CEI HUB POLICY PROJECT

August, 2026

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Supervising Planner

THE BUREAU OF PLANNING & SUSTAINABILITY

Project Purpose

Update policies and regulations to reduce the risk associated with bulk fuel terminals located in the CEI Hub

Project Scope

1. Update Comprehensive Plan policies to support safety and risk reduction at the CEI Hub

2. Update regulations for bulk fuel terminals

    - Title 33 Zoning Code amendments to limit expansion

    - Title 17 regulations to require storage capacity reduction

3. Convene agencies involved in managing and regulating activities in the CEI Hub to better coordinate interagency emergency management efforts

Regulatory Context for Risk Reduction

DEQ
Fuel Tank Seismic Stability Program

DEQ
Financial Responsibility

City of Portland
Title 33
CEI Hub zoning code amendments

City of Portland
Title 17
BFT capacity reduction regulations

Code Amendments

Existing Title 33 Zoning Code

- Prohibits new bulk fossil fuel terminals
- Limits existing bulk fossil fuel terminals to 2022 fossil fuel storage capacity levels
- Allows unlimited expansion for aviation and renewable fuels
- Allows unlimited expansion of transloading infrastructure
- Allows for repair and replacement of existing storage tanks

Recommended Land Use Changes

- Revise existing and create new Comprehensive Plan policies
- Prohibit the expansion of storage tank capacity for all fuel types
  - ❑ Require discretionary review for transfer of capacity between terminals
  - ❑ Require discretionary review for 5% expansion of aviation fuel capacity
- Limit the expansion of transloading infrastructure for all fuel types
  - ❑ Require discretionary review for expansion of transloading infrastructure
- Allow for repair and replacement of existing storage tanks and transloading infrastructure

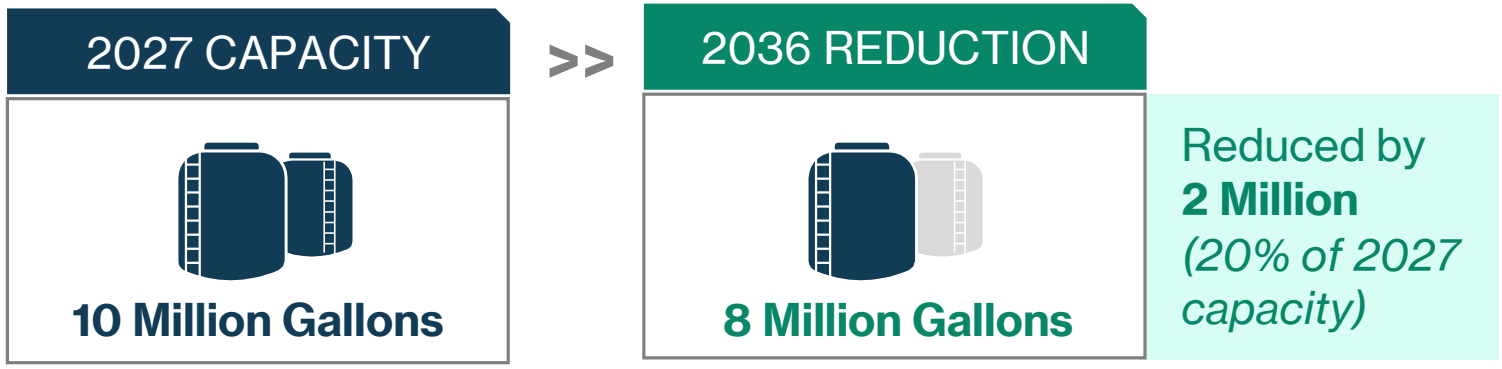
Title 17 Capacity Reduction Regulations

- Capacity reduction requirement
- Exemptions from reduction requirements
- Inventory and reporting requirements
- Review and verification process
- Enforcement and penalties

Capacity Reduction Requirement

By **December 1, 2036**, all terminals must reduce in-service fuel storage capacity by 20% of their 2027 in-service capacity.

Example



Exemptions

- Any fuel storage capacity for a regulated public utility
- In-service fuel storage capacity that store aviation fuel as of January 1, 2027
- Additional fuel storage capacity approved through:
  - ❖ Title 33 Fuel Storage Tank Capacity Transfer Review, or
  - ❖ Title 33 Aviation Fuel Storage Expansion Review

Inventory + Verification Steps

2027

2036

Enforcement

Fail to comply with the **inventory requirements**.

Inventory Violation	$12,000 per day for first 30 days, $24,000 for subsequent days until violation has been remedied

Fail to comply with the **reduction requirement by December 1, 2036**.

