

HOUSE COMMITTEE ON ENVIRONMENT AND ENERGY

April 18, 1997 Hearing Room E

1:00 P.M. Tapes 63 - 65

MEMBERS PRESENT:

Rep. Leslie Lewis, Chair

Rep. Frank Shields, Vice-Chair

Rep. Michael Fahey

Rep. Mike Lehman

Rep. Dennis Luke

Rep. Mark Simmons

Rep. Jim Welsh

STAFF PRESENT:

Judith Gruber, Policy Analyst

Marjorie Taylor, Administrative Support

MEASURE/ISSUES HEARD:

HB 3227 Public Hearing

HB 3283 Public Hearing

HB 3227 Public Hearing

HB 3640 Public Hearing

HB 3571 Work Session

HB 3283 Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

| Tape/# | Speaker | Comments |
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| TAPE 63, A | | |
| | Chair | Calls the meeting to order at 1:12 p.m. and opens a public hearing on HB |

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| 003 | Lewis | 3227 |
| HB 3227 PUBLIC HEARING | | |
| 010 | Rep. Thompson | State Representative, District 4. Explains provisions of the bill. Fuel docks have similar problems and federal regulations that underground storage tanks are having such that they will be required to be removed or upgraded. The docks are crucial to small ports since they may be the only fuel available. The bill proposes where to find funds to remove or upgrade tanks such as funds from the Department of Environmental Quality. Indicates that many amendments have been added to the bill and airports have also been included. |
| 036 | Rep. Lehman | Asks how aircraft were included in the bill. |
| 040 | Rep. Thompson | Explains that several ports also operate airports. |
| 047 | Rep. Messerle | State Representative, District 48. Explains familiarity with the fuel supply problem in smaller ports. Explains fueling situations at several ports. Some ports fuel boats from trucks, but it is illegal to pump jet fuel from trucks. States that the ports service many state and federal agencies and other private and commercial interests. It is impossible for ports to fund decommissioning or upgrading on their own. |
| 074 | Chair Lewis | Asks if the -1 amendments have any problems. |
| 076 | Rep. Thompson | Explains that there might be suggestions heard throughout testimony. |
| 083 | Chair Lewis | Recesses the public hearing on HB 3227 and opens a public hearing on HB 3283. |
| HB 3283 PUBLIC HEARING | | |
| 090 | Rep. Welsh | State Representative, District 43. Explains that the Energy Facility Siting Task Force convened in response to SB 951 which was passed during the 1995 session. Changes in siting laws were brought about by SB 951 and the Task Force was asked to answer three questions from the Governor: What is the appropriate scope of state siting authority? How should the decisions to permit new facilities be made? Should a determination of need be required before a facility can be built? The Task Force developed six recommendations. Indicates that HB 3283 is a consensus bill of the participants (EXHIBIT A) . |
| 140 | Mike Katz | Chairman, Energy Facility Siting Task Force. States that the Governor supports the proposed legislation. Presents highlights of a transmittal letter from the Governor about Task Force findings. The scope of the review was broad and they could recommend that laws be changed a little or a lot. The Task Force suggested that laws be changed a little (EXHIBIT B) . |

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| 200 | Katz | Describes the backgrounds of Task Force members. Explains that the issues were of interest to many groups, but a work group was formed to work on details of the legislation. States that the Task Force recommendations are unanimous. |
| 264 | Chair Lewis | Expresses appreciation for the Task Force's recommendations. |
| 270 | Mike Graine | Representative, Office of Energy. Provides information about the energy facility siting process. States that HB 3283 accomplishes two things: first, it eliminates the power standard for electric generating facilities and second, it establishes emission standards for carbon dioxide. Expresses support for proposed amendments (EXHIBIT C and D) . |
| 325 | Rep. Luke | In reference to the new emission standards, asks if current facilities can't meet those standards. |
| 328 | Graine | Facilities would have to take additional steps to meet the new standards. |
| 330 | Rep. Luke | Asks what they would have to do. |
| 332 | Graine | Increased efficiency in the boilers, energy conservation measures, and any other measures that will offset carbon dioxide emissions. |
| 335 | Rep. Luke | Asks if technology is available for facilities to meet the standards without going off their sites. |
| 340 | Graine | Answers affirmatively. |
| 345 | Rep. Simmons | Asks how much of a factor the theory of global warming was in the Task Force suggestions. |
| 350 | Graine | Agrees that the theory of global warming is definitely a factor, but all parties recognize that carbon dioxide is a pollutant that needs to be decreased. |
| 365 | Rep. Simmons | Asks if a cost benefit analysis was completed based on the suggested changes. |
| 367 | Graine | Indicates that cost was a factor. |
| 377 | Rep. Simmons | Asks what the costs might be. |
| 378 | Graine | He will come back with more definite information. |
| 390 | Tom Gallagher | Representative, US Generating. Explains that the current bill does not affect energy facilities that are already sited. States that compromises associated with the bill were very difficult to make. Indicates that there are three ways to meet the new carbon dioxide standards. |
| TAPE 64, A | | |
| 004 | Gallagher | States that the bill will be used to site energy facilities so they will be an environmental and economic benefit. |
| 010 | Bob Hall | Representative, Portland General Electric. Expresses support for HB 3283. Affirms that the bill does not affect existing facilities and agrees that it will be expensive in the future, but it is needed (EXHIBIT E) . |
| | Terry | Chair, Oregon Energy Facility Siting Council. Expresses support for HB |

