



Columbia Pacific Bio-Refinery Questions and answers

Oregon Department of Environmental Quality
Northwest Region Office
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Air quality permit

Q: What is DEQ's role in this proposed oil terminal permitting?

A: DEQ's role is limited to reviewing, evaluating, issuing and enforcing permits for the facility. DEQ evaluates a permit application based on environmental regulations and is legally required to issue permits for a facility if it can comply with the regulations based on its operational design.

Q: Why does Columbia Pacific Bio-Refinery need a new air quality permit?

A: Columbia Pacific Bio-Refinery has a permit for its ethanol plant. The owner of the facility applied to DEQ to modify that permit to allow it to take shipments of an incidental amount of crude oil via railcar and load it onto barges or ships. DEQ granted that request based on an application that identified the requested amount of oil to be shipped would produce emissions low enough to be considered incidental and therefore allowed by the air permit. After receiving that modification, the facility informed DEQ that they intended to significantly expand their crude transloading operations. DEQ immediately informed them that this could not be done under the ethanol plant permit.

DEQ also informed the company the proposed increase in crude oil transloading established a new business activity that did not support ethanol plant operations and would therefore be considered a new source of air pollution. Consequently, the company would need a new air contaminant discharge permit to operate the transloading facility at the higher transloading levels.

Q: Why doesn't this facility need a Title V permit?

A: This facility is defined to be a major source under DEQ state rules. However, the facility's emission levels are not high enough to be considered a major source for Title V, so a Title V operating permit is not required.

Q: The facility is doubling its air emissions. What will that do to my health?

A: The air quality in Clatskanie is in attainment with all federal air quality standards and the emissions from the facility will not impair air quality.

Q: How will this permit protect the environment and Oregonians?

A: The Air Contaminant Discharge Permit will protect the environment from excessive pollution caused by industrial activities that take place within the property boundary of the terminal. The permit will include air emission limitations, pollution control requirements, maintenance requirements and recordkeeping requirements. The permit is an enforceable document that requires the facility to comply with all applicable state air regulations.

Q: What does the existing Air Contaminant Discharge Permit for this facility cover?

A: Global Partners operates Columbia Pacific Bio-Refinery and maintains an active Air Contaminant Discharge Permit for ethanol production. DEQ approved limited crude oil transloading through a permit modification based on the company's application showing crude transloading as a supporting activity, incidental to the business, with minimal emissions.

DEQ initiated and issued a modification to the permit to clarify the amount of crude oil transloading that we approved under the company's ethanol manufacturing permit. On Jan. 17, 2014 Columbia Pacific Bio-Refinery appealed the modification and requested a contested case hearing.

Q: Where do the air emissions come from?

A: There are two main places where there are emissions - the storage tanks and the marine vessel loading operation. The storage tanks release emissions as they go through temperature changes and as the product is moved into and out of them. The larger potential source of emissions is marine vessel loading. The process of loading the vessels with crude oil or ethanol creates and displaces vapors. The permit requires these vapors to be captured and sent to a control device which significantly reduces the amount of pollution that goes into the air.

Q: Will this trigger a NEPA style review?

A: DEQ's review of this project's air emissions is outlined in the application review report and is ongoing with the current public process. DEQ does not have a National Environmental Policy Act style program.

Q: Why is DEQ interfering with the development of a new business that will bring jobs to Columbia County?

A: DEQ's goal in this is to ensure that the new facility undergoes the necessary environmental review and public process, and to ensure the facility is in compliance with all applicable regulations.

Q: Why is DEQ allowing this facility to emit green house gas emissions given the governor's climate action plan?

A: Plans inform policy changes. Climate action plans have not been incorporated into laws and regulations. DEQ cannot conflict with the laws currently in place. We have to issue permits within the law and regulations of the state.

Q: How will DEQ monitor compliance with the permit requirements

A:

- The permit will require emission factor verification testing for volatile organic compounds, oxides of nitrogen and carbon monoxide to ensure emission rate calculation accuracy.
- The permit will require the facility perform a variety of compliance monitoring including continuously monitoring the operating temperature of the thermal oxidizer (a pollution control device for volatile organic compound emissions) and regular calculation of facility emissions.
- The permit will require the company compile monitored compliance data into an annual report and submit it to DEQ for compliance evaluation.
- DEQ will perform regular compliance inspections of the facility.

Enforcement

Q: When did Columbia Pacific Bio-Refinery beginning shipping oil above its permitted amount and when did DEQ become aware of that the company was shipping six times more crude oil than the permit allowed?

A: Columbia Pacific Bio-Refinery began transloading at a higher rate beginning in early 2013. DEQ became aware in mid to late 2013.

Q: Why did it take so long for DEQ to take action?

