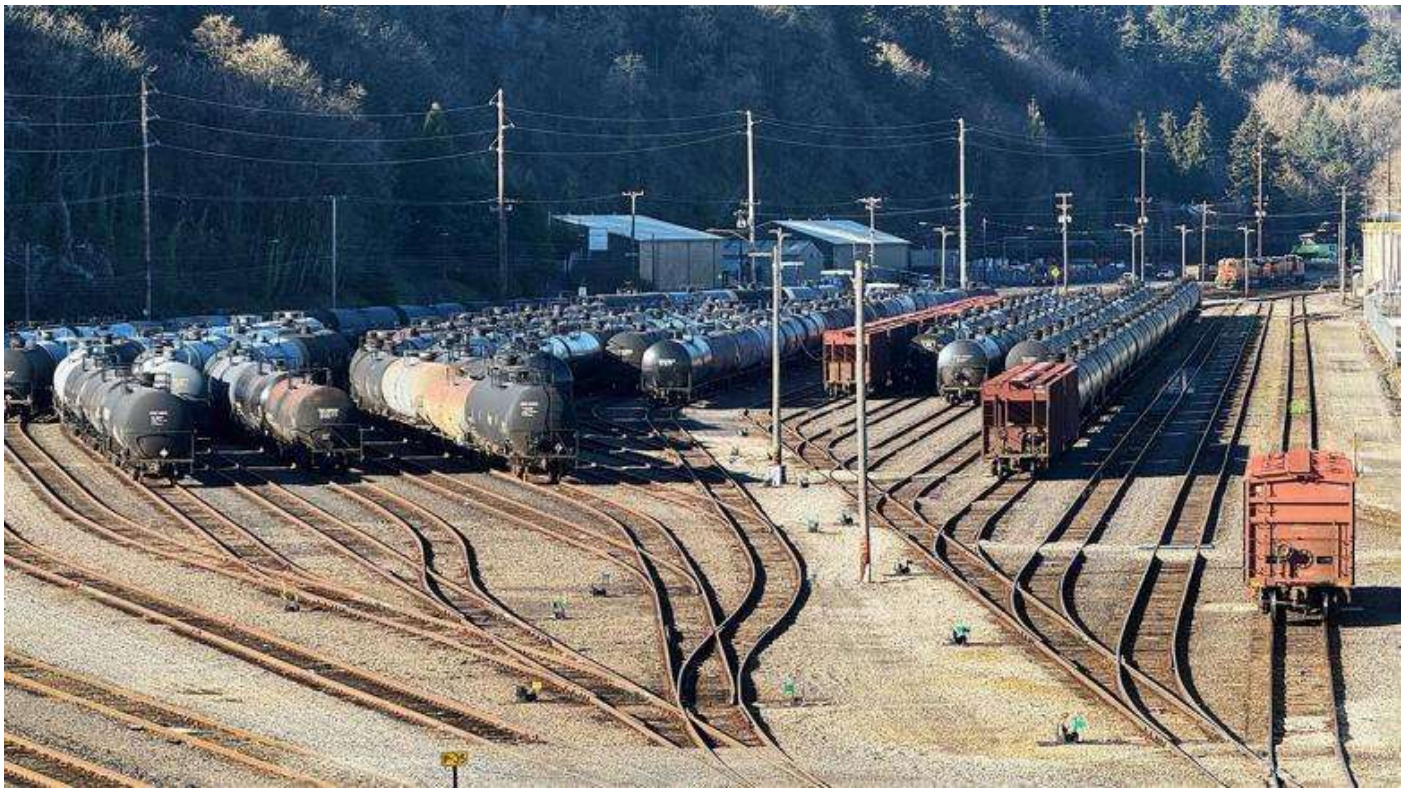

Zenith Energy's fossil fuel storage and transport facility located along the Willamette River faces criticism for potential environmental dangers, particularly in the event of an earthquake. (Photo by Jeremiah Hayden)

Zenith Energy positioning itself as region's preeminent renewable fuels hub

Public records reveal Zenith's plan to expand its enterprise, daylights further violations at CEI Hub

by **Jeremiah Hayden** **(/users/jeremiah-hayden)** | 9 Jan 2025

Nancy Hiser can see the tanks from her home. Looking north, past a flag pole, through a smattering of trees at the edge of Forest Park, she can see a large tank operated by Houston-based fossil fuel company Kinder Morgan. To the south, a cluster of tanks appears on the horizon where the Willamette River interfaces with 90% of all liquid fuel in Oregon.

