PORT of SAN DIEGO

February 13, 2020

Air Resources Board
Attn: Jim Duffy, Arpit Soni, and Jacob Englander
1001 I Street
Sacramento, CA 95814

Re: Comments and Suggestions on LCFS Rule

Dear Air Resources Board,

The Port of San Diego is pleased to have participated in the LCFS program since Q2 of 2019. During this time, the Port has gained familiarity with the LCFS rule as it applies to port operations and equipment. Given that ARB is in the process of reviewing and revising the 2019 LCFS Amendment with consideration of possible modifications to the Rule now, prior to a full rule-making process for the next LCFS amendment, the Port thought it would be helpful to offer the recommendations below. These recommendations are meant to help ports more easily participate while maintaining the high level of oversight and integrity of the credits.

Recommendation 1: LCFS Opt-in credit generators should not have to create a WREGIS account to procure RECs.

The Port is a retail electric customer. We have limited space to produce solar energy and the utility here (SDG&E) does not have an open green power program. The Port's best option is to "green up" the power supply through the retail purchase of RECs from any of the numerous qualified retail brokers. The source of the RECs should be Green-e certified, generated in California, limited to solar and wind, and fall within a prescribed vintage period.

Requiring the Port and other entities that want to purchase RECs to open and maintain their own WREGIS account is overly cumbersome for us opt-in entities. Instead, we and similar entities should be able to simply purchase RECs from an account holder who will retire the RECs in accordance to the LCFS guidelines that require the tracking of these instruments and retirement on behalf of the LCFS program and a particular opt-in entity.

Recommendation 2: Amend the AFP Attestation Form required for pairing RECs with electrical consumption.

Currently, to pair Renewable Energy Certificates (RECs) with electrical consumption and earn a zero-carbon intensity (CI) score for the electricity used, LCFS opt-in credit generators must sign the Alternative Fuels Portal (AFP) Attestation Letter version 20190101. This Letter states the following:

"I certify under penalty of perjury under the laws of the State of California that I have personally examined, and am familiar with, the statements and information submitted in this document. I certify that the statements and information submitted to CARB are true, accurate, and complete."

However, LCFS credit generators are relying on the accuracy of the RECs tracked in the Western Renewable Energy Generation Information System (WREGIS), which is required for REC retirement under the LCFS Program. Therefore, it is difficult for LCFS credit generators to certify to the accuracy of these RECs, which are generated remotely and tracked by the WREGIS system. Therefore, the Port recommends that the following language replace this Attestation Form for LCFS credit generators that are pairing RECs with consumption so that it is more accurate.

"This certification is based on having reviewed a dashboard provided by WREGIS/WECC that shows that the agent for the Port has procured A) a quantity of Renewable Energy Certificates (RECs) that are greater or equal to the quantity of energy reported, B) the RECs are sourced from solar and/or wind energy with a CI equal to zero, C) the location of the energy source is in California, and D) the vintage month and year fall within the acceptable production and banking period."

Recommendation 3: Change definition of FSE for eTRU to be consistent with definition of FSE for eCHE, shore power, and forklifts.

As a bit of background, a trailer refrigeration unit (TRU) is a self-contained unit that is the size of one container. They can provide refrigeration by one of the following three options: using electricity supplied by land-based shore power; using electricity from a portable diesel generator; or using its self-contained diesel generator. (This is analogous to vessels that can either use shore power or their diesel auxiliary engine when at berth.) When the TRUs are discharged from the vessel, they are placed on the chassis of a truck. At this point, if they are transported to an off-site warehouse, the contents are kept cool by the self-contained diesel generator. If the units are to remain on the terminal, then they are driven to a holding yard where they are plugged in to electricity from the local grid. Therefore, these units are only electric when they are plugged in.

The plug they require is a specific one, and the terminal operator's facility required significant upgrades in the electrical infrastructure to support over 740 30-amp, 460 VAC, 3-phase plugs to each charging site. This upgrade was developed for the purpose of reducing local and global air pollutants[1] prior to any regulation requiring it. The Port made significant capital investment to ensure that these units could be charged and used at the Port to improve the air quality for local inhabitants.