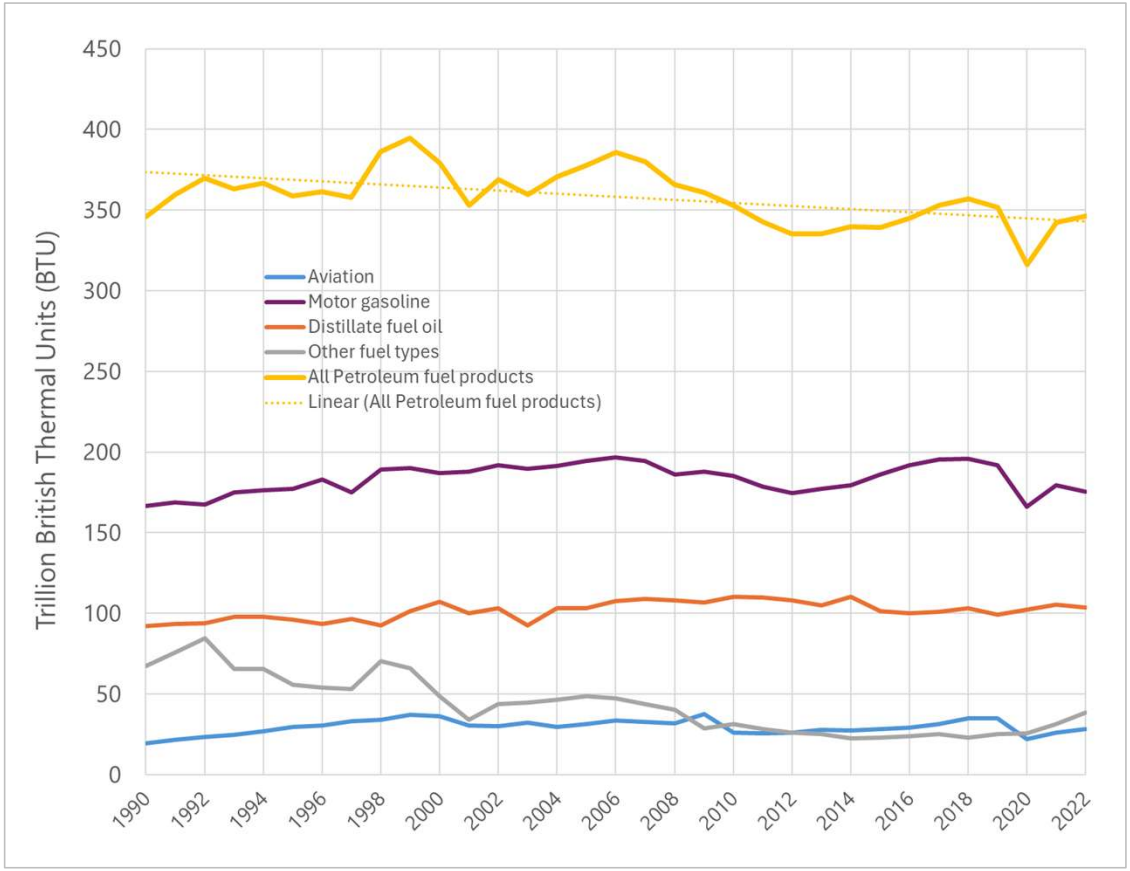
Reduction Violation	$0.25 per gallon per day for every gallon not reduced

Example: If terminal fails to reduce by 2 Million gallons, daily fine is $500,000.

Fuel Demand

Petroleum Fuel Consumption in Oregon 1990-2022

- Fuel consumption has been flat for the last 30+ years.



Source: US EIA 2022 data

Total Petroleum Fuel Consumption Pacific Region, 2025-2050

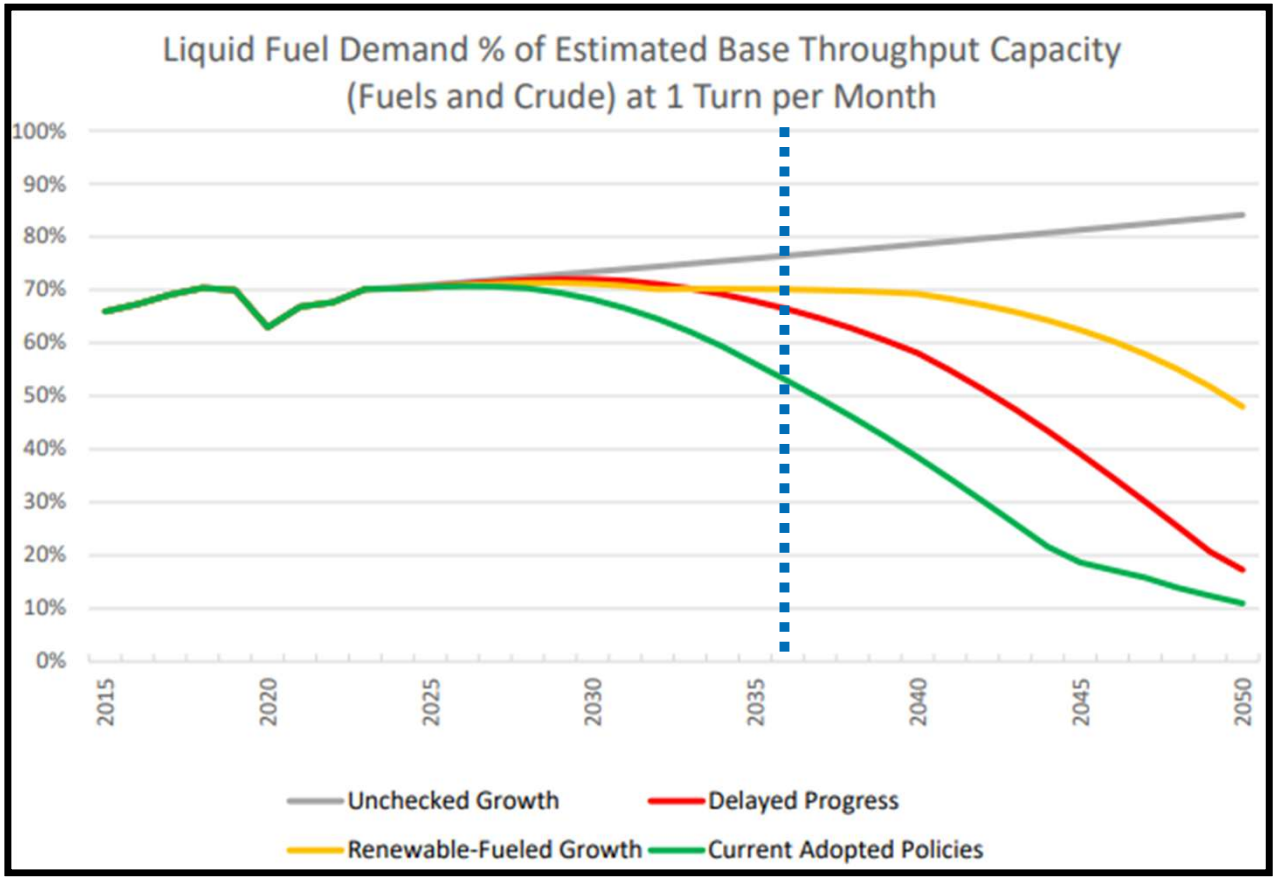
Fuel consumption is expected to decline, except for jet fuel.

Select Sources	2025	2035	2050	Compound growth 2024-2050
Gasoline	2.196	1.483	0.876	-3.5%
Jet Fuel	0.894	0.967	1.117	1.7%
Distillate Fuel Oil	1.221	1.084	0.978	-0.7%
All Petroleum	5.095	4.212	3.658	-1.2%

Source: US EIA 2025 AEO Table 2.9 (quadrillion Btu per year

Parametrix Modeling Results

- The model shows a decrease in fuel demand in all policy-based scenarios.
- The difference in estimated demand accounts for uncertainty in policy implementation.



