

Testimony Summary for Chet Thompson, AFPM President and CEO

Hurricane Harvey was arguably the most significant storm impacting the U.S. refining and petrochemicals industry, but our preparation and dedicated workforce helped the industries weather the challenge.

The amount of water dumped by Hurricane Harvey impacted 24 refineries with a quarter of U.S. refining capacity. The hurricane also affected 60 percent of Gulf Coast upstream petrochemical capacity (including ethylene and propylene), representing 58 percent of total U.S. chemical capacity. In addition to refining and petrochemical facility outages, the Hurricane also had a significant impact on the supply chain. This included access to crude oil because of port closures and pipeline outages, but also logistical challenges with getting refined product from our facilities to consumers.

Despite the logistical challenges, just two weeks after Harvey made landfall, 20 of these refiners had restarted or were in the process of restarting. Roughly two weeks after Harvey subsided, 28 percent of Gulf Coast upstream chemical capacity had restarted. In fact, following Hurricanes Katrina and Rita it took 91 days for the industry to return to 89 percent of pre-hurricane inputs. After Harvey and Irma, the industry returned to 88 percent of inputs only 29 days after landfall.

That our industries by and large withstood the storm and that is not by accident. Industry and governments both learned from previous experience that we needed to improve working together. The government especially came through for the industries with better, accessible information. These partners deserve credit for these improvements since previous incidents.

Despite the challenge presented by Harvey, the fuel industry was prepared for Irma. There are no refineries in Florida, so Irma was more about a disruption in distribution and delivery of fuels. The refining industry's job is to get fuel to the people who need it. To do this the industry put as much product as it could into the market in advance of the storm and staged products on both coasts to get fuel to Floridians as soon as it was safe and infrastructure allowed.

The federal and state response was significantly improved compared to previous storms

Our industries didn't do this alone — our companies are gratified by the communication and coordination exhibited between operators, first responders and federal, state and local authorities exhibited throughout unprecedented scale and reach of these weather events. In addition to the improved communication and coordination between the public and private sectors, both federal and state authorities were much quicker with fuel waivers and other actions needed for an efficient and effective recovery effort.

Finally, as always, our companies will work with federal and state authorities to identify lessons-learned and prepare for the next disaster

The federal, state, local, and industry response was significantly improved compared to previous incidents, but there is always something to learn and improve upon. The most important issue is communication, and governments must continue to find ways to coordinate efficiently among various agencies and jurisdictions while keeping lines of communication open with industry stakeholders. For the refining and petrochemical industries, each company is already reviewing their own processes and procedures to make the next response even more effective.