

July 3, 2018

Clerk of the Board
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Submitted electronically at

https://www.arb.ca.gov/lispub/comm/bcsubform.php?listname=lcfs18&comm_period=A

Subject: Comment on 15-Day Notice to the Low Carbon Fuel Standard Regulation Amendments

Dear Clerk of the Board:

On behalf of the member companies of the Pacific Merchant Shipping Association (PMSA), we ask that the California Air Resources Board (CARB) consider the following comments regarding amendments to the Low Carbon Fuel Standard (LCFS). PMSA is a nonprofit association of owners and operators of marine terminals and US- and foreign-flagged vessels operating throughout the world who service California's trade demands through California's commercial ports.

PMSA supports the inclusion of eTRU, eCHE, and eOGV as opt-in categories eligible for credit generation under the LCFS regulation. The maritime industry is expanding its use of electrically-powered equipment in some cases. The inclusion of these equipment categories will create incentives for terminal and vessel operators to expand their use of electrified equipment, but only if they are the beneficiaries of the credit generation. The current language in section § 95483 (c)(6)(A), states that "*[f]or electricity supplied to eTRU, eCHE, or eOGV, the owner of the eTRU, eCHE, or eOGV is the fuel reporting entity and the credit generator for electricity supplied to each respective unit.*" This language is potentially confusing since "fuel reporting entity" does not appear to be a defined term and appears to equate equipment owner with electric meter owner, which may not always be the case.

PMSA proposes that language be modified to read "*[f]or electricity supplied to eTRU, eCHE, or eOGV, the owner of the eTRU, eCHE, or eOGV is the credit generator for electricity supplied to each respective unit and shall satisfy fuel reporting requirements to the State.*" In this way, it will be clear that the credit generator is the owner of the eTRU, eCHE, or eOGV. Since it is the equipment owner who makes decisions of equipment deployment and usage, the owner is responsible for the decisions that CARB wishes to incentivize.

The credit generator should not be identified as the owner of the charging infrastructure, typically the port authority, who does not make deployment or use decisions, whose investment in electrical infrastructure is typically recouped from the equipment owner through the equipment owner's lease

with the port authority, and whose initial investment was often already subsidized by the State of California (e.g., Proposition 1B funding).

PMSA also recommends that CARB develop an Energy Economy Ratio (EER) values for the use of various sources of LNG as a bunker fuel on vessels. There are an increasing number of vessel orders for dual-fuel capable ships. These ships will be capable of using traditional marine diesel bunkers or liquefied natural gas (LNG) as a fuel. Whether they do or not these future ships use LNG will depend on the availability of LNG fuels and the impact to competitiveness the use of LNG will have. The use of LNG as a marine fuel has the potential to eliminate diesel particulate matter, reduce nitrogen oxide emissions, and, depending on the source, reduce GHG emissions. CARB can encourage the use of low carbon intensity LNG fuels by establishing EER values for variously-sourced LNG used as a marine fuel. Doing so will create a clear signal to the maritime industry.

The opportunity to opt-in for credit generating opportunities in these categories will create meaningful incentives for ocean carriers and terminals to use low carbon-intensive options that will reduce greenhouse gases. In addition, by creating opt-in credit generating opportunities, CARB will also support its existing regulatory programs that seek to reduce criteria and toxic pollutants from these source categories.

Thank you for consideration of these comments. PMSA is available to discuss these comments in more detail with staff at any time.

Sincerely,



Thomas Jelenić
Vice President