



November 15, 2021

Ms. Liane Randolph  
1001 I Street  
Sacramento, CA 95814  
VIA EMAIL: harborcraft@arb.ca.gov

**RE: Harbor Craft Emission Draft Regulations**

Dear Chair Randolph:

Established in 1981, Catalina Channel Express, Inc (CCE) is a privately owned, non-subsidized company, operating a fleet of eight high-speed passenger ferries. Regulated by the California Public Utilities Commission (CPUC) as a Vessel Common Carrier (VCC-52), CCE provides reliable daily, year-round transportation, from three Southern California mainland ports to Catalina Island.

As a company, CCE is deeply committed to California's fight against climate change, including CARB's efforts to reduce harmful pollutants and emissions. We understand that achieving those goals requires intentional leadership, complex decisions, and sacrifice by multiple stakeholders, and we appreciate CARB's work on Californians' behalf. In recent conversations with CARB staff, we have been encouraged that CCE will be able to work with CARB to get sufficient extensions to achieve CARB's ultimate goals of emission reductions while creating a pathway to a zero-emission future.

CCE is committed to achieving zero-emissions from its vessels as soon as feasible. At least one smaller ferry which is scheduled to operate soon in the Bay area will run on green hydrogen. Rather than impose an infeasible mandate forcing CCE to convert to Tier IV, it makes more sense for CARB to team with CCE to become the testing ground for zero-emissions technology for larger ferries like the ones we operate. Allowing CCE a longer compliance path will avoid the negative consequences of disrupting transportation to and from Catalina Island and, (on the heels of the pandemic,) harming Catalina's tourism economy. Instead, we encourage you to embrace a better and bolder alternative.

**A Better Alternative**

CCE believes that, working with CARB staff and new technologies, we can achieve a better compliance path that will result in some immediate emissions benefits while ultimately resulting in our fleet achieving zero emissions within a decade.

First, CCE will immediately convert to using renewable diesel yielding significant and immediate emissions reductions.

Second, CCE will work with CARB and new technologies to develop the use of green hydrogen, electric, or some combination of the two, to upgrade the CCE fleet in a reasonable time. While these technologies have not yet progressed to the point needed (given the size and speed of Catalina ferries), such technologies are not that far off. Already there are pilot projects for smaller vessels involving electric and green hydrogen technologies. More companies are also now offering green hydrogen for transportation fuels in California. This signals that CARB has an opportunity to show its leadership in developing a zero emission solution for the marine transportation industry by assisting the private sector to develop such technologies.

Third, CCE will work with local shipyards to develop and build zero-emission vessels here in California, creating a new, green shipbuilding industry, more jobs, and economic opportunity for all Californians.

While the prospect of a zero-emissions ferry fleet is on the horizon, so is the harm that would be caused if CARB does not allow sufficient time for CCE to achieve this goal without allowing costly and infeasible Tier IV standards to prevent this “small” company from reaching a much better environmental goal.

### **CCE is Catalina Island’s Lifeline**

CCE plays a vital role in the economic survival of Catalina Islanders. As you know, CCE is a private operator of these ferries, and we are licensed by the CPUC. We call to your attention the 2006 report on ferry transport by the Los Angeles County Metropolitan Transportation Authority (MTA). That report called our ferries a “lifeline service,” noting that, “Sixty-two percent of all respondents and forty-six percent of islanders indicated that they could no longer live/work on the island if the [ferry] service were not available. In addition, ninety-three percent of those indicating that they use the service for work stated that they felt the service was an irreplaceable lifeline, providing the only affordable, regularly scheduled mode of travel between the island and mainland harbors.”

Since that report was issued, transportation options have not changed. About 70% of the visitors to Catalina arrive and depart via cross channel ferries. Alternatives to ferry transport, such as helicopters or private charters, are neither practical nor economically feasible for residents, especially workers who commute daily from the mainland to the island to assist in the Island’s only meaningful industry - tourism.

If ferry service is substantially disrupted, it will cause great harm. The same MTA report shows that fifty-four percent of islanders travel by ferry for medical or dental appointments or to conduct personal business, and twenty-six percent of islanders travel for school or work. Our ferries also transport first responders, firefighters and other emergency personnel to the island and provide a reliable means of evacuation of the Island in the event of a significant emergency as occurred during the devastating fires of 2007. The fire threat continues and just last week a fire broke out on the Island but was quickly contained by Los Angeles County Fire.

### **Regulations will undermine the region's ability to "roar back"**

We are also concerned about the financial impact of the regulations on Santa Catalina tourism and the Long Beach and San Pedro hospitality industries. Although California is gradually recovering from the pandemic, recovery is much more prolonged in areas with a hospitality economy and with higher percentages of low-income residents.

As a destination that is 100% dependent on tourism, Catalina Island was especially hard hit by the pandemic by reason of State and local laws precluding leisure travel and mandatory spacing of passengers. Small businesses are especially vulnerable to changes that reduce foot traffic. Tourism-spending represents 47.7% of Avalon's 2,629 total jobs. If the regulations are not modified, the decline in ferry passenger volume will be a final nail in the coffin for many businesses in Avalon and will inevitably lead to job losses, business closures and unneeded suffering.

Additionally, many visitors who seek to travel to Catalina stay overnight in Long Beach and San Pedro before their trips to the island. The reduction in ferry availability will further discourage travel and spending by tourists to the greater South Bay region, undermining recovery and causing irreparable, permanent harm to our local economy as well.

### **Regulations will increase emissions**

We are also concerned that the regulations may increase GHG emissions. In existing vessels, the mandated Tier IV engines will reduce the ferry passenger capacity by over 50% and will force CCE to make twice as many trips to simply keep up with current demand. The additional trips will require the use of more fuel which will defeat the very purpose of the regulations.