2036 Fuel Supply Impacts

The proposed reduction in 2036 is not expected to impact CEI Hub's ability to supply fuel.

- Current fuel demand estimated to use **80% of existing storage capacity**
- By 2036, estimated to use **77% of existing storage capacity**
  - **With 20% reduction,** estimated to use **94% of existing storage capacity**

Legislative Process

Feedback and Concerns

Community

- Insufficient data – require data reporting
- Regulate/reduce fuel volumes vs. tank capacity
- Too much trust in industry self-reporting

Industry

- Insufficient data - reduction could limit operational flexibility
- “One size fits all” approach – each terminal serves different market

City Council Options

Ordinance #1
Comprehensive Plan and Title 33 Zoning Code Amendments

- Amend Comprehensive Plan policies
- Title 33 limits on storage tank capacity and transloading infrastructure

Ordinance #2
Title 17 Storage Tank Capacity Reduction Program

- 2027 Inventory and Fuel Volume reporting requirement
- 2036 reduction requirement

Process/Timeline

- **August 2026 –** File CEI Hub Policy Project City Council legislative package (Title 33 and Title 17)
- **Sept 16 –** Committee of the Whole hearing, deliberation and recommendation.
- **Oct 21** – City Council 1st reading and public hearing.

Community and Economic Development

Title 17 Reduction Regulations

Scope: New Title 17 regulations to **reduce in-service fuel storage capacity** at bulk fuel terminals by 2036.

Purpose: Reduce risks from storing large quantities of fuel in in an area at risk in a Cascadia Subduction Zone earthquake while also accounting for Oregon's liquid fuel needs.

Fuel definition

Fuel means a product used to produce energy by burning, such as for heat or power.

- Includes (but not limited to) gasoline, diesel, ethanol, biodiesel, renewable diesel, crude oil, jet fuel, avgas, liquefied natural gas, methanol, biomethane, clean hydrogen, naphtha, propane, fuel oil, and fuel additives.
- Does not include (but not limited to) asphalt, wastewater, slop, lubricants and motor oils.

Proposed Title 33 Zoning Code Amendments

1. Prohibit expansion of storage tank capacity for all fuel types.
2. Allow for limited fuel storage capacity transfers between existing terminals through a *Fuel Storage Tank Capacity Transfer Review.*
3. Allow for limited fuel storage capacity expansion for aviation fuel through an *Aviation Fuel Expansion Review.*
4. Limit transloading infrastructure. Permitted with replacement tanks or when approved through a *Transloading Facility Expansion Review.*
5. Continue to allow maintenance, repair and replacement of storage tanks.
6. Expand neighborhood contact requirements for permits

Key Elements – In-service tanks definition

In-service storage tank means a tank that is:

1. Connected to transloading facilities;
2. Has been inspected and determined fit for service in per API 653 standards
   - Including tanks temporarily off-line for seismic retrofitting, maintenance, or other repairs.

Key Elements – Out of service tanks definition

Out of service storage tank means a tank for which:

1. All liquid and sludge has been removed; and
2. All transloading facilities have been disconnected.

Tanks that must be brought permanently out of service include:

- Existing tanks that are out of service as of January 1st, 2027; and
- 20% of in-service fuel storage capacity by December 1st, 2036

Reminder:

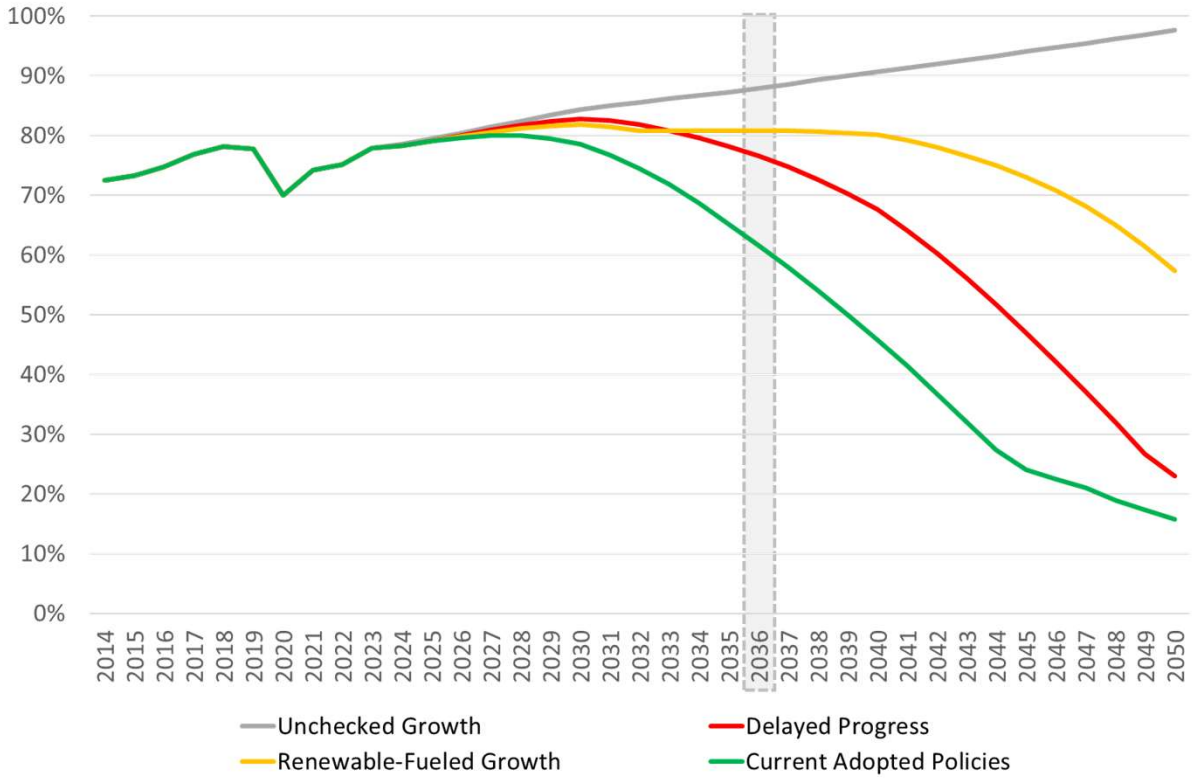
Submit written comments on the Draft Title 17 regulations on Map App

by Tuesday, June 30 at 5 p.m.

