



May 5, 2026

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Chair Michael Cacciotti and Members of the Governing Board
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Subject: CAAP-Plus Measures Recommendations

Thank you for the opportunity to provide these comments on behalf of the members of the Pacific Merchant Shipping Association (PMSA), the ocean carriers, marine terminal operators, harbor craft operators, and other maritime interests operating in the ports of Long Beach and Los Angeles. Representing these companies, PMSA has a significant stake in a positive and productive outcome of the negotiation of the Cooperative Agreement and the development of the "CAAP-Plus Measures". PMSA would also like to applaud the Port of Long Beach (POLB), the Port of Los Angeles (POLA), and the South Coast Air Quality Management District (SCAQMD) for implementing an inclusive, deliberative, and serious process for developing the CAAP-Plus Measures.

We respectfully submit for your consideration the following comments and recommendations on ways to strengthen the feasibility and efficacy of the proposed measures, elevate these deliberations, and ultimately accelerate the transition to a zero-emissions future.

Competitiveness, Growth, and Feasibility Must Remain Front and Center

As you are all aware, the ultimate source of the billions of dollars in new capital that will be spent on compliance with CAAP Plus measures and the financing of the infrastructure requirements that will be derivative of the Cooperative Agreement will be the Ports' customers and tenants. These industrial investments and expenses will only be viable and feasible, especially on the timetables that stakeholders expect to be met ahead of any other gateways in

North America, if we can ensure that our San Pedro Bay gateway remains competitive and grows.

The Port of Los Angeles and the Port of Long Beach, as landlord ports, will need to invest more capital in the infrastructure that support their cargo operations under the Cooperative Agreement and CAAP Plus measures. This will force the ports and their customers to focus their investments and engage in long-term commitments that may impose new and different priorities on the marketplace than what would otherwise occur. And, because none of the proposals will be successful if not economically feasible, as a result preservation and growth of cargo volumes should be a north star for everyone in these conversations. The ports, marine terminals, and partner ocean carriers, motor carriers, and rail carriers are going to need to find commercial solutions to these challenges. This means that there need to be realistic conversations about imposing limits on project cost, creating volume growth mileposts, and protecting the bottom line of ports and their customers.

We have already seen several calls for new fees and taxes to be imposed on this process and to extract cash from the ports, port customers, and port tenants. This type of approach is anathema to competitiveness, blunts growth, and will be counterproductive to leveraging the private and public financing and underwriting that will be necessary to ensure the success of this program. We cannot stress enough that the solutions to the problems of investment, infrastructure finance, and generation of capital need to originate from and be accountable to competitive, market-based, and commercially-driven platforms that harness demand and throughput. If the CAAP Plus measures simply extract cash from the system, create higher overhead costs, and substitute regulatory goals for economic efficiency, they will fail.

Socioeconomic Factors are the Most Significant Determinants of Health

As you know, socioeconomic status is the most important determinant of health¹. Economic factors can make up 40% of health outcomes while physical environmental factors only determine 10% of health outcomes². Given the San Pedro Bay Ports' importance to the economic vitality of Southern California and the nation, coupled with the fact that the ports are responsible for 226,000 direct, indirect, and induced jobs locally and 3.5 million jobs nationally,³ it is critical that every measure considered as part of the CAAP-Plus Measures be evaluated for their overall, positive socioeconomic impacts. In addition, the twin ports have lost significant

¹ <https://pmc.ncbi.nlm.nih.gov/articles/PMC10341459/>

² <https://www.sciencedirect.com/science/article/abs/pii/S0749379715005140>

³ <https://www.pmsaship.com/maritime-insights-blog/economic-importance-of-trade-amp-the-ports-to-southern-california>

market share since 2006. By one estimate, the region has 45,400 fewer jobs and billions less in economic activity as a result of loss of market share to-date.⁴ If CAAP Plus measures directly contribute to further losses of cargo, then the real impacts of these diversions could result in negative health outcomes that dwarf the actual health benefits intended to be achieved by the CAAP. If these measures are framed in terms of health outcomes, and the predicate for the entire program is regional air quality and regional compliance, PMSA requests that the SCAQMD and the ports jointly consider the net benefits of these programs, after accounting for socioeconomic impacts, to public health throughout the entire South Coast Air Basin.

SCAQMD and the Ports Must Set Targets for Utility Action

Throughout the development of the Cooperative Agreement, it has been clear that the single most important critical variable in the transition timeline for a zero-emissions future is the question of when the necessary supporting utility infrastructure will be in place. As a result, PMSA proposes a Facilitating Measure that would require SCAQMD, POLA, and POLB to solicit timelines from the utilities for detailed targets for the utilities' actions which are identified as necessary for the zero-emissions transition, with regular updates. While the Cooperative Agreement requires infrastructure plans, those will be reasonably centered on port actions that are important, but not the development of utility infrastructure. Through this proposed Facilitating Measure, the ports and the District can share with us and the public where the utilities actually are in delivering the needed infrastructure.

