

SB

74

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 2/19/03

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/5/03

Resources Committee considered SENATE BILL NO. 74

SB 74 DISCHARGE PREVENTION & CONTINGENCY PLANS

"An Act extending the renewal period for oil discharge prevention and contingency plans; and providing for an effective date."

and recommends:

be replaced with _____ CS SB 74 _____ (RES)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DEC	2/11/03		✓	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>[Signature]</i>			✓	
<i>Joseph Seebins</i>	✓			
<i>Ben Stuns</i>	✓			
<i>Theresa H. Hays</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
CHAIR: <i>Scott Yan</i>	✓			

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 74
 (S) Publish Date: 2/19/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Environmental Conservation
 Title: Cplan Renewal BRU: Spill Prevention and Response
 Component: Industry Preparedness & Pipeline Operations
 Sponsor: Governor Murkowski Component No. 1922
 Requester: Resources

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill changes the time between oil spill contingency plan approvals from the current three years to five years. Plans are required of operators of oil terminals, pipelines, exploration and production facilities, oil tank vessels, nontank vessels, oil barges, and railroad tank cars.

This bill furthers the goal of permit streamlining and complements initiatives currently being undertaken by DEC to shift emphasis away from the administrative review and approval process, which can often become bogged down in legal and adjudicatory challenges from third parties, to actual inspection and verification of response capability, which falls under the purview of DEC's enforcement authority.

Continued on Page 2

Prepared by: Larry Dietrick, Director Phone 465-5250
 Division: Spill Prevention and Response Date/Time 2/11/03 4:49 PM
 Approved by: Kurt Fredriksson Date 2/11/2003
 Agency: Department of Environmental Conservation

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. SB 74 #1

ANALYSIS CONTINUATION

Continuation from Page 1

The application, review and approval process for oil spill prevention and contingency plans has become unnecessarily burdensome to applicants and DEC. The ability to prevent and respond to spills will be improved by increasing the capacity to conduct on-site regulated facility and vessel inspections, spill drills and exercises, technical assistance, and interaction with regulated operators to enhance response preparedness.

The bill supports the Governor's goal of fostering clarity and certainty through clear and consistently applied industry requirements and providing a stable and predictable permitting process.



SENATOR SCOTT OGAN Alaska State Legislature

✓ 5:25 PM

Senate District H Lazy Mountain * Butte * Chugiak * Peters Creek
Knik-Goose Bay * Big Lake * Houston * Willow * Talkeetna * Trapper Creek

State Capitol, Room 103, Juneau Alaska 99801 * (907) 465-3878 * 1 (800) 862-3878 * Fax (907) 465-3265

Senator_Scott_Ogan@legis.state.ak.us

Http://www.akrepublicans.org/ogan

FACSIMILE TRANSMITTAL SHEET

TO: <u>Lynn Barnes</u>	FROM: <u>Linda Hay - Senate Res.</u>
COMPANY:	DATE: <u>3-5-03</u>
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER: <u>3</u>
PHONE NUMBER:	RE:

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

SB 74 has moved out of Resources Committee with the following amendment.

Thank you
Linda Hay
x4907

Amendment #2

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OFFERED IN THE SENATE RESOURCE
COMMITTEE
TO: SB 74

BY Sen Seekins

Page 1, following line 10:

Insert a new bill section to read:

** Sec. 2 The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION. Notwithstanding any contrary provision of AS 46.04, including the review procedures in AS 46.04.030, and the regulations adopted under AS 46.04, the expiration date of an oil discharge prevention and contingency plan approved by the Department of Environmental Conservation before the effective date of this Act shall be extended for two years, or for a shorter period if a shorter period is requested by the holder of the approved plan, if

(1) the plan is still in effect on the day before the effective date of this Act; and

(2) the Department of Environmental Conservation has not given a notice of violation of AS 46.04.030 to the holder of the plan that has not been corrected to the satisfaction of the Department of Environmental Conservation.

