



May 1, 2020

Richard Corey, Executive Officer
California Air Resources Board
1001 I Street
Sacramento, California 95814

Dear Mr. Corey:

On behalf of the California Association of Port Authorities (CAPA), I am writing to express the Association's appreciation for the work you and your staff have invested in the rule, but to also highlight concerns with the proposed At Berth Regulation. As you know, CAPA is comprised of eleven public seaports in California, including three of the largest container ports in the nation – Los Angeles, Long Beach and Oakland – as well as eight smaller ports situated along the coast from Humboldt to San Diego, and along inland waterways in West Sacramento and Stockton.

As our state manages the current health crisis, the health and safety of our communities and of the critical workers who continue to work to keep goods moving through the supply chain, is our top priority. Given the current crisis, CAPA shares the concerns expressed by our maritime partners, and requests that the At Berth regulatory package process be delayed. This pause would afford ports and port workers time to get through the COVID-19 outbreak and navigate its economic impacts prior to enacting a regulatory change that could complicate economic recovery. COVID-19 is changing the tourism and goods movement industry in ways that we do not yet fully comprehend.

CAPA and its members have a long history of working collaboratively with CARB on air emissions regulations, and we value that relationship, but the current COVID-19 pandemic has drastically altered the operational and economic outlook for California's ports. For example, the Port of San Diego has already experienced a precipitous drop in revenues related to the complete halt of the tourism industry with a projected fiscal year end (June 30, 2020) deficit of \$30 million. The Port of Los Angeles has seen 40 cancelled sailings in the first quarter of 2020, and an additional 30 scheduled sailings have been cancelled so far from April 20th to July 19th. The Port of Oakland has seen about 10% of its scheduled vessel arrivals cancelled due to the current crisis. In addition, many CAPA ports are also dependent on tourism and visitor industry-related revenue to sustain their overall economic health and to finance capital projects. The precipitous drop in airline travel will have significant repercussions on member Port operations and financial capabilities, and is not anticipated to recover for many years. These operational transformations will also undoubtedly alter the assumptions used by ARB staff in their pre-COVID-19 analysis of the economic impacts of the regulation.

Regardless of the current economic crisis, CAPA's members remain committed to the existing regulatory requirements and working with CARB on reducing emissions. For example, in 2019,

84% of regulated vessel calls at the Port of Oakland successfully drew power. The Port of San Francisco has reduced particulate matter emissions from cruise ships by 61% from 2006 levels. Since 2005, the Ports of Los Angeles and Long Beach have reduced diesel particulate matter from vessels by 93%, NOx by 60%, SOx by 97%, and CO₂e by 31%, according to 2018 emissions inventories. Even as California's ports push forward on the existing regulations, the current economic outlook is forcing all ports to reexamine their capital budgets and the ability to meet existing priorities.

While it will take time to determine if shipping practices are forever altered, or if this is a short-term adjustment, CAPA appreciates changes made during this process and urges CARB to consider additional changes:

- CARB should take into consideration the scope and duration of the current cargo disruption and the need to reevaluate CARB's baseline and forecasted emissions assumptions with updated calculations and results.
- CAPA appreciates the addition of the Innovative Concept (IC) pathway that provides an option for potentially lower cost compliance. The IC pathway is promising but greater flexibility and longer durations on these alternative compliance plans is needed for regulated entities to achieve compliance while addressing its own unique circumstances. The requirement to reapply every three years adds additional risk for regulated entities which opt for this IC pathway. The restriction on incentives and the added uncertainty regarding eligibility of voluntary strategies, such as those outlined in respective port air quality plans, is likely to severely impact the use of the IC provision, thereby reducing overall cost-effectiveness of this rule.
- Extend the timeline for RoRos and tankers. While we understand the urgency for emission reductions at berth, the development, deployment and commercialization of alternative technologies and capture and control measures for RoRos and tankers will be a challenge that requires additional time. Infrastructure and capital improvements of this scope take years of environmental review, permitting, design, and funding. Not extending the time to allow for economic recovery from this recession will make compliance infeasible.
- The regulation should be amended to clarify that once a port has provided the infrastructure supporting shore power, the sole responsibility for reducing vessel emissions should be placed on the port tenant and shipping lines.
- Implementation of any regulation requires financial resources to invest in those improvements. The development and commercialization of these capture and control measures will be expensive, and state and local support is critical. CAPA urges CARB to continue its support to dedicate low carbon transportation funds for the development, demonstration, and commercialization of this technology.

The coronavirus pandemic will likely permanently alter container transportation practices. Shipping lines may consolidate more cargo on bigger ships while reducing the frequency of voyages. Supply chains will also likely be altered as the explosion of online purchasing orders hastens distribution center reconfiguration or consolidation. However, we appreciate working with

you and CARB staff and look forward to a continuing collaboration on reducing emissions to the benefit of our communities, and improving the competitiveness of the California freight system.

If you have any questions or need additional information, please give me a call at (916) 443-8891.

Sincerely,

A handwritten signature in black ink that reads "Kelly Hitt". The signature is written in a cursive style with a large, looped "K" and a trailing flourish at the end.

Kelly Hitt
Interim-Executive Director
California Association of Port Authorities