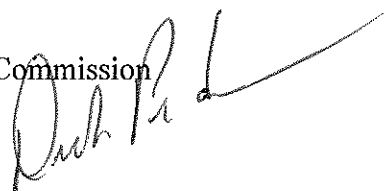


State of Oregon
Department of Environmental Quality

Memorandum

Date: Oct. 12, 2015
To: Environmental Quality Commission
From: Dick Pedersen, Director 
Subject: Agenda item E, Informational item: Director's report
Oct. 14-15, 2015, EQC meeting

Revised federal ozone standard

EPA recently released the updated standard for ozone with a value of 70 parts per billion. This revision, down from 75 parts per billion, represents a standard more protective of public health based on EPA's analysis of over 1000 medical studies published since the last review of the standard. Oregon supports setting protection standards protective of public health and the environment based on the use of sound science, as in this case.

All Oregon communities meet the revised standard, though Hermiston, Medford and Portland monitor close to the new standard, within 5 to 7 ppb respectively. DEQ will continue its monitoring in these and other communities around the state and continue to implement its ozone-reducing work, like the Vehicle Inspection Programs, to ensure that Oregonians have healthy air and communities can remain in attainment with air quality standards.

Initiating rulemaking for water quality standards for bacteria

In late August, DEQ publicly announced that it is initiating a rulemaking process to revise Oregon's water quality standards for bacteria. The criteria are established to protect people who recreate in coastal waters, which include marine and certain estuarine waters. DEQ is currently operating under a federal rule that EPA adopted for Oregon in 2004.

As part of the rulemaking, DEQ will also clarify how three different bacteria criteria apply to different designated uses, including coastal and freshwater recreation and marine and estuarine shellfish harvesting. DEQ will develop maps showing where these uses are designated. The clarifications will make it easier for the public and DEQ staff to determine how and where the bacteria criteria apply for wastewater discharge permitting, water quality assessment and other Clean Water Act purposes. DEQ plans on proposing the revised criteria to EQC for action in August 2016.

DEQ is initiating the bacteria rulemaking at this time because EPA is requiring states to adopt the updated criteria to continue receiving funding for beach monitoring. The Oregon Health Authority administers the beach advisory program, but much of this funding is passed to the DEQ laboratory for sampling Oregon's beaches during the summer. EPA is also requiring the Oregon Health Authority to adopt a bacteria level that

it will use to issue beach advisories. This beach action value will not be part of Oregon's water quality standards under the Clean Water Act.

In order to facilitate public understanding of the proposed revisions, DEQ and OHA are conducting a coordinated public process with informational meetings along the coast and in Portland in late October.

Measure 91

With the passage of Measure 91, the legalization of recreational marijuana became effective July 1, 2015. The 2015 Oregon Legislature made statute changes to clarify both medical and recreational marijuana laws, and the Oregon Liquor Control Commission, Oregon Health Authority, Oregon Department of Agriculture, State Police and other agencies are in the process of implementing the new laws. DEQ's role is to ensure marijuana businesses are in compliance with existing environmental regulations. DEQ is working with the Governor's Office and other state agencies to develop a guidance document for marijuana businesses, which will help these new businesses understand their responsibility to comply with environmental regulations such as proper management of solid waste and wastewater.

DEQ is also working with the Governor's Office, OLCC and other agencies to address marijuana related inquiries or complaints, including nuisance odors. The primary management of nuisance or compliant concerns from marijuana-related businesses will remain with local code enforcement agencies across the state. DEQ's complaint response protocol only applies to sources with a permit from the agency, and many marijuana-related businesses will not have any DEQ permits.

Wildfires

Oregon continues to struggle with wildfires and the related debris disposal from cleanup efforts. After hearing reports of victims losing property, including their homes, in the Canyon Creek Complex Fire in Grant County, DEQ staff wanted to reach out to help the victims, both personally and professionally. However, DEQ almost immediately encountered numerous challenges in the form this aid could take.

DEQ struggled with how, and whether, to seek to ease environmental and health regulations to hasten recovery efforts. DEQ had to balance two competing risks: the risk of allowing debris and ash to remain on lots vs. the risk of quick removal with less than the full range of human health protections. DEQ was challenged with finding funds that could be legally allocated to debris management, as the agency lacks funding discretion in how money is distributed. DEQ also faced logistical challenges, including lack of available water to dampen debris, lack of access to local and rural media markets to provide timely information, lack of P100 respirators for residents conducting cleanup efforts and more.

DEQ staff provided technical assistance on ten septic system viability inspections, which are needed before property owners can move forward with rebuilding homes. DEQ then sought and obtained authorization to waive the \$720 permitting fee for this service.

DEQ sought and obtained an emergency order which waived state rules and fees to immediately help residents and communities manage wildfire debris. The rule suspensions applied to cleanup and waste disposal efforts in Baker, Douglas, Grant and Wallowa counties.

