

SAN PEDRO BAY PORTS CLEAN AIR ACTION PLAN

April 29, 2020

Richard Corey
California Air Resources Board
Clerk's Office
1001 I Street
Sacramento, CA 95814

Submitted electronically to:

https://www.arb.ca.gov/lispub/comm/bcsubform.php?listname=ogvatberth2019&comm_period=1

Dear Mr. Corey,

SUBJECT: 15-DAY CHANGES TO THE PROPOSED CONTROL MEASURE FOR OCEAN-GOING VESSELS AT BERTH

The Ports of Los Angeles and Long Beach ("Ports") continue to appreciate the opportunity to partner with the California Air Resources Board (CARB) in the development of an effective regulation to reduce air emissions from ocean going vessels (OGV) while at berth. Shorepower in California for containerships really began in the San Pedro Bay at the Ports. Use of shorepower has helped the Ports to substantially reduce emissions from OGVs visiting the San Pedro Bay. Since 2005, diesel particulate matter from OGVs has been reduced by 90%, nitrogen oxides by 41%, sulfur oxides by 97%, and greenhouse gases (GHGs) by 26%. However, the Ports recognize more work needs to be done to reduce emissions at berth, and to protect local disadvantaged communities surrounding the Ports from negative health outcomes associated with ship pollution. For this reason, we strongly support increasing requirements of the currently regulated fleets, and expanding the current At Berth Regulation to include roll-on, roll-off (RoRo) vessels and tanker vessels.

The Ports are grateful for CARB staff's consideration of our comments to date. After reviewing the 15-Day Changes for the At Berth Regulation, posted on March 26, the Ports offer the following comments.

The Ports commend CARB for including additional flexibility in the 15-Day Changes, namely:

- Allowing use of an Innovative Concepts (IC) provision as a compliance option. The IC provision enables regulated entities to use potentially lower cost options to achieve earlier, or equivalent (or greater) emissions reductions in port communities versus reducing emissions directly at berth. Allowing a pathway for regulated vessel fleets to



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The San Pedro Bay Ports Clean Air Action Plan was developed with the participation and cooperation of the staff of the US Environmental Protection Agency, California Air Resources Board and the South Coast Air Quality Management District.

continue using fleet averaging methods to comply with the proposed At Berth Regulation will simplify compliance for fleets accustomed to this method.

- Expanding use of Vessel and Terminal Incident Events (VIEs and TIEs) to new and expanding fleets to encourage new business at California ports. This will be critical in light of the uncertain impacts of COVID-19. The Ports imagine the mix of fleets visiting California will likely change as a result of the economic downturn. Without this provision, we anticipate new fleets may be deterred from sending their business to our Ports.
- Providing additional operational flexibility by extending the time a vessel has to connect to shorepower or another CARB approved emissions control strategy (CAECS) from one hour to two hours.
- Broadening the scope of the interim evaluation to include a review of public information provided to CARB, including terminal specific engineering evaluations, logistical considerations, public engagement, and independent studies, to help inform the evaluation and implementation timeline.
- Requiring future alternative emission capture and control technologies have grid-neutral GHG emissions.

The Ports also encourage CARB to consider the following revisions, which we believe would increase the likelihood of a successful rulemaking:

- Extend the timeline for RoRos and tankers to 2027, and 2029, respectively. While we understand the urgency for emission reductions at berth, a vast challenge lies ahead to develop and commercialize alternative emission capture and control technologies, specifically for RoRos's and tankers, and to deploy infrastructure. The tanker industry has the particularly tough challenge of having to engineer a system which can overcome the daunting safety hurdles associated with the volatile cargo they carry. In contrast, the RoRo industry will need to develop and deploy a technology which does not increase overall greenhouse gas (GHG) emissions due to the requisite use of harbor craft for placement of the system. The Ports estimate that adaptation of the barge technologies used on container vessels to RoRos could increase GHG emissions by as much as 50% per year. In recognition of these challenges with developing and implementing the technologies and/or infrastructure, the Ports have consistently requested additional time to address these issues. The recent changes to advance the timeline for RoRos and tankers does not allow for the extensive work which needs to be done. While some fleets and terminals may opt for the IC provision, undoubtedly some of them will pursue emission reductions at berth and will need the extra time to address key technical issues in order to be successful. Supporting details for this recommendation can be found in our previous comment letters.
- "Section 93130.13 - Port Requirements" in the proposed At Berth Regulation places shared responsibility upon Ports for vessel emissions reductions if they install shorepower or supporting infrastructure for an alternative emission capture and control system. Since the Ports have no control over vessel emissions reductions, the current requirement provides a disincentive for Ports to provide necessary infrastructure and could potentially force landlord ports to shift infrastructure responsibility entirely to the tenants, who are significantly less experienced in infrastructure design, bid, and build. Historically, the Ports have installed electrical infrastructure as a service to our tenants, and recouped the investment through the leases. This allowed the tenant to amortize the investment over time at a relatively low interest rate. Tenants will now likely need to seek private loans at significantly higher interest rates than those offered to public entities, resulting in

substantially increased costs than those estimated in this proposed At Berth Regulation. For this reason, we request placing the sole responsibility of reducing vessel emissions solely on the Port tenant and shipping lines once the Port provides the supporting infrastructure.

- Only strategies “in excess of other requirements” will be eligible for the IC provision. The Ports want to be certain that emissions reductions from CAAP strategies can be considered for this provision as they are voluntary and above state requirements. We also would like certainty that the provision allows for use of incentives when the emission reductions are achieved prior to the dates set by the regulation and are in excess of any requirements under the existing incentive program. In addition, the requirement to reapply every three years adds additional risk for regulated entities which opt for this IC pathway. The restriction on incentives and the added uncertainty regarding eligibility of CAAP strategies is likely to severely impact the use of the IC provision, thereby reducing overall cost-effectiveness of this rule.

The alternative emission capture and control technologies will not only be expensive to develop, but also expensive to deploy. Ultimately, in order to comply with the At Berth Rule, California ports will need to purchase several systems. To support the development, purchase and deployment of this technology, the Ports are requesting CARB appropriate at least \$200 million statewide. The Ports have a strong track record as stewards of public funds, and technology advancement. It is our priority to work with CARB and our customers to ensure the technologies needed at berth to protect our communities are advanced and commercialized as quickly, and cost-effectively as possible. Incentive funding will be critical to spur early adoption, and offset risk associated with prototype demonstrations.

CARB and the Ports are operating from a common understanding – we need emission reductions in our communities as soon as possible. Where we diverge is on the level of effort it will take, the cost, and the time needed to successfully implement. Port staff would like to continue our discussion of these details with CARB staff in the hope that we can find a compromise that does not shirk our commitment to emission reductions, while creating additional flexibility for an industry facing incredible uncertainty at this time. The Ports thank CARB staff for hosting an additional webinar, engaging with us directly, and their consideration of the comments contained in this letter.

Please feel free to contact Morgan Caswell at morgan.caswell@polb.com or Tim DeMoss at tdemoss@pola.org with any questions or concerns regarding this letter.

Sincerely,



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Director of Environmental Management



MATTHEW ARMS
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CC: Gene Seroka, Executive Director, Port of Los Angeles
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