



WEST COAST COLLABORATIVE

Public-private partnership to reduce diesel emissions

West Coast Collaborative

Marine Vessels and Ports Workgroup

April 24, 2006 Teleconference Meeting Summary

The Marine Workgroup met by teleconference on April 24, 2006. This was a regularly scheduled meeting to report on developments at the International Maritime Organization (IMO) and to get general updates on Collaborative activities.

EPA 2006 RFP update and Collaborative update

The 2006 \$3 million RFP deadline closed on March 23rd. There is \$3 million available which solicited about 70 projects (including fourteen marine projects) requesting over \$22 million. The positive is that there are a lot of good projects; the bad news is EPA does not have enough funds to meet the demand. EPA is in the process of reviewing the applications and in the next few weeks, the agency will identify finalists and will identify successful applicants in mid-late summer.

Starting in March in Seattle, the Collaborative has sponsored several Funding Forums in the Northwest to reach local decision-makers to raise awareness of diesel mitigation options and funding that is available. The forums focus on municipalities, public fleets, and MPOs talking about funding such as SAFETEA-LU and CMAQ funds available for diesel retrofits. Stay tuned for other Funding Forums coming throughout the West Coast.

Report from the International Maritime Organization (IMO)

Bryan Wood-Thomas (US EPA Office of International Affairs), Naomi Katsumi (Environment Canada), and Teri Shore (Bluewater Network/Friends of the Earth) joined the call to update the Collaborative Marine Workgroup on current thinking within the IMO process and give first person accounts of the March IMO meetings. In particular, the three shared their reflections from the Marine Environment Protection Committee (MEPC) and the Bulk, Liquid, and Gas Subcommittee (BLG). The BLG is chaired by Mr. Wood-Thomas.

BLG Subcommittee

Mr. Wood-Thomas opened the discussion reporting on the BLG meeting. The subcommittee meeting represented the first negotiating session for amendments to Annex VI. There were several issues raised for consideration as amendments, including:

- Development of revised NO_x standards for new builds
- Introduction of engine standards for existing ships
- Addition of PM as an explicit standard
- Lowering sulfur levels in marine fuel
- Instituting VOC requirements for tankers

With respect to NO_x standards, the subcommittee reviewed technologies for several categories of ships to determine a range of what is possible and to identify where

uncertainty remains (see the subcommittee report circulated earlier for further details). From a policy perspective, the various technologies led to discussion about a possible tiered approach. Initial 'tiering' potential is as follows:

- Current = Tier 1 standard
- Target 2010 = Tier 2 standard
- Target 2014 or 2015 = Tier 3 standard

Ms. Shore added that if there were a multi-tiered approach for NOx standards, Tier 2 could be in the 10%-40% reduction range (based on engine modification technologies) and Tier 3 at 70%-80% reduction (based on selective catalytic reduction technology).

With respect to exploring standards for existing engines, there was some support among subcommittee participants. The U.S. believes it would be a cost effective approach leading to near-term emission reductions. There was near universal agreement that survey and certification would need to be modified in order for standards on existing engines to be practical.

For PM standards, there is growing concern about PM levels in Europe following the awareness of PM issues found in North America. However, the subcommittee does not yet appear to be ready to articulate a PM standard. This reluctance is in part because 70% or more of PM is attributable to fuel quality rather than engine design, and therefore fuel specifications (like S% and potential SECAs) are most important to address PM.

Ms. Shore offered the Friends of the Earth position that the fuel sulfur content should be reduced 70%-80% from current levels near shorelines. They proposed lowering the global cap to 1.5% (from the current 4.5%) and instituting a 0.5% limit for 'coastal areas.'

These various Annex VI revisions are scheduled to remain in the BLG subcommittee until spring 2007 at which point they would be communicated to the MEPC. Should the various efforts stay on the anticipated schedule, the MEPC would make a decision in July 2007. Between now and mid-2007:

- The next BLG session is scheduled for November 2006 in Oslo, Norway;
- A subsequent session is scheduled for April 2007 in London to further refine options; and
- In the meantime, two correspondence committees were formed to facilitate communication in between the sessions.

