

# DEQ Information Meeting

## Zenith Energy Terminal

Dec. 16, 2024  
Zoom Webinar

Oregon Department of Environmental Quality



## Using Zoom webinar

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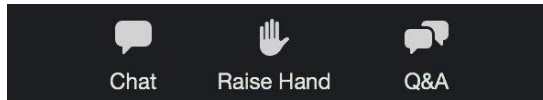
- Hear the audio either through your computer or by calling in by phone with the phone number provided.
- Note that you will not be able to speak unless the host enables your audio and then you can unmute.
- Your camera is disabled



## Asking a question

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- You should see the following along the bottom of your screen.



- **To ask a question:** type it into the Q&A or raise your hand and the host will un-mute you. (\*9 if you're on the phone)
- Use chat if you're having technical difficulties.
- We will answer questions at the end of the presentation.



# How We Got Here

Christine Svetkovich, Northwest Region Administrator



# Purpose of today's meeting

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## Why are we here

- Provide information about:
  - Current status of Zenith's air quality permitting process
  - DEQ's Nov. 13, 2024 inspection of Zenith
  - DEQ's request for a Land Use Compatibility Statement
  - DEQ's enforcement order and civil penalty
- Answer questions

***Please note that DEQ cannot speculate on future actions it may take***

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# How did we get here?

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- **October 2024**

- Draft Air Contaminant Discharge Permit (ACDP) posted on public notice
- Public information meeting

- **November 2024**

- Detailed review of permitting record
- Unannounced inspection
- Information requests
- Pause of permitting process

- **December 2024**

- DEQ requested LUCS for adjacent lots
  - DEQ enforcement case issued
- 



# Inspection on Nov. 13, 2024

David Graiver, Air Quality Permit Writer, Northwest Region



## Inspection goals

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- Informational Inspection
- McCall Dock
  - View Status of Notice of Approval Projects
  - Better Understand Operations
- Chevron Dock
  - Better Understand Operations



This was an information inspection. DEQ wanted to gain a better understanding of operations associated with both the McCall and Chevron Docks and to check on the status of Zenith's recently submitted Notice of Approval applications. We visited both the Chevron and McCall Docks and walked the pipelines that transport products to and from the Zenith facility.

Most DEQ inspections are unannounced. DEQ wanted a better understanding, so we wanted to see these operations on a normal day of operation.



## McCall Dock connections

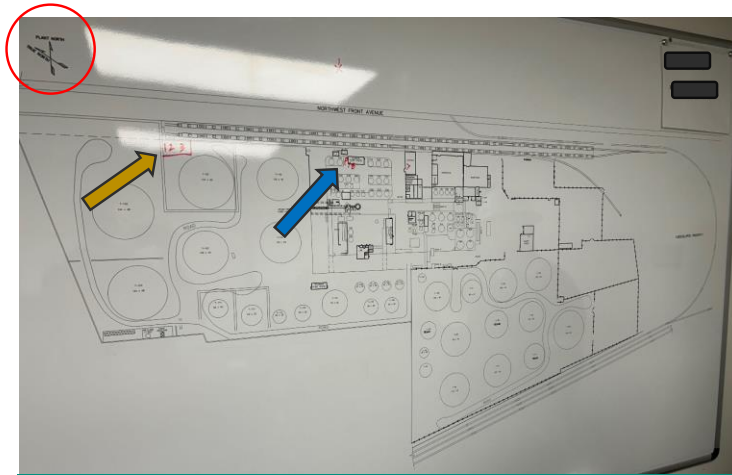


- Existing Pipe Connection
  - Historical Asphalt Transfers
  - Last Transfer > 20 years ago
- 2021 Pipe Construction
  - Yellow Path (left)
  - Green Arrow (right)



The connection to the McCall Dock included the construction of approximately 300 m of pipe. This is represented by the yellow path on the satellite image shown on the left. The red arrow shows the location where construction began on the McCall property. There was an existing pipeline under NW Front Ave that transferred asphalt between the two facilities. This pipeline was cleaned out and repurposed for distillate fuels. The photo on the right was taken at the location of the red arrow. This shows the both existing pipes and the piping constructed in 2021. The blue arrows highlight the existing pipe segments, and the green arrow indicates the constructed pipe.