DEQ provided planning assistance to help counties manage debris removal. This included determining the amount of debris expected to be delivered, planning disposal options and offering technical assistance on the disposal site. The solid waste assistance also included issuing an authorization letter permitting Grant County to construct a landfill trench for debris disposal.

DEQ wrote and distributed a tip sheet on how to safely manage ash and debris. DEQ also issued news releases, conducted media interviews, utilized social media and attended public meetings about cleanup-related issues and activities.

About a dozen staff members dedicated extensive time to planning and coordinating ash and debris removal efforts and septic system checks in wildfire-impacted counties. This time was largely absorbed by employees who were called away from performing their normal job functions. DEQ is setting up a time accounting system to track total agency hours spent on this effort, though the data has not yet been compiled.

DEQ was able to issue \$75,000 to Grant County for proper management and disposal of debris. This funding came from DEQ's spills penalty fund. In future disasters, DEQ could benefit from a more robust planning process that includes a range of environmental regulations that could be relaxed during times of crisis cleanup. This process would cite specific regulations and the means to move forward with seeking a temporary suspension of those regulations. Finally, the plan would also include pre-written human health messages covering a range of likely scenarios, including proper management of ash and debris.

Asbestos news articles

The Oregonian recently ran a series of articles focused on elements of DEQ's asbestos program. These articles, researched by one reporter over a period of about six months and with deep involvement from staff across the agency, focused mainly on the history of the program and was informative about the dangers of improperly-managed asbestos, its prevalence in homes and businesses across the state and what Oregonians should know before undertaking any remodeling or demolition projects to protect themselves and the environment from this material.

A second article, posted approximately two weeks after the initial series, outlined the reporter's work to obtain records from a number of state and local agencies, including DEQ. The records article identified some process issues that DEQ has been working to understand and resolve, and also demonstrated the breadth of the program's recordkeeping and DEQ's thorough requirements for documentation under state and federal law. The articles have had the extremely positive outcome of DEQ being notified about additional potential asbestos projects and an increased knowledge by homeowners and others about what people can be aware of when considering remodeling and

demolition sites in their neighborhoods. It also coincides with DEQ's rulemaking process in response to Senate Bill 705, in which the 2015 Legislature directed the Oregon Environmental Quality Commission to adopt rules requiring that an asbestos survey be conducted for any residential properties targeted for demolition in Oregon. The rules would specify survey procedures and establish some exemptions to the survey, including a cutoff date that will exempt residences built on or after that date. A set of temporary rules are under development with the intent to be proposed for commission action in December 2015.

Asbestos rule development website:

<http://www.oregon.gov/deq/RulesandRegulations/Pages/2015/rasbestos2015.aspx>

Hayden Island and Jantzen Beach odors

DEQ has been performing inspections and odor investigations in response to a large number of complaints in the Hayden Island area. Some of these investigations were in partnership with EPA, who brought helpful human and technical resources to bear. Based on these investigations, DEQ has been able to identify American Petroleum Environmental Services as one of the sources of the odors; however, investigations are continuing to explore other potential sources.

DEQ, consistent with the agency's nuisance strategy, is talking with American Petroleum, nearby neighbors and neighborhood groups to encourage direct dialogue and seek expedient informal resolution between the sources and affected communities. The dialogue may result in a negotiated Best Work Practices Agreement between American Petroleum and DEQ, with an opportunity for public input on a proposed agreement. The DEQ nuisance strategy explicitly encourages voluntary work and agreements to address odor impacts and, so far, this investigation and the actions taken have been consistent with the nuisance strategy and are aimed at finding expedient resolution.

DEQ has reached out to neighborhood groups and attended the Hayden Island Neighborhood Organization meeting on October 8. The meeting was well attended with over 80 neighbors present and consisted of a panel discussion and question and answer session with representatives from DEQ, American Petroleum and Neighbors for Clean Air. A representative from Speaker Kotek's office also attended. DEQ has also put up a [website](#) to provide current information to the public, media and legislators and will provide updates as they are available to all interested parties.

Liquefied natural gas projects in Oregon

The Federal Energy Regulatory Commission issued the draft Environmental Impact Statement for the proposed Oregon LNG project on August 5, initiating a 60-day comment period. Oregon Department of Energy provided a coordinated response on behalf of the State of Oregon, including DEQ comments, to FERC on October 6. There are two major liquefied natural gas projects proposed for Oregon, and DEQ has a role in reviewing permit air and water permit applications for both of the proposed sites. Staff have prepared a detailed summary of the project status, which is attached to this report, in response to commissioner requests at the August EQ meeting.

