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Sent via email

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Re: Draft Final 2017 Clean Air Action Plan Comments

Dear Mr. Cannon and Ms. Tomley,

FuturePorts appreciates the opportunity to comment on the Draft Final Clean Air Action Plan Update (Draft CAAP Update).

FuturePorts is an advocacy organization whose members represent a broad range of goods movement industry businesses operating throughout the Southern California region. Members range from small to large companies in the goods movement supply chain sector, from engineering and construction companies and their suppliers, to labor, and transportation providers.

FuturePorts is dedicated greening and growing the San Pedro Bay Ports by realizing their modernization in order to maintain their competitiveness through the successful completion of their development programs allowing for the economically viable and environmentally sustainable growth of the Ports.

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The goods movement industry is the #1 economic engine and jobs creator for the state of California, creating millions of direct and indirect jobs. FuturePorts’ members have a vested interest in an economically viable and sustainable supply chain from the waterfront throughout the entire distribution network.

PARTNERING ORGANIZATIONS

Bay Planning Coalition
Inland Empire Economic Partnership
Long Beach Area Chamber of Commerce
Los Angeles Area Chamber of Commerce
Los Angeles County Business Federation
Los Angeles County Economic Development Corporation
Pacific Merchant Marine Council-Navy League of the United States
San Pedro Chamber of Commerce
South Bay Association of Chambers of Commerce
Wilmington Chamber of Commerce

Below are our comments on the Draft Final 2017 Clean Air Action Plan:

1. ***The Draft CAAP Update should include accurate cost estimates.*** The Draft CAAP Update requires 100% use of only zero-emissions electric cargo handling equipment at marine terminals by 2030. The San Pedro Bay Ports (Ports) have estimated incremental costs of between \$8.4 billion and \$14 billion for new technologies and infrastructure investments and incentive programs to implement the Draft CAAP Update strategies (and this estimate assumes that the technology-forcing requirement will result in zero-emission technologies that are tested and commercially available, which is not assured). As an initial matter, FuturePorts believes the actual costs of the Draft CAAP Update strategies could be significantly higher than estimated by the Ports. In fact, the only substantive cost estimate of moving to zero-emission technologies across San Pedro Bay is [a Moffatt & Nichol study](#) commissioned by the Pacific Merchant Shipping Association (PMSA) which estimated the additional cost of moving to automated zero-emission technologies (the only zero-emission technology available today) at tens of billions of dollars.

Accordingly, FuturePorts opposes the CAAP Update unless it is amended to include accurate cost estimates, including changes in operations and maintenance costs, the full costs associated with alternative fuels or electricity, and a better estimate of technology replacement costs given actual equipment ratios.

2. ***The Draft CAAP Update should include a competitiveness action plan.*** The Draft CAAP Update does not address the market share growth necessary to pay for the billions of dollars it will cost to implement Draft CAAP Update strategies. Unlike other ports in North America, the San Pedro Bay Ports have not seen any cargo growth between 2006 and 2016 and have seen a decrease in market share for discretionary cargo. Discretionary cargo accounts for approximately half of the throughput at the San Pedro Bay Ports and therefore the costs of implementing the Draft CAAP Update puts approximately half of the Ports' cargo at risk. Thus, the increased costs will decrease competitiveness and continue the ongoing trend of the San Pedro Bay Ports losing market share, and jobs and economic benefits associated with Port activity will decrease.

Accordingly, FuturePorts opposes the Draft CAAP Update unless it is amended to include a competitiveness action plan which identifies who would pay for all necessary equipment and infrastructure as the private sector cannot absorb these extraordinary costs alone.

3. ***The Draft CAAP Update should include a cost-effectiveness analysis.*** According to PMSA, cargo-handling equipment represents only 0.0747 percent of California's total greenhouse gas emissions. As the Ports estimate that it will cost up to \$14 billion to implement the Draft CAAP Update strategies, this begs the question of how much must be spent by industries and businesses to achieve a zero-emissions standard state-wide and whether there are more cost-effective means to achieve emissions reductions. Moreover, given the certainty that the private sector alone cannot fund the proposed transition to zero or even near-zero emissions, we request that the use of public funds be scrutinized in a manner that ensures regional co-benefits in advancing attainment of NAAQS in the South Coast Air Basin.

Accordingly, FuturePorts opposes the Draft CAAP Update unless it is amended to include a comprehensive cost-effectiveness study, including the incremental cost-effectiveness of going from near-zero to zero emissions that addresses these issues.

4. ***The Draft CAAP Update should be technology and fuel neutral.*** The final CAAP Update should be technology and fuel neutral, and analyze a broader range of technology options (including near-zero technologies) that include the cost effectiveness and total cost for each option, and identify who would pay for all necessary equipment and infrastructure. The Draft CAAP Update’s aggressive timeline (the Draft CAAP Update states a “large portion of the costs must occur within the next 5-7 years”), for example, does not allow terminal operators to capture the full usefulness of their existing equipment and these costs must be taken into account. Furthermore, because of an all-electric technology mandate, operators will not be able to utilize near-zero emissions equipment which may already be available. Moreover, there is no guarantee sufficient zero-emission technologies will be developed, tested and commercially available under the Draft CAAP Update’s timeframes.

FuturePorts therefore opposes the Draft CAAP Update unless it is amended to be technology and fuel neutral, and allows for the use on near-zero emissions technologies.

5. ***Unintended consequences on global emissions.*** According to an [August 2017 Starcrest Consulting Group \(Starcrest\) study](#) prepared for PMSA, increased costs of proposed regulations may influence cargo owners to utilize other gateways, resulting in unintended consequences. In fact, the Starcrest analysis found that greenhouse gas emissions may be 22 percent higher if cargo originating from Asia bypasses the San Pedro Bay Ports in favor of ports on the East Coast and Gulf Coast, with final destinations of Chicago, St. Louis and Memphis. The Starcrest study and related infographic are attached hereto.
6. ***The Draft CAAP Update’s mandates are unfunded.*** According to the Economic and Workforce Considerations for the Clean Air Action Plan 2017 Update, “in order to give terminal operators ample time to purchase the necessary equipment and put it in use by 2030, the Ports have assumed a 5-year window for the installation of electrical infrastructure in the San Pedro Port complex from roughly 2018 to 2022. This timeframe results in annual costs to the Ports of about \$400 million.” The current budgets for the Port of Los Angeles and the Port of Long Beach for fiscal year 2018 do not account for these costs. Thus, the Draft CAAP Update’s own mandates currently are unfunded.
7. ***Compliance with laws.*** Before the measures in the Draft CAAP Update are implemented, an analysis should be performed to determine compliance with federal, state and local laws, including CEQA.



FuturePorts appreciates the opportunity to comment on the Draft CAAP Update, and we look forward to further engaging with the Ports and other parties on working on solutions to the challenges facing our Ports, our businesses, and our community.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Warren".

Elizabeth Warren
Executive Director
FuturePorts

Cc: FuturePorts Board of Directors