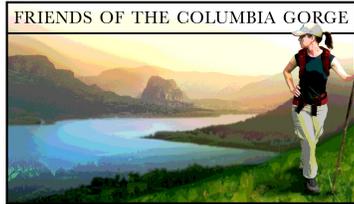




**CENTER FOR SUSTAINABLE ECONOMY**  
*Building the DNA of the new economy*



July 31, 2019

Oregon Department of Environmental Quality  
Northwest Region AQ Permit Coordinator  
700 NE Multnomah St. Ste 600  
Portland, OR 97232

Submitted via email to: [NWRAQPermits@deq.state.or.us](mailto:NWRAQPermits@deq.state.or.us)

**RE: Comment on Standard Air Contaminant Discharge Permit for Global Partners' Columbia Pacific Bio-Refinery Near Clatskanie, Oregon**

Dear NW Region Air Permit Coordinator,

Please accept these comments from Center for Sustainable Economy, Columbia Riverkeeper, Envision Columbia County, Friends of the Columbia Gorge, Neighbors for Clean Air, and Northwest Environmental Defense Center. On behalf of our tens of thousands of members and supporters, we urge Oregon DEQ to deny the Standard Air Contaminant Discharge Permit (ACDP) for Global Partners' Columbia Pacific Bio-Refinery at Port Westward near Clatskanie, Oregon.<sup>1</sup> At the very least, DEQ should require Global Partners<sup>2</sup> to submit a new

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<sup>1</sup> Columbia Pacific Bio-Refinery. May 31, 2019 letter to DEQ transmitting Air Contaminant Discharge Permit (ACDP) Renewal Application, Cascade Kelly Holdings, LLC dba Columbia Pacific Bio-Refinery (ACDP#05-0006-ST-01)

<sup>2</sup> The facility name is Columbia Pacific Bio-Refinery. The facility is owned and operated by Cascade-Kelly Holdings LLC, a wholly-owned subsidiary of Global Partners. For simplicity, we will use the name Global Partners or "Global".

permit application that clearly distinguishes Global's ethanol manufacturing operation from its potential crude oil storage and transloading operation. Global has a track record of obtaining a permit for one use then modifying it, without public input or comment, for another use. As currently written, our organizations are concerned that the overlap between the draft permit for Global's ethanol operation and the draft permit for its oil storage and transloading operation will facilitate another bait-and-switch. Global is already on the cusp of being categorized as a major source under the Clean Air Act; DEQ must not permit Global to avoid that categorization, and the more protective standards that go along with it, by hiding some of its oil storage and transloading activities under the guise of an ethanol operation.

A close look at the permitting history of the facility, as well as the steady increase in oil moving through the facility, makes clear that Global intends to focus its operations on crude oil storage and transloading, not ethanol production. In fact, Global Partners' spokesperson Catie Kerns admits that there are no real plans to restart ethanol production at the site.<sup>3</sup>

Our organizations are also concerned about Global's history of permit violations. In June of 2012, Global sought permission from DEQ to transload 50 million gallons of crude under the permit for its ethanol operation. DEQ approved the permit modification with no public input. In less than a year, Global was violating even that permissive modification, transloading crude oil at almost six times the rate allowed by DEQ. Despite this clear violation, Global contested the enforcement action. This pattern is not limited to activity at the Columbia County site; since 2005, federal agencies have fined Global Partners at least \$877,500 for violating environmental and railroad safety laws in Massachusetts, Maine, North Dakota, and Oregon.<sup>4</sup> These actions amount to bad faith by Global.

DEQ describes the overlap in the two draft permits as "operational flexibility," but we fear this permitting strategy will allow Global to ultimately transload and store more crude oil than currently allowed under its oil transloading permit. This could lead to emissions at the site beyond what is currently contemplated, as well as an increase in dangerous oil train traffic through Oregon and Washington communities. Because of our concern about the overlap between the two permits Global seeks, we will discuss some aspects of the transloading permit as well as the ethanol permit in these comments. Unless significantly amended and clarified, DEQ should deny the permit application. If DEQ significantly revises the permit, we urge DEQ to recirculate a new draft for public comment.