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| 018 | Edvalson | 3283. Indicates that a minor amendment has been introduced for clarification purposes. Indicates that industry has no objections to the bill. |
| 031 | Rep. Simmons | States that he is not convinced. |
| 033 | Hall | Indicates that an average sized power plant would run about two million dollars. |
| 043 | Chair Lewis | Verifies that there are three way to meet carbon dioxide standards. |
| 049 | Rep. Shields | Asks if new machines are so technologically advanced that they have lower emissions than any machines now. |
| 059 | Hall | Indicates that the bill references equipment that is currently commercially available. |
| 070 | Rep. Shields | Indicates that emissions for natural gas powered facilities are lower due to advancements in technology. |
| 074 | Grainey | Agrees, but the bill is intended to provide incentive to provide the most efficient energy facility. Indicates that technology is changing rapidly which allows for increased efficiency. |
| 086 | Chair Lewis | Asks for an explanation about natural gas plants now being the most efficient energy facilities, when only a few years ago they were used for peak periods only. |
| 092 | Hall | Explains that price and efficiency are combined to indicate which plants are efficient. Advances in technology are cost effective. |
| 105 | Rep. Luke | Asks if equipment is currently available to meet the standards. |
| 107 | Bob Hall | Yes, for the emission standards in the bill. |
| 115 | Rep. Luke | Indicates that conservation saves only so much electricity and the state can't build more hydroelectric facilities. Wonders what will happen if the state can't generate more electricity. |
| 120 | Rep. Shields | Asks if an old energy facility that produces a lot of pollution could be taken off line to reduce overall emissions. |
| 127 | Bob Hall | Speaks of polluting plants on the east coast. |
| 140 | Rep. Shields | Indicates that this is not a single state issue. |
| 147 | Gallagher | Explains that there is an existing policy in statute to reduce carbon dioxide. Secondly, new energy facilities are using cleaner burning equipment. Third, the mitigation of carbon dioxide is getting lower. The bill urges the use of the most efficient equipment to benefit the air supply and environment. Costs for improvements are much lower than the total cost of a plant. |
| 195 | Rep. Simmons | Indicates that the basis for the proposed legislation is of concern. Understands the improvements if they are less than one percent of total cost. Does not agree with the basis of decision making. |
| 215 | Gallagher | Expresses understanding for Rep. Simmons' concern. Explains that there are two sides to the greenhouse argument. Indicates that the proposed legislation is not a penalty, and asks what would be lost if air quality |

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| | | improved because of the legislation. |
| 248 | Rep. Luke | Has concerns if requirements are made when technology is not available to complete them. |
| 258 | Chair Lewis | Closes the public hearing on HB 3283 and returns to a public hearing on HB 3227. Written testimony was provided by groups associated with the Task Force (EXHIBIT F) . |
| <u>HB 3227</u> <u>PUBLIC</u> <u>HEARING</u> | | |
| 261 | Ken Armstrong | Executive Director, Oregon Public Ports Association. Explains that there is a critical need at the public ports for the support proposed by HB 3227. States that ports are fundamental to local economic development, especially on the coast. Indicates that many ports don't have the financial resources to take care of tank decommissioning. |
| 318 | Armstrong | Explains that HB 3227 is aiming to help small ports that need to have their tanks decommissioned but don't have the resources to do so. Indicates that 1 amendments are very close to resolving issues. The major question is which ports will be eligible and what tanks will be decommissioned. Expresses concern about taking funds from the Marine Board. Expresses support for HB 3227. |
| 363 | Rep. Luke | Asks how long the ports have known about decommissioning. |
| 364 | Armstrong | Defers the question. |
| 365 | Rep. Luke | Asks who decides which ports will have decommissioning. |
| 372 | Armstrong | Defers the question. |
| 375 | Mike Kortenhoff | Manager, Underground Storage Tank Program, Department of Environmental Quality. Indicates that the major question is who will be getting the decommissioning grants. Explains that the criteria will be based on financial needs. |
| 394 | Rep. Luke | Asks how long the ports have known about decommissioning. |
| 395 | Kortenhoff | Since 1988. |
| 399 | Rep. Luke | Verifies that is almost ten years. |
| 400 | Kortenhoff | Answers affirmatively. |
| 402 | Armstrong | Explains that ports with critical need will have priority. In reference to the amount of time that ports have known about decommissioning, they never know whether future developments will bring opportunities. Indicates that fewer resources are available because of Measure 47. |
| <u>TAPE 63, B</u> | | |
| 009 | Rep. Luke | Asks if the tanks are provided by a distributor, if there are funds available through the distributor. |
| | | Project Coordinator, Port of Gold Beach. Expresses support for HB 3227. Indicates that no corporation is able to assist financially with the tank |