Renumber remaining sections accordingly.

Alaska State Legislature

Senate Resources Committee

Senator Scott Ogan, Chair

Senator Fred Dyson
Senator Kim Elton
Senator Georgianna Lincoln
Senator Ralph Seekins
Senator Ben Stevens
Senator Tom Wagoner




State Capitol, Room 103
Juneau, AK. 99801-1182
Phone: (907) 465-4907
Fax: (907) 465-3265

Memorandum

DATE: February 26, 2003

TO: All Senate Resources Committee Members

FROM: Senator Scott Ogan 
Chairman, Senate Resources Committee

RE: SB 74 Discharge Prevention & Contingency Plans

Attached you will find additional information for SB 74 which was heard in committee on Monday and will be heard again March 3rd. New proposed amendment language is attached along with the original amendment, the amendment to the amendment and a copy of the bill.

Please bring your existing bill packet to Monday's meeting.

Amendment #2

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OFFERED IN THE SENATE RESOURCE
COMMITTEE
TO: SB 74

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(1) the plan is still in effect on the day before the effective date of this Act; and

(2) the Department of Environmental Conservation has not given a notice of violation of AS 46.04.030 to the holder of the plan that has not been corrected to the satisfaction of the Department of Environmental Conservation.

Renumber remaining sections accordingly.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Am to Am # 7

Lines 5-9:

TRANSITION: (a) Notwithstanding any contrary provision of AS 46.04, including the review procedures in AS 46.04.030, and the regulations adopted under AS 46.04, the expiration date of an oil discharge prevention and contingency plan approved by the Department of Environmental Conservation before the effective date of this Act ~~will~~ be extended for two years, if ^{shall}

Lines 15-16. Delete paragraph (b).

AMENDMENT #1

OFFERED IN THE SENATE RESOURCE
COMMITTEE
TO: SB 74

BY _____

1 Page 1, following line 10:

2 Insert a new bill section to read:

3 *** Sec. 2. The uncodified law of the State of Alaska is amended by adding a new
4 section to read:

5 TRANSITION. (a) Notwithstanding any contrary provision of AS 46.04,
6 including the review procedures in AS 46.04.030, and the regulations adopted under
7 AS 46.04, the Department of Environmental Conservation may extend, up to an
8 additional two years, the expiration date of an oil discharge prevention and contingency
9 plan approved by the department before the effective date of this Act, if

10 (1) the plan is still in effect on the day before the effective date of this Act;
11 and

12 (2) the Department of Environmental Conservation has not given notice of
13 violation of this chapter to the holder of the plan that has not been corrected to the
14 satisfaction of the Department of Environmental Conservation.

15 (b) The Department of Environmental Conservation may adopt regulations under
16 AS 44.62 to implement this section.

17

18 Renumber remaining sections accordingly.

Senate Resources

Senate Bill 74

"An Act extending the renewal period for oil discharge prevention and contingency plans"

Testimony of Larry Dietrick

*Alaska Department of Environmental Conservation
Division of Spill Prevention and Response*

February 24, 2003

This bill supports the Governor's goal of improving regulatory efficiency by reducing the administrative burden while improving spill prevention, preparedness and protection of the environment.

Senate Bill 74 will streamline the states permitting process by lengthening the time for renewal of Oil Discharge Prevention and Contingency Plans from the current three years to five years.

A five year-year renewal period will streamline the contingency review process for industry while maintaining Alaska's strong spill prevention and response standards.

Focusing on the actual testing of oil spill prevention and response preparedness through in-the-field inspections, drills, and exercises is our most effective means of ensuring spill prevention and response readiness and protection of the environment.

Oil Discharge Prevention and Contingency Plans are public noticed, reviewed and approved by the Department of Environmental Conservation.

Oil Discharge Prevention and Contingency Plans are required for operators of oil terminals, refineries, crude oil transmission pipelines, oil exploration and production facilities, oil tank vessels, oil barges, nontank vessels of over 400 gross tons, and railroad tank cars.