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<sup>3</sup> Climate groups, Global Partners at odds over permits. *Pamplin Media Group*. July 2019.

<https://pamplinmedia.com/scs/83-news/433903-343898-climate-groups-global-partners-at-odds-over-permits>

<sup>4</sup> Crude Bailout: How Global Partners' and Zenith Energy's Oil Terminals Subvert Democracy, Endanger Human Life and Health, and Pollute the Planet, *Center for Sustainable Economy*, July 2019.

<https://sustainable-economy.org/report-reveals-ties-to-trump-obama-in-two-proposed-oregon-crude-oil-export-terminals/>

**a. Global Partners Intends to Use the Same Tanks and Equipment for Oil Storage & Transloading and Ethanol Production**

Global's actions over the past few years indicate an intent to restart its oil storage and transloading operation. Global has not transloaded oil since 2015, however in 2017 it obtained permission from DEQ to buy, build, and potentially operate additional tanks to store and transload oil. Additionally, in December 2018, Global sought and received a lease amendment from the Port of Columbia County to allow the company to store and ship heavier oil, broadening the allowable range of API gravity to include oils with API Gravity 18–44.<sup>5</sup> This suggests that Global plans to begin transloading oil, potentially heavy tar sands oil, in the near future.

As currently written, the draft ACDP for ethanol production permits the company to buy, build, and operate tanks for ethanol production and storage that Global intends to also use for crude oil storage and transloading. The permit identifies multiple tanks that also appear in Global's May 31, 2019, ACDP application for its proposed oil transloading operation. Specifically, Global contemplates using the following tanks under both permits, for both crude oil transloading and for ethanol production and storage: 6104, 6105, 6106, 6201, 6202, 6203, and 6205. Together, these tanks represent over 30 million gallons of potential crude oil storage, enough to hold ten unit trains worth of oil at a time. The draft ACDP for ethanol production also includes other equipment identified in the oil transloading application, including vapor combustion units and piping to move oil and ethanol between tanks.

DEQ's public notice for Global's ethanol production activities states, "[t]his permit does not regulate emissions from CPBR's oil storage and transloading operations, which are regulated under a separate air quality permit."<sup>6</sup> Yet Global's oil storage and transloading permit application clearly indicates that some of this same equipment could be used for oil storage and transloading. This is made clear in the draft ethanol permit itself, which states "[t]he ethanol production, storage, and shipping operation is considered to [be] a completely separate source from the transloading and oil storage operations with regards to air permitting. However, the Marine Vessel Loadout equipment, Vapor Combustion Unit, Vapor Recovery Unit, and Storage Tanks TK6105 and TK6106 are regulated by both this ACDP and ACDP 05-0023-ST-01."<sup>7</sup> In addition

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<sup>5</sup> Oil Talks: Port Approves Global Partners Lease Change. *Clatskanie Chief*. December 2018. [https://www.thechiefnews.com/news\\_paid/oil-talks-port-approves-global-partners-lease-change/article\\_bc6fc328-fe45-11e8-8dc1-378ed097285a.html](https://www.thechiefnews.com/news_paid/oil-talks-port-approves-global-partners-lease-change/article_bc6fc328-fe45-11e8-8dc1-378ed097285a.html) DEQ staff Jennifer Purcell and Scott Smith were present and testified at this hearing.

<sup>6</sup> ACDP #05-0006-ST-01 at 1.

<sup>7</sup> ACDP #05-0006-ST-01 at 3.

to these shared tanks and equipment, Global’s transloading permit renewal application identifies several more tanks whose use could be authorized under both permits. Specifically, tanks TK6201, TK6202, TK6203, and TK6205 are approved for refurbishment and operation under the draft ethanol permit.<sup>8</sup> But in April 2017, DEQ approved a notice of intent to construct for an operating scenario which would allow Global to operate *these same tanks* under the facility’s oil transloading permit.<sup>9</sup> Global has made clear in its oil transloading application that this “alternate operating scenario” involving the PGE tanks is the one it plans to pursue.<sup>10</sup>

DEQ should not allow Global to continue intermingling its ethanol production and oil transloading equipment. DEQ should not give Global a permit for ethanol production because Global does not intend to produce ethanol. If DEQ insists on granting a permit for an activity that will not occur, Global’s ethanol production and crude oil handling activities must be fully disentangled and permitted separately. Global’s history of using ethanol permits and equipment to transload oil is troubling; DEQ needs to ensure there is no ambiguity in this permit that would allow the company to pull another bait-and-switch. Global’s recent actions and its lease amendment with the Port of Columbia County suggest that it is possible, even likely, that Global will operate all of the equipment—including the tanks permitted in the ethanol plant’s ACDP—for transloading heavy oil.

