Testimony to House Committee on Emergency Management, General Government, and Veterans
Support HB 3450 - CEI Hub Transition Plan with Suggested Changes

February 27, 2025

Dear Chair Tran, Vice-Chairs Grayber and Lewis, and Members of the Committee,

My name is Dr. Daniel Frye, I organize with MCAT (Mobilizing Climate Action Together), a community of volunteers working to advance a healthy climate and a successful green economy for future generations.

My family and I live in North and Northeast Portland and we would be profoundly negatively affected by a collapse of the Critical Energy Infrastructure (CEI) Hub.

I am writing today in strong support of HB 3450, the holistic plan to develop an energy storage transition plan for the CEI-Hub. HB 3450 requires the plan to:

- Describe short, medium and long-term goals for the CEI-Hub;
- Engage industry stakeholders, technical experts, researchers, affected community members, state and local government agencies and other interested parties;
- Assess requiring owners or operators of bulk oils and liquid fuels terminals to obtain financial assurance for costs associated with a catastrophic release of oil or liquid fuel as a result of an earthquake;
- Freedom to engage the National Policy Consensus Center at Portland State University to coordinate this engagement;
- Report out by September 15, 2026.

This is the big-picture strategic plan we so clearly need to develop and execute in advance of the eventual certain failure of the Hub. This is the first comprehensive attempt to prepare for the transition and has many positive attributes. However, I believe this bill falls short in three ways:

- Risk Bond coverage
- Risk Bond triggers
- Lack of geographic diversity direction

Risk Bond Coverage – Section 1(3)(b). What is not addressed explicitly in any of the four proposed bills is the very real set of economic problems caused by the loss of fuel supply throughout the state for an unknown period. These are very significant problems that may be construed by CEI-Hub service providers to not qualify as costs associated with a catastrophic release of oil or liquid fuels. For example, consider farming in areas not impacted by the earthquake and consider the economic consequences of no reliable fuel supply for 6 months, 12 months, etc. We will need financial help to keep that industry solvent as well as other industries with similar dependencies (trucking, fishing, some manufacturing, etc.) and needs to be called out explicitly.

Risk Bond Triggers – Section 1(3)(b). There are a number of potential causes of a catastrophic collapse of the CEI Hub in addition to a major earthquake, such as operator error, train derailment, terrorism and other causes. Limiting Risk Bond coverage to damage caused only by a earthquake is not sufficient.

Lack of geographic diversity direction. One of the reasons the CEI-Hub was developed in a zone that is now known to undergo liquefaction under intense stress (such as “The Big One”) is that the dangers of liquefaction were not well understood until the buildout on the current CEI site was past the point of a cost-effective fix. Given that we do not know what we do not know, it is prudent to design our CEI-Hub replacement in a distributed fashion on geographically diverse locations so as to avoid the dangers of a similar lack of foreknowledge. The language in HB 2152 provides better direction on this topic in Section (2)(a) “Strategies to increase the geographic diversity of liquid fuel storage by region in Oregon”.

I suggest that the Committee consider the following changes:

- Expand the definition of risk bond coverage to explicitly include post-disaster economic recovery in businesses and industries affected by the long-term lack of fuel;
- Change the risk bond trigger clause to include all causes of a catastrophic fuels release from the Hub;
- Explicitly require a solution of geographic diversity as is called out in HB 2152.

I urge support for HB 3450 by the Committee.

Sincerely,

Daniel D. Frye, PhD
MCAT (Mobilizing Climate Action Together)