Parametrix Modeling Results

- The model shows a decrease in fuel demand in all policy-based scenarios.
- The difference in estimated demand accounts for uncertainty in policy implementation.

Liquid Fuel Demand % Estimated Base Throughput Capacity (Fuels & Crude) at 1 Turn per Month



Aviation Fuel Exemption

Total storage reduction is 4 million gallons less with an aviation fuel exemption

	2027 In Service Fuel Storage	Reduction base	2036 storage after 20% reduction	% reduction from 2027 storage
No exemptions	315 Million	315 Million	252 Million	-20%
Aviation fuel exemption	315 Million	295 Million	256 Million	-18.7%

Removes aviation fuel storage from base

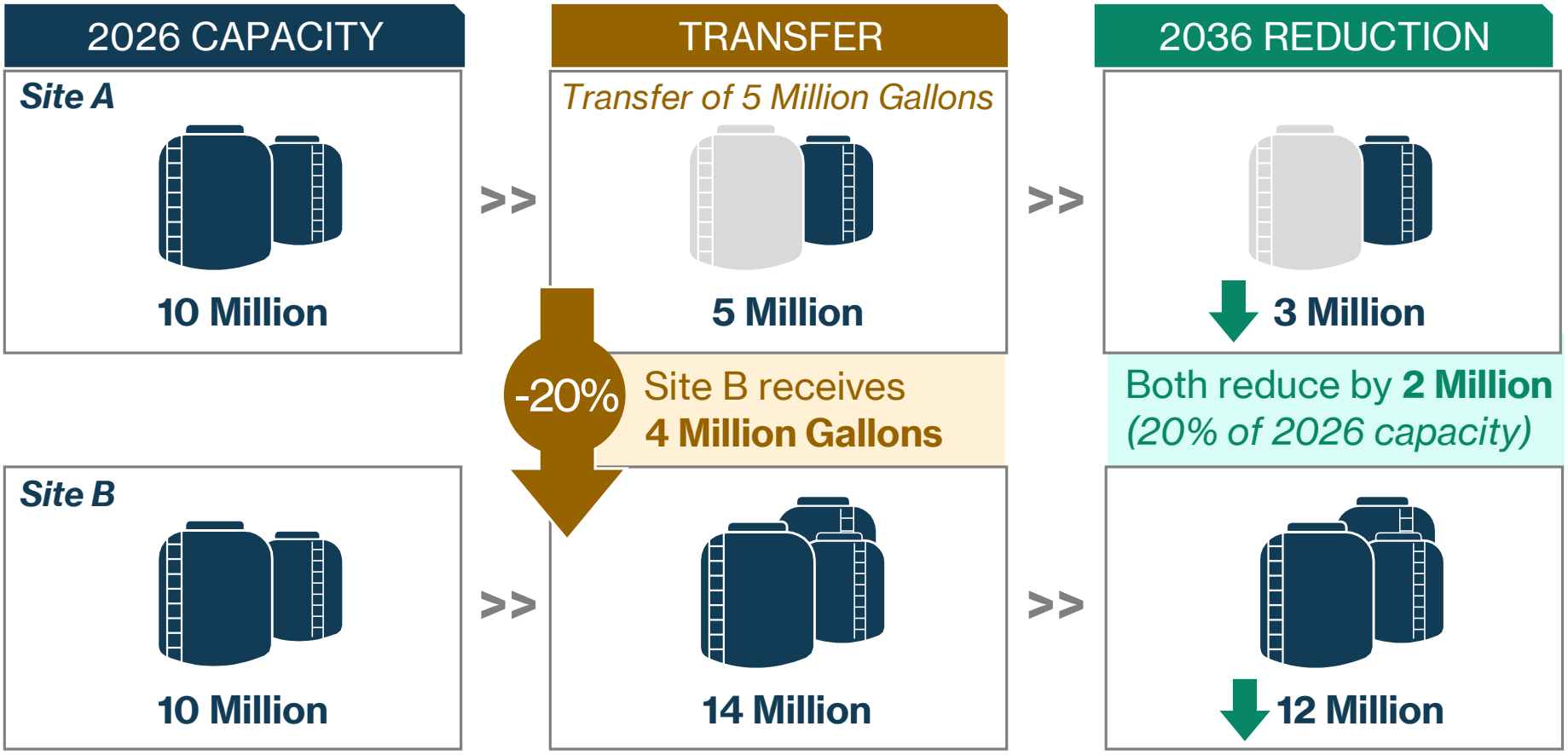
DEQ Fuel Tank Seismic Stability Program (FTSS)

- Requires terminals to submit a **Seismic Vulnerability Assessment** (SVA) that evaluates risk of tank failure in a major earthquake.
- Once an SVA is approved, terminals have 6 mo. to submit a **Risk Mitigation Implementation Plan** (RMIP) with specific mitigation measures to reduce risk.
- All proposed **risk mitigation measures** from an approved RMIP must be in place **within 10 years of RMIP** approval.