#### **b. The Draft Permit Fails to Prevent Global from Using Ethanol Manufacturing Equipment for Storing and Transloading Oil**

DEQ should include language in this permit to ensure that the tanks or other equipment permitted for the use of ethanol production and storage may not be used for oil storage or transloading. In Section 2.8, the draft ACDP for ethanol manufacturing states, “[t]he permittee is prohibited from performing the transloading of crude oil.”<sup>11</sup> This is misleading. As explained above, Global has requested a renewal of its ACDP for oil storage and transloading activities; if this renewal is granted, Global (“the permittee”) will be authorized to transload crude oil at the facility under that permit. Thus, Section 2.8 is completely meaningless since “the permittee” will have a separate permit allowing it to do exactly what this clause attempts to prohibit.

Additionally, given the current ambiguity in how DEQ defines “transloading,” Section 2.8 does nothing to prevent Global from using the tanks covered under this draft ACDP to store crude oil. DEQ defines transloading in the draft ethanol permit as: “the process of transferring a

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<sup>8</sup> *Id.* at 30.

<sup>9</sup> See ACDP Renewal Application, Cascade Kelly Holdings (ACDP #05-0023), May 31, 2019 at 2.

<sup>10</sup> See *id.* (Requesting that the tanks involved in the facility’s original operating scenario—which did not involve the PGE tanks identified above—be removed from the ACDP)

<sup>11</sup> ACDP #05-0006-ST-01, Section 2.8 at 29.

shipment from one mode of transportation to another (e.g. transferring from truck or rail to barge).”<sup>12</sup> Under a strict reading of this definition, Global is not “transloading” oil when it unloads oil from rail cars into storage tanks, and subsequently sends the oil from the storage tank to the marine dock. In fact, under DEQ’s definition, Global is only “transloading” oil when it transfers oil directly from the rail cars to the marine vessel. But the ACDP for oil transloading includes emissions from the use of storage tanks, indicating that oil storage—as opposed to simply transfer from one mode of transportation to another—occurs on-site. Either the definition of “transloading” needs to be revised in both permits so the public can more accurately understand and assess which activities are covered under each of the two permits, or DEQ needs to be more clear about when and where oil storage is or is not allowed. To that end, DEQ should revise Section 2.8 of the permit to read, “No storage tanks permitted under this ACDP may be used to store or transload crude oil under any circumstances.”

DEQ should also consider similarly conditioning the use of marine vessel loading equipment, marine vapor combustion, and recovery units to prohibit their use for transloading and storing oil. Handling heavy crude oil releases toxic air pollutants not addressed by the draft ethanol permit. DEQ must consider such emissions if it plans to allow Global to use tanks permitted under the ethanol ACDP for oil storage and transloading. DEQ should not allow Global to mix its ethanol and oil operations while also allowing Global to ignore the combined air pollution consequences of oil-by-rail operations and ethanol manufacturing. DEQ has not clearly distinguished the boundary between Global’s oil and ethanol operations, despite DEQ’s assertion that the ethanol production and storage operation is “completely separate” from oil transloading and storage.<sup>13</sup>

While permit Section 2.8 gives the impression that ethanol production will not facilitate the storage or transloading of crude oil, the condition will not actually prevent Global from using ethanol-permitted tanks, pipes, and other equipment to ship oil. DEQ should clarify and strengthen this language to ensure that equipment used for ethanol production is not used for oil storage and transloading.

