

***West Coast Diesel Emissions Reductions Collaborative***  
**Marine Vessels and Ports Sector Workgroup Meeting**  
**August 17, 2004**

***Overview***

The August 17<sup>th</sup> meeting followed two previous meetings on the topic of how government, industry and NGOs can work collaboratively to reduce diesel emissions from marine vessels and ports. Rising out of an April 23<sup>rd</sup> meeting in Seattle between ports and air agencies and the June 15<sup>th</sup> West Coast Diesel Emissions Reductions Collaborative meeting in San Francisco, the Marine Vessels and Ports Workgroup convened on an August 17<sup>th</sup> teleconference call to discuss potential substantive work and projects to reduce diesel emissions.

The Workgroup is organized around three Focus Areas: 1) Emissions Inventory, 2) Fuel Issues, and 3) Projects and Information Sharing. The August 17<sup>th</sup> teleconference aimed to explain organizational relationships, confirm interests, tee-up ideas and efforts, and begin to establish what work might be done in each Focus Area. Any deliverables and schedules will be established by the individuals working within each Focus Area.

***Context***

Dennis McLerran, Puget Sound Clean Air Agency and Workgroup representative to the full Collaborative Interim Steering Committee, gave an overview of the organization and the context of work in the Marine and Ports sector. His initial comments urged the overarching theme of the call – it's time to focus on substantive work. While many ideas have been introduced in the past few months, from this point forward, there should be less focus on getting folks organized and more focus on connecting those interested and willing to put in energy toward on-the-ground results.

Mr. McLerran stated that in order for this Workgroup to function effectively, there is need for on-going coordination and that is partly satisfied by having Ross & Associates on board. The Workgroup will be able to identify when there's a need for a more formal organized structure and has the power to make that happen. Ross & Associates suggested that, as the neutral facilitators, they will provide a forum for those issues to arise and be discussed by the full Workgroup.

Mike Moore, Puget Sound Steamship Operator Association, expressed the concern that, despite the notion of Collaborative, non-regulatory work, the full Collaborative's Interim Steering Committee was made up of entirely air regulatory agencies.

Mr. McLerran reinforced that this Workgroup does intend to be collaborative in nature; he also added that the Workgroup is not intended to interrupt any existing efforts that will

continue independently. The Workgroup invites anyone who wants to participate, but participation does not automatically equate to agreement with everything that is happening along the coast related to marine vessels and ports.

With respect to Canadian participation, Morris Mennell, Environment Canada, reported that when working between nations at the government level, if resources are shared, there may be a need a formal arrangement. Canada and the United States have had a formal agreement since June 2003 for work in the Puget Sound – Georgia Basin. Environment Canada sees this diesel emissions reduction effort as an extension of that work within the context of that international agreement. Canada also has its own sources of funding and hopes to work with Canadian partners for diesel mitigation projects north of the border.

Mr. McLerran reminded partners that local forums organized around particular airsheds should also form where appropriate. Agencies and partners can decide to organize locally or regionally where there is a desire to address particular issues. For instance geographic-based subgroups already exist in British Columbia and, led by Port of Seattle, a Puget Sound group is forming. Both of these local forums will feed into the larger Workgroup as appropriate, but the larger Workgroup will not formally track or monitor these local forums.

Mr. McLerran then briefly covered each of the Focus Areas and the types of work that might take place.

First, in the Emission Inventory Focus Area, the primary effort will be coordinating inventories for consistency based on individual ports or geographically-oriented work. Further, this area will explore the types of Emissions Inventory information that is needed for a SOx Emission Control Area (SECA) under the International Maritime Organization (IMO), should the group eventually pursue a SECA.

Second, in the Fuel Issues Focus Area, there are two primary concentrations. Interested partners will push for early introduction of lower sulfur fuels – from the perspective of users, refiners, and shippers. This Focus Area will also begin discussions about the relative merits and actions needed to determine if a potential SECA is worth pursuing.

Third, Projects and Information Sharing Focus Area will identify and prioritize specific projects for the short, mid, and long term. Also, this Focus Area will serve as a coordinated network to encourage and enable best practice and innovations sharing.

### ***Emission Inventories***

Emissions Inventory compatibility is a primary issue and focus and 2005 will be a marquis year as both EPA and Environment Canada have 2005 due dates for updating inventories (although they are likely to be finished at the end of 2006). Such compatibility will likely be important for any potential SECA designation. Methodological work now being done in Canada may be helpful. Satellite

characterization and ship tracking may provide information for inventories, particularly for ocean-going vessels. Additionally, cross-border common units of measurement are important and the methodological approach that Washington and British Columbia are using may be appropriate for the rest of the West Coast. EPA headquarters will also likely be helpful for any common methodological guidance (a series of EPA white papers providing guidance on emissions modeling accompany this meeting summary).

And while compatibility is important, all ports are in various stages of environmental planning and any effort will take this into account. This Focus Area is not about starting over, but converging where appropriate and meaningful. Emissions inventories are done for different reasons and it is important to consider the driver of inventories. This Focus Area will neither challenge inventories, nor force a common methodology, but rather encourage compatibility where appropriate. The ability to learn from each other up and down the coast is the goal of working on inventories together.