"Our proximity to the hub and the potential catastrophe is terrifying," Hiser said.

New public records obtained by Street Roots reveal Zenith Energy's intent to position itself as the preeminent renewable fuels hub in the Pacific Northwest. (http://www.streetroots.org/sites/default/files/Zenith%2012.9.24%20update%20on%20renewables%20transition.pdf) The city of Portland says it is committed to sustainability and safety for local residents, including those living near the Critical Energy Infrastructure, or CEI Hub, where a host of energy companies operate, including Kinder Morgan and Zenith. Environmental advocates say significant dangers remain at the CEI Hub, and Zenith should not be trusted with community safety.

Now 77, Hiser has been fighting to reimagine the CEI Hub for nearly a decade. She's lived in the Linnton neighborhood since 2013 and loves its proximity to downtown Portland, Sauvie Island and the natural areas surrounding her home.

"I love the fact that we're close to nature," Hiser said. "We have trails everywhere. I really like the people here. I love the views."

Hiser volunteers in Linnton through the city of Portland's Neighborhood Emergency Team program and works with a small volunteer group called Tank the Tanks, an advocacy group seeking to remove the risks associated with the CEI Hub.

Multiple studies have documented the CEI Hub's dangers in recent years, outlining a complicated scenario of storing liquid fuels in a highly vulnerable area, particularly in the event of an inevitable megathrust earthquake in the Cascadia Subduction Zone — a 600-mile fault line some 70 to 100 miles off the Pacific Coast.

"Earth to Oregon" is a recurring column by Jeremiah Hayden covering developments in environmental policy and litigation in Oregon.

Expansion

Despite the risks to Portlanders living near the CEI Hub, downstream on the Willamette or Columbia Rivers, or near the fuel-filled railcars snaking through the city, Zenith Energy appears poised to dramatically expand its operations beyond what officials have made publicly available.

New public records obtained by Street Roots show Grady Reamer, Zenith Energy's chief commercial officer, emailed Donnie Oliveira, deputy city administrator, on Dec. 9, 2024, outlining the Houson-based fossil fuel company's intent to submit a new application for a local land use permit it needs to provide to the Oregon Department of Environmental Quality, or DEQ.

A file attached to the email also provided an update on Zenith's transition to renewable fuels by October 3, 2027 — a condition of the city's Land Use Compatibility Statement, or LUCS, issued in 2022. The 10-page document outlines Zenith's extensive plan to position itself as the West Coast's leading renewable fuels hub.

"Zenith's Portland Terminal is strategically positioned and has the rail, marine, pipeline and truck access to be the renewable fuel hub for the PNW, connecting growing supply to local and regional demand," the document said.

The email came three days after the DEQ issued Zenith a $372,600 civil penalty (https://www.streetroots.org/news/2024/12/09/deq-fines-zenith-energy-requests-new-land-use-statement-city-portland) on Dec. 6 for illegally constructing and operating a pipeline for over three years. DEQ simultaneously requested that Zenith provide DEQ with a new city of Portland-approved LUCS by Feb. 4. Zenith needs the LUCS to resume its state Air Contaminant Discharge Permit, or ACDP, application process.

The details of Zenith's plan in Portland and beyond largely remain opaque as advocates repeatedly request transparency from the city. Referencing DEQ's civil penalty, Reamer wrote in the Dec. 9 email to Oliveira saying DEQ's request for a new LUCS is based on a technicality and that the company is not alone in its violation of local land use laws.

"It's a shame we are revisiting this LUCS issue over a technicality," Reamer said. "As an FYI, if not all, then most of the terminals in the CEI hub are pipeline connected to one another and likely do not have all tax lots issued on their own LUCS. This interpretation has a much larger impact than just Zenith."

The Houston-based company said its rail connectivity provides "unmatched access" to renewable supply from inland production, including those originating from the Midwest and Great Plains for use in Northern and Southern California, according to the document.

