

Greater environmental risk: tennis shoes or crude oil?

By Capt. Michael Moore

It's good to see that the news media is shining some light on the issue of paying for a standby tug at Neah Bay. (See Kitsap Sun coverage below).

The tug's purpose is to prevent a catastrophic oil spill that could result from a disabled ship grounding along the Washington Coast or in the Strait of Juan de Fuca. Under state law, companies that operate large vessels in the strait have to share in the costs of paying for a stand-by tug to help prevent an oil spill by a drift grounding.

That's fine. The fairest way to allocate tug costs would seem to be on the basis of how much oil is carried on ships navigating the strait. Vessel operators should pay on the basis of how much oil is moved through the strait on their ships. It's oil that poses a risk, not tennis shoes (or other consumer goods). Cargo ships carry about 20% of the oil (as fuel), tankers about 80% of the oil (as cargo and fuel). It seems that a fair share is pretty straight forward.

Cargo shipping lines are on the ropes, economically speaking. They have suffered billions of dollars over the past two years as a result of the worldwide economic crisis – with the worldwide container fleet estimated to have lost a collective \$20 billion in 2009 versus a \$19 billion profit by Exxon. They shouldn't be asked to pay more than their fair share to support the tug.

Kitsap Sun Negotiations Continue for Neah Bay Tug

By Christopher Dunagan

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On July 1, the commercial shipping industry in Washington state is required by law to take over operation of an emergency rescue tug in Neah Bay.

The tug is designed to assist ships that go adrift in the treacherous entry to the Strait of Juan de Fuca and Puget Sound.

But how to allocate the costs among the various carriers still has not been resolved. Since negotiations began last summer, a philosophical divide has kept oil shippers and cargo shippers from reaching an agreement.

"I'm the eternal optimist and believe that all stakeholders will come together and be able to fund this project," said Frank Holmes, Northwest manager for the Western State Petroleum Association.

Holmes has been making the case that non-oil-carrying vessels are just as likely to need help from a tugboat as oil-carrying vessels, so the assessment should be based largely on the number of vessels passing through the strait.

“Clearly, the tug is being required to be there as an insurance policy for vessels that encounter a mechanical integrity problem, steering problem, engine problem or electrical problem,” he said.

Mike Moore, vice president of the Pacific Merchant Shipping Association, said the Neah Bay tug is all about preventing oil spills, which relates to the amount of oil or fuel on board a disabled vessel. He says cargo ships in Puget Sound have never spilled oil except during fuel transfers, which are subject to other requirements.

Holmes and Moore are leading the negotiations to allocate the costs of the Neah Bay tug among various user groups. Holmes represents owners of oil tankers and barges. Moore’s constituency includes a larger number of non-tanker vessels, including those carrying cargo, passengers and fish-processing plants.

According to Moore, a study of oil-spill risk by the state’s Joint Legislative Audit and Review Committee found cargo vessels accounted for less than 15 percent of the risk. Still, his owners have jointly offered to pay 30 percent of the cost. Using a different analysis, the oil shippers started by negotiating for a lower percentage but now are offering to pay 50 percent of the costs, he said.

“We still have a 20-percent differential that we need to work out between now and July 1,” Moore said.

Beyond the division by industry sector, assessments for individual vessels must be worked out. Vessel size and design are other factors to consider, Holmes and Moore agreed in a progress report to the Legislature.

Meanwhile, plans to hire a tug starting this summer are moving forward. A request for proposals is scheduled to go out before the end of this week. After that, bids will be analyzed and a contract negotiated.

Holmes said he hopes to get bids below the \$3.6 million per year that the state currently is paying for full-time tug service at Neah Bay.

As required by law, oil-spill contingency plans have been updated to include the tug for vessels entering state waters.

Washington Department of Ecology continues to encourage the shipping industry to complete their negotiations to pay for the Neah Bay tug. In case negotiations are not

completed in time, however, the agency has put the industry on notice about what will happen.

The first step is for Ecology to issue a “notice of noncompliance,” said Dale Jensen, manager of Ecology’s Spills Program. If a tug is not in place by July 1, each vessel required to have the tug can be fined up to \$10,000 per day.

Although many shippers still question the need for a tug at Neah Bay and say the costs could affect how the industry operates in Washington state, the law must be followed, Holmes and Moore agreed.

“The legislation is very clear,” Holmes said. “If you want to do business in the state of Washington and you have a vessel that falls under the legislation requirements, then you have to have a tug in your compliance plan.”

The tug will be on station, he said. Despite tough negotiations, there is no other choice.