While inventories are important long term tools to understand and develop strategies, at the same time as partners are working on inventories, efforts to reduce emissions will continue. Work on inventories should not necessarily restrict the pace of emissions reductions happening on the ground.

### ***Fuels Issues***

The second Focus Area will concentrate on the issue of how to promote the use of lower sulfur fuel, looking from both a demand and supply perspective. The use of lower sulfur fuels covers marine vessels, both captive and ocean-going fleets, and on-shore port equipment. Higher prices for lower sulfur fuels remain the greatest barrier to more widespread demand. On the other hand, refiners will not increase or establish supply until there is a proven demand. One additional challenge to consider is the supply infrastructure to avoid cross-contamination, including pipelines, trucks, tanks, and barges.

Oregon and British Columbia appear to have keen interest in increasing supply. Oregon is active in identifying and stimulating demand in order to justify a distribution point in Portland.

The supply question, however, is not limited to a specific locale or region for ocean-going vessels. Fueling choices for container ships and other ocean-going vessels include the entire Pacific Rim bunker fuel supply – not just the west coast supply. In fact, the predominate source of bunker fuel is in Singapore and the highest sulfur content is found in off-shore supply. California Air Resources Board has fuel rulemaking that will be finalized later this year and in that process, they have developed some information on existing lower sulfur fuel supply. Bluewater Network also offered some contacts in the international bunker fuel supply industry.

This Focus Area will also cover SECA issues. It is important to note the Federal government will decide whether or not to pursue a SECA designation. This Workgroup

will most likely play a role communicating the west coast perspective on whether or not to do so, and if so, assisting in the preparation of a potential SECA application. In order to do this, the Focus Area needs to look at the MARPOL Annex VI requirements to start on the right path. It is also likely that EPA headquarter representation will participate to help us better understand the issues. Additionally, Western States Petroleum Association (WSPA) already has a small group established, too, and WSPA has offered to cooperate with the Focus Area.

The next steps for this group will be to identify key questions and issues to be pursued, identify existing information, and establish a path forward to answer the questions and address the issues. Contact information for any key additional participants or fuel supply information should be directed to Brewster Boyd, Ross & Associates ([brewster.boyd@ross-assoc.com](mailto:brewster.boyd@ross-assoc.com)).

### ***Projects and Best Practices***

The two primary components of the third Focus Area are:

- 1) Opportunities for tech transfer, experimentation, and information sharing
- 2) Identification and prioritization of projects for potential funding through the full Collaborative

Peter Murchie, EPA Region 10, followed with an update on the state of funding and initial expectations for a Collaborative press event, currently planned for September 30, 2004.

The Federal agency budget process is a bit confusing. Right now the Federal government is approaching the end of the FY04 budget season (9/30/04), Congress is debating the FY05 budget, and federal agencies will be submitting their FY06 budget requests to the Office of Management and Budget (OMB) this fall.

Therefore, for both FY04 and FY05, EPA, DOE, USDA, and DOT (as well as the states and local air districts in CA, OR, WA and AK) have all spent/will spend millions of dollars to reduce diesel emissions using existing funds. Because the Collaborative did not exist when these budgets were being developed, these are for the most part expenditures under existing programs, and not necessarily under the auspices of the Collaborative.

That said, some federal agencies (like EPA), have small amounts of discretionary funds, of which EPA was able to garner about \$500K to put towards the Collaborative. It is EPA's hope to garner even more funds in FY05 from discretionary federal funds, and possibly create the beginning of a "West Coast Diesel Emissions Reductions Fund" with the support of private resources and foundations.

In addition, as part of its FY06 budget preparations, EPA is working with its federal partners to frame new funding requests for FY06 to create dedicated federal funds specifically for the Collaborative.

Summary:

- FY04: about \$500K discretionary EPA funds redirected to high-priority Collaborative projects
- FY05: goal is to identify \$1 million in discretionary EPA funds to direct to high-priority Collaborative projects, and to complete negotiations with a foundation to create a of a multi-million dollar fund for Collaborative projects.
- FY06/07: goal of identifying \$100 million in dedicated Collaborative funding, and identifying a clear path to better utilize DOT CMAQ funds (\$1.5 billion nation-wide per year) for high-priority Collaborative projects.

In addition to U.S. based projects and funding, Canada has its own sources of funding. Canadian partners should be in touch with Andrew Green ([Andrew.Green@ec.gc.ca](mailto:Andrew.Green@ec.gc.ca)) (see accompanying message from Mr. Green).