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| 013 | Bill Bradshaw | decommissioning. Explains that the underground tanks need to be removed, but problems occur. Indicates that the Port of Gold Beach has removed one tank, but several still remain (EXHIBIT G) . |
| 033 | Ken Armstrong | Indicates that the tanks are port owned and operated. |
| 038 | Rep. Luke | Asks if the possibility for corporate funding has been explored. |
| 041 | Armstrong | Indicates that the major question is liability. |
| 045 | Rep. Luke | States that the money would be loaned not granted. |
| 047 | Bradshaw | Indicates that the Port of Gold Beach had been seeking financial assistance and they have applied for federal funding. Even if they do get financial assistance, they will still have to borrow money. |
| 060 | Rep. Luke | Asks what the cost will be to decommission the tanks. |
| 061 | Bradshaw | For the aviation station, about \$130,000 for two tanks. For the marine station, about \$430,000. |
| 072 | Rep. Luke | Asks if there are problems with the tanks. |
| 074 | Bradshaw | No, but the tanks are at least twenty years old. |
| 084 | Kortenhoff | Explains that underground storage tanks are a significant hazard and the Department of Environmental Quality (DEQ) supports financial assistance to the ports. States that all but one port needs to upgrade their tanks. |
| 110 | Rep. Luke | Asks how the Boating Safety and Law Enforcement Fund is funded. |
| 112 | Kortenhoff | Defers the question. |
| 116 | Armstrong | It is within the State Marine Board. |
| 118 | Rep. Luke | Asks if the DEQ gets money from aviation fuel. |
| 121 | Kortenhoff | No. |
| 126 | Armstrong | Indicates that more amendments will be brought forward. |
| 130 | Rep. Luke | States that the current "wish list" is already at \$250 million. |
| 135 | Armstrong | Expresses sensitivity to the issue, but the money is needed. |
| 143 | Rep. Luke | Understands the problem that the ports have, but doesn't know where the money will come from. |
| 146 | Chair Lewis | Suggests talking with the Ways and Means committee. |
| 161 | Wayne Schuler | Representative, State Marine Board. Indicates that the Marine Board does have a financial program that will assist with decommissioning fees. Explains that the grant program is limited to publicly owned facilities. HB 3227 proposes to fund public and private fueling stations. Expresses concerns about the inclusion of airports in HB 3227. Without matching lottery funds, the Marine Board would be reluctant to support the bill (EXHIBIT H) . |
| 215 | Rep. Luke | Asks if the State Marine Board is a state agency. |

