VIA ELECTRONIC MAIL

April 24, 2025

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Re: PR 2304 and the need for Reduction Targets in Port Emission Reduction Measures

Dear Mr. MacMillan:

The undersigned organizations submit these comments on the latest version of Proposed Rule (PR) 2304. Although we understand the words "Indirect Source Rule" do not appear in this draft for PR 2304, it is our position that the five facility-based mobile source strategies outlined in the 2016 and 2022 Air Quality Management Plans (AQMPs) call on the South Coast Air Quality Management District (Air District) to reduce emissions from port sources in order to meet regional attainment goals, reduce local health risk from port emissions, and ensure zero-emission technology is deployed at scale for on-terminal operations. The Indirect Source Rule (ISR) is the best available measure this agency has to accomplish those objectives.

We believe an infrastructure-first approach can still fulfill the District's commitment to prioritizing public health by reducing port pollution. To do so, infrastructure planning must be driven by the potential to achieve meaningful emission reductions that help the region meet its air quality targets. We offer the following amendments to strengthen the rule and align it with this goal.

Strengthening the Proposed Measure to Ensure Meaningful Emission Reductions

The 2022 AQMP provides a clear framework for using ISR rules to confront the growing air pollution burden from the region's freight and logistics network. Proposed Rule 2304 must

reflect this direct link to air pollution reductions. Last year, the District reinforced its commitment to an ISR measure by stating it would "[b]ring [an] indirect source rule on container terminals at marine ports (Proposed Rule 2304) to our Governing Board for consideration by 1st quarter 2025."[1]

Although we have not met that timeframe, we still have an opportunity to develop a solid foundation to reduce port pollution with a rule that calls for infrastructure planning designed for achieving specific emission reductions.

Regulatory Action is a Necessity, Not an Option

The Air District has a clear mandate to protect public health by reducing emissions. Under California's Health and Safety Code section 40440, the South Coast Air Quality Management District is directed to adopt regulations that require the use of best available control technology for new and modified sources, mandate best available retrofit control technology for existing sources, provide for indirect source controls in areas with elevated pollution burdens or where new sources would significantly affect air quality, and implement transportation control measures. To meet this mandate, the District must adopt a strong rule—one that delivers enforceable air quality improvements rather than relying on voluntary or industry-led efforts.

The District has long recognized its authority over and need for regulatory oversight of indirect sources through facility-based measures as referenced in the latest AQMP. An ISR for the ports falls squarely within the District's established authority under California law[2]—not only by mandating the development of indirect source rules, but by affirming the state's policy commitment to empowering air districts to protect public health and drive technological solutions that reduce and ultimately eliminate pollution.

Exercising these delegated police powers, the District is fully authorized to act in defense of public health—including through strategies that reduce emissions from freight activities like those at ports. Protecting communities from the well-documented health impacts of freight pollution is not only appropriate; it is imperative. This rule must be guided by actions necessary to safeguard public health—not shaped by industry lobbying or the pursuit of what is most profitable for regulated entities.

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[1] Letter from Vanessa Delgado, Governing Board Chair SCAQMD to Joseph Goffman, U.S. EPA and Liane M. Randolph, CARB, (July 22, 2024). https://www.aqmd.gov/docs/default-source/clean-air-plans/aqmd-commitment-letter_7-16-24.pdf?sfvrsn=22.

[2] Brennon Mendez & Cara Horowitz, *Wielding the Power of ISRs: Using Indirect Source Rules to Fight Air Pollution from Mega Facilities* (Pritzker Env't L. & Pol'y Brief No. 19, UCLA Sch. of L. & Emmett Inst. on Climate Change & Env't, Apr. 2025), pp 22-23.

Emission Reduction Targets Are Essential for Accountability

There is no valid justification for omitting clear emission reduction targets from the rule. Setting targets is necessary to ensure accountability and measurable progress. Targets, based on anticipated deployment of zero-emission technologies on a clear timeline, allow responsible parties such as ports and terminal operators to plan ahead and make the necessary arrangements to ensure success. At working group meetings held in early 2024, as well as the most recent one on February 28, 2025, this was brought up by multiple participants, including industry-aligned groups and the ports, who indicated that clarity around timelines is necessary to help guide investments by operators and truckers servicing the ports. We agree.