*September 30th Roll-Out Update*

At the June 15<sup>th</sup> Workshop, EPA outlined the criteria for near-term Collaborative projects:

- Announceable in 0-6 months; implementable in 0-1 yr; completed in 1-5 yrs
- Regional in scope (i.e. multi-state impacts/benefits)
- Potential to leverage other funds (fed/state/local/private/non-profit)
- Potential for real/measurable reductions
- Potential high profile announcement

As such, the Collaborative is currently planning a September 30th press event to bring attention to the impacts of diesel emissions, the efforts already underway at the state and local levels to reduce these impacts, the formation of the Collaborative to build upon these successes and leverage additional funds and efforts collectively, and to announce a few small near-term Collaborative projects.

The goals for the September press event are to:

- Show near-term regional successes from working together under the auspices of the Collaborative
- Build relationships/set the foundation for future projects
- Garner the attention of the press
- Keep the focus on IMPLEMENTING regional diesel mitigation projects

Based on the June 15th Collaborative meeting, and the sector Workgroup meetings in July, the Interim Steering Committee has identified three projects with outstanding momentum, promising outcomes, and appropriate funding needs, that may be appropriate to feature in the September press event. Although no final decisions have been made, the Committee is considering:

- I-5 anti-idling at truck stops, announcement in Portland, OR
- Locomotive equipment retrofits, announcement in Bakersfield, CA
- Port emissions reductions projects, announcement in Seattle, WA

In addition, other projects may be highlighted in related announcements at the local level, or may be included in the main Collaborative announcements, as appropriate.

Current plans for the September press event include simultaneous press events in California, Oregon, and Washington to include high-profile attendees; in addition to EPA, State and local officials. The Collaborative has approached and secured the participation of the Governors of Oregon and Washington and is working with Governor's office in California.

It is important to remember that the September press event is just a kick-off event to begin to bring attention to - and highlight the need for funding for - diesel emission reduction projects on the west coast.

Additional information on the September 30<sup>th</sup> roll-out will be communicated by email to the full Collaborative as details are confirmed.

The Workgroup discussion that followed Mr. Murchie's presentation focused on the criteria associated with existing programs that could be used to guide allocation of the discretionary Collaborative money. One suggestion was that since Collaborative funds are public general funds, public assets should have preference for funding opportunities.

While the full Collaborative began with a strong impetus to find short-term projects, its focus is now moving toward other goals. Mr. McLerran reminded the group that funding from the Collaborative is not the only issue and is only one element of the Workgroup. From the perspective of the Marine Vessels and Ports Workgroup, regardless of any potential Collaborative funding, there will be significant activity around joint learning, best practice information sharing, scale-up of successful projects, and shared research into promising areas.

### *Next Steps*

There are three Focus Area calls in the next six weeks:

Projects and Information Sharing: August 26<sup>th</sup> 3-5 p.m.

Emissions Inventory: September 13<sup>th</sup> 2-4 p.m.

Fuel Issues: September 28<sup>th</sup> 2-5 p.m.

Call details:

Number: 1-866-299-3188

Passcode: 415-947-4143#

August 25, 2004

Optional Physical Locations (all are invited to any one of the three locations):

CA: EPA R9 Office, 75 Hawthorne Street, San Francisco, 94105

WA: Puget Sound Clear Air Agency, 110 Union Street - Suite 500, Seattle, WA 98101,

BC: Environment Canada, 401 Burrard St. (at Hastings St.), downtown Vancouver

***Attendees***

Sam L. Altshuler	Pacific Gas & Electric
Kathleen Bailey	US EPA R9
Alicia Blancarte	Port of Vancouver
John Berge	Pacific Merchant Shipping Assoc.
Brewster Boyd	Ross & Associates
Rick Bryant	Chamber of Shipping of British Columbia
Barbara J. Cole	Port of Seattle, Environmental Programs
Kevin Downing	Oregon Dept.of Environmental Quality
Fred Felleman	Ocean Advocates
Eric Flag	Port of Seattle
Anthony Fournier	Santa Barbara County Air Pollution Control District
T.L. Garrett	Port of Los Angeles
Ellen Garvey	Cleaire
Andrew Green	Environment Canada
Gina Grey	West States Petroleum Association
Janis Hastings	US EPA R10
Bob Hoffman	Energy Dynamix Corporation
Richard Holt	Environment Canada
Eric Johnson	Washington Ports Association
Tom Johnson	Port of Long Beach
Dave Kircher	Puget Sound Clean Air Agency
Lisa McArthur	US EPA R10
Jim McGrath	Port of Oakland
Dennis McLerran	Puget Sound Clean Air Agency
Jerry McMahan	American Waterways Operators
Morris Mennell	Environment Canada, Pacific & Yukon Region
Mike Moore	PSSOA Puget Sound Steamship Operator Association
Peter Murchie	US EPA R10
Erik Neandross	Gladstein and Associates, LLC
Peter Okurowski	California Environmental Associates
Michelle Roos	US EPA R9
Bill Ross	Ross & Associates
Dipankar Sarkar	South Coast Air Quality Management District
Terry Shore	Bluewater Network
Shelina Sidi	Greater Vancouver Regional District
John Skowronski	Canadian Petroleum Products Institute
Tim Taylor	Cleaire
Frank Van Haren	Washington Ecology
Holly Welles	Pacific Gas and Electric Company