## Update on Facility-Based Mobile Source Measure Development for Marine Ports

Board Meeting February 4, 2022

### **Board Direction in August 2021**

#### August 2021

Continue to pursue an MOU-only approach with the Ports for another four months



Draft MOUs ready for execution by all parties?



• Otherwise, begin internal work on port indirect source rule (ISR) concepts while continuing MOU discussion

#### February 2022

Draft MOUs ready to be fully executed?



- If yes, bring to Board for consideration and begin implementing MOUs
- Otherwise, pivot to port ISR rulemaking

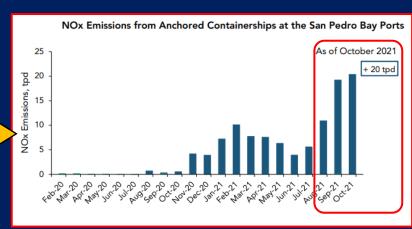
## History

- Decades-long effort to ensure port emission reductions
  - 2007 & 2012 AQMPs backstop measures; Proposed Rules 4001/4010/4020
    - Would have established enforceable emission reduction targets based on various criteria
    - Rule development on hold with development of 2016 AQMP and 2017 CAAP\*
  - 2016 AQMP included a facility-based mobile source measure for ports
    - Assists in implementing Further Deployment measures (i.e., "black box" measures)
      - Significant portion of emission reduction needs are associated with port operations
  - 2019 AB 617 Community Emissions Reduction Plan
    - Key action for Wilmington/Carson/West Long Beach
- Missed opportunities by Ports for port projects
  - China Shipping
  - Southern California International Gateway (SCIG)

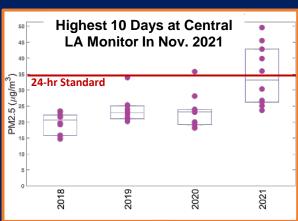
## History (cont.)

- Ports' 2010 CAAP set a 2023 NOx target of 59% reduction below 2005 levels
  - Consistent with 'defined measures' from 2007 AQMP, but did not include additional reductions needed from "black box" measures
  - 59% target not updated in 2017 CAAP "black box" needs remain unaddressed
- A full year of port congestion has reversed progress achieved a decade ago, with limited relief starting only in recent weeks due to new vessel queueing system
  - If congestion continues, even the insufficient target of 59% may not be met





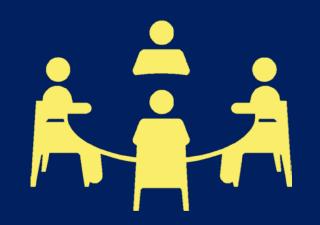
Nov. 2021 CARB updated chart for anchorage emissions



South Coast Air Basin attained the 2006 24-hour PM2.5 in 2020 and was on track to maintain this attainment status until November this year

## Process Over Past Six Months

Restarted conference calls with POLA, POLB, and CARB to discuss potential MOU concepts



Community consultation meeting with ~130 attendees

POLB submitted revised draft MOU

Aug. 2021

Sept. 2021

Oct. 2021

Nov. 2021 Dec. 2021

Jan. 2022 Feb. 2022

Monthly report to
Marine Port
Committee

- Ports separately submitted offers, but no agreement reached
- Staff began internal work on ISR concepts

Staff submitted final counter offer to POLB → focused on putting 2017 CAAP into MOU

## Key Public Feedback Received\*

#### Businesses and Maritime Industry

- Finalize MOU with POLB and do not pursue ISR
- Resume technical working group meetings
- Concerns about ISR:
  - Discourages voluntary emission reductions
  - Disrupts supply chain
  - Could hurt jobs and economy
  - Loses near-term reductions from POLB's advanced funding for clean trucks

#### Labor

- Concerns that ISR will reduce port jobs
  - Terminal automation and/or reduced port throughput
- ZE infrastructure development can create jobs
- Up-front funding needed for trucks, especially independent drivers