There are multiple benefits from the change proposed by the bill.

The bill furthers the goal of permit streamlining with no loss of environmental protection, and complements initiatives currently being undertaken by the Department to shift the emphasis away from the administrative review and approval process to field verification of response capability.

The bill will significantly reduce the administrative burden on the regulated community and will shift the emphasis from paperwork to performance.

The reduction in paperwork will increase the ability of operators and the Department to focus on spill prevention and facility operation.

The change will allow operators more time to make practical enhancements to their spill prevention and response capabilities.

The change will improve environmental protection and preparedness through increased field presence and the ability to work directly with operators to ensure response readiness through on-site facility and vessel inspections, spill drills and exercises.

The change will make the state renewal cycle consistent with the five year renewal cycle for federal oil spill contingency plans required under the Oil Pollution Act of 1990, as well as those of other West Coast states.

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION OFFICE OF THE COMMISSIONER

410 Willoughby Ave., Ste 303
Juneau, AK 99801-1795
PHONE: (907) 465-5065
FAX: (907) 465-5070
<http://www.state.ak.us/dec/>

February 20, 2003

The Honorable Scott Ogan
Alaska State Senate
State Capitol, Room 103
Juneau, AK 99801

FEB 24 2003

Dear Senator Ogan:

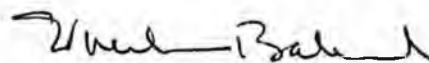
The Department of Environmental Conservation requests a hearing on SB 74 "An Act extending the renewal period for oil discharge prevention and contingency plans." Operators of oil terminals, pipelines, exploration or production facilities, tank vessels, non tank vessels and oil transporting railroad cars are required to have an approved oil discharge prevention and contingency plan. Current law requires that these plans be renewed every three years. This legislation increases the renewal period to five years.

This bill streamlines the permitting process with no loss of environmental protection. I have testified in your committee concerning my commitment to setting clear understandable standards and ensuring compliance through monitoring. This bill will allow industry and the department to focus our limited resources on the actual testing of oil spill prevention and response readiness through in-the-field inspections and drills. Exercises are the most effective means of ensuring spill readiness.

A five-year renewal cycle also provides consistency with the approval cycle for federal and West Coast states' response plans. Plans for multiple jurisdictions can now be on the same cycle.

Larry Dietrick, Director of the Division of Spill Prevention and Response will represent the department on this bill. For additional information, please contact Mr. Dietrick at 465-5255 or Mary Siroky, the department's legislative liaison at 465-5355. Thank you for your consideration.

Sincerely,



Ernesta Ballard
Commissioner

cc: Mike Tibbles, Legislative Director, Office of the Governor

FRANK H. MURKOWSKI
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
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WWW.GOV.STATE.AK.US

February 18, 2003

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 107
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill extending the renewal period for oil discharge prevention and contingency plans under AS 46.04.030 and 46.04.055 from three years to five years.

AS 46.04.030 requires that all operators of oil terminals, pipelines, exploration or production facilities, tank vessels, and oil barges have an approved oil discharge prevention and contingency plan in order to operate. AS 46.04.055 requires that operators of nontank vessels over 400 gross tons and railroad tank cars transporting oil also have an approved oil discharge prevention and contingency plan. Current law requires that these contingency plans be renewed every three years.

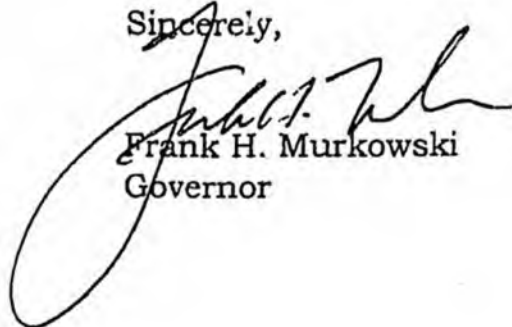
In contrast, federal oil spill response plans are reviewed and renewed every five years. However, there is no requirement that state contingency plans match the federal renewal cycle.

