

BOARD MEETING DATE: October 7, 2022

AGENDA NO. 6

PROPOSAL: Adopt Resolution to Authorize Participation as CARB At-Berth Regulation Remediation Fund Administrator, Establish Special Revenue Fund, Recognize Funds, and Reimburse General Fund for Administrative Costs

SYNOPSIS: In May 2022, CARB invited South Coast AQMD to apply to be a Remediation Fund Administrator per the CARB Ocean-Going Vessels At-Berth Regulation. Use of the Remediation Fund supports alternative pathways for compliance with the Ocean-Going Vessels At-Berth Regulation in limited circumstances where operators or ports are otherwise unable to reduce emissions. Monies paid by these entities will be collected into a remediation fund to be managed and distributed by the administrator to fund incentive projects designed to achieve emission reductions. These actions are to: 1) adopt a Resolution authorizing participation in CARB's Remediation Fund Program as a Remediation Fund Administrator, acceptance of the terms and conditions of the Regulation's Remediation Fund administration requirements, and execution of a subsequent Memorandum of Understanding (MOU) with CARB; 2) establish the At-Berth Regulation Remediation Special Revenue Fund (88) upon execution of the MOU; 3) recognize, upon receipt, funds from CARB into Fund (88); and 4) reimburse the General Fund for up to 10 percent from the At-Berth Regulation Remediation Special Revenue Fund (88) for administrative costs to implement funding towards incentive programs.

COMMITTEE: Technology, September 16, 2022; Recommended for Approval

RECOMMENDED ACTIONS:

1. Adopt the attached Resolution that authorizes the South Coast AQMD to participate in CARB's Remediation Fund Program as a Remediation Fund Administrator, accept the terms and conditions of the Ocean-Going Vessels At-Berth Regulation's Remediation Fund administration requirements, and execute a Memorandum of Understanding (MOU) with CARB;
2. Establish the At-Berth Regulation Remediation Special Revenue Fund (88) upon execution of the MOU with CARB;

3. Recognize, upon receipt, funds from CARB into the At-Berth Regulation Remediation Special Revenue Fund (88); and
4. Reimburse the General Fund for up to 10 percent from the At-Berth Regulation Remediation Special Revenue Fund (88) for administrative costs incurred in implementing the incentive programs.

Wayne Nastri
Executive Officer

AK:MW:TL:AY

Background

The goal of CARB's Ocean-Going Vessels At-Berth Regulation (OGV At-Berth Regulation) is to reduce diesel PM and NOx emissions from auxiliary engines and boilers while the vessels are docked at California ports. Since 2014, emissions from containers, refrigerated cargo, and cruise vessels have been controlled through CARB's OGV At-Berth Regulation. On June 25, 2020, CARB amended the OGV At-Berth Regulation to include auto carriers and tanker vessel types and visits, starting in 2023.

The updated OGV At-Berth Regulation also provides an additional compliance option that allows operators to use a remediation fund option under certain limited circumstances, set forth in California Code of Regulations Section 93130.15. These circumstances include, but are not limited to, instances where vessel or terminal operators, CARB Approved Emission Control Strategy (CAECS) operators, or ports have made attempts to install and/or use infrastructure to comply with the OGV At-Berth Regulation but new or replacement equipment has not been timely received. Monies collected from these entities will be managed by a Remediation Fund Administrator and used to remediate excess emissions via implementation of emission reduction projects. Remediation funds must fund projects that comply with CARB guidelines on existing incentive programs.

On May 31, 2022, CARB sent letters to California Air Pollution Control Officers Association and air districts soliciting those with jurisdiction in communities adjacent to ports to become a Remediation Fund Administrator. If selected, the Executive Officer will execute an MOU with CARB to serve as the Remediation Fund Administrator.

Collection of remediation funds from the container, refrigerated cargo, and cruise vessel operators may begin as early as January 1, 2023. Additional vessel types including roll-on/roll-off (or auto carrier) and tankers will be subject to the emission control requirements of the OGV At-Berth Regulation starting in 2025 at the Ports of Los Angeles and Long Beach. Tankers visiting other California ports are not subject to the OGV At-Berth Regulation until 2027.

Proposal

South Coast AQMD applied to CARB to be a Remediation Fund Administrator in September 2022. The attached Resolution must be Board approved in order for the South Coast AQMD to participate in the remediation fund program.

The purpose of the remediation fund is to mitigate the community impact of excess emissions from vessel visits that do not reduce emissions at berth to the levels set forth in the OGV At-Berth Regulation. The remediation funds will be used to fund incentives programs that achieve early or surplus emission reductions of any other state, federal, or international rules and regulations. The remediation fund will be applied to CARB-approved funding programs, including but not limited to Carl Moyer, Proposition 1B, the incentive program developed under AB 617 Community Emission Reduction Program, or similar programs for mobile and/or stationary sources of air pollution.

If South Coast AQMD is selected as a Remediation Fund Administrator, a Memorandum of Understanding (MOU) will be executed with CARB and a special revenue fund account, At-Berth Regulation Remediation Special Revenue Fund (88), will be established to track funds used towards incentive projects. Up to 10 percent of the funds received can be used for the administrative costs necessary for the implementation of the incentive programs.

