



September 19, 2022

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted electronically to: https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=lcfs-wkshp-aug18-ws&comm_period=1

Subject: PMSA Comments on August 2022 Workshop to Discuss Changes to LCFS

Thank you for the opportunity to provide comments on the latest draft Low Carbon Fuel Standard (LCFS) program. As you know, the Pacific Merchant Shipping Association (PMSA) supports the current LCFS program and is actively facilitating credit generation activity by its member companies. We are proud that as a result of the broad and comprehensive participation of the maritime sector in the LCFS program, PMSA now collectively registers the largest number of Fuel Supplying Equipment (FSE) in the LCFS program statewide. As the largest program participant, PMSA submits these comments in support of and to facilitate the successful continuation of high levels of participation in the LCFS program by the maritime sector.

Third-party Verification

During the August workshop, California Air Resources Board (CARB) staff discussed a proposal to expand third-party verification requirements to categories including eCHE, eOGV, and eTRU. PMSA is concerned that expansion of third-party verification requirements will increase costs of participating in the LCFS program without meaningfully improving the quality of the data gathered. In most instances, PMSA members utilize reliable meter readings for equipment on dedicated circuits provided by the utility. In the few instances, where utility meter data is not available, PMSA members collect power consumption data directly from on-board equipment systems. All data collected over the course of the program is available for CARB audit review upon request. Third-party verification of these data sources would not improve data quality or availability to CARB staff.

There are also concerns about timing and frequency of reviews. In many instances, utility data is made available with very limited time remaining prior to submittal to CARB. If an additional review is required for quarterly submittals, there may be insufficient time for a third party to complete their review to meet LCFS' reporting deadlines. For these reasons, PMSA recommends that CARB staff not propose to expand third-party verification to eCHE, eOGV, and eTRU.

If there are specific data reliability or audit issues that exist with the current program that CARB staff have identified and which require changes to the program in order to be remedied, PMSA would welcome a discussion of those issues. We would propose that PMSA facilitate a very specific conversation about any existing problems and how to adequately and effectively remedy those problems at a high-level of specificity with our participating member companies and our consulting team to iron out those issues as soon as possible.

In addition, PMSA would also like to offer CARB staff a marine terminal site visit and tour in order to demonstrate the industry's reliable data collection methods.

eTRU Credit Generator Designation

Regarding the credit generator designation for eTRUs, PMSA supports the current LCFS regulation, which appropriately designates the equipment owner as the credit generator. Many of PMSA's members own and operate refrigerated containers, some of which are qualifying eTRUs. The designation of the equipment owner as the eTRU credit generator has been an unqualified success. Through the use of telematics, PMSA members are able to provide the LCFS program with high quality data for individual pieces of equipment that operate throughout the State of California. The high-quality data allows CARB staff to establish the power consumption of each registered unit on a site-specific basis and across all sites within one reporting requirement.

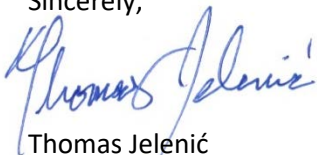
By contrast, other approaches for the credit generator designation would likely result in low-fidelity data that would aggregate power consumption across all units at a given location, providing CARB with less detailed data on actual per piece of equipment usage. The value of the telematic data would be minimal to non-existent in such an approach.

Today, not all PMSA members are able to participate as eTRU credit generators, but the ability to generate credits is clearly an important parameter in their deliberation to deploy new, cleaner equipment and can be an important incentive to accelerate the purchase of this equipment. This is precisely the type of activity that the LCFS program is intended to incentivize. PMSA would invite further discussion on this topic before there are any significant changes to the current law.

Moreover, PMSA would also observe that the eTRU/Gen Sets used by the maritime industry differ significantly from other eTRU units used in other applications. This is evidenced by the recent bifurcation of the TRU Air Toxics Control Measure rule. In that instance, marine TRU GenSets were bifurcated into a future second phase rulemaking due to significant operational and technological difficulties. To the degree that CARB staff is trying to resolve disparate operational considerations that exist between different categories of eTRU, then we believe that a parallel and similar bifurcation within the LCFS program may be appropriate. Under such a bifurcation, PMSA recommends CARB staff continue to incentivize the ongoing successful equipment deployment of marine eTRU units by maintaining the equipment owner as credit generator and limiting any changes to the LCFS program for other eTRU units used in other applications.

We would like to thank LCFS staff for allowing us the opportunity to provide comments regarding the LCFS regulation and the discussed potential changes. Please feel free to reach out to us by email (tjelenic@pmsaship.com) or phone (562-432-4043) if you have any questions.

Sincerely,



Thomas Jelenić
Vice President