A five-year renewal period will streamline the review for both the state and industry, while maintaining Alaska's strong oil spill prevention and response standards. Focusing on the actual testing of oil spill prevention and response

readiness through in-the-field inspections, drills, and exercises is our most effective means of ensuring spill prevention and response readiness.

I urge your prompt and favorable action on this measure.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Frank H. Murkowski', is written over the typed name and title.

Frank H. Murkowski
Governor

TESTIMONY OF
MARILYN CROCKETT
ALASKA OIL AND GAS ASSOCIATION
BEFORE
SENATE RESOURCES COMMITTEE
RE: SB74
March 3, 2003

My name is Marilyn Crockett and I am Deputy Director of the Alaska Oil and Gas Association. AOGA is a trade association whose 17 member companies account for the majority of oil and gas exploration, development, production, transportation, refining and marketing activities in Alaska.

Every AOGA member conducting activities in Alaska is required to have an Oil Spill Prevention and Contingency Plan (or C-Plan) approved and in place. Therefore, AOGA has a significant interest in SB74, and we encourage the Committee to pass it.

AOGA spent a considerable amount of time over the past 12 months identifying permitting programs that were in need of updating and streamlining. Early on we adopted a guiding principle to guide us through this process. That principle reads: "accomplish updates and streamlining without compromising environmental protection or safety standards". SB74 fits perfectly within this principle.

The bill would extend the renewal cycle for C Plans from the current period of three years to five years—the cycle required by the federal government, west coast states, and other oil producing states we've studied.

Preparation and processing of a renewal application is expensive endeavor. Renewal costs can average between \$60,000 and \$100,000 for the renewal alone (legal challenges can increase these numbers by an additional \$200,000 to \$500,000).

The renewal process also is very time-intensive. Experience has shown that for some plans, even with submittals 180 days in advance of the expiration date, approvals still can average 360 days, essentially meaning that once a renewal is complete, work must begin on the next renewal.

It's important to recognize what purpose the C Plan serves. It is the "blueprint", if you will, describing how an operator will respond to an event. The proof of the effectiveness of the plan is not how often it is renewed; it's whether the response identified in the Plan can be delivered as promised. Demonstration of this effectiveness is accomplished through drills. It is in this area that we will see the biggest benefit of an extended renewal cycle by shifting the focus away from administrative processing to field performance.

It's also important to recognize that these Plans are evergreen documents. They are not simply placed on a shelf after approval to collect dust until the next renewal period. They are continually reviewed to ensure information is kept up-to-date and to ensure the Plan continues to reflect the current operation and state of readiness. ADEC regulations require that updates and amendments be submitted to the Department.

Finally, we understand the Administration will be proposing an amendment to the transitional provision adopted by the Committee at its February 24, 2003 meeting. This amendment retains the mandatory two-year extension authority included in the amendment previously adopted by the Committee, but also includes language which would allow a plan holder to request a shorter period of time. AOGA supports this amendment.

Thank you for allowing me to testify.



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Tadd Owens, Executive Director
Resource Development Council
SB74 Testimony
Senate Resources Committee
February 24, 2003

Thank you, Mr. Chairman. For the record my name is Tadd Owens, executive director of the Resource Development Council. RDC is a private, non-profit, business association representing individuals and companies from Alaska's oil and gas, mining, timber, tourism and fisheries industries. Our mission is to help grow Alaska's economy through the responsible development of our state's natural resources.

RDC supports Senate Bill 74 and we urge the Senate Resources Committee to move the legislation forward. SB74 makes a simple change to the renewal period for ADEC-required discharge and contingency plans, commonly referred to as C-Plans, from three to five years. C-plans are essential to spill response preparedness, however, the effort associated with the plan renewals is significant for both industry and the state. Based on our members' experiences, a three-year renewal cycle often does not result in meaningful improvements in environmental protection or regulatory compliance. Increasing the time between renewals from three to five years will bring the program's benefits in line with its costs.