To: Oregon Environmental Quality Commission
Re: Summary of Liquefied Natural Gas projects proposed in Oregon
Oct. 7, 2015

Liquefied Natural Gas

Liquefied Natural Gas, commonly referred to as LNG, is natural gas that is super-cooled to a liquid at a temperature of minus 260 degrees. Natural gas fed into an LNG processing plant (like those proposed for construction in Oregon) is treated to remove water, hydrogen sulfide, carbon dioxide and other components that would otherwise freeze during the cooling process.

Typically, LNG contains more than 90 percent methane. It also contains small amounts of ethane, propane, butane, some heavier alkenes, and nitrogen. As a result of the cooling process, the volume of gas is significantly reduced, making LNG transportation more economical than if it were in its gaseous state. After transport, the LNG is reheated, at which point the volume increases. In the cases of both projects proposed for Oregon, LNG will be transported for export via LNG carrier ships. Natural gas will come into the facilities via pipelines, the construction of which is an element to both projects.

DEQ's Role

All LNG facilities proposed for construction in Oregon require a variety of environmental permit, land-use, construction and other approvals from many local, state and federal jurisdictions – of which DEQ is one. In Oregon, LNG projects require DEQ and other state agencies to coordinate the application of environmental law with the Oregon Department of Energy. DEQ is responsible for drafting, issuing and ensuring compliance with environmental permits.

Generally, DEQ regulates businesses and industries to ensure they meet applicable environmental laws. Applicants for DEQ permits first must submit complete applications. Once received, DEQ develops draft permits. Permit conditions depend upon the level and nature of pollutants. For most permit applications, DEQ hosts public information meetings and public hearings to solicit comments. It is important to understand that if an applicant can prove they comply with these laws, DEQ must issue permits for them to operate. If they cannot prove that they meet these standards, DEQ does not issue the requested permits.

How LNG projects are permitted?

The Federal Energy Regulatory Commission is responsible for deciding where to allow a liquefied natural gas facility to operate. If a facility gains federal approval, a number of state agencies review applicable permit applications. The Oregon Department of Energy is playing a coordinating role on behalf of the state. The Oregon Department of Land Conservation and Development also reviews the facility to determine whether the project is consistent with Oregon's Coastal Zone Management Act.

Liquefied Natural Gas Spill Response in Oregon

Under Oregon law, the definition of oil or oils includes liquefied natural gas. Therefore, any business that wants to transfer 10,000 gallons or more of liquefied natural gas from a facility or a vessel over water must have a DEQ-approved spill contingency plan. DEQ has not finalized spill cleanup standards or methods specifically for

large releases from a liquefied natural gas facility or vessel. Therefore, if when a business asks to conduct a transfer of liquefied natural gas facility over water, DEQ would seek to change rules based on the best available cleanup practices known for liquefied natural gas.

At a minimum, several existing spill response requirements are likely to remain. DEQ would require a business that has a spill to immediately notify Oregon Emergency Response. DEQ will require a business to prepare to manage a spill by participating in spill scenario tabletop drills including a worst case drill at least once every three years.

Recently Proposed LNG Projects:

- Jordan Cove Energy Project, Coos Bay
- Oregon LNG, Warrenton

Jordan Cove Energy Project

Summary prepared by Mary Camarata, Department of Environmental Quality

Project Description

Jordan Cove Energy Project L.P. proposes to construct a liquefied natural gas export facility near North Bend, Oregon. The applicant proposes to construct the facility on 500 acres on the North Spit of the Coos River, at River Mile Seven. The facility would have the capacity to export up to six million metric tons of LNG per year. A companion natural gas pipeline project is proposed between the Jordan Cove facility and Malin in Klamath County. The 231-mile, 36-inch diameter pipeline's capacity would be up to one billion cubic feet of natural gas per day. The pipeline is proposed by Pacific Connector Gas Pipeline.

Other elements of the project include construction of a power plant, a marine terminal, a regional emergency response center, temporary work force housing and related road and highway improvements.

As proposed, the project is expected to represent an investment of \$8 billion, and would begin operating between 2019 and 2021. If approved by local, state and federal agencies, the facility would employ approximately 2,000 workers during its four-year construction phase, and would permanently employ about 180 workers.

DEQ must evaluate the proposed project elements to ensure that construction and operation complies with state and federal environmental laws.