### **c. DEQ Has Not Assessed Potential Air Pollution Impacts From Handling Heavy Oil**

As currently written, this draft ACDP for Global’s ethanol operation leaves the door open for Global to use the tanks included in the permit to store and transload oil. However, DEQ has not evaluated the potential air emissions from the storage or transloading of oil, including the types of oil that Global now intends to handle. Heavy crude oil can present unique toxic hazards and air pollution issues. For example, diluted bitumen shipped to the Zenith Terminal in Portland

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<sup>12</sup> ACDP #05-0006-ST-01 at 3.

<sup>13</sup> ACDP#05-0006-ST-01 at 3.

in 2019 contains high levels of hydrogen sulfide, benzene, and other pollutants that are not evaluated in either of Global's draft permits. The Material Safety Data Sheet (MSDS) for one type of diluted bitumen handled at the Zenith facility in Portland warns of significant hydrogen sulfide hazards:

HYDROGEN SULPHIDE. Product may contain hazardous quantities of dissolved hydrogen sulphide gas. H<sub>2</sub>S has a broad range of effects dependent on the airborne concentration and length of exposure: 0.02 ppm odor threshold, smell of rotten eggs; 10 ppm eye and respiratory tract irritation; 100 ppm coughing, headache, dizziness, nausea, eye irritation, loss of sense of smell in minutes; 200 ppm potential for pulmonary edema after >20-30 minutes; 500 ppm loss of consciousness after short exposures, potential for respiratory arrest; >1000 ppm immediate loss of consciousness, may lead rapidly to death, prompt cardiopulmonary resuscitation may be required. Do not depend on sense of smell for warning. H<sub>2</sub>S causes rapid olfactory fatigue (deadens sense of smell). There is no evidence that H<sub>2</sub>S will accumulate in the body tissue after repeated exposure.<sup>14</sup>

The MSDS goes on to recommend that additional safety measures are required for handling diluted bitumen, stating, “[f]or routine situations where potential exposure to harmful vapours is a possibility: wear a NIOSH approved self-contained breathing apparatus (SCBA) or supplied air respirator.” Neither of Global's ACDP applications consider hydrogen sulfide emissions or present a realistic picture of toxic and criteria pollutant emissions associated with handling heavy oil.

DEQ should stop treating Global's ethanol and crude oil handling operations as interchangeable, equivalent activities. In fact, even different types of crude oil pose different air pollution risks. DEQ should require Global to provide an analysis that encompasses all types of products that it may handle, including ethanol, Bakken crude, undiluted tar sands, diluted bitumen, and any other type of oil that could be transported via the Global facility.

#### **d. DEQ Fails to Provide an Aggregated, Cumulative Look at Air Pollution Impacts from Oil and Ethanol Operations**

DEQ should consider the cumulative impacts of activities contemplated in both of Global Partners' permit renewal applications. Clearly, they cannot be meaningfully evaluated individually. The public deserves a clear picture of how Global's facility will operate and its potential to produce significant air pollution.

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<sup>14</sup> See Material Safety Data Sheet. AWB SDS. MEG Energy Rail Loaded Dilbit. Obtained from DEQ through public records request. <https://www.documentcloud.org/documents/5794840-AWB-SDS.html>

Global's ethanol production will release significant air pollution into the environment. Additionally, Global's May 31, 2019, application to transload oil indicates there could be significant additional pollution, from some of the same tanks and emission sources. Considering the clear overlap in equipment contemplated for use under both permits, DEQ has not performed an adequate evaluation of potential emissions from the tanks and other equipment identified in this draft Permit.

<b><u>Pollutant</u></b>	<b><u>Ethanol Permit (open for comment now)</u></b>	<b><u>Oil Transloading Permit (submitted in June 2019, not open for comment yet)</u></b>	<b><u>Total permitted air emissions if both air permits are granted</u></b>
Particulate Matter (PM)	99 (tons/year)	9 (tons/year)	108 tons/year
Sulfur Dioxide (SO <sub>2</sub> )	39	39	78 tons/year
Nitrogen Oxides (NO <sub>x</sub> )	99	39	138 tons/year
Carbon Monoxide (CO)	99	99	198 tons/year
Volatile Organic Compounds (VOCs)	90	78	168 tons/year
Greenhouse Gases	665,800	74,000	739,000 tons/year
Hazardous Air Pollutants	14.9	3.8	18.7 tons/year

Taken together, Global's air permit applications have the potential to create significant air pollution at Port Westward and in the Lower Columbia region. Global's operations will contribute to the formation of low-level ozone (smog) and other toxic and fine particulate air pollution that can harm human health. Because Global's ethanol and oil operations are potentially linked by the same storage tanks, pipes, and combustion equipment, it does not make

sense for DEQ to proceed with permitting without a full accounting of the air emissions for both activities, including emissions associated with rail unloading.