Targets Give Meaning to Infrastructure

The claim that an infrastructure-first approach cannot accommodate emission reduction targets is demonstrably false. Emission-cutting planning remains feasible when it intentionally prioritizes investments that maximize expected emission reductions, by aligning infrastructure development with the deployment of zero-emission technologies that offer the greatest pollution-cutting potential.

Many of the same entities resisting firm emission reduction targets in PR 2304 have previously set such targets when applying for public funding or promoting their own sustainability plans. Industry, port authorities, and terminal operators must be held accountable and credited for advancing strong zero-emission commitments. In fact, emission reduction targets will build on EPA's Climate Pollution Reduction Grant (CPRG) and Clean Ports Program (CPP)—both championed by diverse groups of interested parties. EPA's CPRG and CPP are both slated to not only reduce air pollution but also increase equitable access to safe, high-road jobs that prioritize communities disproportionately burdened by freight pollution.[3]

A strong Ports ISR will help align and maximize the benefits set forth in both programs by coordinating development of zero-emission infrastructure to advance "adoption of heavy-duty ZE technologies, including the deployment of battery-electric heavy-duty vehicles and equipment to replace older, polluting diesel models" under EPA's CPRG program. A strong Ports ISR will also help deploy battery electric zero-emission cargo-handling equipment—slated to "decreas[e] annual emissions of NOx by 55 tons, PM2.5 by 1.5 tons and greenhouse gasses by 41,500 tons, and eliminating 3.5 million gallons of annual diesel fuel usage" under EPA's CPP. Planning, tied to clear emission reduction targets, is entirely feasible.

[3] South Coast Air Quality Management District (California) | US EPA (July 2024), Port of Los Angeles Awarded $412 Million Grant from U.S. EPA for Zero-Emission Transformation | News | Port of Los Angeles (October 2024).

From Planning to Execution: Target-Based Infrastructure Development is Key

Infrastructure plans should not only facilitate the deployment of zero-emission technology but also establish clear expectations for the emission reductions that will result from such deployment. This objective may be achieved by projecting the amount of zero-emission technology that both ports have the capacity to deploy, given the proposed infrastructure build out detailed by port authorities in reports due to District Staff. Based on the projected amount of equipment and vehicle inventory coupled with identified infrastructure gaps, both ports can plan for zero-emission infrastructure focused on (1) filling existing gaps and (2) designing flexibility to ensure both port authorities and terminal operators can decide how they plan to incrementally deploy zero-emission technology—with the overarching goal of achieving emission reductions. For example, the Port of Los Angeles would be required to report and could get credit for deploying the zero-emission cargo-handling equipment listed in its CPP workplan, and would work with terminal operators to prioritize the highest need for infrastructure improvements to achieve the emission reductions outlined in the CPP workplan. Similarly, the Port of Long Beach could commit to majority zero-emission equipment for major terminal expansion projects like Pier Wind, Pier B on-dock railyards, or others by creating a roadmap to build necessary charging equipment to support majority battery electric zero-emission operations at these installations.

Moreover, the port authorities' primary power over terminal operators rests in environmental covenants and permits approved by the Board of Harbor Commissioners. These should offer parties the ability to modify for compliance with regulatory changes. In addition, PR 2304 could improve coordination between all entities by creating more detailed reporting requirements to monitor and demonstrate use of all zero-emission infrastructure developed under PR 2304 to ensure consistent use and equitable access to port-adjacent charging infrastructure.

Targets Should Drive Infrastructure, Not the Other Way Around

Infrastructure should flow from clear targets. We suggest following the timeline illustrated in Figure A (attached) and require infrastructure plans that show how the facilities will get to those targets—ranging from exclusively investing in zero-emission technology such as electric cargo-handling equipment, to increasing charging infrastructure and incentive programs to attract zero-emission vehicles operating at the ports.

The proposed defaults are a useful starting point, but they are limited to specific equipment identified in the ports' 2017 Clean Air Action Plan update. Rather than treating these defaults as the ceiling, they should serve as the foundation for a broader, facility-wide approach to emission reductions.

A more comprehensive strategy would mirror the approach used in the Railyard ISR, which the Governing Board unanimously approved last year. That rule required targets to be set based on

state-expected reductions for individual equipment categories, creating a mechanism for meaningful and enforceable progress.