Utilities Must Ensure That Service Will Serve the Next Generation

Power availability and reliability are critical at the ports now more than ever. Power quality and reliability issues pose both safety and productivity challenges. For example, crane operators have been jostled in the cab due to loss of power from the grid, resulting in measurable OSHA reportable injuries. Productivity is also impacted, as restarting equipment can take several hours and require significant manpower. Additionally, when operations are interrupted, trucks awaiting service can back up on the terminal and on the road in the local community, with idling emissions being generated.

To that end, the District and SCAQMD should adopt a Facilitating Measure that ensures that the utilities specify in their targets that the plans are in place to provide high quality, reliable power in a timely manner.

⁴ <https://centerforjobs.org/ca/special-reports/economic-importance-of-trade-and-the-ports-to-southern-california-phase-i-report-baseline-economic-and-fiscal-impacts#key-jobs-and-economic-findings>

In support of that, the utilities must ensure the provision of a high level of power quality and reliability. That power must also be supported by new modern power meters, which are essential at each terminal given the fast-rising use of electricity for cargo handling equipment. Modern meters, in turn, must be supported by SCADA systems that will be necessary to be able to assess key usage information.

Finally, as the zero-emission transition continues to be catalyzed by regulation and grants, assurance that the port terminals will be able to operate at their growing capacity is necessary. The utilities are a critical player in this transition who should be providing timely and actionable plans to meet targets per the SCAQMD Cooperative Agreement and the EPA Clean Ports Program concluding on December 31st, 2028.

During an Affordability Crisis, SCAQMD and the Ports Must Not Establish Policies that Increase Costs in the Nation's Most Expensive Gateway

Across the country—and particularly in this state—residents are experiencing an affordability crisis. Years of poor policy decisions have exacerbated the cost of living. It is important that this process does not contribute to that. All policies being considered as a CAAP-Plus Measure should be evaluated to ensure that the proposal does not cumulatively make the current affordability crisis worse. To be economically feasible and politically tenable over the course of the Cooperative Agreement, the CAAP-Plus Measures cannot appear to make the cost of living in Southern California worse and should be implemented in a manner which is sensitive to cost impacts.

Incentives to Buy Down the Cost of Alternative Fuels, including Electricity and Hydrogen

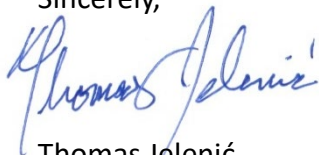
As a result of policies, California has the highest energy costs in the nation. Whether it is electricity or conventional fuels, California is unsurpassed for unaffordable energy that hampers the transition to new technologies. A critical step that the District and the ports could take would be to provide an incentive that would buy down the price of electricity, green hydrogen, green methanol, and green liquefied natural gas, and potentially other fuels. Such an incentive could bring several benefits. First, since it is a use-based incentive, the benefit accrues with every dollar spent. Second, a fuel incentive would encourage equipment operators to prioritize the use of clean technologies over conventional technologies in mixed fleets. Finally, there are existing situations where green fuels could be used in dual fuel technologies but are not, particularly as a marine fuel.

SCAQMD and the Ports Should Engage the State Energy Commission on Long-Term Planning for the Infrastructure to Support the Production, Distribution, and Delivery of Alternative Maritime Fuels for Vessels

The global container fleet already has 400 dual-fuel ships in operation and another 700 on order. With \$150 billion in investment, nearly 75% of all new vessel orders are for vessels capable of running on alternative fuels.⁵ However well-equipped these ships are, it is equally true that vessel emissions will not be reduced in Southern California without a steady supply of alternative fuels being produced and distributed on the US West Coast. As a result, PMSA proposes a Facilitating Measure that would require SCAQMD, POLA, and POLB to work with the state Energy Commission to develop comprehensive plans that support the development of fuel-production and distribution infrastructure, which must include both storage infrastructure and distribution facilities such as fueling barges. Through this proposed Facilitating Measure, the Ports and the District can share with us and the public where and when these fuels are going to be made available for use by ocean-going vessels.

PMSA looks forward to continuing to work through this process and the successful development of CAAP-Plus Measures for presentation to the SCAQMD Governing Board in June.

Sincerely,



Thomas Jelenić
Vice President

cc: Port of Los Angeles Board of Harbor Commissioners
Port of Long Beach Board of Harbor Commissioners
Gene Seroka, Port of Los Angeles
Noel Hacegaba, Port of Long Beach
Wayne Nastri, South Coast Air Quality Management District

⁵ <https://www.worldshipping.org/dual-fuel-fleet-dashboard>