity at identi-
36 fied, prioritized locations, especially private-sector companies that provide an emergency or
37 essential service mission to save or sustain life or support the restoration of critical lifelines
38 and services in support of the state's overall response and recovery effort.

39 (D) Strategies for increasing geographically distributed fuel storage that prioritize areas
40 of this state that are expected to be most vulnerable to a Cascadia Subduction Zone earth-
41 quake, including local or regional islanding effects that would isolate a region from the rest
42 of this state as a result of road or bridge damage.

43 (E) An evaluation of potential impacts to communities adjacent to potential locations for
44 emergency fuel storage or expanded fuel storage, including consultation and outreach with
45 those communities.

1 **(3) In developing and implementing the energy security plan, the department shall con-**
 2 **sult with:**

3 **(a) Relevant state government agencies, including the Public Utility Commission, the**
 4 **Department of Environmental Quality, the Department of Transportation, the Oregon De-**
 5 **partment of Aviation, the Office of Emergency Management, the State Department of**
 6 **Geology and Mineral Industries and the Environmental Justice Task Force;**

7 **(b) Local governments;**

8 **(c) Tribal governments;**

9 **(d) Consumer-owned and investor-owned electric utilities;**

10 **(e) Natural gas utilities;**

11 **(f) Fuel suppliers;**

12 **(g) Qualified technical experts in disaster resilience; and**

13 **(h) Any other person with relevant knowledge or experience.**

14 **(4) No later than September 15 of each even-numbered year, the department shall provide**
 15 **to the interim committees of the Legislative Assembly related to energy a report in the**
 16 **manner provided under ORS 192.245 describing the implementation or revision of the energy**
 17 **security plan developed under this section.**

18 **SECTION 8.** Section 7 of this 2022 Act is amended to read:

19 **Sec. 7.** (1) The State Department of Energy shall develop an energy security plan. The energy
 20 security plan must meet the requirements for a state energy security plan described in 42 U.S.C.
 21 6326.

22 (2) To the extent consistent with the requirements of 42 U.S.C. 6326, the energy security plan
 23 must align with strategies in the Oregon Fuel Action Plan developed by the department and must
 24 include, but need not be limited to:

25 (a) An evaluation of the state's ability to recover quickly from physical threats, including a
 26 magnitude 9.0 Cascadia Subduction Zone earthquake, and cybersecurity threats.

27 (b) Recommendations for increasing the geographic diversity of fuel storage capacity throughout
 28 this state.

29 (c) An assessment of the seismic resilience of existing fuel storage facilities throughout this
 30 state.

31 (d) Consistent with state programs to reduce greenhouse gas emissions associated with trans-
 32 portation fuels, an assessment of the use of renewable fuels and other innovative alternatives to
 33 improve disaster resilience.

34 (e) An evaluation of strategies for mitigating barriers to implementing a geographically distrib-
 35 uted fuel network throughout this state, including:

36 (A) Adoption of Oregon Fuel Action Plan criteria for predesignated fuel points of distribution
 37 for receiving emergency fuel supplies at selected fuel diversification sites.

38 (B) Strategies for expanding storage capacities at public facilities with existing capability to
 39 store and dispense unleaded, diesel or aviation fuel, including an evaluation of whether fuel storage
 40 sites contain properly installed seismically certified generators and adequate on-site fuel storage
 41 capacity to power backup generators so that independent operations can be maintained for three
 42 or more weeks after a Cascadia Subduction Zone earthquake.

43 (C) Partnerships with private-sector companies to build fuel storage capacity at identified, pri-
 44 oritized locations, especially private-sector companies that provide an emergency or essential ser-
 45 vice mission to save or sustain life or support the restoration of critical lifelines and services in

1 support of the state's overall response and recovery effort.

2 (D) Strategies for increasing geographically distributed fuel storage that prioritize areas of this
3 state that are expected to be most vulnerable to a Cascadia Subduction Zone earthquake, including
4 local or regional islanding effects that would isolate a region from the rest of this state as a result
5 of road or bridge damage.

6 (E) An evaluation of potential impacts to communities adjacent to potential locations for emer-
7 gency fuel storage or expanded fuel storage, including consultation and outreach with those com-
8 munities.

9 (3) In developing and implementing the energy security plan, the department shall consult with:

10 (a) Relevant state government agencies, including the Public Utility Commission, the Oregon
11 Department of Environmental Quality, the Department of Transportation, the Department of Avi-
12 ation, the [Office] **Oregon Department** of Emergency Management, the State Department of
13 Geology and Mineral Industries and the Environmental Justice Task Force;

14 (b) Local governments;

15 (c) Tribal governments;

16 (d) Consumer-owned and investor-owned electric utilities;

17 (e) Natural gas utilities;

18 (f) Fuel suppliers;

19 (g) Qualified technical experts in disaster resilience; and

20 (h) Any other person with relevant knowledge or experience.

21 (4) No later than September 15 of each even-numbered year, the department shall provide to the
22 interim committees of the Legislative Assembly related to energy a report in the manner provided
23 under ORS 192.245 describing the implementation or revision of the energy security plan developed
24 under this section.

25 **SECTION 9. The amendments to section 7 of this 2022 Act by section 8 of this 2022 Act
26 become operative on July 1, 2022.**

27 **SECTION 10. (1) The Energy Security Plan Fund is established in the State Treasury,
28 separate and distinct from the General Fund. Moneys in the Energy Security Plan Fund shall
29 consist of:**

30 (a) **Federal financial assistance made available to the state for the development, imple-
31 mentation, review and revision of a state energy security plan described in 42 U.S.C. 6326;
32 and**

33 (b) **Moneys transferred or appropriated to the fund by the Legislative Assembly.**

34 (2) **All moneys in the fund are continuously appropriated to the State Department of
35 Energy for the development, implementation, review and revision of the energy security plan
36 developed under section 7 of this 2022 Act.**

37 **SECTION 11. No later than November 1, 2024, the Department of Environmental Quality
38 shall provide to the interim committees of the Legislative Assembly related to energy, in the
39 manner provided under ORS 192.245, a report summarizing information received by the de-
40 partment under section 2 of this 2022 Act and including recommendations for legislation.**

41 **SECTION 12. The State Department of Energy shall submit the energy security plan de-
42 veloped under section 7 of this 2022 Act in a report to the interim committees of the Legis-
43 lative Assembly related to energy, in the manner provided under ORS 192.245, no later than
44 January 1, 2024.**

45 **SECTION 13. Sections 11 and 12 of this 2022 Act are repealed on January 2, 2025.**

1 **SECTION 14.** This 2022 Act takes effect on the 91st day after the date on which the 2022
2 regular session of the Eighty-first Legislative Assembly adjourns sine die.
3 _____