## **Environmental Groups** and Local Community

- Begin ISR rulemaking now to reduce emissions from all port sources
- Mandate ZE technologies
- Engage more with public
- Concerns about MOU:
  - Process already too long with emission reductions delayed and too low
  - Weak provisions
  - Doesn't protect public health enough

## Staff Focus in MOU Discussions

Ports are largest NOx source in Basin ~20 tons/day of NOx reductions from port sources needed to meet federal air quality standards in 2023 & 2031

Port emissions cause higher PM2.5 throughout Basin

CAAPs not sufficient to achieve ports' fair share reductions for meeting federal air quality standards Port actions in recent years do not meet their own projections in 2017 CAAP

Any MOU must be enforceable

## Key Focus Areas on Potential MOU Offers

#### ·Staff focus

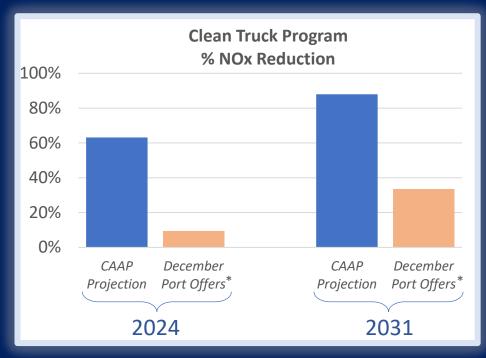
- Port offers did not include all 2017 CAAP measures
  - Even more is needed beyond 2017 CAAP to satisfy attainment needs
- Several legal concerns, including lack of enforceability

#### · POLB focus

- December offer includes significant clean air investments
  - \$100M up front for trucks
  - Use leases to negotiate cleaner cargo handling equipment (CHE) and renewable diesel fuel
  - Vessel speed reduction (VSR) down to 10 knots
  - ZE infrastructure plans for CHE and develop 100 on-port trucks chargers by 2028
  - Continue on-dock Pier B rail project

#### • POLA focus

- Believes sole purpose of MOU is to quantify implementation of 2017 CAAP
  - \$3M up front for trucks
  - Explore enhanced or new programs for ships (VSR, OGV Incentives, Green Shipping Corridor)



\*Estimated emission reductions approximately equal between both ports

### Recent MOU Offer

- On February 2, POLB provided a proposed revised draft MOU
  - Includes the clean air investments in the December offer
  - Removes enforceability provisions
  - Removes performance targets that match the CAAP
  - Re-extends MOU duration to 2032
  - Re-inserts penalty for South Coast AQMD to leave the MOU

2-1-22 City response (red) to 1-28-22 AOMD edits (blue and orange) of 12-1-2021 MOU DRAFT FOR DISCUSSION PURPOS

MEMORANDUM OF UNDERSTANDING BETWEEN THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT AND THE CITY OF LONG BEACH REGARDING THE SAN PEDRIO BAY PORTS' 2017 CLEAN AIR ACTION PLAN UPDATE

This Memorandum of Understanding ("MOU") is entered into by the South Coast Air Quality Management District ("South Coast AQMD") and the City of Long Beach, acting by and through the Long Beach Board of Harbor Commissioners ("the City"). The City and South Coast AQMD thall be referred to collectively as "the Partier" (each, "a Party") to this MOU.