[1] The Port of San Diego has a history and reputation of being an environmental leader and was the first Port to create a Climate Action Plan, Energy Action Plan, and is a first mover in capitalizing on LCFS credits for shore power.

The current regulation, which gives ownership of the credit to the Fueling Supply Equipment (FSE) (defined as the eTRU), does not properly compensate the party responsible for the expensive upgrades necessary to electrify these units. Just like shore power, the expensive upgrades necessary to serve this equipment was made by the Port. And, like other LCFS crediting opportunities where the intention of the program is to reward the entity responsible for the capital infrastructure upgrades, the eTRU credits awarded should go to those to those who invested in and own the infrastructure.

Furthermore, if the terminal operator was going to try to capture the LCFS credit value for the eTRUs, the rules are set up in a way that makes this impossible. First is the issue of registering and recording the eTRUs, since eTRUs only exist when they are plugged in. The eTRU fleet used by the terminal operator at the Port is over 30,000 strong. Every week a ship arrives and unloads 700-750 TRUs. These reefers are shipped worldwide and are periodically retired. Keeping track of this fleet by serial number is untenable as the cost of this longshore labor would exceed the value of the LCFS credits and could result in jurisdictional labor disputes.

The upshot of the LCFS Regulation as it is written is that few or no eTRUs will apply for credits due to the cumbersome recording requirements. The system could be greatly simplified by requiring the electricity records of each plug that serves an eTRU, instead of eTRU tracking. These plugs can only serve eTRUs so the records would be accurate and simple to pull. If the eTRU is plugged in at a different facility, then that facility can credit the eTRU usage there through the electrical records and no double counting occurs. This is analogous to how ocean-going vessels (OGV) can go from port to port pulling shore power at each port. The OGV is not the FSE and nor should it be as it is not supplying any electricity to the vessel. Similarly, the eTRU is not supplying electricity to the unit and should not be considered the FSE.

The Port does ask that, given what ARB now knows about how eTRUs function, the definition of FSE be revisited to create consistency amongst all cargo-handling equipment: forklifts, yard tractors, reefers and the ships themselves. The definition in the rule [Section 95483.2.(b)(8)(B)6-7] currently exists as follows:

6. For electric forklifts, eCHE, or eOGV, FSE refers to the facility or location where electricity is dispensed for fueling. If there are multiple FSEs capable of measuring the electricity dispensed at the facility or location, then it is optional to provide serial number assigned to each equipment by the OEM and the name of OEM.

7. For eTRU, FSE refers to each eTRU. Fuel reporting entities for eTRU fueling must provide the serial number assigned to the unit by the OEM and the name of the OEM.

The Port suggests that ARB amend Section 6 above to include eTRU with the electric forklifts, eOGV and eCHE. Section 7 can then be deleted.

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Recommendation 4: Revise definition of OGV to be a maritime craft.

As ports strive to improve the air quality for the local inhabitants of port communities, there is discussion of retrofitting ferries and tugboats to plug into shore power instead of idling on diesel at berth. The current OGV definition in the LCFS regulation (400 feet in length overall, 10,000 gross tons, and/or propelled by a marine compression ignition engine with per-cylinder displacement of greater than or equal to 30 liters) would preclude these smaller crafts from qualifying as they are below the size and weight requirements set by the OGV definition in the LCFS regulation.

Therefore, the Port recommends that this definition be modified to include all maritime crafts that plug into shore power since the carbon dioxide savings will be measured by the total kilowatt hours used, and regardless of the size of the craft, these savings should be rewarded as investments to retrofit all maritime crafts and install shore power outlets are costly and require incentives such as LCFS credits.

Having greater clarity on what qualifies as an acceptable expense and having this guidance in writing will satisfy the Port's internal reporting and finance team's requirements and concerns.

Thank you for your attention to these recommendations, and feel free to follow up with the Port for additional clarity or questions. The Port would be glad to arrange a phone call or meeting and tour of the Port's facilities to help staff better understand the workings of a Port and how the rule applies to eCHE, eTRUs, eOGVs, and forklifts at the site.

Sincerely,

Job Nelson
Chief Policy Strategist