At this infrastructure planning stage, the same principle can apply. Statewide projections—such as those estimating emission reductions from shore power adoption or the electrification of cargo handling equipment—can be used to establish clear, facility-level targets. This would give regulated facilities a predictable and performance-based path forward, rooted in achievable emission reductions.

Comments on Current Structure of the Draft Rule Language

Emission reductions for criteria pollutants and greenhouse gas emissions should be explicitly tied to the deployment of the following zero-emission technologies supported by the infrastructure plans. This type of analysis is not without precedent—the Port's own updated CAAP (2017) includes planning estimates for emission reduction benefits expected from the transition of specific equipment like trucks and cargo handling equipment ranging from reducing port-related sources to 40% below 1990 levels by 2030 and "reducing GHGs from port-related sources to 80% below 1990 levels by 2050.[4] Plans submitted under PR 2304 can go a step further and look at facility-wide opportunities to further ramp down on emissions by key target dates.

Conditions for Approval

One way to ensure the rule centers emission reductions—even at the infrastructure planning stage—is to require, as a condition of plan approval, a clear analysis of the type and scope of expected emission reductions resulting from the proposed infrastructure and the associated deployment of zero-emission technology. This analysis should align with each Port's broader efforts to meet key zero-emission milestones. Therefore, the draft rule language could be amended as follows (additions marked in *italics*):

(i) Whether the plan satisfies all the requirements as specified in (e);
(ii) The ability of the plan to meet the Planning Targets specified herein;
(iii) Whether the appropriate environmental analysis as required in (e)(2)(D) has been conducted pursuant to NEPA and/or CEQA for the plan.
(iv) Whether the plan demonstrates a path to reducing overall emissions at the ports by converting existing technology run by Conventional Fuels to zero-emissions in substantial numbers to reduce overall emissions that exceed the San Pedro Bay Ports Clean Air Action Plan (CAAP) targets.

[4] Clean Air Action Plan emission reduction targets (November 2017), p. 25, 2017 Clean Air Action Plan Update | Clean Air Action Plan

(v) Whether the zero-emission technology facilitated by planned infrastructure is projected to provide localized emission reductions once fully operational.

This framework for plan approval more directly ties the rule's structure to the emission reductions the District is obligated to achieve through its regulatory measures. Embedding this connection at the approval stage ensures that infrastructure planning serves the rule's core purpose—improving air quality and advancing public health.

To further strengthen this framework, we recommend drawing a more explicit link to the workforce assessment outlined in Section (e)(2)(C) – *Workforce* – by incorporating it into the criteria for plan approval. Priority should be given to infrastructure plans that are clearly defined, enhance workforce safety and wellness through zero-emission technology deployment, and maximize the use of human-operated zero-emission equipment made feasible by the proposed infrastructure.

Infrastructure Planning Targets

Infrastructure Planning Targets are the crux of this first-stage ISR rule**.** It is therefore essential that these targets be clearly and comprehensively defined.

As we have consistently emphasized throughout this rulemaking process, the rule must be guided by a clear goal: achieving zero-emission port operations. This aligns with the 2022 AQMP, which concludes that "the only way to achieve the required NOx reductions is through extensive use of zero emission technologies across all stationary and mobile sources." [5]

To reflect this commitment, the definition of "Action Level" should be revised to state: *"a future target level of a Port Source population whose source of propulsion energy and/or other use of energy will not result in direct in-use emissions of criteria pollutants."* This language would better align Action Levels with the infrastructure investments contemplated in this rule and ensure they are tied directly to zero-emissions outcomes.

The current draft of the rule proposes Planning Targets that track "default" Action Levels and Target Years derived from documents already endorsed by the Ports. These include the 2017 update to CAAP and the 2017 Joint Declaration by the Mayors of Los Angeles and Long Beach establishing goals for cargo handling equipment (CHE). While these defaults offer a useful starting point, they only cover a limited range of port activities—specifically CHE, drayage trucks, and on-port switchers.

