AGENDA No. 17

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 MOUonly approach with the Ports for another four months

December 2021

Draft MOUs ready for execution by all parties?

- If yes, continue MOU-only approach
- 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



Data sources: NOx emissions reported in POLB & POLA annual emissions inventory reports, with 2005 and 2019 numbers updated based on the 2020 reports

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2021

Updated Slide

Process Over Past Six Months



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

*There is diversity in viewpoints among individuals within each group shown here.

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
 - \bullet 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

sponse (red) to 1-28-22 AOMD edits (blue and or ange) of the 12-1-2021 MOU DRAFT FOR DISCUSSION PURPOSE

MEMORANDUM OF UNDERSTANDING BETWEEN THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT AND THE CITY OF LONG BEACH REGARDING THE SAN PEDRO 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 AQMO") and the City of Long Baach, acting by and through the Long Beach Board of Harbor Commissioners ("He City"). The City and South Coast AQMD shall be referred to collectively as 'the Parties' (each, "a Party") to this MOU.

- RECITALS Air Regulatory Apencies, Air pollutio
- Alt Engulator, Aproxiss, Ar polution remains a significant public health concern in many parts of califormia, and specialization in the South Cass Air Bain ("He tasin"). The South Coast AADAG, California Air Resources Board ("CARIA"), and the United States Environmental Protection Approx ("SSATA") are the regional, Atsathe Bains. South Cass AADAG and CAB, respectively, with jurisdiction over air quality in the Bains. South Cass AADAG and CAB, there developed and approved the 2016 Air Caulity Management Pina ("2016 AADM") for the Bains and UERA has incorporated the AADM into the California Sate Implementation Pin ("SETA").
- South Coast AGMD. The South Coast ADMO is the regional air pollution control agency primary responsible for reducing air pollution in the Bain, which consists of the County of Orange, and the non-desert portions of the Counties of Los Angeles, Inverside, and San Bernardino. The Bain includes the Port of Long Beach and the Port of Longdes Condectively. The San Pedro Day Forms² or Torist³.
- <u>Need Set Emaion Reductions</u>. The Basin is classified as an extreme nontrainine tarea for the 1997 and 2008 eight-hour concentational mellisert air quality standards ("NAAG") with statutory deadlines to reach attainment by 2023 and 2028, respectively. Dopstie significant air quality inprovements achieved over the last several decades, to meet these standards, emissions of oxideed on through ("NAO") have be reduced by a Anther 45 percent in 2023 and 55 percent 2023, as outlined in the 2016 AACMP. The 2016 AACMP includes Control Neasure MOB-(Emission Reductions at Commercil Marrise Port) with the goal of achieving emission reductions from marine ports through implementation of CAAP strategies.
- D. SID: The Port of Long Beach ("the Port") is owned by the City. The City independently manages the Port as a separate and distinct legal and commercial entity under statutory grants of tiselends from the California state legalature 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



Additional Challenges as Port Congestion Continues



Sources: <u>https://www.freightwaves.com/news/new-year-brings-new-all-time-high-for-shippings-epic-traffic-jam</u>, Marine Exchange of Southern California, POLA, POLB 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 California 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.

Infrastructure Investment and Jobs Act Port-Specific = \$5.2B Port-Eligible = \$27.1B

Q*Uaptain*

Adverse Health Impacts on the Surrounding Community and Throughout the Region





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

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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