



Marathon Petroleum Corporation

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May 1, 2020

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, Ca. 95814
Electronic Submittal: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Re: Marathon Petroleum Corporation's comments on the California Air Resources Board proposed Control Measure For Ocean Going Vessels at Berth regulation.

Dear Chairwoman Nichols and Honorable Board Members.

Marathon Petroleum Corporation (MPC) appreciates this opportunity to provide comments on the proposed Control Measure For Ocean Going Vessels at Berth regulation, the "At-Berth regulation". MPC is a refiner, logistics provider and marketer of petroleum products in California. MPC through subsidiaries, owns and operates two refineries located in Northern and Southern California. Each refinery relies on Ocean Going Vessels (OGV's) every day to make deliveries to its terminals so its refineries can turn crude oil into products that residents and visitors to the state rely on every day to make their lives better. We are a member of the Western States Petroleum Association (WSPA), and we support and incorporate by reference the comments submitted to the Board by WSPA for the 15-day draft.

MPC takes pride in the safety of its operations and strives to enhance the lives of its employees and the communities where we operate. It is because of our marine operations expertise, that we have been very engaged in this rulemaking including hosting multiple tours of our operations to CARB management, staff and Board Members. MPC believes it is well positioned to contribute to the At-Berth rulemaking dialogue and appreciate CARB's willingness to consider our input on a few key items and final recommendations.

The At-Berth regulation is intended to reduce emissions from a single component of arguably the most complex logistics system in the world, on some of the largest machines in the world. Establishing a state regulation by which an OGV must reduce emissions at berth in a safe and cost effective manner is extremely challenging due to lack of feasible or proven technology for our industry application. Unfortunately, this proposed regulation does not consider these technology challenges and the time it takes to prove feasibility on a large scale.



These challenges have been compounded by the accelerated compliance deadlines which are not supported in the 15-day package.

- **MPC is concerned the accelerated regulatory expectation is placing added safety risk to its operations.** If a terminal were to choose a land-based capture system as its compliance method of choice with these changes it will now have two less years to ensure the machinery will function safely. This is a significant loss of time given the equipment has never been demonstrated on a tanker boiler or its potential hazards studied industry-wide.
- **MPC has long held the opinion compliance with this rule would require on the order of ten plus years given the infrastructure requirements and unique environments our terminals exist in.** CARB does not substantiate how a tanker vessel or terminal operator would require two less years to construct and install projects to control emissions. Stakeholders engaged in this rulemaking process over the last few years have seen three major revisions to compliance dates with little to no changes to available technologies to achieve the reductions. The 15 day changes to the compliance dates for the POLB/POLA and at all other terminals, is lacking any analysis for justification.
- **Assumptions used to determine cost impacts due to the accelerated compliance deadlines in the 15-day package are not available.** CARB indicates the changes will increase compliance costs from the initial \$2.2 billion to \$2.4 billion, a change of about 10 percent. But CARB fails to illustrate how this 10 percent cost increase is proportional to a 33 percent decrease in time to comply for the POLB and 25 percent decrease for all other terminals.
- **Accelerated compliance dates in the 15-day package to potentially require use of the remediation fund on an extended basis.** The remediation fund compliance option is intended to be used in limited circumstances. However, the accelerated compliance dates could cause operators to resort to having to use the option for a longer period of time. The terminal plan will provide a list of known constraints to CARB including those out of an operators control, such as permitting, availability of necessary equipment or labor to meet the compliance deadlines. MPC recommends that the regulation not require an operator to utilize the remediation fund compliance option if the operator is acting in good faith, investing in a CAECS or Innovative Concept, in accordance with an approved plan.



Lastly, as proposed, this regulation illustrates the barriers to cost effective emission reduction solution from OGV's. CARB's 2020 SRIA for this rulemaking determined the cost effectiveness for this regulation to be \$83,159 per weighted ton of emissions. In comparison, referencing California's 2016 State Implementation Plan (Benefits p3, and Table 5) a cost effectiveness value of \$12,000 per weighted ton of emissions results. The difference in cost effectiveness is driven by the scope of infrastructure projects at the terminals to support the identified technologies. MPC asks CARB to continue focusing on more cost effective emission reduction opportunities within the state, this will allow for emission reduction technologies associated with OGV's to mature.

For all these reasons MPC recommends CARB take the following steps:

- 1) Provide more time for regulated parties to comply. Given MPC's prior guidance any project to install equipment identified in the proposed regulation as a CARB Approved Emission Control Strategy (CAECS) would require ten plus years, pending the outcome of a feasibility study, more likely compliance dates for the POLB/POLA would be 2031 and all other terminals 2036.
- 2) Take advantage of the additional rulemaking time provided by Governor Newsome's Executive Order N-40-20, extending APA deadlines by 60 days to re-engage with stakeholders to address residual concerns.

MPC appreciates this opportunity to submit comments on the At-Berth regulations 15-day proposed amendments. Please contact me at 916.462.5063 with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian McDonald'.

Brian McDonald
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