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[5] South Coast Air Quality Management District. "South Coast AQMD Air Quality Management Plan 2022," page ES-1 Accessed April 23, 2025. https://www.aqmd.gov/home/air-quality/air-quality-management-plans/air-quality-mgt-plan

Critically, the draft language is silent on how to address Action Levels beyond those three equipment categories. Yet the original purpose of PR 2304, as outlined in the 2022 AQMP, was to develop a comprehensive facility-based mobile source strategy to reduce emissions across all aspects of port operations. We therefore recommend the rule be amended to require greater specificity in Planning Target development. Ports and terminal operators must be expected to collaborate on holistic, zero-emission transition strategies—not just rely on outdated and narrow default categories from eight years ago.

This clarification is especially important considering Section (e)(1)(D), which states that a "Port may elect to specify an alternative Planning Target or an alternative Target Year in lieu of any of the defaults set forth in (e)(1)(C)." Without further guidance, this could be misinterpreted to mean that ports are only required to set Planning Targets for the limited equipment types listed as defaults. We do not believe this was the rule's intent, and we recommend amending the language to remove this ambiguity.

Analysis and Justification for Alternative Targets

To the extent that alternative Planning Targets are considered as deviations from the defaults set for drayage trucks, cargo handling equipment (CHE), and on-dock locomotives, they must demonstrate greater ambition or effectiveness. This could include accelerating the Target Years set in the Ports' 2017 CAAP Update or proposing a different pathway that ensures Action Levels drive a meaningful transition to zero-emission operations.

This underscores the importance of linking emission reduction outcomes directly to the definition of Action Levels. An alternative Planning Target is only meaningful if it either meets the rule's objectives or delivers greater emission reductions than the default. To that end, we recommend amending Section (D) to include the following language:

- *Alternative Planning Targets must include a description of the relevant Action Level targets and demonstrate how they are projected to achieve emission reductions that meet or exceed those associated with the default Planning Targets. This may include, for example, accelerating Target Years to achieve zero-emission operations sooner, or selecting Action Level targets with greater emission reduction potential.*

By doing so, Alternative Targets can still provide a viable pathway for achieving emission reductions while offering Ports and terminal operators needed flexibility.

Process and Timelines for Plan Submission

One concern raised by port-adjacent communities is whether infrastructure planning will adequately account for potential impacts to surrounding neighborhoods. These concerns include, but are not limited to, the facilitation of future port expansion projects, the health impacts

associated with fuel storage, transportation, and delivery, and other potential environmental risks. Communities are also concerned about potential disruptions to traffic, local services, and overall quality of life as a result of infrastructure building.

While many of these issues should be addressed through review under the California Environmental Quality Act (CEQA) or the National Environmental Policy Act (NEPA), they should also be identified in the rule as part of the disclosed planning process that informs the development of plans, serving as necessary steps toward operationalization. This ensures that such plans can be adequately evaluated prior to approval or execution. To that end, we recommend explicitly identifying planned health and environmental impact assessments as one of the required phases to be described as part of rule compliance.

This section should also explicitly cross-reference the requirement to align infrastructure planning with defined Planning Targets, grounded in the objective of achieving full zero-emission operations no later than 2040. As we have previously requested, the timeline and structure for planning should center around *Target 2040*—a target year set as a marker for zero-emission operations. Plans should reflect this goal with clear interim milestones that guide the Ports and other responsible entities along a credible path toward that endpoint.

The planning process should function as a form of reverse-engineering from *Target 2040*—using that end goal of zero-emissions, as illustrated in Figure A, to inform how targets are set and how infrastructure investments are staged. Ports and terminal operators can work collaboratively to provide the details necessary under this section, identifying the specific steps, obstacles, and opportunities associated with each phase of an infrastructure project. This is a critical exercise—not only to demonstrate feasibility, but to ensure that plan approval is based on a realistic and forward-looking pathway to full conversion.

Reporting Requirements

As previously stated, PR 2304 should apply to the Port of Los Angeles, Port of Long Beach, and container terminals. PR 2304 Reporting should include showing anticipated infrastructure utilization as plans progress to implementation. Tracking the anticipated number of Heavy-Duty Drayage Trucks, Ocean Going Vessels, Cargo-Handling Equipment, Line Haul and Switcher Locomotives, and Commercial Harbor Craft capable of utilizing proposed zero-emission infrastructure projects will ensure each terminal is on track to achieve emission reduction targets outlined in the Clean Air Action Plan and other air quality planning documents. Layering requirements on port authorities and container terminal operators will ensure all entities in charge of facilities carry out infrastructure deployment, use, and ultimately, emission reduction actions. Cooperation between port authorities and container terminal operators will be key to meeting port-wide emission targets in phase two of PR 2304.

