November 2, 2020

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

Re: Comments and Suggestions on LCFS Rule

To Whom It May Concern:

The Port of San Diego is pleased to have participated in the LCFS program since April of 2019. During this time, the Port has gained familiarity with the LCFS rules as they apply to port operations and equipment. The Port is pleased to take this opportunity to provide feedback during this time period when the LCFS is being revisited.

Recommendation 1: Expansion of the Shore Power Program to Include Harbor Craft

The LCFS Program should expand to harbor crafts (tugs, ferries, commercial and sport fishing boats, and pleasure boats) as there is much interest in electrification and shore power. These crafts, which are smaller than ocean-going vessels, idle on diesel since most don't have shore power. The expansion of the LCFS program would allow them to consider retrofits and new shore power outlets and displace diesel. In fact, we are currently working with a tug operator to install the first all-electric tug in the US. It should be noted that harbor craft create 50% of the maritime industry greenhouse gases and criteria pollutants at the Port of San Diego, so inclusion of these vessels in the program could yield substantial emission reductions. This recommendation was made in January of 2020, but it is worthy of consideration; therefore, the Port is offering it again at this juncture.

Recommendation 2: Make eTRU Credit Ownership Consistent with Other Electricity Applications

The Port of San Diego has previously submitted comments to ARB on the ownership of LCFS credits related to eTRUs (reefers). The ownership of the credits associated with these units should be consistent with the other electricity LCFS credit opportunities where the owner of the plug owns the credit. As written, the eTRU owner owns the credit. However, eTRUs are mobile and move from port to port and warehouse to warehouse, with some eTRUs traveling around the world to different ports. Therefore, it is difficult to track these units effectively. Providing credits at the point of metering the eTRUs would ensure that no double counting of credits occurs while not putting overly onerous requirements that require tracking of individual eTRU units and the energy they consume at each site.

Aligning the eTRU credit ownership with other electricity applications also simplifies the credit ownership from locations where there is a tenant and landlord relationship where different entities may own the plugs from the eTRU units. Simplifying this ownership and making it consistent with other electricity LCFS applications would allow more credits to reach the market, helping to alleviate the current credit crunch.

Recommendation 3: Credit Ownership for Electric Vehicles (EVs) on Leased Land
For EV chargers on leased land, the credit ownership should default to the landowner in order to simplify the credit ownership and reinvestment of proceeds into further electrification. For example, the Port has dozens of tenants who are encouraged to add EV charging with the Port's assistance. Each site may be less than ten chargers and the LCFS program is not worth the hassle for the folks running their business. The Port would aggregate all the credits and then use the funds to help the next business add chargers, and so on.

Recommendation 4: Clarify Dry Dock LCFS Shore Power Eligibility
A ship at dry dock is one that is worked on out of the water. In the absence of connecting to shore power, these ships rely on auxiliary engines to power their own-board systems. The entire dry dock with the ocean-going vessel included for these repairs is tethered at berth. Therefore, the ocean-going vessel in these systems should qualify for LCFS credits as inclusion in this program would promote the more ubiquitous use of shore power for ships at dry dock.

Recommendation 5: Allow Bonnet Capture Systems to Qualify for LCFS Credits
The LCFS regulation does not currently allow for pollution capture systems that sequester carbon dioxide to qualify for LCFS credits. However, new bonnet capture technology that can modularly be put on the exhaust systems of Roll-on Roll-off (RORO) ships does exist. ROROs must capture criteria pollutants by the year 2025, and include the extra technology for RORO bonnet capture systems that covers carbon dioxide (in addition to the criteria pollutants) an additional investment of one million dollars per unit is incurred. LCFS credit proceeds would be an excellent incentive to help RORO operators adopt the most advanced bonnet capture technology that can eliminate criteria pollutants and carbon dioxide from emissions.

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 harbor craft at the site.

Sincerely,

Job Nelson
Chief Policy Strategist