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Executive Director

December 2, 2021

South Coast Air Quality Management District Governing Board
South Coast Air Quality Management District
21865 East Copley Drive
Diamond Bar, CA 91765
[submitted electronically to descontrias@aqmd.gov]

SCAQMD Governing Board Members:

Over the past few months, the Port of Los Angeles (POLA or Port) has engaged South Coast Air Quality Management District's (SCAQMD) staff in continued negotiations regarding a draft Memorandum of Understanding (MOU) between our respective agencies. With the goal of delivering a successful MOU, and as requested by members of the Marine Ports Subcommittee and SCAQMD staff, POLA is prepared to include the following Clean Air Action Plan (CAAP) programs in the MOU, consistent with principles outlined in the 2017 CAAP resolution adopted by the Mayors of Los Angeles and Long Beach calling for a just transition to zero-emission (ZE) cargo handling equipment by 2030 and ZE drayage by 2035, our Board of Harbor Commissioners' Roadmap Resolution (adopted June 17, 2021), and subject to consideration and approval by our Board:

1. Early Deployment Program:

- Commitment of \$3M to an initial POLA Incentive Program RFP for 10 ZE trucks. Contracts are expected to be presented to our Board in the first half of 2022.

2. Collection and disbursement of the Clean Truck Fund (CTF) Rate, which will commence on April 1, 2022, as detailed in the Port's Tariff amended on November 4, 2021:

- All POLA proceeds – anticipated to be up to \$130M over the first three years (~\$45M in year 1) – will be dedicated to the purchase of ZE trucks and associated infrastructure.
- We will commit to present to our Board in the first half of 2022 a \$20M POLA ZE truck program designed to be administered consistent with and as complement to CARB voucher programs.
- We will commit to present to our Board, in advance of the April 1, 2022, commencement of CTF Rate collection, an Incentive Spending Plan to detail spending programs for collected CTF Rate funds, with an overall goal to fund 1,000 ZE trucks

by 2025. We will propose that funding will be allocated whenever it is needed, including at the time of truck purchase and as needed for infrastructure.

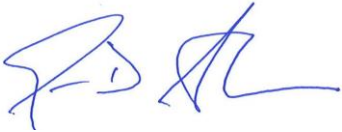
3. We will commit to present to our Board for approval in the first half of 2022 an optimized Vessel Speed Reduction (VSR) program, including potential reduced speeds over farther distances. Details will be developed through a CAAP stakeholder review process before being brought to the Board for approval.
4. We will commit to present to our Board in 2022 modifications to Port of Los Angeles incentives amounts and scoring criteria in the Environmental Ship Index (ESI) program to encourage further NOx and greenhouse gas reductions. We look forward to working with international stakeholders, as well as SCAQMD and other CAAP stakeholders, on ESI program developments to maximize the emissions benefits of our participation in the ESI program before bringing this to our Board.
5. We are coordinating with international stakeholders to develop an extensive voluntary Green Ship Corridor program, which is expected to include decarbonization of ship fuels, reduced carbon terminal operations, ZE tug prototype testing, and deployment of zero carbon ships by 2030. We commit to present the implementation plan for this program to our Board by the end of 2022.
6. We affirm our commitments to ongoing support for ZE demonstration and pilot programs throughout the basin across all types of mobile emissions sources at the Port, including \$1.5M in POLA cost-share support for the SCAQMD Joint Electric Truck Scaling Initiative (JETSII) Project, and testing of a prototype ZE locomotive.

We are prepared to offer these include these new initiatives in the MOU in pursuit of our common goal is to improve air quality in the Southern California Air Basin (Basin) as effectively as possible. We remain committed to achieve this goal through actions developed and implemented under our Clean Air Action Plan (CAAP). POLA has operated under the belief that the MOU process was designed to allow the Ports and SCAQMD to agree upon a way for SCAQMD to plan for CAAP program benefits in its Air Quality Management Plan in lieu of a regulation. As such, we offer the above elements for consideration in the MOU if it can be approved without concurrent or subsequent rulemaking, as some key CAAP stakeholders will find it difficult to support negotiation of an MOU if an indirect source rule (ISR) is under development. It must be emphasized that the CAAP relies on an intensive stakeholder process. Details of any measures are subject to Board approval, including the Charter-mandated Los Angeles City Council review period; as signaled by a motion ([Council File 21-1333](#)) approved by the Energy, Climate Change, Environmental Justice, and River Committee, Councilmembers indicated support of the CAAP and exclusive funding of ZE equipment and infrastructure.

Finally, we request that this MOU remain consistent with the MOU concept from 2018 wherein the MOU parties worked together on a process for SCAQMD to obtain State Implementation Plan (SIP) credit for CAAP programs. SCAQMD agreed that any shortfall in SIP creditable emissions from CAAP programs would be made up by SCAQMD from other sources in the Basin. We continue to support this process as the ideal way to coordinate our efforts with SCAQMD to quantify emission reduction benefits in the Basin, within our respective legal authorities.

We remain committed to working with SCAQMD to ensure the CAAP continues to support SCAQMD in achieving its goals. Together, we can work together to add to measures currently underway or under development in order to achieve our shared goals with respect to local air pollution and global climate change.

Respectfully,



EUGENE D. SEROKA
Executive Director