



West Coast Collaborative
Marine Vessels and Ports Workgroup
June 15, 2006 Teleconference Meeting Summary

The Marine Workgroup met by teleconference on June 15, 2006. This was a regularly scheduled meeting to hear from Maersk on their OGV fuel switch commitment in California, get an update on the first month of the Baltic Sea SECA, listen to a report from AAPA HNE meeting, and cover general updates on Collaborative activities.

Maersk Switches Fuel in California

Following up on their announcement in late May, Jim Flanagan, APM Terminals/Maersk, described Maersk's decision to voluntarily switch from bunker to distillate fuels (.2% sulfur) in auxiliary and main engines within 24 miles of California ports. Maersk Line projects a 73% annual reduction in particulate matter, a 92% reduction in sulfur dioxide (SO_x), and at least a 10% reduction in nitrogen oxide (NO_x). The first vessel that performed the fuel switch was SINE MAERSK in Los Angeles on March 31, 2006. The program is presently being implemented on all vessels calling California.

There were a number of questions and answers:

Are any modifications needed?

- There is a separate tank to carry the distillate fuel, but most ships already have a separate tank, so no modification is needed.
- Switching fuels is relatively simple since the distillate is in a separate tank
- The transition of fuel takes a little time due to it clearing out of the lines (hours)

What is the price and availability?

- Distillate: \$750/ton
- Heavy Fuel: \$350/ton
- Consumption difference determines overall cost, not just \$/ton
- Source of 0.2% fuel: bunkering in San Pedro Bay; also potentially in Oakland

What is the average length of time at berth?

- Varies per vessel string. Average would be approximately 40 hours.

Has emissions testing taken place?

- Yes. Reductions are 92% in Sox; 73% in PM; 10% in Nox.

Perspectives on the first month of the Baltic Sea SECA

Robin Meech, Marine and Energy Consulting Ltd, shared his perspective on the first SECA to be implemented – the Baltic Sea – which came into effect on 19 May, 2006. Mr. Meech discussed implementation and compliance successes and challenges.

SECA put into effect in the Baltic region as of May 19. There are a number of challenges/lessons learned thus far.

Challenges:

- none of countries have published clear legislation
- there are no clear penalties for non-compliance
- it is difficult and time consuming to prove non-compliance
- detaining ships tarnishes the port's image
- the penalties would appear not to be severe enough (i.e., the cost of using low sulfur fuel is greater than the penalty)
- there are around 45,000 ship entries and exits per year, into the North and Baltic Seas a considerable number are expected to not comply



Positive signs:

- vessels constantly in the SECA area are expected to comply (e.g., ferries)
- there are legislative actions underway and market-based incentives to encourage compliance
- Scrubbing will probably not be very successful due to the high capital costs at least until the low/high sulfur premium averages over \$50/ton.

All ferries operating to or from EU ports (including the Mediterranean) will have to use 1.5% sulfur after August 11. The EU has not made a clear declaration on cruise ships but they are likely to also be required to use 1.5% sulfur fuels at 11 August 2006.

Report from AAPA HNE meeting

In early June, the American Association of Port Authority's Harbors, Navigation and Environment Committee met in Vancouver, B.C. Meredith Martino, AAPA, shared the top issues related to air emissions that emerged from the meeting.

- Topic of recent conference: Building and Operating Ports for the Future
- Much attention was given to the subject of sustainability – balancing economic concerns with social and environmental concerns. This led to a goal of defining sustainability for the port industry.
- Air quality was a continual theme. A key area of discussion was development of new emissions inventory methods.
- Minutes will be available at <http://www.aapa-ports.org/programs/06hne.htm>.

Collaborative Updates

- Marine Sector Air Emission Projects Technical Clearinghouse added to WCC website: <http://www.westcoastdiesel.org/tech-clearinghouse.asp>

- 2006 grant process

- o Formal announcement(s)/press events later this Summer and Fall.
- o 70 proposals received
- o 15 finalists
- o ~\$3.2 million expected to be awarded

- Fiscal Year 2007:

- o \$50 million allocated to NCDIC in president's budget
- o Cut to \$20 million in Congress
- o Better than last year, where the proposed budget was cut to \$0

- ULSD:

- o National requirement for on-road use: Oct 15
- o CA requirement for on- and off-road use: Sep 1

- EPA Bunker Fuel Study

- o Several participants asked when the study would be released. EPA staff is reviewing the first draft from the contractor but do not have a timetable as to when it will be released.

Report from European visit

DELAYED UNTIL THE AUGUST CALL Collaborative partner Henry Hogo, South Coast AQMD, recently visited Europe to get a better sense of trends and technologies. Mr. Hogo was scheduled to discuss some of what they learned, particularly in comparison and contrast to the North American West Coast.

Conclusion

The next full Marine Workgroup Collaborative teleconference is scheduled for August 17, 2006, 10:00 – 11:30 a.m. PT.