It is not yet known how frequently the remediation compliance pathway will be used or how much funding will be collected into the Remediation Fund.

Benefits to South Coast AQMD

The successful implementation of this program will provide direct reductions in NO_x, Reactive Organic Gases (ROG), diesel particulate matter, and GHG emissions by offsetting excess emissions from vessels at local ports. Proposed projects in disadvantaged and low-income communities (DAC) will receive priority for awards and project implementation. Thus, DAC and AB 617 will receive benefits from the emission reductions that will be achieved by implementing the projects funded under the At-Berth Regulation Remediation Special Revenue Fund (88).

The Ports of Los Angeles and Long Beach are major hubs of Ocean-Going Vessels in the state. As a Remediation Fund Administrator, the South Coast AQMD will play an important role in implementing emission reduction projects in communities impacted by excess emissions from the port or independent marine terminals through its administration of the fund.

Resource Impacts

Revenue will be recognized into the OGV At Berth Regulation Remediation Special Revenue Fund. The remediation fund awards will not exceed the amount received. Up to ten percent of the revenue received can be used for the administrative cost of implementing the programs.

Attachment

Resolution

RESOLUTION NO. 22-

A Resolution of the South Coast Air Quality Management District Governing Board Authorizing Participation in CARB's Remediation Fund Program, Accepting the Terms and Conditions of Section 93130.16 of the Final Regulation Order Control Measure for Ocean-Going Vessels At-Berth, and Authorizing Execution of an MOU with CARB

WHEREAS, South Coast AQMD recognizes the need to reduce oxides of nitrogen (NOx) and particulate matter (PM) emitted from ocean-going vessels while docked at berth at California ports; and

WHEREAS, CARB's Final Regulation Order Control Measure for Ocean-Going Vessels At-Berth (OGV At-Berth Regulation), California Code of Regulations (CCR) Section 93130 *et seq.*, sets forth a control measure to reduce emissions from ocean-going vessels at-berth that meets the community health goals of Assembly Bill 617 (AB 617), reduces emissions of NOx, reactive organic gases, PM, diesel particulate matter, and greenhouse gases; and

WHEREAS, the OGV At-Berth Regulation provides an alternative path to compliance with its emissions limits under limited circumstances set forth in CCR Section 93130.15, via implementation of incentive programs aimed at reducing emissions in impacted communities, using monies managed by a Remediation Funds Administrator; and

WHEREAS, CARB has invited South Coast AQMD to apply for the position of Remediation Funds Administrator; and

WHEREAS, in order for South Coast AQMD to be selected as Remediation Funds Administrator, it must accept the terms and conditions set forth in CCR Section 93130.16 governing the criteria and qualifications to serve as a Remediation Funds Administrator, including technical expertise and knowledge and demonstration of capacity to administer funds; and

WHEREAS, if selected as Remediation Funds Administrator, the South Coast AQMD agrees to execute a Memorandum of Understanding with CARB under the terms and conditions set forth in Section 93130.16(h) of the Ocean-Going Vessels At-Berth Regulation, which include requirements for use of incentive funds, reporting, recordkeeping, oversight, and applicability guidelines; and

WHEREAS, South Coast AQMD agrees to conduct its programs in a manner that ensures the fair treatment of all people in the State; and

WHEREAS, South Coast AQMD agrees to use remediation funds for incentive activities that directly benefit communities impacted by excess emissions from the ports or independent marine terminals, and achieve emission reductions consistent with CARB's

most recent applicable incentive program guidelines for the: Carl Moyer Program, Proposition 1B Program, Community Air Protection Incentives Program, or similar programs for mobile and/or stationary sources of air pollution; and

WHEREAS, South Coast AQMD agrees to prioritize eligible activities in communities that are also identified by CARB under the AB 617 Community Air Protection Program or disadvantaged communities as defined by the Secretary for Environmental Protection. While at-berth remediation funds can be administered as part of an existing incentive program, the remediation funds cannot be used in place of any required match funding. Remediation funds may only be combined with funds from other incentive programs to the extent that the emission reductions caused by the remediation fund are capable of being calculated and attributed to the remediation fund; and

WHEREAS, South Coast AQMD agrees to recruit, evaluate, select, fund, and track incentive activities in conformance with the requirements of the applicable guidelines for the incentive program or programs identified in the application; and

THEREFORE, BE IT RESOLVED that the Governing Board of South Coast AQMD, State of California, in regular session assembled on October 7, 2022, does hereby authorize the agency to act as Remediation Fund Administrator per CARB's Final Regulation Order Control Measure for Ocean-Going Vessels At-Berth and accepts the terms and conditions required of a Remediation Fund Administrator as set forth in Section 93130.16 of the Regulation.

BE IT FURTHER RESOLVED that the Executive Officer is authorized and directed to enter into an MOU with CARB and take all other steps necessary to carry out this Resolution.

Date

Faye Thomas, Clerk of the Board