

# Strengthening Oil Transportation Safety

## 2018 Proposed Legislation — SB 6269



Vessels, rail, pipelines, and facilities transport and transfer oil—including oil that may sink, depending on conditions—over Washington waters.

### WHY IT MATTERS

More than 20 billion gallons of oil are transported through our state each year by vessel, pipeline, road, and rail. We have one of the lowest oil spill rates because we have one of the most comprehensive spill prevention, preparedness, and response programs in the nation. Industry commitment and collaboration have helped us build a strong safety net.

The 2015 Oil Transportation Safety Act required contingency plans for rail, inland response plans, and enhanced risk assessments but did not ensure ongoing funding to prevent and prepare for a big spill.

### Inadequate funding places Washington's current spill prevention and preparedness work at risk.

Our funding sources have reached a critical low point. The oil barrel tax has not kept pace with inflation or legislatively directed work, and Model Toxics Control Act accounts are also experiencing historic shortfalls. The essential work that protects our economy, natural resources, and way of life safe from oil spills is at risk.

Based on the November 2017 revenue forecast, Ecology needs approximately \$1.8 million in additional revenue in the current 2017–19 biennium to maintain its current level of oil spill prevention and preparedness work. If no revenue solution is provided in this biennium, the shortfall increases by \$3.2 million to \$5 million in the 2019–21 biennium. We will have to significantly reduce our essential work.

### Current prevention and preparedness doesn't fully address situations where oil may sink.

A number of oils transported in Washington have the ability to sink when spilled, depending on their properties and environmental conditions. The Deepwater Horizon and Kalamazoo River spills, both in 2010, gave us greater understanding of the latest equipment and processes for detection, containment, and recovery of oil when it sinks in water.

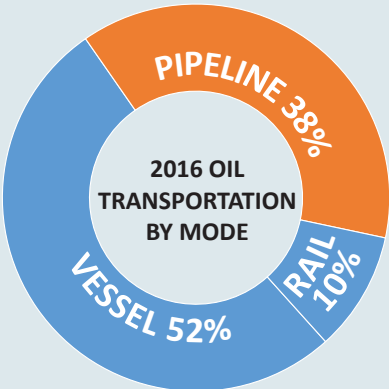
In addition, vessel traffic in the Salish Sea, including the San Juan Archipelago, is expected to increase as new pipeline and other projects go online. Billions of gallons of heavier oils that may sink when spilled will be transported through waters we share with Canada.

PROPOSED FUNDING SOLUTION

INCLUDE PIPELINES

Include pipelines in the barrel tax, along with vessels and rail.

Pipelines move about 7.77 billion gallons of oil in and out of Washington each year, but we do not tax the oil they move for the risk it creates. Including pipelines in the barrel tax would also provide consistent revenue when quantities transported fluctuate between modes.



There are about 800 miles of pipelines throughout Washington, crossing through highly populated areas, neighborhoods, and near public facilities, such as schools, and across large water bodies and groundwater aquifers.

This revenue would help the state cover costs of regulating pipeline oil transport with oil spill contingency planning, drills, inspections, and locally tailored geographic response plans.

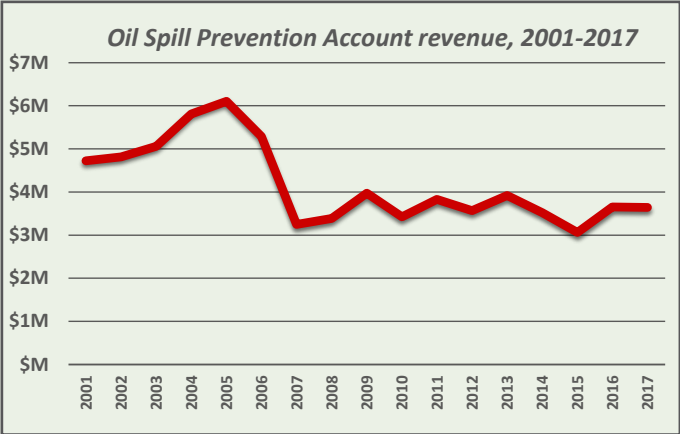
MODIFY BARREL TAX

Increase the barrel tax from 4 to 6 cents for all modes importing oil.

This increase of the Oil Spill Prevention Account portion of the barrel tax would apply to all modes of transportation importing oil to Washington — vessel, rail, and pipeline.



Although the cost of spill prevention and preparedness has increased, the barrel tax hasn't changed since the 1990s. This revenue stream would help keep tax revenue in step with inflation.



Due to significant changes in the way oil is imported, barrel tax revenue has decreased from over \$5 million/year to under \$3.5 million/year.

## PROPOSED POLICY SOLUTION

### IMPROVE PLANNING

Improve spill prevention & planning to address situations where oil may sink.