"Zenith is the Primary access point for Renewable Fuels into Portland and other West Coast markets," the document said.

Zenith considers its Portland terminal "an optimal transshipment point for transporting product received on rail," saying it has the best rail capabilities in the market for growing demand for renewable fuels. It added that the Columbia and Willamette Rivers provide connectivity by water, functioning as an inlet for renewable imports from Northern California and internationally — likely from Singapore.

Handwritten notes by a city official from a July 29, 2022, tour of Zenith's facilities (https://www.streetroots.org/news/2023/08/23/newly-obtained-records-show-portland-officials-private-interactions-zenith-energy) alluded to the company's intent to expand its infrastructure and position itself as a major purveyor of renewable fuels. Still, the city has held its cards close since Zenith's initial pitch. Environmental advocates and community members criticized city officials' participation in that tour as a "backroom deal" that evaded public process, and some fear another could be underway.

The recently obtained public records shed new light on the broader plan outlined in the 2022 tour. Those notes said barrels would come from Singapore to the Pacific Northwest and referenced a joint venture called the Marathon Martinez refinery, in Northern California. In March 2024, the Portland City Auditor determined Zenith violated the city lobbying code (https://www.streetroots.org/news/2024/03/26/zenith-energy-violated-city-lobbying-code-2022-pursuit-lucs-auditor-finds) due to the July 29, 2022 tour and its undisclosed, albeit successful, efforts to lobby city officials to approve its LUCS.

For its part, Zenith remains interested in further opportunities to advance its business, according to the document. The document said the forecasted use of renewable fuels supports expanding its terminal, "enabling the airport to accommodate a doubling of passenger miles to 40 billion passenger miles per year by 2045." Zenith noted that all Sustainable Aviation Fuel, or SAF, received in Oregon is stored at its terminal.

The plan shows Zenith intending to deliver SAF (https://www.streetroots.org/news/2024/12/19/zenith-energy-seeks-add-sustainable-aviation-fuel-blending-its-operations-according) via the Kinder Morgan pipeline, an 8.4-mile pipeline currently providing jet fuel to the Portland Airport. It said it will also be able to provide renewables to Eugene and southern Oregon.

The newly obtained document shows Zenith intends to further connect to the McCall Oil terminal and dock. Zenith's current LUCS covers Zenith-owned properties but not the adjacent properties owned by Chevron and McCall. Zenith is now seeking an additional LUCS from the city to cover the adjacent lots.

The city argues the LUCS is simply an administrative process while public officials, including City Councilor Mitch Green, urge the city to involve the public in the discussion.

At a Jan. 2 City Council work session, Green asked Mayor Keith Wilson to commit to a public process, citing significant constituent interest. Instead, Wilson invited Oliveira to respond.

"This is a very complex issue, something the city has been engaged in for about five years now," Oliveira said. "I think staff would welcome the opportunity to daylight some information, do a little myth-busting and truing up of what's happening, and the action this council can take to support the mayor and the administration to go forward not just with Zenith but the CEI."

Street Roots asked Oliveira if the document outlining Zenith's positioning as a major player in renewables import and export, locally and beyond, represents the city's current understanding of what Zenith intends to do.

"The document was provided by Zenith as an update on their operations," Oliveira said. "The City did not request the document, and it was separate and apart from their reporting obligations outlined in the LUCS. It is the City's understanding that Zenith shared the document to demonstrate that they remain committed to the 2022 LUCS."

The dangers of the CEI Hub are well documented. The Oregon Department of Geology and Mineral Industries published a risk study as early as 2012, finding a wide range of seismic vulnerability among the tanks, many of which are roughly 100 years old. Further studies, like the Oregon Seismic Safety Policy Advisory Commission's 2013 report to the Oregon Legislature, noted the potential for fires and hazardous

materials releases. Most recently, a 2021 Multnomah County Seismic Risk Analysis outlined the potential for catastrophic and costly damage (https://www.streetroots.org/news/2024/11/18/risky-business-multnomah-county-considers-new-requirements-cei-hub-operators) in the event of a megathrust earthquake.