### **How The Proposed Tier IV Regulations Would Affect CCE Without Extensions**

The primary concern with the proposed regulations is that the weight and size of the new engines (Tier IV) will require complete rebuilding of existing vessels while significantly reducing passenger loads. We ask CARB to take the longer view of embracing a zero-emission future and partnering financially with the private sector to convert the Catalina ferry fleet to 100% clean engines in a reasonable time period.

CCE operates a fleet of eight ferries. Below is a summary of the vessels in our fleet and when retrofit or replacement requirements would take effect without an extension.

<b>Compliance Date</b>	<b># Of Vessels Due</b>	<b>Vessel Name</b>
2024	1	Catalina Jet
2025	5	Islander Express, Catalina Express, Cat Express, Super Express, Avalon Express
2026	2	Jet Cat Express & Starship Express

### Impacts of Retrofit Path

- CCE consulted a principal with the well-respected marine architectural firm of Incat Crowther Design (designer of three of CCE’s most modern catamarans). According to Incat Crowther Design, it would cost \$7-9+ million to repower and retrofit the CCE vessel, M/V Jet Cat Express, to CARB’s mandated Tier IV level. Similar scale costs would apply to all eight of the vessels in the CCE fleet.
- The retrofit would add a significant amount of weight (approximately 15 tons) to the vessel. To keep the vessel within its “structural design limit,” a retro-fitted vessel’s passenger capacity would need to be adjusted down from 390 to 172 passengers – a 218 passenger or 56% reduction.
- Post retrofit, each vessel would need to make two round trips to Catalina Island to carry its current USCG certified capacity of passengers.
- The vessel retrofit would burn 100% more fuel on a passenger carried basis, produce more emissions per run and more than double the carbon footprint per passenger carried.
- As a private company, CCE is not eligible for public funds and currently there are no grants or other sources of funding available through programs like the Carl Moyer or Cap and Trade Programs. As a result, the currently contemplated regulations would compel us to build an entirely new fleet of vessels at a cost of approximately \$120 million.

### Impacts of Replacement Path

The cost to build a new vessel is approximately \$20 million. Under the proposed regulations, CCE would need to build 6-7 vessels by 2032, which at a minimum, would cost a total of \$120 million. Compounding this fiscal challenge is the fact that boat yard availability on the West Coast for both retrofit and new build projects is a great hurdle for us to clear. At present capacity, a change of this magnitude is not achievable and is not commercially financeable over the required 10-year payback period. Nor does it make good policy sense given the proposed regulation is simply a waypoint on the path to zero-emissions.

## Compliance Timeline for Ferries

CCE will need until at least 2029 to have a realistic chance to convert to zero-emission technology and bypass the financially and technically infeasible Tier IV standards. We believe the current regulations may provide that potential path:

Tier II, Tier III, and Tier IV engines on ferries (except short run) and tugboats would have compliance dates between 2024 and 2029 to meet the Tier III or Tier IV plus DPF emissions performance standards.

To get sufficient extensions to achieve the 2029 extension, CCE would have to demonstrate a lack of feasibility. As currently defined in the regulations, and discussed in detail below, CCE can demonstrate that moving immediately to Tier IV is not feasible. First, the engines and DPF's will not fit in the hulls of our current fleet of vessels without displacing over 50% of passenger capacity. Pouring every penny into Tier IV would eliminate the ability of CCE to finance zero emission technology such as electric, green hydrogen or hybrid technology that is on the horizon. The regulations' feasibility off-ramp is as follows:

### **b. Feasibility**

The feasibility compliance extension of the Proposed Amendments would provide a renewable two-year extension, for the following circumstances:

- Tier IV engines or DPFs are not available.
- Engines or DPFs will not fit, and a replacement vessel cannot be afforded, limited to six years or to December 31, 2034, except:
  - workboats, which have no limit to the number of extensions; and,
  - ferry, excursion, or CPFVs, which are limited to eight years if they have an initial compliance deadline on or before December 31, 2024.
- Tier IV engines on a vessel have no fitment for a DPF and operate below 2,600 hours/year (or 1,300 hours/year if operating in a DAC).

The proposed regulations provide CCE with a “renewable two-year extension” in circumstances where “engines or DPFs will not fit and a replacement vessel cannot be afforded, limited to six years or December 31, 2034.” Given our inability to afford a Tier IV retrofit of our fleet (and the passenger displacement caused by retrofits that are after market and do not fit the vessel properly), we believe CCE should clearly be eligible for these renewable extensions.

CARB staff has recognized the challenge of affordability for ferry operators:

CARB staff anticipates the most common use of the feasibility extension to be for operators that must replace a vessel and cannot afford the cost of a vessel replacement without additional time to secure funding. Under this extension, CARB staff propose no limit to the number of

extensions eligible for dedicated workboats, and up to eight years of extensions for excursion, ferry, and CPFVs that have compliance deadlines on or before December 31, 2024, for the reasons discussed in Chapter II.E. For all other regulated in-use vessel categories, this renewable extension may not be combined to exceed six years or extend past December 31, 2034.

We ask CARB to support the current availability of extensions to the Tier IV mandate for ferries as a bridge to reaching zero emissions engines. CCE looks forward to working with CARB staff on implementing a compliance path with reasonable extensions to continue operating CCE affordably and in an environmentally sensible manner.

Sincerely,

A handwritten signature in blue ink, appearing to read "Greg Bombard", is written over the typed name.

Greg Bombard  
President/CEO