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| 217 | Schuler | Answers affirmatively. |
| 218 | Rep. Luke | Wonders if a state agency should do what the legislature instructs them to do, not what they want to do. |
| 223 | Chair Lewis | Suggests that the Marine Board work with those interested in the bill. |
| 225 | Schuler | Indicates that the Marine Board would like to be written out of it. |
| 229 | Rep. Luke | Asks if the Marine Board receives funds from the motor fuel tax. |
| 231 | Schuler | Answers affirmatively. |
| 235 | Allen Jones | Representative, Aero Air. Expresses support for HB 3227. |
| 246 | Betsy Johnson | Manager, Aeronautics Section, Oregon Department of Transportation. Indicates that the state owns three airports with in-ground fuel tanks. Expresses appreciation for the legislation since it brings attention to aviation and marine fuel tank issues. Explains that without assistance, regions will be left without fuel since their tanks won't be repaired. |
| 304 | Rep. Luke | Asks what the tax is on aviation fuel. |
| 305 | Johnson | One half cent per gallon on jet fuel and three cents per gallon on aviation gas. |
| 307 | Rep. Luke | Ask how much aviation fuel is pumped in the state. |
| 308 | Johnson | Indicates that she will provide the data later. |
| 310 | Rep. Luke | Asks what it would take to provide grants from the aviation gas tax. |
| 313 | Rep. Lehman | Indicates that there has been a proposal to raise aviation fuel gas taxes. |
| 322 | Johnson | Explains that every half cent of jet fuel is \$800,000 and every three cents of aviation gas is \$145,000. |
| 327 | Rep. Lehman | Asks if the federal matching funds are not included. |
| 328 | Johnson | Answers affirmatively. States that the federal match is nine federal dollars to every one state dollar. |
| 331 | Rep. Luke | Asks if upgrading fuel tanks would be a legitimate airport improvement. |
| 333 | Johnson | Yes, but upgrading of tanks is not eligible for federal assistance. |
| 340 | Rep. Luke | Verifies that tanks are not eligible for federal assistance. |
| 341 | Johnson | Tanks are not eligible. |
| 347 | Chair Lewis | Closes the public hearing on HB 3227 and opens a public hearing on HB 3640. |
| HB 3640 PUBLIC HEARING | | |
| 370 | Judith Gruber | Policy Analyst, summarizes provisions of the bill. |
| | Chuck | Board Member, Hanford Action of Oregon. Explains the disposition |

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| 386 | Johnson | process of excess plutonium (EXHIBIT I). |
| TAPE 64, B | | |
| 003 | Johnson | Explains that the Secretary of Energy chose the reactor method to dispose of excess plutonium and chose Hanford as the preferred site to produce plutonium fuel and running it through nuclear reactors. Explains that the Ford administration banned the use of plutonium in nuclear reactors, but the Clinton administration is reversing that rule. Indicates that the reactor method of disposal is the most costly, waste producing, and dangerous option available. Oregon has rarely had any input to issues at Hanford, but Oregonians are greatly affected by actions taken there. Explains the dangers of Hanford waste. Urges the committee to support HB 3640. |
| 085 | Rep. Luke | Asks how many members are in Hanford Action. |
| 087 | Johnson | Approximately 2000 people in Oregon and Washington. |
| 088 | Rep. Luke | Asks how legislative positions are determined. |
| 089 | Johnson | A steering committee votes on the issues. |
| 090 | Rep. Luke | Asks how large the steering committee is. |
| 091 | Johnson | Approximately seven members. |
| 093 | Rep. Simmons | Verifies that Mr. Johnson knows how much one billion gallons is. |
| 094 | Johnson | Agrees that it is a lot. |
| 095 | Rep. Simmons | Verifies that Mr. Johnson testified that a billion gallons of waste are in the ground at Hanford. |
| 097 | Johnson | Answers affirmatively. |
| 098 | Rep. Simmons | Asks what information the figure is based on. |
| 100 | Mike Graine | Affirms that the US Department of Energy has stated that there are a billion gallons of waste in the ground at Hanford (EXHIBIT J). |
| 108 | Johnson | Indicates that the issue doesn't have to be a partisan or environmental one. Many people are in support of the concept. |
| 122 | Rep. Luke | Agrees that environmentalists are not the only people interested in environmental issues. |
| 129 | Chair Lewis | States that an important fact of the bill is that since the Ford administration, plutonium has not been used in commercial reactors, and now the Clinton administration wants to change that. |
| 139 | Rep. Luke | Explains that the majority of the plutonium that needs to be disposed of is weapon grade. |
| 144 | Chair Lewis | Indicates that there are other methods of disposal. |
| 148 | Mike Graine | Representative, Office of Energy. Expresses support for HB 3640. Explains the two methods of disposal; burning or vitrification. Both methods make it difficult to reuse the plutonium. Burning creates a huge amount of waste. Vitrification is a better solution which does not create additional wastes and |