Under "Plan Implementation Progress Report", reporting parties should be required to provide information confirming that steps have been taken to submit applications to utilities to power the relevant infrastructure and a status report on submitted applications. Applications to utilities and status of applications to power infrastructure should be included in milestones that require both interim reporting and implementation progress reporting. This is referenced in Table 4 of the rule, but should be explicitly laid out in the language of the rule to avoid any confusion.

Criteria for Time Extension

With respect to requests for extension, we acknowledge that there will likely be circumstances in which the ports are faced with challenges when it comes to delivering infrastructure on a previously identified timeline. Approving extensions, provided there are sufficient details to demonstrate extenuating circumstances, seems reasonable.

However, we suggest that in addition to requiring a demonstration of extenuating circumstances, and a demonstration of continued effort to make progress towards a milestone, the Port should also be required to show potential alternative pathways towards meeting expected emission reductions, to the extent those alterative pathways are available at the time an extension or modification is requested. In other words, the Port should highlight any other initiatives it has available to fill the gap left as a consequence of missing a milestone, such as accelerating other projects that may also deliver emission reductions sooner. To that end, we propose adding the following to (4)(C) [additions in italics]:

> (C) The Port demonstrates continued progress, or continued effort to make progress, towards the affected Milestone for which a time extension is needed. Such demonstration may include but is not limited to ongoing consultation with other entities with roles and responsibilities in implementing the affected Milestone. *A demonstration of progress should also include accelerated deployment of zero-emission-supporting infrastructure elsewhere at the port complex that may also help achieve similar levels of expected emission reductions sooner.*

We believe these amendments will make the rule more effective— allowing progress to continue on infrastructure that can deliver potential emission reduction even as some milestones are stalled due to unforeseen circumstances.

Cargo throughput at the Port of Los Angeles and Port of Long Beach has continued to rise over the past few years following surging consumer demand and vessel traffic at the San Pedro Bay port complex. If there is a pause or downturn in cargo levels, this decline would act like a release valve, allowing the ports and terminal operators to make progress on infrastructure upgrades while enjoying an inevitable reduction in emissions levels from paused or diminished cargo levels. In other words, PR 2304 should be forward-looking, and ensure plans are informed by emissions reductions planned for and those that occur unexpectedly due to emergencies or

federal policy changes, such as increased tariffs. The goal is not to punish port authorities or terminal operators, but to maintain progress on preparing for zero-emission port operations while incrementally reducing criteria pollutants and greenhouse gases generated by port facilities.

Community Participation and Outreach in Rule Implementation

As the District moves forward with implementation of the first phase of the Ports ISR aimed at addressing the acute public health impacts associated with port pollution, it is imperative that the District prioritize community involvement in the evaluation of plans and outreach efforts. To effectively achieve the stated purpose of this rule, the District must establish checkpoints and coordination with community advisory groups like the Wilmington, Carson, and West Long Beach Assembly Bill (AB) 617 Community Air Monitoring Group throughout the implementation process to ensure transparency and consistent community consultation. This includes making submitted plans from the ports and terminal operators publicly available to the communities most affected, allowing local residents to assess whether these plans genuinely meet the necessary emission reduction targets.

Moreover, during the plan evaluation phase, it is essential that any modifications to these plans remain transparent and accessible to the public with an opportunity for input from impacted communities if the proposed modifications fall short of long-term emission reduction goals. While we understand the need to protect proprietary matters, it is crucial that the core substance of the PR 2304 plans is disclosed, enabling community advisory groups to remain informed and engaged in the decision-making process. By fostering transparency, the District will build trust and ensure the ports are on track to clean the air and transition to 100% zero-emission operations by 2040.

To that end, we recommend the following:

- Form a community advisory group that can provide input on PR 2304 plans as submitted and those being modified to gauge whether they can maximize benefits to impacted communities. The Community Advisory Group should include members of the AB 617 Community Steering Committee;
- Provide regular reports on implementation of plans, modification requests, revised plan submissions, and any request for extensions to the community advisory group, as well as posting those submissions publicly on the SCAQMD website with an opportunity for public input within the 30-day review period;
- Incorporate regular reports to AB 617 communities regarding progress on Zero Emissions infrastructure deployment at the ports to promote greater transparency and accountability.

