



March 2, 2023

Chair Sollman, Vice-Chair Findley, and Members of the Senate Committee on Energy and Environment:

Thank you for the opportunity to provide testimony on Senate Bill 803. Columbia Riverkeeper opposes Senate Bill 803 for several reasons. First, the draft bill sets a carbon intensity standard (60 gCO<sub>2</sub>e/MJ) that will permit diesel produced from more carbon-intensive, land use-altering, purpose-grown crops. The City of Portland recently passed a [renewable fuel standard update](#) setting a much more aggressive carbon intensity standard in order to steer renewable diesel production away from higher-impact, purpose-grown crop feedstocks. According to the City of Portland, “Renewable fuels used to meet the standard will need to have a lifecycle carbon intensity of 40 grams of carbon dioxide equivalent per megajoule (gCO<sub>2</sub>e/MJ)...A carbon-intensity standard ensures that renewable fuels in Portland are truly lower carbon across their entire lifecycle (from production to utilization).”

As the market currently stands, there remains a dearth of lower-carbon, true waste feedstocks such as waste oil or animal fats in our region. In late 2022, SeQuential Biofuels announced the closure of its Salem refinery as part of a sale to Neste, [diverting Oregon’s largest supply of low-carbon feedstocks to California](#). The bill offers no guarantee that Oregon will obtain renewable diesel from more sustainable sources, such as waste oil.

While we do not oppose the concept of renewable diesel for hard-to-electrify applications, the main proposal in Oregon to produce renewable diesel is profoundly flawed. The informational presentation prior to this hearing includes Chris Efir, CEO of Houston-based NEXT Renewables, LLC, the proponent of a proposed refinery at Port Westward. With over 700 million gallons per year of potential output, the refinery would exceed the total renewable diesel supply available to Oregon in 2021, according to information provided for Portland’s Renewable Fuel Standard update.<sup>1</sup> The refinery would generate over 1 million tons of greenhouse gas pollution each year and use 14.2 million cubic feet per day of fracked gas.<sup>2</sup> The refinery involves a major land use conflict at Port Westward where the renewable diesel refinery is proposed amid farms, wetlands, fish habitat, and a community that has voiced strong opposition. We are concerned that the people most impacted by the refinery have not been given a voice on the issue

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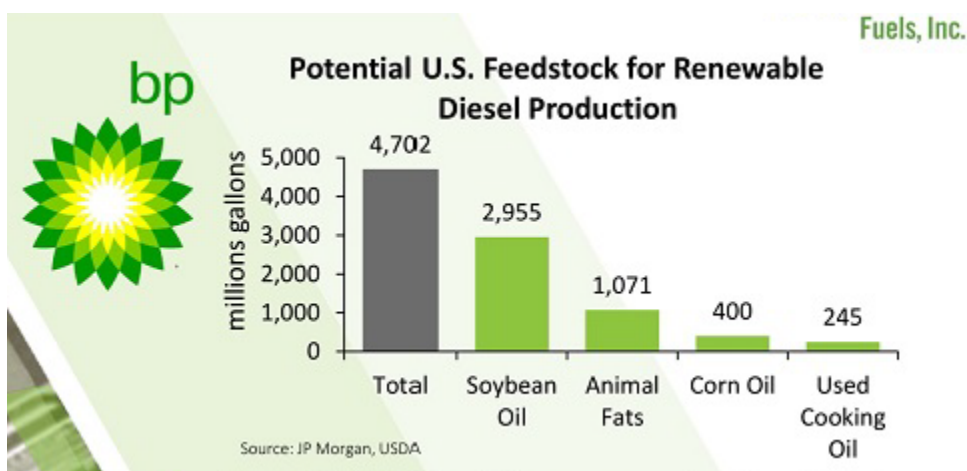
<sup>1</sup> Portland Bureau of Planning and Sustainability. 2022. Renewable Fuel Standard Update Background on proposed amendments to Portland City Code Chapter 16.60 Motor Vehicle Fuel. <https://www.portland.gov/bps/climate-action/renewable-fuel-standard/rfs-code-update/documents/renewable-fuel-standard-code/download>. P. 7.