A: DEQ became aware in mid to late 2013. Columbia Pacific Bio-Refinery submitted the application for the current proposed permit in late August 2013. Drafting a permit and performing the necessary technical review takes time and a significant amount of work. DEQ's timeliness target for this type of permit is 180 days. It is not unusual for some permits to take longer and it is very source specific.

How did DEQ respond when it found out Columbia Pacific Bio-Refinery was violating its permit?

DEQ took three actions:

- DEQ initiated modification of the ethanol plant permit to clarify the allowable amount of transloading.
- DEQ initiated an enforcement action for establishing a new major source without a permit.
- DEQ drafted a new permit for the transloading facility which is now out for public comment.

Q: How did Columbia Pacific Bio-Refinery respond?

A: Columbia Pacific Bio-Refinery contested the modification and requested a hearing. DEQ referred that hearing request to the state Office of Administrative Hearings to assign an administrative law judge and schedule the hearing.

Q: What is the enforcement action?

A: On March 27, 2014, DEQ issued a civil penalty of \$117,292 for establishing a new air contaminant source without a permit. DEQ assessed a penalty weekly, beginning the week the company started operating its crude oil transloading operations without a permit until it submitted their complete permit application and fees. The company remains in violation until a new permit is issued. However, DEQ ended the weekly penalty calculation at the time we received the permit application to be consistent with other similar DEQ penalties for operating or discharging without a permit, and as an end point of time for the purposes of penalty calculation.

Q: What factors did DEQ consider in determining the penalty?

A: We take many factors into consideration when deciding how to exercise our penalty authority. In this case, DEQ exercised its enforcement discretion to assess multiple penalties for an ongoing violation, in accordance with DEQ's multi-day/multi-penalty policy, because:

The company had specific knowledge it would be in violation without a new permit and consciously chose to violate regardless of the law or consequences. The company has adequate resources and expertise to have reasonably avoided the violation.

Economic benefit portion of the penalty is based on the delayed and/or avoided environmental expenditures to comply on time.

Q: How does DEQ come up with the penalty amount? How come the penalty does not come close to \$25,000 maximum penalty per day?

A: DEQ has penalty authority up to \$25,000 per day. However Oregon Administrative Rules prescribe DEQ's penalty calculation and base penalties for each type of violation and by applying the facts to the law. The gravity penalty must be calculated according to those rules.

Q: Could DEQ shut Columbia Pacific Bio-Refinery down?

A: DEQ has rarely, if ever, shut a facility down. The extent and magnitude of the environmental violations would inform DEQ's decision making. Columbia Pacific Bio-Refinery is currently operating in a way that would be in compliance with the ethanol permit, were it the appropriate permit. The ethanol

plant permit contains substantially similar, and in some cases identical, requirements. DEQ's focus is on moving forward with the proposed permit to make sure the facility is in compliance.

Public involvement process

Q: Why did DEQ hold a hearing without first holding an information meeting?

A: DEQ's rules require an information meeting for proposed new facilities with significant emissions. Because Columbia Pacific Bio-Refinery's air quality permit application shows that emissions are not at the level that would require an information meeting, DEQ decided to hold a hearing without a separate information meeting.

Q: How does DEQ decide on what kind of public process to have for a proposed air quality permit?

A: DEQ has permit public involvement rules that define the level of public involvement a proposed permit requires. DEQ also needs to balance public involvement requirements with addressing the permit application in a timely manner.

Q: Can DEQ exercise discretion about what public involvement process to use?

A: Yes. DEQ's public involvement rules establish levels of involvement that DEQ must observe, but DEQ has discretionary authority to increase the level of involvement beyond that required by rule. In this case DEQ decided to go to hearing without a separate information meeting and that decision meets our rule requirements.

Q: What kind of public process was there in 2012?

A: In mid-2012, Columbia Pacific Bio-Refinery applied for a modification to allow transloading of crude oil. Based on the information in the application, which identified limited amounts of transloading and incidental air emissions, a public process was not required by DEQ's rules. DEQ proceeded with the rule required level of public involvement.

Water quality permits

Q: What water quality permits does DEQ require to operate an oil shipping facility?

A: Columbia Pacific Bio-Refinery's process wastewater discharges are covered under the Port of St. Helens/Port Westward wastewater permit for a major industrial facility. The facility is required to notify DEQ of any intended modifications to its wastewater collection or treatment system. No notification has been made.

DEQ recently accepted a revised Storm Water Pollution Control Plan for the site. The main site is listed with a SIC Code of 4491 for Marine Cargo Handling for receiving products by rail. Columbia Pacific Bio-Refinery has additional identified SIC Code for 2869 Industrial Organic Chemicals Not Elsewhere Classified and 5171, Petroleum Bulk Stations and Terminals. DEQ also sent the facility a correction letter to rectify an error in monitoring requirements in their Storm Water Pollution Control Plan. No further stormwater permitting is required for the areas outside of the main site.