A five-year renewal cycle will allow the state to focus its resources on site inspections rather than the office work associated with plan reviews. Currently, ADEC is responsible for more than 125 C-Plans in Alaska. Allowing agency staff additional time in the field will provide them with a more thorough understanding of industry operations. A five-year renewal period will give agency staff a better opportunity to determine the effectiveness of existing plans and to observe plan implementation prior to any incident. By utilizing this information and experience, subsequent plan renewals will have better oversight, incorporate more high-value improvements, and be less vulnerable to legal challenges.

Meanwhile industry will be able to shift its resources away from the largely administrative exercise of three-year renewals to additional prevention-specific activities. Improved networking and communication between industry and ADEC will further enhance the quality of plan renewals. Also, a five-year renewal cycle would mirror the federal requirement, allowing industry to consolidate its review process.

RDC's members believe that increasing the C-Plan renewal cycle from three to five years will result in a more thorough public process, the creation of more realistic and sophisticated plans, and establish a more efficient and predictable regulatory regime. SB74 deserves the committee's support.

Thank you, Mr. Chairman for the opportunity to testify this afternoon.

Subject: PWSRCAC Comments on HB113/SB74

Date: Mon, 03 Mar 2003 16:09:03 -0900

From: Jennifer Fleming <fleming@pwsrcac.org>

To: <linda_hay@legis.state.ak.us>, <mark_stopha@legis.state.ak.us>, Donna Schantz <schantz@pwsrcac.org>

Linda,

Mark Stopha requested that I forward the attached comments to you. As you will see, these comments were sent to the House Oil and Gas Committee regarding HB113 (SB74) on Wednesday, February 26, 2003. We are looking to draft additional comments based on the recent amendments to the bill, and will forward them to you once complete. If you have any questions, please don't hesitate to call me at the number listed below.

Regards ~ Jennifer

Jennifer Fleming, Executive Assistant
Prince William Sound Regional Citizens Advisory Council
PO Box 3089, Valdez, Alaska 99686
(907) 834-5010 direct
(907) 835-5957 main
(907) 835-5926 fax

<http://www.pwsrcac.org/>



651.105.030226.HOG/HB113.pdf

Name: 651.105.030226.HOG/HB113.pdf

Type: Acrobat (application/pdf)

Encoding: base64

Download Status: Not downloaded with message



Regional Citizens' Advisory Council / "Citizens promoting environmentally safe operation of the Alyeska terminal and associated tankers."

In Anchorage: 3709 Spenard Road / Anchorage, Alaska 99503 / (907) 277-7222 / FAX (907) 277-4523

In Valdez: P.O. Box 3089 / 339 Hazelnet Avenue / Valdez, Alaska 99686 / (907) 835-5957 / FAX (907) 835-5926

February 26, 2003

MEMBERS

Alaska State
Chamber of
Commerce

Representative Vic Kohring
Chair, House Oil and Gas Committee
State Capitol, Room 24
Juneau, AK 99801-1182

Alaska Wilderness
Recreation & Tourism
Association

Subject: Opposition to House Bill 113 as Currently Drafted

Chugach Alaska
Corporation

Dear Representative Kohring:

City of Cordova

The Prince William Sound Regional Citizens' Advisory Council (PWSRCAC) is an independent non-profit corporation whose mission is to promote environmentally safe operation of the Valdez Marine Terminal and associated tankers. Our work is guided by the Oil Pollution Act of 1990, and our contract with Alyeska Pipeline Service Company. PWSRCAC's 18 member organizations are communities in the region affected by the 1989 Exxon Valdez oil spill, as well as commercial fishing, aquaculture, Native, recreation, tourism and environmental groups.

City of Homer

City of Kodiak

City of Seldovia

City of Seward

We have reviewed contingency plan (C-Plans) for the Valdez Marine Terminal and the Prince William Sound tanker trade for over a decade and speak from experience on this important issue.