- I. RECITALS
- A Mr. Reguldoto. Agencies. Air poliution remains a significant public health concern in many start of California, and specifically in the South Coast Aff Basin ("the Basin"). The South Coast AGMO, California Air Resources Board ("CARIR"), and the Used States Environmental Protection Agency ("SESPA") are the Agencial, state, and federal reguldatory agencies, respectively, with jurisdiction over air quality in the Basin. South Coast AGMO and CARB have developed and approved the 2016 Air Quality Management Flan ("2016 AGMO") for the Basin and USERA has inconsorated the AGMO into the California State in Interimentation Flan ("SPI").
- B. South Coast AGMD. The South Coast AGMD is the regional air poliution cominagency primarily responsible for reducing air poliution in the Basin, which consist of the Country of Crizings, and the non-desert portions of the Countries of Lt Angeles, Riverside, and San Bernardino. The Basin includes the Port of Long Research and the Port of Long Research Conference, The San Parket Disk Port 5 or "Ports".
- C. Need for Emission. Reductions. The Basin is classified as an extreme non-attainment area for the 1997 and 2008 eight-hour cooker-astonal ambient air quality standards ("NAAGO") with statutory deadlines to reach statument by 2023 and 2032, respectively. People regislerosal air quality provisements achieved over the last several decades, to meet these standards, emissions of oxides of introgen ("NOO") have to be reduced by a further ast percent in 2023 and 55 percent 2033, as outlined in the 2016 ACMO. The 2016 ACMIP includes Control Messure MOD ((Emission Reductions of Commercial Marries Potty with the goal of adviseing emission reductions from marine ports through implementation of CAAP strategies.
- D. Sigt. The Port of Long Beach ("the Port") is owned by the Chy. The Chy independently manages the Port as a separate and distinct legal and commercial entity under statutory grants of tidelends from the California state legislature and is under legal mandate to use Port assets and funds per statutory requirements,

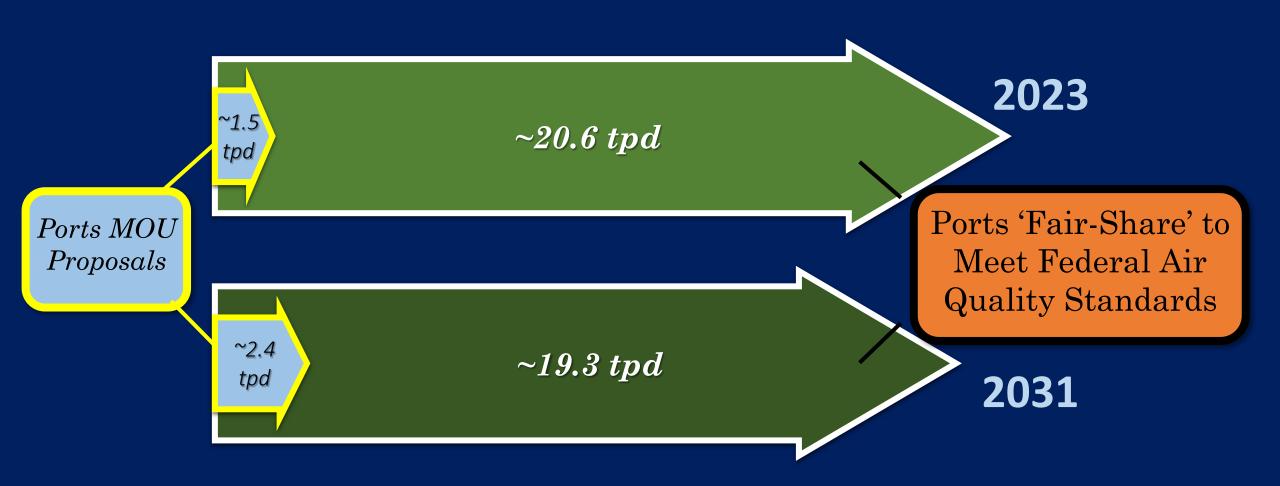








# Preliminary Estimate of NOx Emission Reductions from December MOU Proposals



## Existing Low NOx Technologies Have Not Been Widely Implemented by Industry/Ports

Nonroad Cargo Harbor Rail Handling Ocean-going **Heavy-Duty** Craft Locomotives Equipment Vessels Trucks **Optional** Tier 4F Tier 4 Tier 4 Tier III Low-NOx Effective Phased in Effective **Effective** Available in 2014-2015 2014-2017 2015 2016 2018

Percent of vehicle/equipment use at ports of LA/LB as reported in their emission inventories

11

## Additional Challenges as Port Congestion Continues



Port throughput in 2021 up 18% above 2019 (pre-pandemic)