Title 17 reductions by 2036 align with anticipated RMIP implementation; *terminals able to plan for both City and State requirements.*

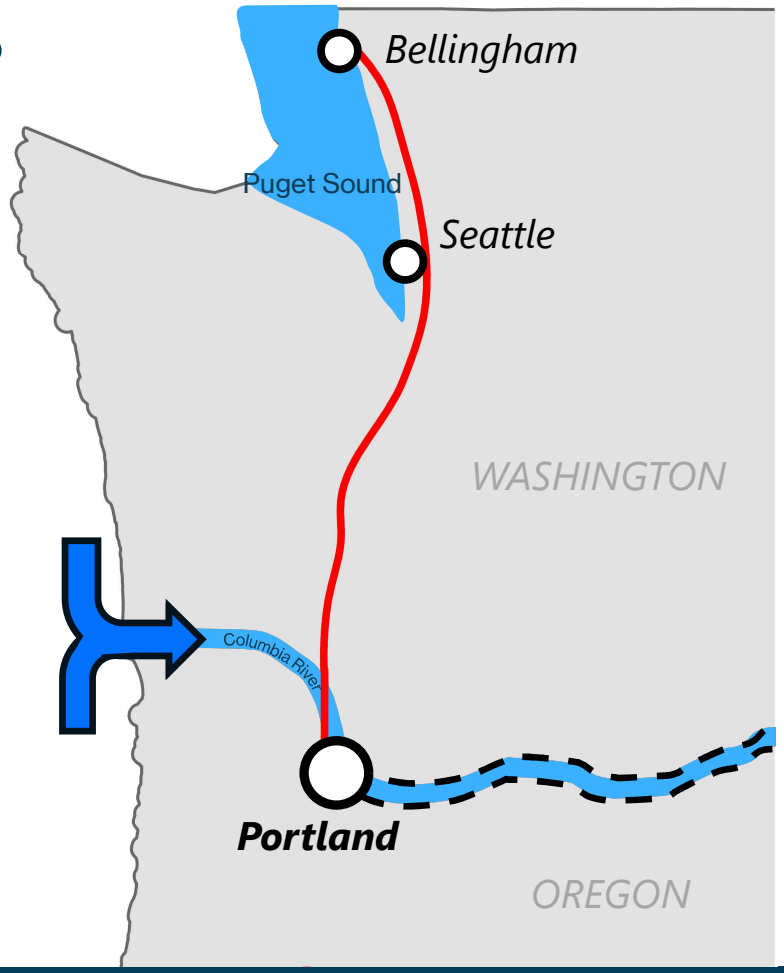
Slide 31

JF1 Changed from “facilities” here and in second bullet, but change back if prior was better term; made other edits.
Frederiksen, Joan, 2026-06-05T15:57:52.432


2026 CAPACITY
TRANSFER
2036 REDUCTION
Site A
10 Million
Transfer of 5 Million Gallons
5 Million
3 Million
-20%
Site B receives
4 Million Gallons
Both reduce by 2 Million
(20% of 2026 capacity)
Site B
10 Million
14 Million
12 Million

Where does the fuel come from?

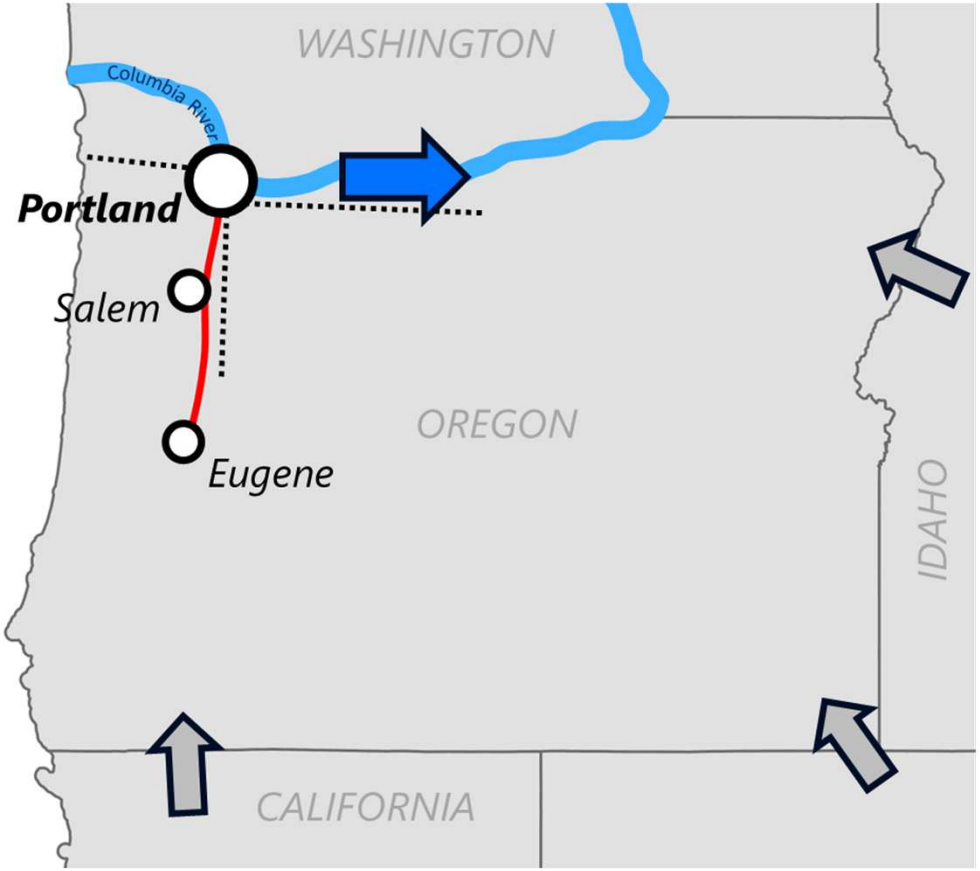
- Via Pipeline from Bellingham Refineries
- Via Barges from California & Puget Sound
- Via Rail