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| | | is in a stable form. |
| 188 | Rep. Luke | Asks why the Department of Energy is not willing to take chances with nuclear waste issues but they are willing to take chances with air quality issues such as HB 3283. |
| 195 | Grainey | Explains that the odds of success are much higher on new technologies related to natural gas than they are to nuclear waste. |
| 198 | Rep. Luke | Indicates that good will come from the bill since the federal government is not required to do anything about it and there are major nuclear facilities in Idaho also. |
| 203 | Grainey | With the bill, the federal government will take notice of the positive alternative. Indicates that references to Idaho have been deleted since knowledge of those facilities is not as complete. |
| 217 | Rep. Luke | Asks what good the bill will do if it won't have a direct affect on the government, but the citizens will be agitated by the bill in an election. |
| 224 | Grainey | Explains that the bill is of value to the congressional delegation. |
| 232 | Johnson | Indicates that four sites are being considered for plutonium fuel fabrication and Hanford is the primary site of consideration. |
| 244 | Rep. Luke | Exactly. If the bill is passed by the people and they are agitated, and the federal government decides on Hanford anyway, what good will come from the bill. |
| 247 | Johnson | From experience, this type of non-binding legislation carries weight with decision makers. |
| 267 | Rep. Simmons | Doesn't know if the general public can truly make a decision about this issue, and suggests that the issue shouldn't be weighed in a public forum. Expresses frustration with well funded ballot issues. |
| 276 | Johnson | Agrees that a well funded campaign is a concern. |
| 282 | Rep. Simmons | States that any propaganda would come from both sides of the issue. |
| 284 | Johnson | Agrees. |
| 287 | Rep. Fahey | Asks if the vitrification process would be completed elsewhere and then the waste would be shipped to Hanford. |
| 292 | Grainey | Indicates that the vitrification process used in high level waste tanks is the same process for surplus plutonium. |
| 312 | Rep. Fahey | Asks if the waste would be turned to glass in the ground. |
| 313 | Grainey | The liquids in the high level waste tanks would be vitrified. |
| 320 | Rep. Fahey | Indicates that the process is expensive. |
| 322 | Grainey | Answers affirmatively. |
| 330 | Chair Lewis | Closes the public hearing on HB 3640 and opens a work session on HB 3571. |
| HB 3571 | | |

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| <u>WORK SESSION</u> | | |
| 344 | John Ledger | Representative, Associated Oregon Industries. Indicates that a meeting was held with the Department of Environmental Quality (DEQ) and -1 amendments were produced. |
| 369 | Don Haagensen | Attorney, Cable, Houston, Benedict, & Haagensen. Describes the function of the -1 amendments. |
| 403 | Ledger | Indicates that DEQ has no objections to the amendment. |
| <u>TAPE 65, A</u> | | |
| 005 | Rep. Shields | MOTION: Moves to ADOPT HB 3571-1 amendments dated 4/18/97 (EXHIBIT K). |
| 007 | Chair Lewis | Hearing no objection, declares the motion CARRIED. |
| 009 | Rep. Shields | MOTION: Moves HB 3571 to the floor with a DO PASS AS AMENDED recommendation. |
| | | VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Luke, Welsh |
| 019 | Chair Lewis | The motion CARRIES. REP. LOKAN will lead discussion on the floor. |
| 018 | Chair Lewis | Closes the work session on HB 3571 and opens a work session on HB 3283. |
| <u>HB 3283 WORK SESSION</u> | | |
| 021 | Rep. Lehman | MOTION: Moves to ADOPT HB 3283-1 amendments dated 4/10/97 (EXHIBIT L). |
| 024 | Chair Lewis | Hearing no objection, declares the motion CARRIED. |
| 025 | Rep. Lehman | MOTION: Moves HB 3283 to the floor with a DO PASS AS AMENDED recommendation. |
| 028 | Rep. Simmons | States that discussion could go on forever about the bill. The basis of public policy should be objective and substantiated science, not theory. |
| 039 | Chair Lewis | States that the Task Force did a great job. |
| | | VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Luke, Welsh |

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| 052 | Chair Lewis | The motion CARRIES. REP. WELSH will lead discussion on the floor. |
| 054 | Chair Lewis | Closes the work session on HB 3283 and adjourns the meeting at 3:10 |

Submitted By, Reviewed By,

Marjorie Taylor, Judith Gruber,

Administrative Support Policy Analyst

EXHIBIT SUMMARY

A - HB 3283, Report of the Oregon Energy Facility Siting Task Force, Rep. Welsh, 62 pp.

B - HB 3283, Written material, Mike Katz, 1 p.

C - HB 3283, Written testimony, Mike Graine, 2 pp.

D - HB 3283, Written materials, Mike Graine, 4 pp.

E - HB 3283, Written testimony, Bob Hall, 1 p.

F - HB 3283, Written materials, Committee Staff, 5 pp.

G - HB 3227, Presented testimony, Bill Bradshaw, 1 p.

H - HB 3227, Presented testimony, Wayne Schuler, 1 p.

I - HB 3640, Written materials, Chuck Johnson, 16 pp.

J - HB 3640, Written testimony, Mike Graine, 3 pp.

K - HB 3571, -1 amendment, Committee Staff, 1 p.

L - HB 3283, -1 amendment, Committee Staff, 1 p.