



West Coast Diesel Emissions Reductions Collaborative

Marine Vessels and Ports Workgroup

February 14, 2005 Teleconference Meeting Summary

The Marine Vessels and Ports Workgroup met by conference call on February 14, 2005. The purpose of this meeting was to provide updates on Collaborative activities and Marine project possibilities, and to discuss the latest SECA information.

Collaborative Update

As one of the Marine Workgroup Interim Steering Committee members, Dennis McLerran, Puget Sound Clean Air Agency (PSCAA) shared the latest information and activity from the West Coast Collaborative.

The Interim Steering Committee met by teleconference over the course of two separate meetings, in December focused primarily on sector workgroup progress, Collaborative updates, funding, and planning a Collaborative-wide Public Workshop in March. In the last month all of the Sector Workgroups have met looking at their own workgroup priorities and potential projects.

As far as funding new projects, RFIP applications for EPA's \$1.25 million were accepted through February 11th. Successful applicants will be notified in late spring. And as an example of great Collaborative success, on February 7, 2005, the President announced the FY06 Proposed Federal Budget, allocating \$15 million in new EPA funding for a national diesel campaign – of which the West Coast Collaborative will be an important part.

To raise more awareness about the Collaborative, EPA has been conducting well-received educational briefings for elected officials. In separate discussions, other Collaborative partners have begun to talk about how best to communicate with elected officials about the Collaborative and the opportunity it presents.

Also furthering the Collaborative interest in finding new resources, an Education and Resources Group is being established, lead by the San Joaquin Valley Air Pollution Control District and the California Air Resources Board. This group will have two functions:

- (1) it will act to educate about the Collaborative and raise awareness of the need for diesel emissions reductions on the West Coast, the potential benefits of diesel emissions reductions, and how best to provide incentives for diesel emissions reductions
- (2) it will have an "asking" function to solicit increases in federal diesel emissions reduction funding. Federal agencies will not be part of the "asking" function, because of restrictions on use of federal funds for lobbying.

Marine Project Portfolio

The portfolio of possible projects can be used by Collaborative members to increase awareness of the Collaborate and generate interest in increasing funding for diesel emissions reduction efforts on the West Coast. This Project Portfolio answers the question, "what more can be done?" While there have been several projects submitted from the Marine Workgroup, there are lots more

projects under consideration than have to date surfaced in the Portfolio. Workgroup partners are encouraged to submit additional projects by March 15, 2005. All of the projects can be seen on the new website at <http://www.westcoastcollaborative.org/projects.htm>. The current Marine projects are highlighted below.

Manchester, Washington Biodiesel Facility Upgrade

Hayden Street, US Navy, has submitted a project proposal to upgrade a biodiesel multi-mix facility that would increase biodiesel use in government fleets.

Retrofitting Port Haulers

Tim Taylor, Cleaire, has a project to retrofit replacement trucks used in ports and to retrofit the drive and auxiliary engines on ferry craft.

Biodiesel Station in San Francisco

Teri Shore, Bluewater Network, has a project in mind to install a biodiesel station for B20 for commercial watercraft.

Cruise Ship Shoreside Power in San Francisco

Teri Shore also submitted a proposal to install shoreside power capability in San Francisco's new cruise terminal.

Port of Seattle Emission Inventory

The Port, in conjunction with many partners in the Puget Sound area, applied for a grant to support their emission inventory effort.

Relevant to the projects, there may be energy in the Workgroup to explore Emission Reduction Credits (ERC) and the potential to use the precedent set in the power generation industry in the marine sector. It was suggested that the Collaborative could support creating an infrastructure for ERC trading. South Coast Air Quality Management District has considered ERCs for shorepower efforts in Los Angeles and Long Beach, however, they are careful to avoid impeding the Ports or CARB in any efforts there. This issue may evolve into a future agenda topic for the Workgroup to consider.

Sulfur Emission Control Area (SECA)

As has been discussed in this Workgroup previously, EPA and Environment Canada are working together to explore the feasibility of a North American SECA for all of the coasts (West, East, Gulf, and possibly the Great Lakes). The application would be built coast-by-coast with regional leads guiding the process. The application must be made by the federal governments and cannot be made until the federal governments have ratified the International Maritime Organization (IMO) Annex VI (neither the U.S. nor Canada has yet ratified Annex VI). The status of Mexican inclusion is not yet determined. At this stage, EPA and Environment Canada are looking at the feasibility of a full North American SECA largely in consideration of competitive issues among ports and between countries. However, it is possible for any country to pursue a SECA unilaterally.

EPA

Barry Garelick, the EPA lead for the SECA process, joined the call to describe EPA's plans. EPA is exploring the feasibility of submitting a SECA application. Should there be sufficient analytic support to do so, EPA is targeting an application to the IMO in Summer 2006. Should the application be approved by IMO in 2006, the lower sulfur fuel rules would go into effect in 2009.