As of 1/28/22, 100 container ships waiting for a berth at POLA/POLB

Anticipated high throughput for foreseeable future will continue to result in higher emissions

# Air Quality Challenges Also Require Upsized Investment

California, U.S. Department of Transportation Announce Carin Partnership on Supply Chain Infrastructure Program to Create Long-Term Stability

Published: Oct 28, 2021

Innovative federal-state partnership to identify potentially billions in financing for infrastructure projects that create sustainable solutions for goods movement chain

## PORT OF LOS ANGELES APPLAUDS GOV. NEWSOM'S PLAN TO INVEST \$2.3 BILLION IN CALIFORNIA PORTS



Port of Long Beach Sets Annual Record With 9.38 Million TEUs

Milestone for 2021 marked by increased consumer spending during pandemic



Port of Los Angeles Reports Record 10.7 Million TEU Throughput in 2021

**Federal Funding for Ports:** An investment in the future.

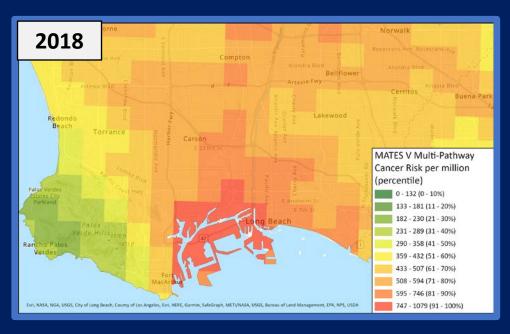
<u>Infrastructure Investment and Jobs Act</u>

Port-Specific = \$5.2B

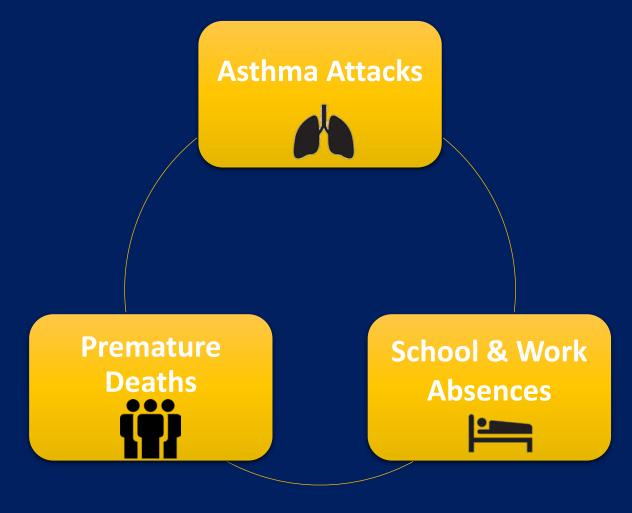
*Port-Eligible = \$27.1B* 



## Adverse Health Impacts on the Surrounding Community and Throughout the Region



- <u>Local Impacts\*</u>: Communities adjacent to the ports are in the 96<sup>th</sup> percentile for air toxics cancer risk in SCAQMD, and have higher asthma rates
- *Regional Impacts\*\**: Ports account for ~10% of total Basin NOx emissions. Ozone and PM from this NOx affect public health throughout the region





## Summary

- ✓ No MOUs ready to be adopted and fully executed after additional six months of MOU process
  - ✓ More progress made with POLB than with POLA
- ✓ The Port's proposals do not meet the AQMP reduction needs or the goals set forth in the 2017 CAAP
- ✓ Additional air quality and public health challenges continue to occur with record-breaking cargo volume
- ✓ Move from internal to external ISR effort

## Anticipated ISR Rulemaking Next Steps

- Immediately initiate <u>external outreach</u> including working group meetings, community meetings, individual stakeholder outreach, web resources, etc.
- Develop potential <u>rule concepts</u> for Proposed Rule 2304
- Quarterly updates to Mobile Source Committee
- Targeting 12-18 months to develop Proposed Rule 2304 for Board consideration