City of Valdez

City of Whittier

We are opposed to House Bill 113 (HB113) as currently drafted. This bill would weaken Alaska's oil spill prevention and response capability by extending the C-Plans renewal cycle from a 3 to a 5-year period. While the stated purpose of HB113 is to align the State's 3-year renewal cycle with the federal 5-year renewal cycle for C-Plans, the actual benefit of this alignment is negligible.

Community of
Chenega Bay

Community of
Tatitlek

Cordova District
Fishermen United

As written, HB113 would weaken Alaska's oil spill prevention and response capability in three ways:

Kenai Peninsula
Borough

- 1) by extending the timeframe for updating and incorporating into the plan important "lessons learned" from drills and exercises;
- 2) by reducing the frequency of Best Available Technology analyses, which ensure that the best technology, equipment and/or procedures are utilized to prevent and respond to oil spills; and
- 3) by reducing the agency and planholder familiarization with the plan, which could result in complacency.

Kodiak Island
Borough

Kodiak Village Mayors
Association

Oil Spill Region
Environmental
Coalition

Since many of Alaska's oil spill planning requirements are more stringent than federal planning requirements, federal agencies (USCG, MMS, EPA) generally accept Alaska C-Plans as meeting federal requirements. Two separate plans are not required. Each planholder can submit one joint plan that meets both state and

Prince William Sound
Aquaculture
Corporation

federal requirements. There is currently no conflict between state and federal planning cycle requirements.¹ Hence the alignment this bill seeks to achieve has already been accomplished.

The sponsors of this bill may be unaware that HB113 actually introduces a discrepancy between state and federal oil spill programs. HB113 would misalign Alaska's C-Plan renewal cycle with the federal 3-year oil spill drill cycle. The federal National Preparedness for Response Exercise Program (NPREP) is set to a triennial cycle that requires a major oil spill equipment deployment drill once every three years to ensure that C-Plan personnel and equipment are fully tested. Many Alaskan C-Plan holders align their NPREP drills to coincide with Alaska's 3-year renewal cycle, so that improvements recommended from drills and exercises can be incorporated in their plan at renewal. Alignment between the State's C-Planning cycle and the federal drill program is important, since the state has not adopted any regulatory requirements for drills, and relies on the federal drill program to ensure the integrity of Alaska's oil spill response system.

While federal agencies are on a 5-year renewal cycle, they require that an annual review be conducted by the planholder and that the planholder submit amendments to keep the plan current². This annual review requirement forces the planholder to review their plan and make updates and improvements, such as may be identified from drills and exercises. The federal requirement ensures that the key plan elements are improved on a continuous basis and do not languish for a period of 5 years. Annual amendments are submitted for portions of the plan that require revision. The entire plan is submitted for renewal once every 5 years. Additionally, since the plan is maintained on an annual basis, major revisions are not typically required at the 5-year renewal cycle. If an annual update process were in place, there would be no incompatibility between the 3-year NPREP cycle and the 5-year cycle (with annual updates).

If Alaska seeks full alignment with the federal C-Plan review process, that alignment requires that Alaska not only adopt the 5-year renewal cycle, but also adopt the federal annual updating and amendment requirements.

In summary, we oppose the current version of HB113 for the following reasons:

1. HB113 is not consistent with Federal Oil Spill Planning or Drill Requirements
Retaining the 3-year C-Plan renewal cycle ensures consistency with the national oil spill exercise program, which is an important tool for ensuring that contingency plans are updated to reflect current innovations and lessons learned in a timely manner.
2. HB113 slows the implementation of Best Available Technology
Regular Best Available Technology (BAT) analyses are the cornerstone of the BAT regulations adopted by ADEC 1997 and agreed upon by citizens, industry

¹ USCG and MMS work collaboratively with the State of Alaska during Alaska's 3-year renewal cycle, and merely issue updated approval letters once every five years; an extensive plan update is not required, due to the stringency of Alaska's planning standards. EPA does not review and approve C-Plans, they only require a plan that meets federal requirements to be located at the facility. Annual plan amendments are also required by the federal agencies.