The Northeast States Coalition of Air Use Management (NESCAUM) is pulling together an analytic blueprint to be completed at the end of February. After EPA's initial review and consultation with NESCAUM over the blueprint, EPA will share this workplan with the lead coastal states (California, New York, and Texas) to act as a starting point for each of the regional efforts to be modified as needed. EPA will act to coordinate the work on the coasts with a face-to-face check-in on progress in May for the relevant coastal agencies.

The crux of the regional analysis will be the effects and impacts of sulfur dioxide with a keen eye toward what is necessary to succeed in the application to the IMO. The impacts will likely differ from coast to coast; for example the East Coast will likely look closely at acidification issues, whereas on the West Coast, the focus will likely be centered on public health effects. EPA stressed that reliance solely on PM, even though the PM is sulfate from SO₂ emissions, may not result in the designation of a SECA; therefore, EPA is urging regions that any and all impacts beyond the PM arguments should be considered as states/regional entities put together their environmental analyses.

In addition to helping coordinate the regional analysis, EPA will have three other important tasks. First, EPA will contract for modeling the transport of SO₂ emissions from ships at varying distances off the coast to determine the limit of how far a SECA should go; i.e., the study will define the distances off shore (for the different coasts) at which SO₂ emissions no longer have a significant impact on the inland coast. The boundary may be different for each coast. Second, EPA will conduct a bunker fuels study to examine the impact of a SECA designation on world fuel supply and price. Because North America is involved with such a large portion of international cargo shipping, a SECA is likely to noticeably impact world fuels markets. EPA anticipates that the fuels study will be completed by September, 2005. Third, EPA will then pull together the application, using data from the fuels study to do a cost/benefit analysis.

Environment Canada

Andrew Green, one of the leads for Environment Canada Pacific and Yukon Region, shared the Canadian perspective on the potential for a SECA application. Canada is working with the U.S. toward a potential SECA application in 2006. Any efforts between the countries will strive to avoid any competitive distortion around a SECA.

Environment Canada has a draft report in hand that is analogous to the EPA-NESCAUM blueprint. It establishes what's needed for a successful application to the IMO, what information currently exists, and what information is still needed. Environment Canada expects to have more information on their workplan toward the end of February.

In addition, similar to EPA, Environment Canada has underway a fuel study for the availability of different grades of fuel and work on emission inventory. They also expect to contract a study on air quality monitoring for impacts to be started in August.

California Air Resources Board (CARB)

As the lead state on the West Coast, CARB has begun some preliminary technical work toward a potential SECA application. CARB anticipates largely using existing information through various models to make the case for a SECA. CARB will use exposure and impact information from monitoring points along the West Coast.

Collaborative

The role of the Collaborative Workgroup can be as a communication vehicle to inform stakeholders and to solicit and share information. The Collaborative can be supportive to ensure good communication among the stakeholders and help generate support for the SECA application as appropriate.

General

The non-governmental organization (NGO) participants reacted favorably to the path exploring the feasibility of a SECA. While it is premature for outreach and education while the focus remains on data gathering and analysis, the NGO community identified the opportunity to encourage the government to ratify IMO Annex VI.

EPA's fuel study is very interesting to the petroleum processing and distribution industries, especially for any information as it relates to the U.S. market transformation toward ultra-low sulfur diesel. Participants suggested that in the fuels study EPA may need to approach the international, ocean-going vessel fueling differently from the captive fleets fueling. In particular, including into the study information on North American shoreside fueling infrastructure would be a valued addition.

Additional SECA-related information will be shared through future Workgroup calls as relevant and useful information becomes available.

March Collaborative Public Workshop

The full Collaborative will host a Public Workshop in Seattle starting at 12 Noon on March 21st and continuing to 5 PM on March 22nd. The focus will be on funding and Collaborative-wide information sharing. Detailed information about the Workshop, including registration (travel funding should be available for non-profit organizations), can be found at the new website:

<http://www.westcoastcollaborative.org/files/meetings/2005-03-21/index.htm>.

The Marine Workgroup is considering hosting a Workgroup meeting the morning of March 21st prior to the start of the Collaborative Public Workshop. During this face-to-face meeting, the focus would largely be on furthering projects in the marine sector and/or discussing other voluntary or incentive based program opportunities. In addition,

if there were developments in SECA related news, this information could be shared at that time. A decision was not reached on the phone and Workgroup members decided to review the current agenda and to respond with their preference for a Workgroup meeting. Workgroup participants should contact Brewster Boyd (brewster.boyd@ross-assoc.com) with their preference.

Summary and Next Steps

- Partners are encouraged to submit additional proposals to the Project Portfolio
- Brewster Boyd, Ross & Associates, will follow-up on the Emission Reduction Credits
- Partners are encouraged to register for the March Public Workshop; all of the information is available on the new website at <http://www.westcoastcollaborative.org/files/meetings/2005-03-21/index.htm>
- **The Workgroup participants will respond to Brewster Boyd with their preference for a Workgroup meeting on Monday morning – March 21st.**
- Anyone interested in co-sponsoring the March Collaborative Workshop should be in touch with Michelle Roos (roos.michelle@epa.gov) or Peter Murchie (murchie.peter@epa.gov).

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