



February 9, 2018

Lisa Williams
California Air Resources Board, Mailstop 5B
P.O. Box 2815
Sacramento, California 95812

Re: Volkswagen Consent Decree Environmental Mitigation Trust Beneficiary Mitigation Plan

Dear Ms. Williams,

Matson Navigation Company, Inc. ("Matson") appreciates the opportunity to comment on California's use of the Volkswagen Environmental Mitigation Trust funds and encourages California to include projects that replace port cargo handling equipment for all-electric equipment as an eligible mitigation action in its Beneficiary Mitigation Plan. The Environmental Mitigation Trust Agreement provides that projects involving replacement of forklifts and port cargo handling equipment are eligible mitigation actions. As such, California has the opportunity to make highly cost-effective emission reductions in port areas through port cargo handling equipment replacement projects.

The replacement of port cargo handling equipment has the ability to significantly reduce emissions at ports in California. The California Air Resources Board has already identified emissions from cargo handling equipment to be a significant issue. CARB has promulgated Regulation Section 2479 with the purpose to reduced diesel particulate matter and criteria pollutant emissions from cargo handling equipment that operate at ports in the state of California.¹ While this Regulation provides minimum standards for air quality compliance, we believe that more should be done to incentivize further advances in emission reductions. Matson is a leading transportation solutions provider with significant operations in California. The company operates ports in Oakland and Long Beach. Matson has a company-wide focus on environmental stewardship and sustainability. The company has been recognized as a Top Carrier in the Port of Long Beach Green Flag Program and has received the San Pedro Bay Clean Air Action Plan Air Quality Excellence Award.

Environmental stewardship is critical in port operations because of the large environmental and health impact of ports in California. The California Clean Air Action Plan estimated that the ports in San Pedro Bay (Port of Long Beach and Port of Los Angeles) contributed 9% of the NOx, 12% of the diesel particulate matter and 45% of the sulphur oxides (SOx) produced in the Los Angeles region. Specifically, the impact of ports on diesel particulate matter stands out.² In 1998, the State of California identified diesel particulate matter as an airborne carcinogen that was responsible for roughly 70% of the total population-weighted cancer risk in California from all air pollutants.³ In addition, many ports and port-

¹ California Air Resources Board, Final Regulation Order, Section 2479. Regulation for Mobile Cargo Handling Equipment at Ports and Intermodal Rail Yards.

² Final California Clean Air Action Plan, San Pedro Bay Ports, 2006.

³ Organisation for Economic Co-operation and Development (OECD), Environmental impacts of international shipping – The role of ports, Case study of the ports of Los Angeles and Long Beach, 2010.

related corridors are located in areas with a high percentage of low-income and minority populations who are often disproportionately impacted by high levels of diesel emissions.⁴ Therefore, diesel emission reductions at ports must be a priority in California for the health of our citizens as much as our environment.

Considering the purpose of the Environmental Mitigation Trust and the benefits of replacing port cargo handling equipment, Matson encourages the California Air Resources Board to include port cargo handling equipment as an eligible mitigation action in its Beneficiary Mitigation Plan.

Thank you for your consideration. Please let us know if you have any questions regarding our comments and prospective plans with diesel engine replacements. We look forward to working with you in the future.

Sincerely,

A handwritten signature in black ink that reads "Nick Lee". The signature is fluid and cursive, with the first name "Nick" and last name "Lee" clearly distinguishable.

Nick Lee

Matson Tax Director

⁴ U.S. EPA, Shore Power Technology Assessment at U.S. Ports, available at:
<https://www.epa.gov/sites/production/files/2017-05/documents/420r17004-2017-update.pdf>