Q: Will DEQ require the company to do a 401 water quality certification?

A: DEQ is not planning to do a 401 certification for the Port Westward facility.

Q: Why is this different than the proposed Ambre Energy Coyote Island Coal Export Terminal at the Port of Morrow?

A: DEQ is doing a 401 certification for the Coyote Island project because it includes the construction of a new dock and there are potential impacts to historic tribal fishing sites.

Q: Will DEQ be issuing 401 certifications for all Army Corps of Engineers Section 10 permit projects?

A: DEQ will evaluate each project on a case by case basis to determine whether a 401 would be needed.

Oil Spill Contingency Plan

Q: What will happen if there is an oil spill at Columbia Pacific Bio-Refinery?

A: Columbia Pacific Bio-Refinery submitted an oil spill contingency plan to DEQ in December, 2013. DEQ has reviewed the plan and held a public comment period that closed on April 11, 2014. The plan outlines how the company will prepare for dealing with a spill, what the company must provide in terms of emergency response resources, and how the company will conduct clean-up operations along with other agencies. The plan covers spills in Oregon waters and in the Columbia River.

DEQ is required by state law to review spill response contingency plans from shipping companies, oil facilities and other entities involved in transporting or storing oil products on Oregon waters every five years. DEQ is responsible for monitoring the plans and making sure that all plan components, including emergency response training and environmental protection procedures, are followed.

Q: Why didn't Columbia Pacific Bio-Refinery have a spill response plan when it began transloading crude oil?

A: The Oregon legislature amended the statute that addresses spill contingency plans in the 2013 session to bring the Columbia Pacific Bio-Refinery and any future oil terminals into compliance with oil spill prevention regulations. Previously the statute only addresses receiving oil and now the statute requires companies that transfer oil over water to have a plan. The revised law became effective Jan. 1, 2014.

Q: What would DEQ do in the event of an oil spill at the facility?

A: Oregon Emergency Management would notify DEQ about a spill and DEQ would work with partners to set up an incident command system to manage the spill. As the lead state agency for oil and hazardous materials incidents, DEQ coordinates state assistance during oil spills and hazardous material incidents. The DEQ State On Scene Coordinator would be part of the incident command structure along with a representative from the Coast Guard and the facility. DEQ public information specialists would be part of a Joint Information Center to provide information about the spill to the public.

Rail trains

Q: Why did DEQ hold the Columbia Pacific Bio-Refinery hearing in Clatskanie and not in another community along the rail line where there may be impacts from the Columbia Pacific Bio-Refinery's operations?

A: DEQ held the hearing to receive comments about the proposed air quality permit for Columbia Pacific Bio-Refinery and DEQ's practice is to hold permit hearings in the community in which the facility is located. DEQ does not regulate rail activities. DEQ only regulates the transfer of oil from the facility to barges.

Q: Who regulates trains in Oregon?

A: The Oregon Department of Transportation Rail Safety Division regulates rail transportation in Oregon. Contact John Johnson, Rail Safety Manager 503-986-4094 or john.r.johnson@state.or.us

Crude oil emissions

Q: How does DEQ evaluate the volatility of crude oil?

A: Reid Vapor Pressure, referred to as RVP, is a measure of the volatility of crude oil at standard conditions. DEQ considers the RVP in reviewing emission factors. DEQ considers the analysis Columbia Pacific Bio-Refinery submitted as part of the application valid because it followed the appropriate analysis method for determining RVP. Columbia Pacific Bio-Refinery's calculations demonstrate that, under worst case scenario, the facility would still be in compliance. Maximum True Vapor Pressure, referred to as MTVP, is part of how DEQ determines compliance with the regulations that cover the storage tanks.

Q: Can DEQ require Columbia Pacific Bio-Refinery to off gas the crude before it is shipped to the facility?

A: No. DEQ's permit and regulations focus on air quality. If the company does not off gas the crude, DEQ considers that in drafting the permit and assessing the potential for emissions. That's why DEQ asked about it in our request for supplemental information.

Q: How does DEQ deal with variability in a product like that, how can you make sure the permit is accurate?

A: Where the variability has the potential for significant impact on air emissions, DEQ can require additional monitoring and testing to get better accuracy. In other cases, DEQ also can look at worst case examples and use that as a factor in our assessment. In the case of Columbia Pacific Bio-Refinery, the proposed permit requires the facility to perform source testing as a way to verify the accuracy of the information in the application. The proposed permit also requires the company to monitor parameters relevant to emissions, and to maintain records on that. The company has to report some of those records, and deviations from the permit, and we inspect records they are not required to report when we perform site inspections.