**e. DEQ Must Stop Allowing Global to Make Significant Changes to the Columbia Pacific Bio-Refinery Without Public Notice, Comment, or Analysis of Potential Impacts**

DEQ has allowed Global to alter its plans for the Columbia Pacific Bio-Refinery multiple times without public notice or comment. Under a “Notice of Intent to Construct” issued in 2017, for instance, DEQ authorized Global to begin handling crude oil in tanks that Global may purchase from Portland General Electric (PGE).<sup>15</sup> DEQ’s actions undermine the public’s ability to understand the Columbia Pacific Bio-Refinery and its impact on public safety, air quality, and water resources. We request that DEQ refrain from allowing any significant changes to Global Partners’ operation of the Columbia Pacific Bio-Refinery without first issuing public notice and soliciting public comment.

**f. Global’s Application Relies on an Outdated Land Use Compatibility Statement**

Global’s application may rely on an outdated land use compatibility determination (LUCS) from 2000. That LUCS predated oil storage and shipment at the Columbia Pacific Bio-Refinery, as well as the planned construction or refurbishment of tanks.<sup>16</sup> To our knowledge, recent changes to plans for the Columbia Pacific Bio-Refinery, such as the potential addition of old tanks to be purchased from PGE, have not been considered or approved by Columbia County. DEQ should not proceed with the permit application until Global demonstrates that its land use compatibility statement reflects its actual operational layout including all of its potential tanks, pipes, and other equipment.

**g. Oil Trains Are Dangerous**

Global’s facility would pose obvious, extreme risks to communities throughout the Pacific Northwest if DEQ allows Global to resume and expand oil transloading. Unfortunately, the draft ACDP eases Global’s path towards establishing a major hub for oil trains in the heart of the Columbia River Estuary at Port Westward.

Oregonians are well aware that Global’s oil trains could have dire consequences anywhere along the rail line. On June 3, 2016, an oil train derailed in Mosier, Oregon, traveling at just 26 miles per hour. Sixteen cars derailed and four cars ruptured and released oil. The cars

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<sup>15</sup> See ACDP Renewal Application, Cascade Kelly Holdings (ACDP #05-0023), May 31, 2019 at 2.

<sup>16</sup> See ACDP #05-0006-ST-01 at 1.

involved were CPC-1232 cars, considered newer and safer than DOT-111 cars. Oil spilled into the Columbia River, and the ensuing fire burned for 14 hours, closing I-84, prompting school and home evacuations, and damaging Mosier's water system.



*Mosier Oil Train Derailment and Fire. June 3, 2016.*

The Mosier incident involved volatile Bakken crude oil, but other types of oil trains also pose serious dangers. Trains carrying heavy tar sands oil, including diluted bitumen from Alberta, Canada, can also burn during derailments. In 2015, an oil train carrying tar sands oil in CPC-1232 car through Gogama, Ontario, Canada derailed and burned.<sup>17</sup> Gogama's Fire Chief, Mike Benson, gave a startling account of the incident:

The rail cars were blowing up; torching 300 feet into the sky. Those were new oil cars with enhanced fancy end caps that they thought were going to replace older DOT-111 cars and prevent a spill if a derailment happens. The ends of these cars were blowing off like tin cans. We heard seven cars blow off in like an hour. When they blew it was the loudest noise you heard in your life. It was accompanied by heavy heavy black smoke. It was such a catastrophic thing.<sup>18</sup>

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<sup>17</sup> Train derails in Northern Ontario, heightening safety fears. The Globe and Mail. May 2015. <https://www.theglobeandmail.com/news/national/crews-battle-blaze-after-train-derails-in-northern-ontario/article23351305/>

<sup>18</sup> "I have never seen anything more terrifying!": Gogama fire chief recalls derailment." 2017. <https://www.sudbury.com/around-the-north/i-have-never-seen-anything-more-terrifying-gogama-fire-chief-recalls-derailment-527093>

The flammability of tar sands shipments is dependent, at least in part, on the proportion and characteristics of diluents added to the tar sands oil. to change the viscosity of tar sands bitumen, which is thick in its undiluted form.