Community and Economic Development

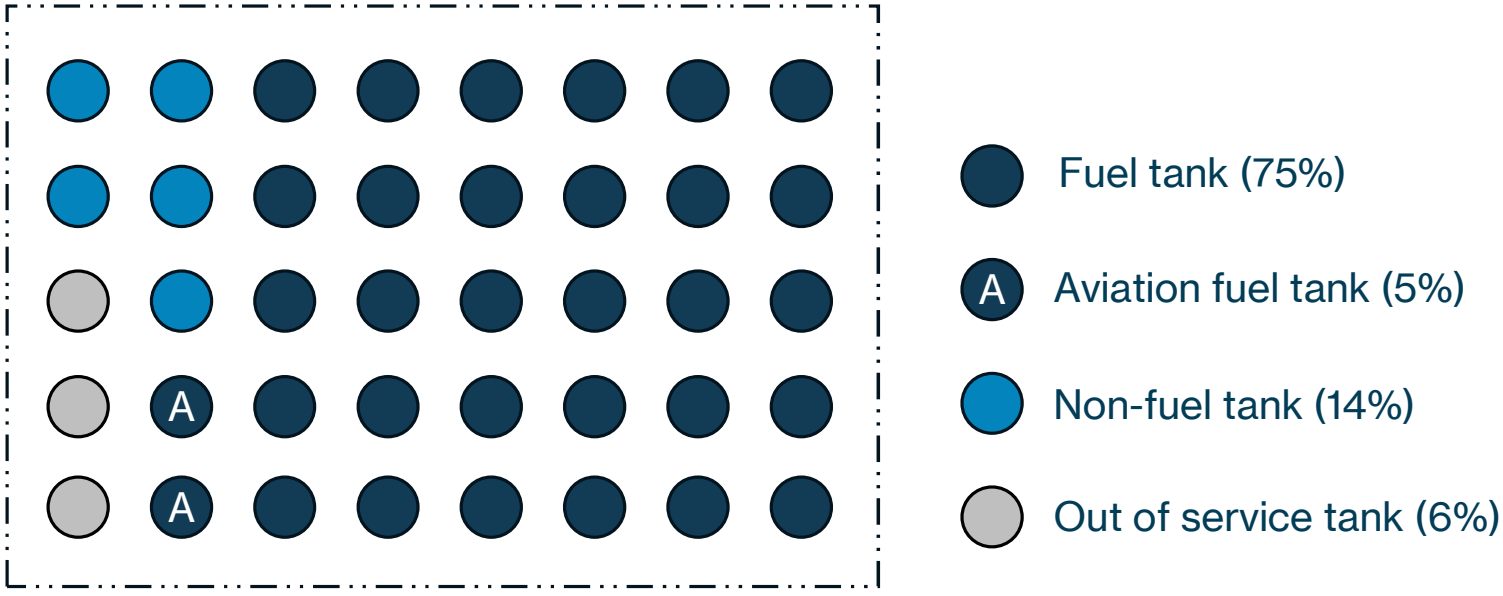
Where does the fuel go?

- 90% of Oregon's liquid fuel passes through the CEI Hub
- Approximately 70% of fuel passing through the CEI Hub is consumed in the Willamette Valley

