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Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted via

RE: Sustainable Freight: Pathways to Zero and Near-Zero Emissions, Discussion Draft

Dear Chair Nichols:

Maersk Line appreciates this opportunity to provide comments to the California Air Resources Board (ARB) on the Sustainable Freight Discussion Draft dated April 2015 ("the Draft").

We have reviewed and fully support the comments provided by the California Trade Coalition (CalTrade) this week. While we will not repeat their many good points in this document, we would particularly like to emphasize and elaborate on the following:

1. The Emissions Inventory baseline and current state should be clarified. In several places the document states that emissions have been, will be or need to be reduced by numerical percentages. However the baseline emissions inventories and method for determining these percentages is not specified in detail. The document should provide this information, address any differences in the inventories vs. port area monitoring data, and identify uncertainties in methodologies and projections.

In short, if we need a 90% reduction, we need to clearly define "90% of what?" and where do we need to be numerically.

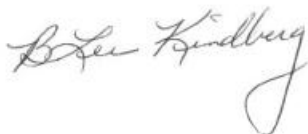
2. The CalTrade comments also make important points about the changing business model for ocean shipping, and dramatic improvements in energy efficiency being achieved by the industry. These factors have significant impact for current and projected emissions inventories, the reductions required, and future reduction needs.
 - a. Vessel Sharing Agreements (VSAs) and other partnering agreements are a true change in the business model. These approaches have increased industry capacity utilization and enabled reductions in the number of vessel calls needed to achieve the same volume of cargo movement. This is clearly demonstrated in our own fleet, with 2009 having 426 vessel calls in California ports, and 2013 showing only 256 calls.
 - b. Ocean carriers are becoming much more energy-efficient through the addition of new vessels, major retrofits for existing vessels, and operational measures such as "smart sailing" and slow steaming. Since 2007 Maersk Line has reduced fuel consumption and CO2 and other air emissions by almost 40% on

a per TEU-km basis, meeting our 2020 goal six years early. This data is verified by Lloyd's Register and led us to increase our reduction goal to a 60% reduction by 2020. This work and the resulting decoupling of cargo growth and environmental impact is described in more detail in our Maersk Group Sustainability Report, available on our website at http://www.maersk.com/~media/annual-magazine-pj/maersk_sustainability_report_2014_online_version.pdf

- c. The Clean Cargo Working Group (CCWG) industry benchmarking covers over 85% of all containers moved globally. This annual study shows that the entire industry is improving energy efficiency and reducing emissions. Industry average emissions factors for the last 5 years are currently published on the CCWG website, and quantify this industry trend. The air quality impacts of such efficiency improvement should be considered in the baseline, current state, projections and recommended actions.
 - d. The emissions inventory growth projection methodology should also be clarified in light of the above factors and most recent market data, and validated with stakeholders.
3. Facility caps and data collection: The ever-increasing complexity of complying in California must be considered in recommending such measures. While a facility cap approach has some attractions, one has to wonder how such a cap might be practically implemented, and how that added requirement would be handled under the structure of contractual agreements between the port authorities, terminal operators and carriers.

Thank you again for this opportunity to provide input to this important process. We look forward to further involvement.

Best regards,



B. Lee Kindberg
Director, Environment & Sustainability
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