

WHATCOM COUNTY

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Mark Personius
Director

Memorandum

July 7, 2020

TO: The Whatcom County Planning Commission
FROM: Matt Aamot, Senior Planner
THROUGH: Mark Personius, Director
RE: Cherry Point Amendments (PLN2018-00009)

The subject proposal includes the term “value added processing” in proposed WCC 20.68.153, which requires a conditional use permit for fossil fuel facility expansions as shown below.

Expansion of existing legal fossil fuel refineries or expansion of existing legal fossil fuel transshipment facilities. For purposes of this section, an expansion is any fossil fuel refinery and/or transshipment facility development (including otherwise permitted or accessory uses), vested after the effective date of this ordinance, that meets any one of the following thresholds:

- A. Cumulatively increases its maximum atmospheric crude distillation capacity of fossil fuels by more than 10,000 barrels (or 420,000 gallons) per day based upon an evaluation of physical equipment limitations conducted by a licensed professional engineer; or
- B. Cumulatively increases the maximum transshipment capacity of the facility by more than 10,000 barrels (or 420,000 gallons) per day; or
- C. Cumulatively increases the maximum transshipment capacity of unrefined fossil fuels from the facility by more than 10,000 barrels (or 420,000 gallons) per day; or
- D. Cumulatively increases fossil fuel storage tank capacity of the facility by more than 200,000 barrels (or 8,400,000 gallons) for the transshipment of fossil fuels outside of Whatcom County without **value added processing**. . .

The term “value added processing” does not appear anywhere else in the subject proposal.

Industry submitted a proposed definition of value added processing earlier this year (see Holli Johnson e-mail dated Feb. 18, 2020). However, Planning Commission meetings in March, April, and May were cancelled because of the COVID-19 meeting restrictions. Planning and Development Services (PDS) staff would like to revisit the term "value added processing" because it is used in the proposal but remains undefined.

PDS staff met virtually with industry representatives on Monday July 6, 2020 to discuss the definition proposed by industry. PDS worked with industry representatives to amend the proposed definition to address open-ended provisions that could have been subject to multiple interpretations. The amended definition is shown below (the underlining and strikethroughs show the differences from the original industry proposal).

"Value added processing" is the modification of material through the alteration of physical or chemical properties or conditions by:

1. Processing to meet product specifications and/or local, regional, national, or international standards and regulations including but not limited to removal of impurities;
2. Processing to meet shipment or pipeline specifications, standards and regulations including but not limited to removal of impurities;
- ~~3. Alteration of physical or chemical properties or conditions;~~
- ~~4. Removal of impurities;~~
- ~~5.3. Blending; or~~
- ~~6.4. Refining;~~
- ~~7. Vapor pressure control or adjustment; or~~
- ~~8. Other similar modifications of material;~~

Provided, however, value added processing does not include export of unrefined crude oil which is not processed or consumed at Cherry Point.

PDS thinks it would be beneficial to have a definition of "value added processing" to assist in interpreting proposed WCC 20.68.153. Therefore, we worked with industry to modify the definition for review by Planning Commission. Thank you for your consideration of this issue.