Our proposal:

- ✓ Requires vessel and refinery operators and owners to update **oil contingency plans**. They must plan for the best achievable protection for citizens and the environment by using equipment, personnel, and procedures that ensure the highest level of protection for situations where oil may sink.
- ✓ Requires all contingency plan holders, not just vessels as in current law, to participate in **joint large scale equipment deployment drills** involving scenarios where oil may sink.
- ✓ Requires Ecology to set standards to **certify spill management teams** hired by the spiller, ensuring they are capable of responding to all spills, including those where oil may sink.
- ✓ Directs Ecology, in updates to **geographic response plans**, to address situations where oil may sink in water.
- ✓ Directs Ecology to prioritize inspections for **transfers of oil** that may sink in water.

### ADDRESS VESSEL TRAFFIC SAFETY

Study & collaborate on vessel traffic safety in shared waters with Canada.

The timing is right to work with our Canadian partners, agencies, and other stakeholders to address vessel traffic and risks in waters we share with Canada.

Under the Oceans Protection Plan, Canada is preparing to invest \$1.5 billion over five years to protect its coast and waterways. This may enable Canada to partner with Washington to reduce oil spill risks associated with vessel traffic in our shared waters.

Our proposal:

- ✓ Directs Ecology to establish the **Salish Sea shared waters forum**, with officials from Washington State, British Columbia, and the Canadian national government, focused on reducing oil spill risk in shared waterways. This will provide an opportunity to explore, with our Canadian partners, funding an emergency response tug.
- ✓ Requires Ecology to work with the Board of Pilotage Commissioners, the Puget Sound Partnership, and other stakeholders to complete a **report on vessel traffic and vessel traffic safety**. The report would include recommendations regarding tug escorts, an emergency response tug, and other safety measures.



## What happens if we don't fix spill prevention and preparedness funding during the 2018 session?

*Ecology could immediately scale back on oil spill prevention and preparedness while oil spill risk continues to increase.*

- ⊗ A loss of up to 14 FTEs at Ecology, beginning in fiscal year 2019.
- ⊗ Eliminate or delay our regulatory obligations under the 2015 Oil Transportation Safety Act.
- ⊗ Potentially inadequate staffing for rail contingency plans and drills, allowing this newly regulated sector to verify its own oil spill contingency plans.
- ⊗ Possible delay or reduction in spill response equipment caches, reducing local capacity for emergency oil spill responses.
- ⊗ Significantly less participation in oil spill contingency plan drills that test oil spill response capability in Washington.
- ⊗ Fewer inspections of oil transfers and vessels where oil may sink.
- ⊗ Delay or elimination of Grays Harbor and rail traffic risk assessments.

## What happens if we don't update our policies?

*Washington and Canada may not be adequately prepared for spills where oil may sink.*

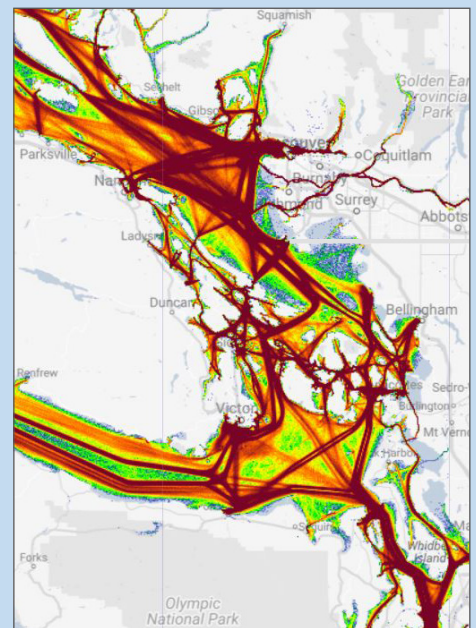
- ⊗ Risk making uninformed decisions about tug escorts and other safety measures for Puget Sound.
- ⊗ No transboundary work with Canada, just when the timing is right.
- ⊗ No critical updates of contingency plans and geographic response plans for situations where oil may sink.
- ⊗ No joint oil spill drills for all members of regulated industry.
- ⊗ Inattention to situations where oil may sink.

### TRANSBOUNDARY RISKS

In Washington, crude oil imports out of Canada by pipeline have increased by 40 percent since 2013. Most of this oil is diluted bitumen, a heavy oil which poses a higher risk of sinking.

If new pipeline expansion projects go online, billions of gallons of heavy oils would be transported through Haro Strait—waters we share with Canada.

To reduce oil spill risks, we need to be ready to collaborate with Canada.



*Density map of Salish Sea vessel traffic in 2016. The darker the color, the higher the traffic. (Source: MarineTraffic.com)*

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