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The cost of a worst case spill

The worst case historical spill is in the neighborhood of $1 billion. Yet, the draft rule requires only $300,000,000 of insurance, based on a value set 30 years ago in California law. In today's dollars that $300M is well over $600M. This value does not consider conditions specific to WA (such as the extraordinary risk in Puget Sound to ecosystems there - no equivalent exists in California). CPI on $600M will never get us to full coverage of the historical worst case spill of $1B. According to Ecology's webpage Spill Prevention, Preparedness, and Response Program, "Based on 2006 numbers, a large spill could cost the state $10.8 billion..."
https://ecology.wa.gov/About-us/Who-we-are/Our-Programs/Spills-Prevention-Preparedness-Response

RCW 88.40.025 Financial responsibility for onshore or offshore facilities:

An onshore or offshore facility shall demonstrate financial responsibility in an amount determined by the department as necessary to compensate the state and affected federally recognized Indian tribes, counties, and cities for damages that might occur during a reasonable worst case spill of oil from that facility into the navigable waters of the state. The department shall adopt a rule that considers such matters as the worst case amount of oil that could be spilled...

The proposed $300M would not come close to covering the worst case spill as described by Ecology on their own webpage. For more detail, applying the definition of worst case spill in RCW 173-182-030 (73) by facility, see the Friends of the San Juans analysis.

Insurance and subsidies

No one calculates the amount of insurance required to cover a financial risk better than an insurance actuary. The cost of insurance is high if the likelihood and cost of losses are high. Insurance considers and covers the real risk of an event. It's a very bad sign when one can't afford the insurance.

Is Department of Ecology choosing a number for the rule that is clearly too small because the fossil fuel industry can't afford to insure against the real risk inherent in their operations? If so, this is a subsidy. Just because the industry is legally liable for the full cost of the spill doesn't mean they will be able to pay the full amount. That's why insurance is required - that's what insurance is for.

No amount of money in the world could actually make up for a major spill — it would just pay for an imperfect attempt to clean up what can never really be cleaned up. The incalculable cost of risking losing ecosystems and risking pollution of drinking water is a subsidy.

Fossil fuel subsidies (like this insurance subsidy) keep fossil fuel profits artificially high. Our own Washington State Investment Board has billions of dollars invested in fossil fuels, in order to share in those artificially inflated profits (at everyone's expense, and to the detriment of Washington ecosystems).

Because burning them causes climate change and ocean acidification, fossil fuel products are dangerous even when they don't leak and are used as intended — so dangerous that all life on earth is threatened by them. Fossil fuel companies' previous and ongoing use of the atmosphere as a sewer is a very expensive subsidy - look what it's already costing California.

I'm guessing that the State is concerned about placing a financial burden on industry which could have economic or reliability consequences. This is understandable, but shortsighted, because subsidies will only delay the inevitable. When these subsidies are no longer sufficient to support this failing industry, taxpayers and consumers could suddenly be left holding the bag. Subsidies must be eliminated as part of an economically efficient and well-managed transition off of fossil fuels. The State of Washington must find a way to provide for continuity of energy services without wasting taxpayer money subsidizing fossil fuel companies.

Every action by every state agency (including investing and rulemaking) should be aligned with other state laws and executive orders, the state Energy Strategy, a just and smooth transition to a low carbon economy, and climate emissions limits in law that require we cut emissions about in half by 2030 and to near zero by 2050.

The State of Washington must be proactive. If paying for the real cost of insuring their operations is already greater than the fossil fuel industry can afford, that is a wakeup call that they are already in economic trouble. Their financial problems will only get worse as demand for fossil fuels drops, and they are held accountable for massive externalized costs (see California lawsuit). Giving them a subsidy now only delays the inevitable.

It is economically inefficient and in direct conflict with Washington state laws and goals to subsidize fossil fuels.

SEPA process

I was unable to open the DNS and SEPA Checklist on the Ecology website. Please provide in a format that is easier to access. I find it difficult to believe that fossil fuel subsidies have no environmental consequences.