<sup>2</sup> NEXT Renewables Fuels LLC. Application to Oregon Energy Facility Siting Council for Site Certificate Exemption. 2021. <https://www.oregon.gov/energy/facilities-safety/facilities/Facilities%20library/2022-04-18-PWB-Updated-Exemption-Request.pdf> p. 6.

of renewable diesel and its impacts. Local residents can attest to the damage the refinery and rail yard could cause to farms, water resources, air quality, and the community's safety. [This 8-minute video produced by the farmers themselves](#) offers a few of their perspectives.

The direct conflict between NEXT's refinery, their neighbors, and high-value crops—such as organic blueberries and world-class mint—has been the subject of extensive reporting, [including this article by Oregon Business Magazine highlighting the voices from the local agricultural community](#). In October 2022, the [Oregon Land Use Board of Appeals \(LUBA\) recognized this conflict and overturned](#) a decision allowing NEXT to add a 400-car rail yard on agricultural land adjacent to the refinery, setting back NEXT's plans until the rail yard is redesigned or withdrawn. The rail yard would facilitate the use of rail-supplied feedstocks, which will likely have higher carbon intensity. In July 2021, Chris Efirid informed the [Columbia County Spotlight](#) that NEXT's refinery would likely rely on rail-provided feedstocks to get the refinery started. The NEXT proposal's likely reliance on unsustainable feedstocks will undermine Oregon's goals for tackling toxic and climate-changing diesel pollution.

In recent months, NEXT announced its intention to merge with another company to form a new entity, NXT. [In a figure included in a November 2022 public filing with the SEC](#), NXT shows a likely breakdown of feedstocks for renewable diesel. Notably, fish grease makes up no significant portion of feedstocks available, and soybean oil (likely supplied via train) is by far the largest source of feedstock. According to this presentation, NEXT's product would not meet the carbon intensity standard for the City of Portland's new renewable fuel standard.



Most importantly, we are concerned that the discussion regarding this bill offers little or no attention to the impacts on communities where the fuel is produced, such as Port Westward. There remain significant unresolved concerns about the potential for the NEXT refinery to harm or even displace nearby farms. The NEXT project proposes to alter drainage infrastructure that provides irrigation to farmers throughout the 6,000-acre Beaver Drainage District. Routine spills could harm nearby farms, and a catastrophic spill could impact the entire district. Additionally, the deep peat soil at Port Westward is profoundly productive for agriculture but extremely ill-suited for a massive refinery. The soil will liquefy in an earthquake, posing a major risk to the nearby community and downstream communities in the event of a spill.

NEXT's plan is to place one million barrels of feedstock and flammable, toxic diesel in the midst of farms, homes, wetlands, across the road from a Buddhist monastery, in the middle of the Columbia River Estuary, and behind dikes prone to overtopping in a flood. Even the most ardent backer of renewable diesel should see flaws in this plan. Oregon should be cautious about who it trusts with the future of the Columbia River Estuary and high-value farms at Port Westward. In November 2022, in the presentation provided to the SEC regarding NEXT's potential merger to form NXT, backers of the refinery at Port Westward offered the following risk statements, among many others:

“Our limited history makes it difficult to evaluate our business and prospects and may increase the risks associated with your investment.”

“Our management has identified conditions that raise substantial doubt about our ability to continue as a going concern.”

“We may need to raise additional funds in the near future...and these funds may not be available when needed.”

“We may be subject to liabilities and losses that may not be covered by insurance.”

“Our management team has limited experience in operating a public company.”

“Concerns regarding the environmental impact of renewable diesel could affect public policy which could impair our ability to operate at a profit and substantially harm our revenues and operating margins.”

Given these risks acknowledged by the refinery's backers, we urge the Committee to take a cautious approach with the project at Port Westward. Chris Efirm and NEXT have an incentive to support SB 803 and create demand for their product at a time when the facility's [future is uncertain](#). The carbon intensity standard in SB 803 is not stringent enough to ensure actual environmental benefits, and instead would have major negative consequences for human health and the climate.

In conclusion, we urge the Committee not to pass SB 803. Oregon has more work to do to vet and understand the impacts of renewable diesel, and the bill creates a significant risk for propping up a costly false solution to our climate and air pollution challenges at Port Westward.

Sincerely,

Dan Serres  
Conservation Director  
Columbia Riverkeeper

Enclosed:

Attachment 1 - 4-page Columbia Riverkeeper fact sheet about Port Westward.

Attachment 2 - "Risks related to NXT" - Excerpt of presentation submitted to the Securities and Exchange Commission including information about Port Westward proposal.