## Existing pipes below Front Street



- North Arrows
- Chevron
- McCall

This is an overview of the Zenith property. The upper left indicates the direction of true north and Plant North. There are three existing pipes connecting the Chevron Dock to Zenith, which is indicated by the gold arrow. The pipeline from McCall surfaces in the area indicated by the blue arrow.



## Zenith – McCall 2021 connection

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- Zenith Property
- 2021 Piping Begins



As mentioned on the previous slide, this is where the distillate pipe resurfaces on Zenith’s property. All of this pipe was constructed as part of the 2021 connection project.

Based on the air quality regulations, the activity was allowed by Zenith’s Title V Permit and we approved the McCall connection application.

## Proposed McCall renewables connection



This is another Notice of Approval application that DEQ approved in July 2023 for Zenith piping on the McCall property to move renewable fuels between the Zenith property and the McCall dock. During the inspection, Zenith staff informed DEQ that they have not yet begun construction of this project.

# Request for a Land Use Compatibility Statement

Lisa Ball, Air Quality Manager, Northwest Region



## How Zenith is permitted

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- Zenith operates under a Title V permit
  - Application Shield
- Air Contaminant Discharge Permit
- Application received Nov. 21, 2022
  - ACDP application is a requirement of the 2022 LUCS
  - Once issued, ACDP will replace the current Title V permit



Zenith is currently operating under a Title V permit. Although that permit has expired, Zenith can continue to operate under what is called an application shield. This is an administrative extension allowing them to continue operations while DEQ processes the application, because it submitted a timely and complete renewal application. Zenith also applied for an ACDP on Nov. 21, 2022, because its 2022 LUCS required it to transition to a “smaller” air quality permit.

In general, sources with Title V permits have higher levels of emissions than sources with Air Contaminant Discharge Permits. The 2022 LUCS requires Zenith to reduce emissions below major source levels. By requesting the reduced emissions limitations, Zenith will transition from a Title V Permit to an ACDP.

To summarize. Currently Zenith is operating under their Title V permit and can continue to as long as the Title V renewal application is up to date. Once the ACDP is in place, it will replace the Title V permit.

## What is a LUCS?

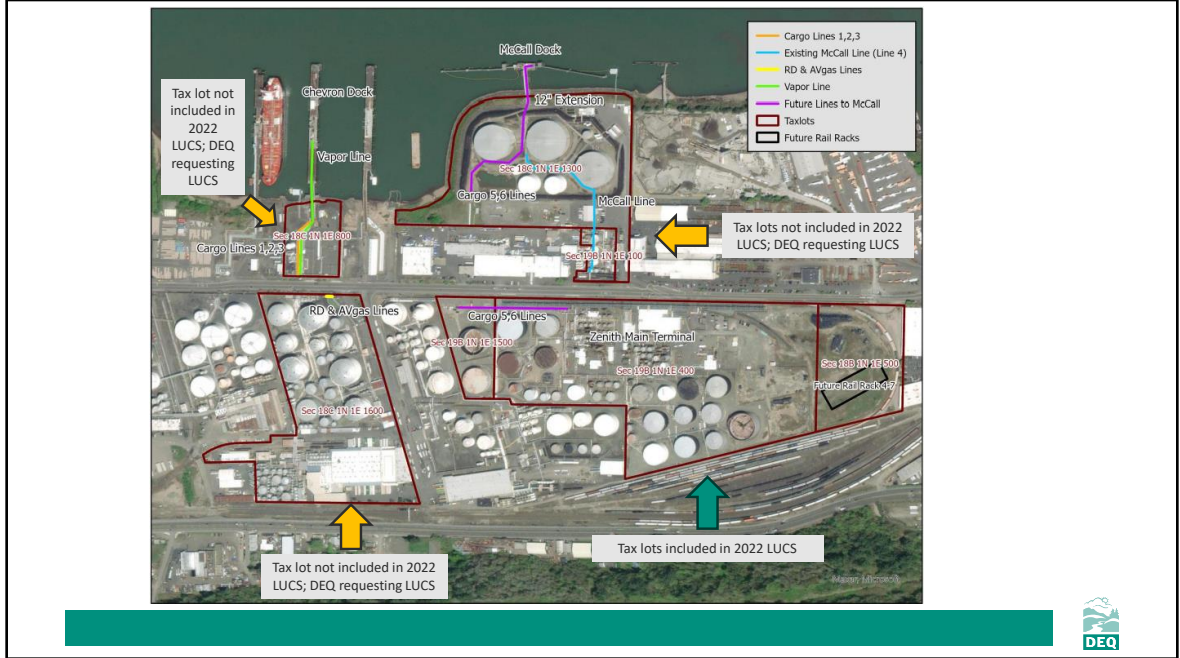
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### Land Use Compatibility Statement