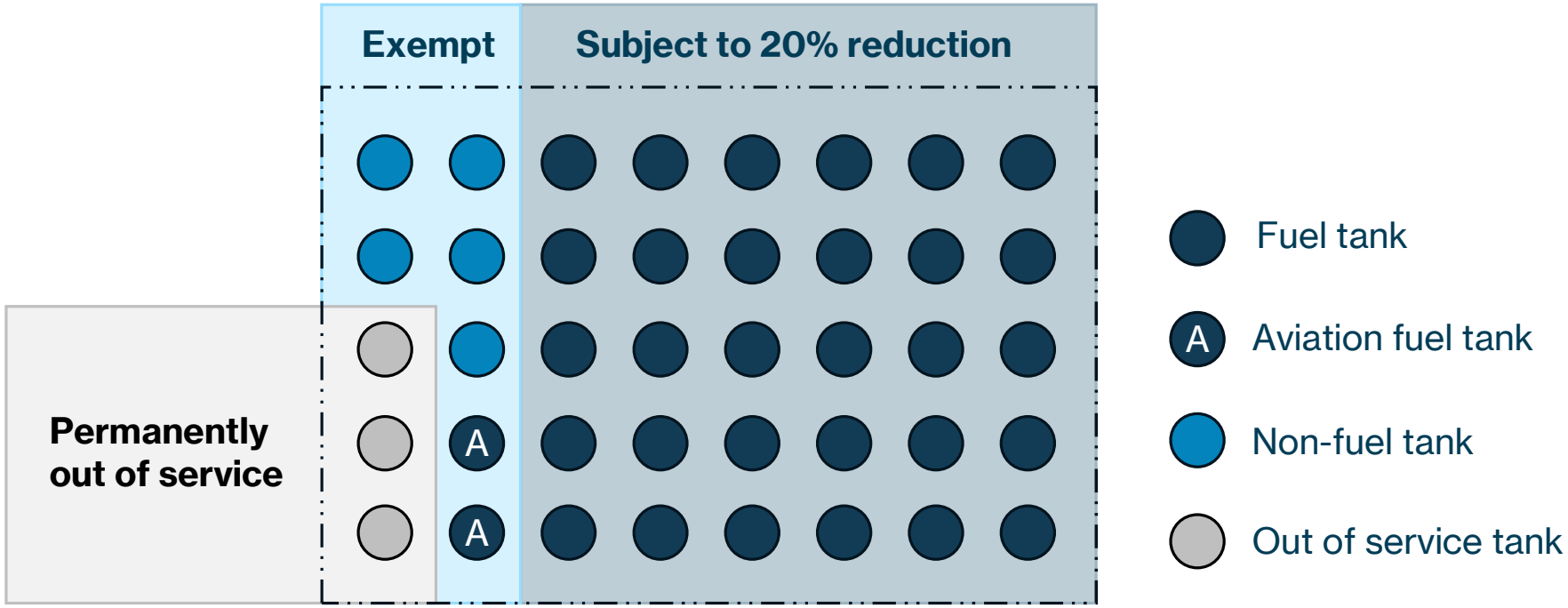


Key Elements – Example

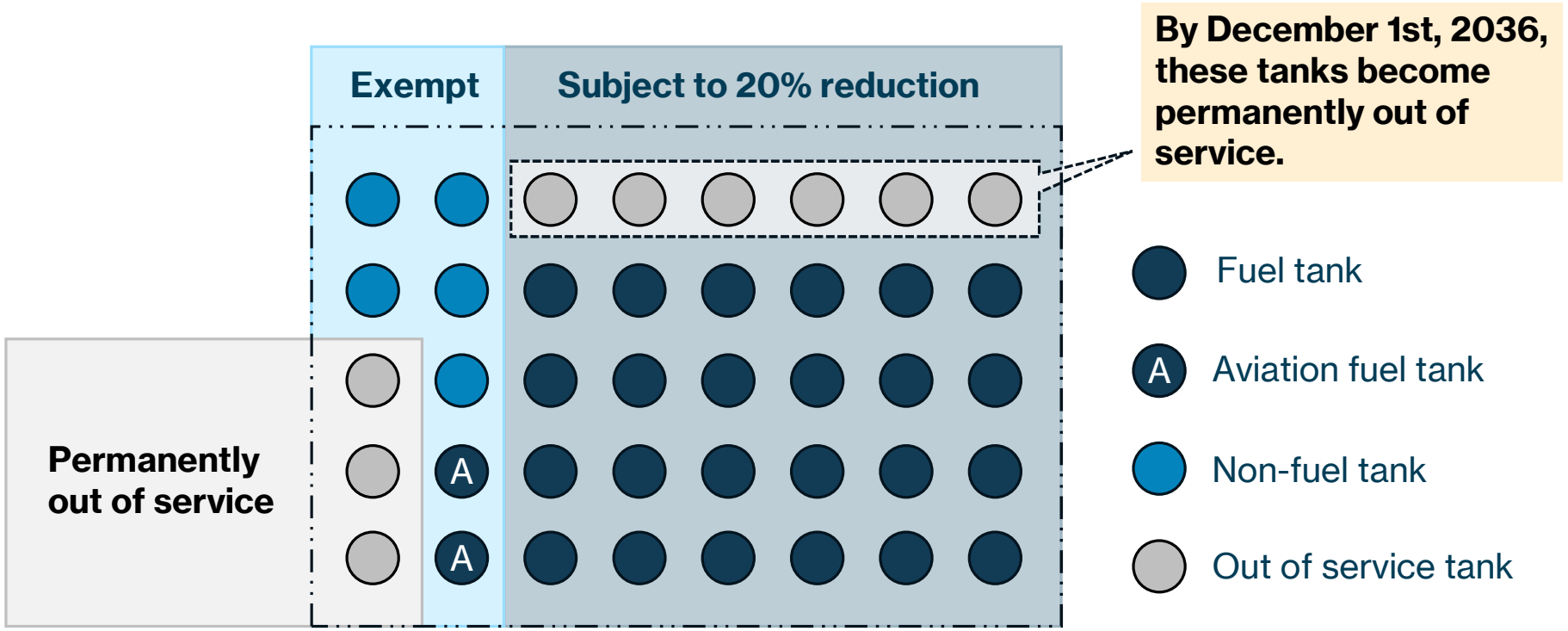
Existing storage tanks as of January 1st, 2027.



