



July 14, 2008

Port of Oakland  
530 Water Street  
Oakland, CA 94607

Attn: Ann Whittington  
*Delivered Via Email*

**Regarding: Port of Oakland “Maritime Air Quality Improvement Plan”**

On behalf of the Pacific Merchant Shipping Association (PMSA) and its members we appreciate the opportunity to provide comments on the contents of the Port of Oakland’s Maritime Air Quality Improvement Plan (“MAQIP”). PMSA represents the ocean carriers and terminal operators that operate in West Coast Ports moving approximately 90% of the containerized cargo that moves through California and Washington, including most of the tenants and customers operating at the Port of Oakland.

We broadly and generally support the end goal of the Policies, which is to improve air quality through the reduction of emissions impacts by mobile sources operating at the Port while not compromising the Port’s competitiveness and economic viability. We have been proud to work as a member of the stakeholder process that has been ongoing for some time and appreciate the commitment that the Port has made to maintaining the development of the MAQIP in a fair, open and collaborative forum.

We preface our comments today be reminding the Port that, while there is certainly still much to be done, PMSA member companies and the Port of Oakland have already exceeded the clean air efforts of most other ports in North America. Our efforts to date are a great example of the progress that can be made to improve our trade and environment concurrently when we are able to harness the maritime industry’s ability to work together cooperatively and voluntarily with California’s landlord ports.

We generally believe that by partnering together, through the use of voluntary and incentive based improvements, that we can achieve the Port’s MAQIP goals. This confidence stems from our existing and previous partnerships together through voluntary programs, incentives, and commercially-feasible lease negotiations made in good faith between the Port and its tenants, which have already markedly improved air quality around the ports. We look forward to more partnerships in the future.

Some of these voluntary projects already undertaken by PMSA members in California that are Port of Oakland tenants include:

- Use of low sulfur fuel in vessels' main and auxiliary engines
- Retrofitting of Cargo Handling Equipment with after combustion technology
- Purchasing on-road certified equipment for terminal operations
- Installing clean air injectors (slide valves) into existing vessel engines
- Use of cleaner fuels including emulsified diesel (Proformix), ethanol blended diesel (O2 Diesel) and ultra-low sulfur diesel in advance of regulatory requirements.
- Liquefied Natural Gas (LNG) Yard Tractor demonstration projects
- Liquefied Petroleum Gas (LPG/propane) Yard Tractor demonstration and implementation
- Use of appointment systems to spread out the volume of truck traffic and terminal operations to reduce congestion and emissions resulting from truck idling and gate congestion
- Demonstration and feasibility projects with alternative shore-power technologies
- Construction of vessels capable of using shore-power
- Planning to introduce dockside shore-power projects
- Construction of vessels that have fuel tanks and fuel delivery systems that enable the use of cleaner fuels

In addition, on the regulatory front we have also supported:

- CARB's Cargo Handling Equipment Regulation which went into effect on January 1, 2007
- Assembly Joint Resolution 8 (Canciamilla), sponsored by PMSA, adopted by the California State Legislature supporting the Ratification of IMO's Annex VI to MARPOL 73/78 and the designation of a North American Sulfur Emission Control Area (SECA)
- The US EPA delegation's proposal at IMO to amend stricter fuel use limits into MARPOL Annex VI along with the World Shipping Council

All of these existing, past and ongoing efforts have been accomplished with the participation of the industry groups affected and have resulted in meaningful and feasible measures to reduce emissions.

In addition, PMSA and our members have also consistently supported regulatory efforts that can be applied in a uniform manner that will not result in competitive issues or conflicting enforcement. It is for that reason that we are pleased with the action by the IMO Marine Environmental Protection Committee (MEPC) forwarding very stringent regulations for approval in October of this year. More importantly, the U.S. Senate and House of Representatives have recently passed the necessary implementation legislation for the U.S. to enforce the provisions of Annex VI of MARPOL. This historic legislation, that now only needs the President's signature, will allow the U.S. to be a full partner in the international community in reducing emissions for vessels. PMSA suggests that future drafts of the MAQIP be modified to reflect the benefits of Annex VI.

Underlying our shared goal of reducing emissions and improving quality of life, we believe the Port has done the right thing by starting the MAQIP process with the establishment of goals that acknowledge consideration of the business and environmental needs of the Port of Oakland. By requiring consideration of the legal, business and financial implications of strategies in the formation

of the MAQIP, we hope that the Port will be able to maintain sustainability and balance as it moves down the path of developing cleaner operations while growing throughput and trade.