*Tar Sands Train Derails and Burns in Gogama, Ontario in 2015.*

Just as troubling, the thick, toxic oil that spills from these derailments can sink in water, making containment or cleanup nearly impossible. In July 2010, a pipeline carrying tar sands oil ruptured and spilled oil into the Kalamazoo River in Michigan. Oil containment systems failed when the spilled oil began to weather and sink. In June 2018, a train carrying tar sands derailed and spilled in Doon, Iowa, demonstrating that potential risks that Columbia River communities could face in a large tar sands train derailment and spill.



*Left: Tar sands oil escapes containment in Kalamazoo River spill in 2010. Right: Oil train carrying tar sands derailed and spills on flooded BNSF track near Doon, Iowa in 2018.*

Each oil train carries roughly three million gallons of oil. If Global adds tank storage and rail unloading capability, Portland, Vancouver, and Columbia County communities could see up to two trains per day delivering crude oil to Global's facility, based on the ACDP applications currently under consideration by Oregon DEQ. While we recognize that oil train risks are not yet included in DEQ's evaluation of Global's ACDP applications, we are alarmed that the applications and Global's draft ACDP for ethanol manufacturing seem designed to create flexibility and an ample opportunity to increase oil train dangers in our communities.

#### **h. Summary and Conclusion**

In summary, we urge DEQ to consider the following:

- DEQ should deny the ACDP for ethanol manufacturing because Global does not intend to manufacture ethanol.
- Global's ACDP for ethanol manufacturing is confusing. DEQ should clearly separate equipment used for ethanol from equipment used for oil. The ethanol production permit should not allow the company to build, buy, or operate tanks that will handle oil. DEQ should consider withdrawing the draft permit, amending the permit to remove the overlap between oil and ethanol operations, and re-circulating a new draft for public comment.
- As currently drafted, DEQ should deny Global's air permit renewal application because Global clearly intends to use some of the permitted facilities to store and ship crude oil. In its two ACDP applications, Global has requested permission to use multiple tanks—totaling over 30 million gallons of storage—for both ethanol production and oil transloading activities.
- The permit does not evaluate the potential air pollution impacts of ethanol tanks being used for oil. Heavy crude oil can contain significant quantities of toxic air pollution such as hydrogen sulfide and volatile organic compounds such as benzene that are not evaluated in the permit for ethanol production.
- DEQ should replace Section 2.8 of the ethanol permit with clear language prohibiting the permittee from using tanks or other equipment authorized under the ethanol production permit for unloading, storing, handling or transloading crude oil. DEQ's current condition, stating that the "permittee is prohibited from performing the transloading of crude oil," is inadequate.

- DEQ should provide the public with a clear picture of how Global's facility will operate and its potential to produce significant air pollution.

In conclusion, we urge DEQ to either deny the draft ACDP for Global Partners' Columbia Pacific Bio-Refinery or withdraw it and amend it significantly to remove overlap between the company's oil and ethanol operations. If the draft permit is withdrawn and revised, DEQ should circulate a new draft permit for public comment. DEQ should not allow Global to establish an oil-by-rail terminal under the guise of an ethanol facility, nor should it allow Global to threaten the health, safety, and water quality of Columbia County residents by increasing oil train traffic.

Thank you for considering these comments.

Sincerely,



Erin Saylor, Staff Attorney for Columbia Riverkeeper

*Submitted on behalf of:*

*Center for Sustainable Economy  
Columbia Riverkeeper  
Envision Columbia County  
Friends of the Columbia Gorge  
Neighbors for Clean Air  
Northwest Environmental Defense Center*