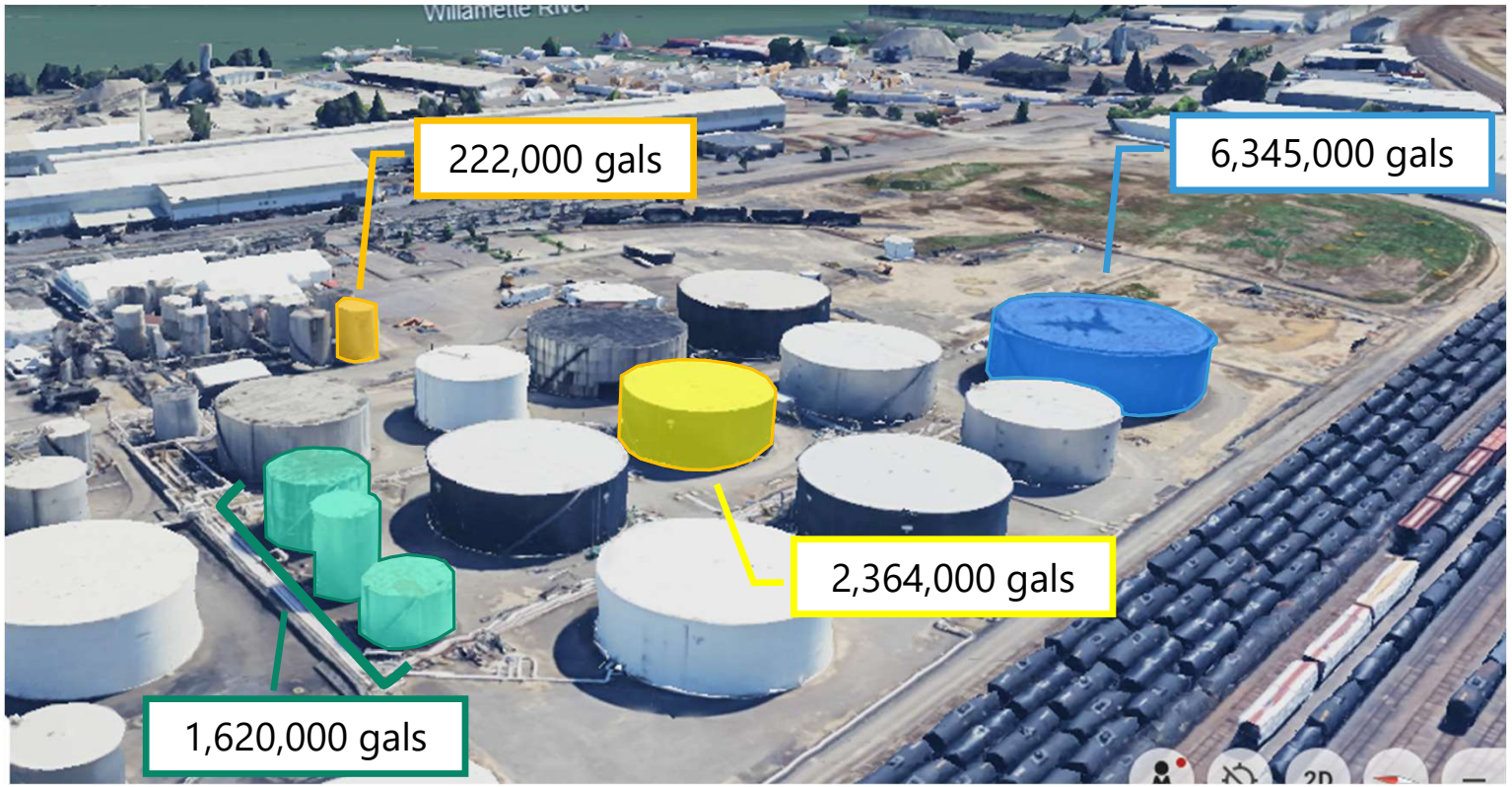
Key Elements – Example



Key Elements – Example

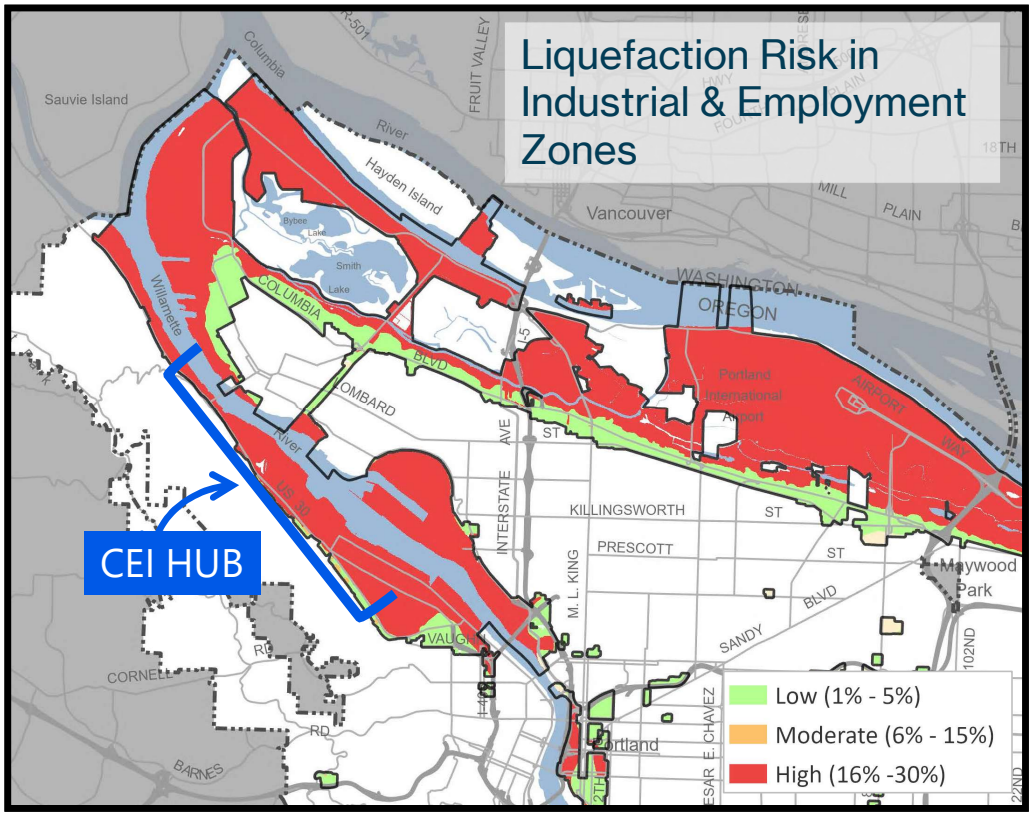


Storage Tank Sizes



Relocation of the CEI Hub is outside of scope

- There are no safer locations in Portland's industrial districts
- Relocating outside of Portland is beyond the City's authority and would require a state-led initiative with extensive coordination between agencies and local jurisdictions



KJ1

Other Elements – Key Terms

Defined in the code:

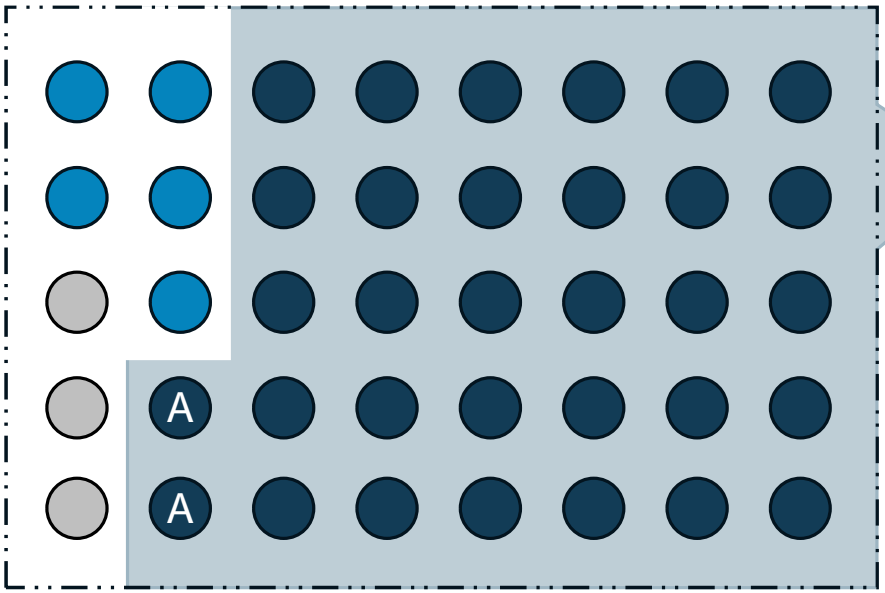
- Bulk fuel terminal
- Storage tank
- In-service storage tank
- Out of service storage tank
- Fuel

Slide 40

KJ1 In/out of service are probably the two key definitions to include in an info session. Also included fuel on the next slide- are there any other definitions we want to present?
Jenkins, Kiel, 2026-05-27T17:02:49.689

JF2 Use this for info sessions and ones with definitions for comm orgs?
Frederiksen, Joan, 2026-06-04T18:44:32.435

Key Elements – Example



CEI HUB CAPACITY (gals)	
Total Capacity	315 Million
Net Capacity	284 Million
Annual Throughput Capacity	3.4 Billion *(avg 1-mo. dwell time)*

Key Elements – Example

CEI HUB CAPACITY (gals)	
Annual Throughput Capacity	3.4 Billion *(avg 1-mo. dwell time)*

FUEL DEMAND PROJECTIONS (gals)	
2026	2.7 Billion
2036	2.6 Billion

CAPACITY UTILIZATION RATES	
Utilization in **2026**	**80%**
Utilization in **2036**	**77%**