John Wasuitynski, Multnomah County Office of Sustainability director, said the county does not have a role in permitting Zenith's or any other fuel facility, but noted the board of commissioners' ongoing attention to Zenith and public safety at the CEI Hub.

"To my knowledge, City staff has not briefed the County on Zenith's proposed plans," Wasuitynski said.

Hiser said if neighbors cannot evacuate in the event of an earthquake, the toxic fumes could become a concern for those sheltering in place — particularly if bridges and roads are damaged.

"Now we've got toxic inhalation hazards, which will make the air unbreathable," Hiser said. She said she regularly smells hazardous fumes coming from the CEI Hub.

Hiser is not only concerned about the danger of explosions or fires caused by earthquakes, as other potential issues persist. Train derailments, lightning strikes, or other disasters could also leave Linnton neighbors, and others near Zenith's railcar routes, in a vulnerable position.

Street Roots asked Oliveira if Zenith's plan to expand operations concerns the city.

"The City is committed to sustainability and safety for all Portlanders, now and in our future," Oliveira said. "We have a vested interest in situation planning for any project that includes hazardous materials, including in this case."

Broken down by market, Zenith forecasts that most of its products will be exported to California, where demand is highest. It said its Portland terminal is positioned to receive SAF by rail from inland production facilities and ship it via marine to supply major airports along the West Coast, including in Seattle, Portland, San Francisco, San Jose, Burbank, Los Angeles and San Diego.

"Growth in petroleum jet fuel and SAF demand is anticipated across multiple markets over the next decade given increasing air passenger travel," the document said.

In a timeline on its progress, Zenith said it completed projects in late 2023 to bring two tanks into service to store SAF, "resulting in Zenith having the most dedicated SAF storage capacity out of any terminal in the United States," according to the document.

Drop-in fuel

While many environmental advocates consider SAF to play a role in addressing climate change, the concerns associated with liquid fuels transported through Portland neighborhoods, stored along the Willamette River, remain largely the same as those associated with traditional fossil fuels.

The appeal of SAF is that it is a "drop-in" technology that can replace fossil fuel-based jet fuel. In other words, it does not require any new airplane technology, so it can immediately help reduce emissions on any single flight. Due to broader accessibility to air travel, aviation has been one of the fastest-growing emissions sources in recent decades. Aviation accounts for roughly 2-3% of global carbon emissions, and commercial passenger flights are the largest contributors.

Still, multiple types of SAF are available, and the source of the feedstocks, the place where they are blended into conventional jet fuel and the percentage blended are all significant factors. The Inflation Reduction Act defines SAF as needing a minimum 50% reduction in carbon intensity compared to conventional jet fuel.

For SAF emitting 50% of the carbon of conventional fuel, blended with 50% conventional jet fuel, a given flight will reduce its total emissions by 25%. The upstream carbon emissions are another consideration for environmental advocates, as feedstocks can be plant-based, waste fat like tallow, or other innovations not yet approved for use. Hydrotreated esters and fatty acids, or HEFA, are currently the most commercially dominant pathway, made of fats, oils, and greases.

Still, environmental advocates (https://www.streetroots.org/news/2024/12/17/environmental-advocates-letter-puts-city-notice-over-zenith-energy) say the ongoing dangers of storing liquid fuels in a highly vulnerable area is an issue city, state and federal leaders must take seriously before a worst-case scenario plays out.

Hiser envisions a future in which the Willamette River is accessible again, nature is respected, and the threats of industrial catastrophe are reduced. The city argues that the LUCS process is an administrative decision and does not require public involvement.

"The best preparation is prevention," Hiser said. “We have worked for a decade with multiple levels of government and organizations to educate them and get their support in the areas they have authority over at the Hub. We hope the city will recognize the contributions they are making to this potential catastrophe and community safety."

Street Roots is an award-winning weekly investigative publication covering economic, environmental and social inequity. The newspaper is sold in Portland, Oregon, by people experiencing homelessness and/or extreme poverty as means of earning an income with dignity. Street Roots newspaper operates independently of Street Roots advocacy and is a part of the Street Roots organization. Learn more about Street Roots (https://www.streetroots.org/about). Support your community newspaper by making a one-time or recurring gift today (http://streetroots.org/donate).

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