

October 16, 2007

Mary Nichols, Chair  
California Air Resources Board

Tom Cackette  
Acting Executive Officer  
California Air Resources Board  
1001 "I" Street  
P.O. Box 2815  
Sacramento, California 95812

Dear Ms. Nichols and Mr. Cackette:

RE: Draft At-Berth Ocean Going Vessel Regulation

The Oakland Metropolitan Chamber of Commerce is writing to express concern regarding California Air Resources Board's proposed shore-side power regulation now being circulated for comment. The Chamber believes that the regulation would be further strengthened by the inclusion of early adoption incentives and/or alternative compliance strategies. We have learned that language providing for incentives for early adoption was included in prior drafts, but was dropped from the latest version.

The Chamber supports the California Air Resources Board's (CARB's) recent efforts to draft a regulation to reduce emissions from ocean going vessels while those vessels are at berth. The Chamber recognizes the need to reduce emissions from ocean going vessels because these emissions contribute a large percentage of the overall diesel particulate and NOx loads from port-related goods movement in our area. Through the Oakland Partnership we are actively engaged with a variety of stakeholders in a number of voluntary, business-driven efforts to address goods movement-related emissions and maritime air quality issues related to our seaport.

We have been made aware that the Port of Oakland, along with some other container ports in California, has consistently raised concerns about the high cost of utility-based shore power for ports that either lack sufficient electrical infrastructure or, in some cases, power supply to support the additional electrical demand created by shore power loads. The new demand created by utility-based shore power may fall during times of peak electrical load, which would stress the electrical utility system at the Port of Oakland and in the larger service area. The electrical infrastructure to support cold ironing at the Port of Oakland does not exist. The Port's electrical system is already operating at or near capacity during peak demand. The cost of creating the additional substations and conveyances for the power needed to support cold-ironing in Oakland would exceed \$90 million.

The Chamber shares concerns raised by various ports about the high cost of shore based power and encourages CARB to allow for alternative compliance strategies while



maintaining aggressive goals for emissions reduction. There are existing and proven alternative technologies which can deliver the required emissions reductions contemplated in the enabling legislation without impacting the local electrical utilities. We believe that the regulation should address the proper goal of reducing harmful emissions and not the means of achieving that reduction. In short, the regulation should address only emissions reduction and be technology neutral.

The Chamber is concerned that the Port of Oakland could be forced to contemplate extremely high costs associated with utility-based shore power may cause terminal operators and shipping lines to consolidate their operations elsewhere, thereby weakening the Port of Oakland's competitive position. As a discretionary port, the Port of Oakland is already at risk of losing market share to other ports on the West Coast due to changes in market conditions and must work very hard to maintain its competitive position. It is therefore extremely important to the Port of Oakland and the region to identify economically feasible and practical solutions to this problem. Flexibility in the regulations will allow the Port and its partners to continue to develop and refine alternative emissions reduction technologies. Alternative technologies can begin cold ironing vessels in early 2008.

Regarding incentives for early adoption, the Port asks that CARB reconsider including such incentives in the final regulation. The Chamber believes that incentives in the form of additional emissions credits for early adoption would provide a strong incentive for ocean carriers and marine terminals to address the issue of at-berth vessel emissions, resulting in emissions reductions much sooner than the 2014 deadline currently included in the regulation for the first phase of implementation. Absent such incentives, the regulated community will take a "wait and see" attitude because technology is evolving rapidly and the infrastructure for utility-based shore power does not exist in many places at the moment. An incentive for early adoption would drive the development of new technology and harness the power of the marketplace, which will ultimately result in more cost-effective technologies that would achieve the emissions reductions goals now rather than later.

We appreciate the opportunity to present our point of view.

Sincerely,

Joseph J. Haraburda  
President & CEO

Copy: Mayor Ronald V. Dellums  
Senator Don Perata  
Assemblymember Sandre Swanson  
Omar Benjamin, Port of Oakland

ORIGINAL: Board Clerk  
Copies: Executive Officer  
Chair