

September 1, 2015

Mary D. Nichols, Board Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Comments on the Draft Concept Paper for Cap-and-Trade Auction Proceeds for the Second Investment Plan

Dear Chair Nichols,

The San Diego Unified Port District (District) commends the California Air Resources Board's (CARB) efforts to develop an investment plan for the second round of Cap-and-Trade Auction Proceeds released on July 28, 2015. The District appreciates the opportunity to provide comments on the Draft Concept Paper for Cap-and-Trade Auction Proceeds for the Second Investment Plan (Investment Plan).

The Board of Port Commissioners adopted a Climate Action Plan in 2013 with the goal of reducing greenhouse gas emissions from a 2006 baseline by ten percent by 2020, which is in accordance with AB 32. Roughly 57 percent of the greenhouse gas emissions expected by 2020 will come from transportation and land use sources. A portion of the transportation emissions are the result of maritime-related activities including the movement of goods and services through ocean-going vessels, harbor craft, cargo handling equipment, trucks, and locomotives. As a result, the District is supportive that the Transportation and Sustainable Communities category identified in the Investment Plan is a high priority and believes that the objectives and direction of the District and CARB are in alignment and will lead to a decrease in emissions region-wide.

To meet the objectives of the District's Climate Action Plan and Governor Brown's Executive Order B-32-15 as well as CARB's Sustainable Freight: Pathways to Zero and Near-Zero Emissions Initiative, the District believes that investments, such as grant funding, will provide an important incentive to transition to cleaner technologies. Currently, zero and near-zero emissions technologies for heavy-duty equipment and large trucks are quite expensive. Grant funding is necessary to help offset the costs of investing in these new technologies. However, developing operator confidence is perhaps even more important as businesses are not likely to transition to new technologies until they have been proven in the field. The District also believes that those businesses that are currently developing the next generation of transportation technologies will require investments to bring their products to commercialization. Therefore, the District is supportive of the Investment Plan's goals to offset costs of purchasing new equipment, demonstrating new technologies to further develop operator confidence in new technologies, and assisting technology producers to make their technologies more commercially viable.

Developing the necessary infrastructure upgrades to accommodate zero and near-zero emissions technologies is a serious concern for the District. The District is currently in the process of creating a redevelopment plan for the Tenth Avenue Marine Terminal, the District's primary cargo handling terminal for bulk goods. The plan focuses on infrastructure investments and improvements which will increase the terminal's capabilities and capacity. As such, this marks a timely opportunity to provide investments which can help support new technologies. The District agrees with the Investment Plan's inclusion of potential investments for alternative fuels and infrastructure.

While CARB's effort to integrate zero and near-zero technology into the proposed Investment Plan is forward thinking, the District also believes that efforts are needed in the more immediate future to reduce emissions by 2020. Focusing funding only on new technologies and equipment that are not commercially available will have little effect on reducing greenhouse gases over the next few years. As previously stated, without a long-term track record of performance, these technologies may serve as a deterrent for operators wishing to make investments in their fleets in the near future. As such, the District recommends that the Investment Plan include funding for commercially available or off-the-shelf equipment for businesses and operators to purchase the cleanest technology available. The District believes that these investments will provide incentives for businesses to make near-term decisions to purchase clean technology and reduce emissions in the more immediate future.

Lastly, the District recently conducted an evaluation of maritime sources of emissions based on 2012 operations. The harbor craft category which is made up of tug and tow boats, commercial fishing vessels, and passenger ferries contributes a large portion of emissions in and around San Diego Bay. The District recommends that investments in marine-related technologies be included to decrease emissions from harbor craft operations.

The District appreciates the transparent and collaborative planning process undertaken by CARB to develop the Draft Concept Paper for Cap-and-Trade Auction Proceeds for the Second Investment Plan. We look forward to working with you and your staff to further develop the Investment Plan and reduce greenhouse gas emissions from the goods movements industry.

Thank you for your consideration of our comments.

Sincerely,



John Bolduc
Acting Executive Vice President, SDUPD