Enforcement must be robust and push key actors to stay the course

The enforcement mechanism for this rule will be essential to ensuring that the infrastructure planning results in actual improvements. The framework offered in District Staff's presentation for the April 16 Working Group Meeting offers a good start. We agree that enforcement actions are the key mechanism through which the Air District can ensure that proposed rules are followed and have the intended impact on the region's air quality concerns. It is our hope and expectation that these accountability measures will be extended to terminal operators to avoid concentrating rule compliance obligations on ports. Splitting rule compliance between port authorities and terminal operators is necessary to ensure balanced negotiations when terminal leases are renewed and negotiated to include zero-emission plans that complement PR 2304.

We further recommend establishing a process—such as an advisory panel or a community-guided fund—to identify and implement ways that enforcement-related fees can be used, consistent with existing law, to redress pollution harms suffered by communities near the ports.

Conclusion

By strengthening PR 2304 to include zero-emission planning targets, the District can ensure that this rule delivers meaningful air quality benefits and aligns with its long-standing commitment to reducing emissions that congregate at large industrial facilities like the ports, railyards, and warehouses. The District has an opportunity to build from the Warehouse ISR and apply the same principles here to secure real and lasting improvements in public health and air quality to lock in a competitive advantage for the San Pedro Bay Port complex as the maritime industry accelerates to zero-emission operations.[6]

We look forward to our continued discussions about ways to improve the rule and achieve a strong Ports ISR to fulfill the five facility-based mobile source strategy the District has committed to carrying out.

Sincerely

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[6] IMO approves net-zero regulations for global shipping (April 2025).

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Attachment A

Zero-Emission Infrastructure Timeline

Pathway to Full Zero-Emissions Operations by 2040

2026

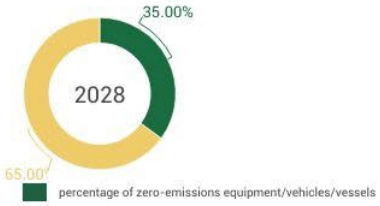
Interim Plans Submissions: Ports submit interim zero-emissions infrastructure plans based on selected targets- SCAQM provides public notification and opportunity to comment to Community Advisory Group

2027

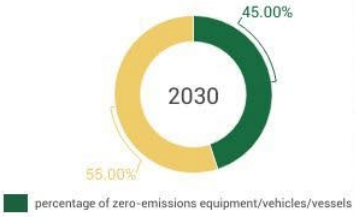
Approval of Submission: Detailed implementation plans are submitted for regulatory approval with planned Community Advisory Group meeting and public meeting to provide for community input.

2028

Reporting: Annual reports are made publicly available; theCommunity Advisory Group aisllowed to review and comment on progress.



- Port options could include ZE CHE prioritized for ZE conversion; ZE Drayage is increased by maximizing existing charging capacity; facilities to host ZE Harbor Craft start to deploy.



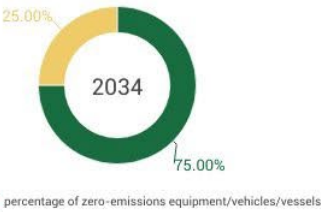
- Accelerated infrastructure build out as capacity grows; ZE CHC, CHE, and Drayage advances market responds with new equipment being made available.

2030

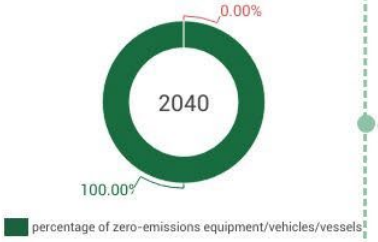
Proposed modifications are announced publicly with an opportunity for comment and consultation with AB 617 communities and the Community Advisory Group. Penalty Fees collected drive community improvement grants.

2034

Adjustments are made to infrastructure plans to course correct and accelerate the transition if milestones are not being met.



- Majority ZE fleets serving ports; ZE locomotives serving port make inroads; ZE vessels/vehicles outnumber others



- Most operations converted to ZE; First-in-class ZE infrastructure in place; ZE OGV drawn to San Pedro Bay complex as capacity expands.

2040

Assessment made to determnie whether additional infrastructure need to be deployed to support next-generation zero-emissions operations