² 33CFR155.1070 United States Coast Guard, Oil or Hazardous Material Pollution Prevention Regulations for Vessels, Procedures for plan review, revision, amendment, and appeal.

and government. Currently a BAT analysis for oil spill prevention and response is required at each plan renewal (every three years). The plan holder must adopt new equipment and/or procedures if the analysis determines that the existing technology utilized by the plan holder does not meet the BAT standards. Lengthening the 3-year renewal cycle without requiring an annual plan holder review, slows the process that ensures that BAT is being utilized to prevent and respond to oil spills.

More frequent BAT updates also provide incentives for Alaskan entrepreneurs and suppliers to develop and sell improved technology to the Alaska oil industry.


3. HB113 could lead to complacency and increased risks

Thirteen years after the Exxon Valdez Oil Spill (EVOS) tragedy we can look back and marvel at all we have accomplished together to improve Alaska's oil spill prevention and response capability. But we must not begin dismantling the very C-Plan laws that have prevented another major oil spill disaster without good reasons.

Retaining the 3-year C-Plan renewal cycle ensures that one of the greatest lessons learned from the EVOS is not repeated, that is, allowing regulators and industry to become complacent³.

We strongly oppose HB113 as drafted. Thank you for considering our views. Please contact me if you have any questions or if I can provide additional information on our position regarding HB113.

Sincerely,



John S. Devens, Ph.D.
Executive Director

Cc: Representative Mike Chenault
Representative Hugh "Bud" Fate
Representative Lesil McGuire
Representative Norman Rokeberg
Representative Harry Crawford
Representative Beth Kerttula
Governor Frank Murkowski
Lt. Governor Loren Leman
Commissioner Ernesta Ballard, ADEC
Richard Ranger, Alyeska Pipeline
PWS RPG c/o Tom Colby, ATC
CDR Mark Swanson, US Coast Guard
Mike Munger, CIRCAC
PWSRCAC Member Organizations

³ "The Exxon Valdez Oil Spill, Final Report, State of Alaska", Alaska Department of Environmental Conservation, June 1993
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TESTIMONY OF
MARILYN CROCKETT
ALASKA OIL AND GAS ASSOCIATION
BEFORE
SENATE RESOURCES COMMITTEE
RE: SB74
February 24, 2003

My name is Marilyn Crockett and I am Deputy Director of the Alaska Oil and Gas Association. AOGA is a trade association whose 17 member companies account for the majority of oil and gas exploration, development, production, transportation, refining and marketing activities in Alaska.

Every AOGA member conducting activities in Alaska is required to have an Oil Spill Prevention and Contingency Plan (or C-Plan) approved and in place. Therefore, AOGA has a significant interest in SB74, and we encourage the Committee to pass it.

AOGA spent a considerable amount of time over the past 12 months identifying permitting programs that were in need of updating and streamlining. Early on we adopted a guiding principle to guide us through this process. That principle reads: "accomplish updates and streamlining without compromising environmental protection or safety standards". SB74 fits perfectly within this principle.

The bill would extend the renewal cycle for C Plans from the current period of three years to five years—the cycle required by the federal government, west coast states, and other oil producing states we've studied.

Preparation and processing of a renewal application is expensive endeavor. Renewal costs can average between \$60,000 and \$100,000 for the renewal alone (legal challenges can increase these numbers by an additional \$200,000 to \$500,000).

The renewal process also is very time-intensive. Experience has shown that for some plans, even with submittals 180 days in advance of the expiration date, approvals still can average 360 days, essentially meaning that once a renewal is complete, work must begin on the next renewal.

Finally, we understand the Administration will be proposing an amendment to SB74 providing a Transitional provision for existing, approved C Plans, and we would like to speak to that amendment when it is presented.

Thank you for allowing me to testify.