DEQ Permits

- ACDP for Jordan Cove's LNG and South Dunes power plant - issued in June 2015
- ACDP for Pacific Connector's compression station in Malin - preparing draft permit by fall 2015
- Multiple 1200-C stormwater permits for Jordan Cove's LNG, South Dunes power plant, workforce housing, and mitigation sites – no application have been submitted
- 1200C stormwater permit for Pacific Connector's compression station and pipeline - no application has been submitted

- 401 WQ Certification for Jordan Cove and Pacific Connector projects – evaluating 401 materials and preparing draft certification
- Jordan Cove NPDES individual wastewater permit for process water and hydrostatic water testing – -no application has been submitted
- Pacific Connector NPDES individual wastewater permit for hydrostatic water testing - no application has been submitted
- Other permits – Solid Waste Letter of Authorization to manage contaminated material on site, closure of landfills on site, NFA on cleanup issues from historical releases from the former Weyerhaeuser mill (site of power plant)

Oregon LNG

Summary prepared by Jennifer Purcell, Department of Environmental Quality

Project Description

A liquefied natural gas facility is proposed for the City of Warrenton in Clatsop County. The proposed Oregon LNG project includes a bidirectional liquefied natural gas terminal located in Warrenton and an associated 86-mile natural gas pipeline to be routed through Clatsop, Tillamook, and Columbia counties in Oregon, continuing into Washington State. The proposed LNG terminal would be located on the northern portion of the East Bank Skipanon Peninsula near the confluence of the Skipanon and Columbia Rivers in Warrenton.

Oregon LNG has applied for air and water quality permits to construct and operate a liquefied natural gas shipping and receiving terminal. The terminal will have the capacity to produce nine million metric tons of LNG per year, which is equivalent to the liquefaction of approximately 1.25 billion cubic feet per day of pretreated natural gas. The proposed project also will include project approximately 121 miles of new pipeline. The first phase of this proposed project is the construction of the terminal.

A Land Use Compatibility Statement (LUCS) from the City of Warrenton was provided for the terminal-related NPDES, ACDP, and construction stormwater permit applications. These permit applications were deemed complete and DEQ is currently drafting permits. Draft permits are expected to be available for public review and comment later this year.

While Clatsop County's formal ruling against Oregon LNG's land use application was upheld by LUBA, the county's land use decision affects the proposed pipeline affiliated with the Oregon LNG terminal. Permit applications that DEQ received related to the terminal facility were accompanied by the applicable land use determinations from the City of Warrenton and were deemed complete applications. As such, we are proceeding with our public process related to the proposed terminal facility, but not the pipeline at this time.

DEQ received an application for stormwater construction general permit coverage for the proposed pipeline. DEQ determined the application to be incomplete, lacking the necessary land use findings required by DEQ rule. DEQ requires applicable land use findings for the entire project impact area prior to review of pipeline related applications.

The Federal Energy Regulatory Commission (FERC) issued the draft Environmental Impact Statement for the proposed Oregon LNG project on August 5, 2015, initiating a 60-day comment period. Oregon Department of Energy provided a coordinated response on behalf of the State of Oregon, including DEQ comments, to FERC on October 6, 2015.

DEQ held public information meetings in Astoria in November 2013 and in Warrenton and Vernonia in January 2015, regarding permit applications, providing the public the opportunity to ask questions and provide comments prior to DEQ drafting permits.

DEQ continues to work closely with DOJ and other State agency partners. The applicant also must get other approvals for this proposed project from several state and federal agencies.

DEQ permits

DEQ has received the following permit applications for Oregon LNG's proposed bi-directional terminal and pipeline projects:

- **ACDP Construction** – Oregon DEQ received permit application on July 3, 2013. DEQ completed a preliminary review on August 8, 2013, and found that all required application elements were included and the application was complete for processing. At this time, the draft permit and review report are 75% complete. DEQ expects a draft permit to be prepared for applicant review in late 2015, and subsequently available for public comment in early 2016.
- **NPDES Individual Permit** – Oregon DEQ received permit application on July 3, 2013. DEQ completed a preliminary review on August 2, 2013, and found the application to be administratively complete. Supplemental technical information was requested in June, 2014 and received June, 2015. At this time, the draft permit is 20% complete. DEQ expects a draft permit to be prepared for applicant review in late 2015, and subsequently available for public comment in early 2016.
- **1200-C Stormwater General Permit (terminal)** – Oregon LNG's application for NPDES 1200-C Stormwater Construction General permit coverage for the terminal site was received on July 3, 2013. The application materials were deemed complete and the Erosion and Sediment Control Plan accepted on July 31, 2013. A draft permit will be made available for public comment in coordination with draft air and water quality permits in early 2016.
- **1200-C Stormwater General Permit (pipeline)** – Oregon Pipeline Company, LLC's application for NPDES 1200-C Stormwater Construction General permit coverage for a proposed bi-directional pipeline project was received on July 10, 2013. The application was determined to be incomplete and the applicant was notified on August 2, 2013. The application lacked the necessary LUCS or alternative land use findings as required by DEQ rule.
- **WQ 401 Certification** – The US Army Corps of Engineers issued a public notice on November 18, 2014, initiating DEQ's formal review of the WQ 401 Certification application. DEQ provided initial comments to the US Army Corps of Engineers during the public process and review of the Section 401

Attachment A

Oct. 14-15, 2015, EQC meeting

Page 5 of 5

Certification is underway. Applicable land use findings for the entirety of the project's impact area will be required.