- Issued by the local land use authority
  - City of Portland in this case
- Used by DEQ to verify that the use or activity requested is allowed by zoning and land use regulations



DEQ requires a LUCS to obtain a permit. It is used to verify that the use or activity requested is allowed by zoning and land use regulations.



Map provided by Zenith of all tax lots where Zenith is currently operating.

- Both air permit applications include Zenith operations on multiple tax lots
- These include 3 tax lots owned by Zenith
- And also tax lots owned by Chevron and McCall
- DEQ’s careful re-review of Oct 2022 LUCS from City of Portland revealed that the LUCS does not cover the Chevron and McCall tax lots
- Zenith also needs to provide DEQ with a LUCS that covers all its operations for DEQ to resume processing the ACDP application and so they can continue operating with their current Title V permit.
- Therefore, the permitting process remains on pause.



## What happens next?

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- DEQ must provide a reasonable amount of time for Zenith to obtain the LUCS
  - DEQ requested the LUCS by Feb. 4, 2025 (60 days)
- The permitting process remains on hold



We were informed that Zenith submitted a LUCS application to the City of Portland last week on Dec. 11, 2024.

# Enforcement Order

**Becka Puskas**, Interim Manager,  
Office of Compliance and Enforcement



# Timeline

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- **December 2018**
  - Zenith signed lease agreement, pipeline and access agreements with McCall
- **Late 2020 / early 2021**
  - Zenith construction to connect to McCall dock
  - This change increases air emissions from Zenith source
- **April 2024**
  - Zenith submitted Notice of Approval application to DEQ
  - Submitted in response to DEQ Warning Letter
- **June 2024**
  - DEQ approved Notice of Approval application



# Alleged violations and penalty

- **December 2018**

- Zenith signed lease agreement, pipeline and access agreements with McCall

- **Late 2020 / early 2021**

- Zenith construction to connect to McCall dock
- This change increases air emissions from Zenith source

- **April 2024**

- Zenith Notice of Approval application
- Submitted in response to DEQ Warning Letter

- **June 2024**

- DEQ approved Notice of Approval application

**Total penalty \$372,600**

**Violation 1:** Failing to notify DEQ and obtain approval for the modification (\$5,400)

**Violation 2:** Operating outside scope of Title V permit.  
\$367,200 penalty based on 34 unauthorized loading events at McCall dock April 2021-June 2024



# Formal enforcement process

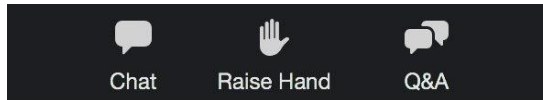
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## Questions and answers

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**Thank you!**



## Title VI and alternative formats

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