This balance is especially important given the fact that the MAQIP is principally built around the expectation that the industry will make substantial investment in procuring equipment, paying for infrastructure, and incurring increased operational and maintenance costs, that are not included in current costs, through the imposition of regulations, user fees and partnership on incentive programs.

Given this commitment to balance, we are pleased that we need not remind the Port that they are a discretionary gateway for most major importers and nearly all intermodal cargo. For non-discretionary cargo, represented by the majority of the Port's export shippers, this trade is primarily in commodities which are extremely low-margin products generally priced by worldwide marketplaces, leaving them no ability to share or pass-along costs. This position, given the current fiscal situation at the Port, its flat growth in overall volumes, and the ongoing development of competitive, alternative gateways for intermodal cargo, only reinforces our appreciation for the consideration of balance in the MAQIP and the goals under which it was developed.

In addition to the above general comments, please find our additional, and more extensive formal comments attached.

In conclusion, PMSA and our members support your goals of reducing air emission impacts on the local communities and the region while simultaneously growing trade. Based on the positive efforts to-date of the Port and its tenants to reduce air emissions we believe that our members have demonstrated their willingness to address this issue and have had considerable success in the past. While we recognize that much remains to be done, we applaud the economic and environmental balance goals of the MAQIP and its ambitious vision for the future of the Port of Oakland.

If you have any questions regarding these comments, please feel free to contact me at (415) 352-0710, or via e-mail at [jmclaurin@pmsaship.com](mailto:jmclaurin@pmsaship.com).

Sincerely,



John McLaurin  
President

cc: Members, Board of Port Commissioners, Port of Oakland  
Omar Benjamin, Executive Director, Port of Oakland  
James Kwon, Maritime Director, Port of Oakland

COMMENTS ATTACHED

## **PMSA Comments To June 2008 MAQIP Draft**

As noted in the draft, there is no executive summary. This needs to be completed and include a summary of the guiding principles.

Page 1-2

The box on page 1-2 states that the “input” should come from the Steering Committee Advisory Group. This is a misnomer as Section 9 of the Draft Plan lays out the participation of a Maritime Stakeholder Advisory Group, which should be advisory to port staff.

Page 1-8

It should be noted that the guiding principles were signed off on by all Task Force members.

Table 3-1

Expand the discussion of IMO for large marine engines and add SO<sub>x</sub> as a Pollutant Most Affected. Also note that the US ratified MARPOL Annex VI.

### NO<sub>x</sub> Engine Standards

- Tier 1 – 17.0 g-NO<sub>x</sub>/kW-hr, vessels 1990 - 2010
- Tier 2 – 14.4 g-NO<sub>x</sub>/kW-hr January 1, 2011 , 15% reduction from 2005 level
- Tier 3 – 3.4 g-NO<sub>x</sub>/kW-hr January 1, 2016, 60% reduction from 2005  
In ECA, Tier 2 outside ECA

### Global Sulfur Cap

- 4.5% reduced to 3.5% in 2012
  - 0.5% as early as 2020 but no later than 2025\*
- \* based on fuel availability study to be done in 2018.

### SECAs to ECAs

- 1.5% sulfur reduced to 1.0% on March 1, 2010, 60% SO<sub>x</sub> reduction from 2005\*
- 0.1% on January 1, 2015 . 96% SO<sub>x</sub> reduction from 2005P

### PM Reductions under an ECA

30% reduction in PM in 2010 from the 2005 levels\*

83% PM reduction in 2015 from 2005 levels\*

\*Using the CARB sulfur average of 2.5% sulfur

The list of proposed or adopted regulations does not include the thermal refrigeration union (TRU) regulation that was adopted and enforced by the end of 2008.

## Section 5

The growth scenario's and estimates are probably overly optimistic.

### Page 6-3 and 6-4

Modify the DPM, SOx and NOx reduction goals to be consistent with the proposed amendments of Annex VI.

### Page 6-4

The challenges laid out here are valid. We have already heard from marine terminal operators that they are having difficulty getting orders filled for new Cargo Handling Equipment (CHE).

Include the need for CARB to work with the U.S. EPA in designating an ECA that will include California, and hopefully, the entire North American continent.

### Page 7-1

With regard to LNG powered CHE as an emission control technology, it should be noted that on-road LNG engines are having difficulties meeting state standards for off-road duty cycles.

### Page 8-18

To Programs add compliance with Annex VI

To Projects for ships include the slide valve and fuel emulsification project by APL and the voluntary use of 0.2% distillate fuel in the MAIN engines by Maersk.

### Page 9-12

Update the Timeline for 2010 and later under SHIPS to reflect the amendments to Annex VI

### Appendix E:

Update the MARPOL Annex VI discussion to reflect the MEPC pending amendments and the recent activity of the U.S. Congress.