MEPC meetings

Naomi Katsumi offered some perspectives on the 54th session of the MEPC. There were minor activities, such as a reminder about bunker fuel standards and notification to member states about VOC rules. Overall, however, the air pollution working group seems to be stuck on CO2 emissions indexing protocol. The data collection debates have stalled any efforts around air pollution developments and there was not much optimism that there would be movement around CO2 at the MEPC level.

Annex VI in the U.S. and Canada

Mr. Wood-Thomas addressed the recent development in the U.S. Senate in which Annex VI was recommended for Advice and Consent. He suggested this cleared the second hurdle - the first being getting the treaty out of the Foreign Relations committee. This does not, however, mean that the U.S. is yet a party to the treaty. To enter the treaty into the IMO requires “implementing legislation” in the House and Senate. Draft language for the implementing legislation (previously circulated and available at <http://www.westcoastcollaborative.org/wkgrp-marine.htm>) has been on the table since October in the Senate Commerce Committee (chaired by Senator Stevens (AK) and Senator Inouye (HI)). In general, the implementing legislation gives authority to EPA and the Coast Guard to enforce Annex VI provisions. The draft on the hill has been through OMB review and is in front of the House and Senate as the Executive Proposal. Mr. Wood-Thomas suggested that EPA and the IMO U.S. delegation is interested in the treaty being ratified because without signing onto Annex VI, the U.S. negotiating position at the IMO is compromised.

One important addition to the advice and consent from the U.S. Senate was that it includes a statement that the U.S. believes NOx standards should be revised as soon as possible and that Annex VI ratification does not pre-empt the U.S. from setting more stringent standards as a term of port entry. How this could/would impact or influence state action was not addressed.

Joanna Bellamy, Environment Canada, shared the situation around Annex VI in Canada. In Canada, it is Transport Canada that is responsible for the implementing legislation. The current hope is to finalize the legislation, which would build in the Canadian equivalent of “advice and consent”, leading to ratification by the end of the year or early 2007.

North American SECA

The U.S. and Canada continue to conduct analysis in the context of evaluating the feasibility of a North American SECA. While EPA and Environment Canada have previously mentioned a potential spring 2007 date for completion of the work, there are many variables such that speculation on the timing is not advised at this point. The emissions inventory, air quality modeling, and health and ecological impacts assessments will lead to the ability to determine:

- Whether or not to pursue a North American SECA;
- If so, where the boundaries of the SECA would be; and
- What the appropriate timing for an application could be.

Both the U.S. and Canada are conducting fuels studies as part of the SECA analysis. The Canadian study is complete, and is currently in internal review. The study focuses on the volume of marine bunker and distillate fuels distributed in Canada. The scope of the U.S. study is global and will be delivered by the contractor in several stages. EPA does not yet have a full draft. There are internal considerations as to publicly sharing the fuel

study due to legal considerations and due to the quality and dependability of the information.

Marine Emissions Trading at the IMO

Following the Workgroup interest in trading (the previous Collaborative Workgroup call focused on trading frameworks in Europe and California), Mr. Wood-Thomas addressed the issue of trading within the IMO. He suggested that it was self-evident that the UK is the most interested party in trading in the IMO as it reflects its constituents' interests.

The UK has raised the possibility of trading in the North Sea, but the IMO has not spent any considerable time on the issue. If the necessary conditions for trading were present in the North Sea, it is most likely that the UK would have to try something limited to the UK area of a SECA. In terms of the IMO addressing trading, it appears to be well into the future – along the lines of late 2007.

Conclusion

The next full Marine Workgroup Collaborative teleconference is scheduled for June 15, 2006, 10:00 – 11:30 a.m. PT.

Attendees

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