



San Pedro Bay Ports Clean Air Action Plan

Low-Sulfur Vessel Main Engine Fuel Incentive Program Fact Sheet

Purpose

To quickly reduce emissions from Ocean-going Vessels, the ports of Long Beach and Los Angeles have adopted an incentive program to encourage vessel operators to discontinue the use of highly polluting bunker fuel in favor of clean, 0.2 percent low-sulfur distillate.

The program will:

- Pay eligible shipping lines the difference between the cost of bunker fuel and the more expensive low-sulfur distillate (Marine Gas Oil (MGO) or Marine Diesel Oil (MDO)) when used in main engines within the terms of the program.
- Encourage the use of cleaner fuels among ocean-going vessels prior to the implementation of lease-based low-sulfur fuel agreements and prior to the start of international treaties, U.S. Environmental Protection Agency, or California Air Resources Board regulations requiring low-sulfur fuel use.
- Reduce Ocean-going Vessels' emissions of sulfur oxides by an estimated 11 percent and diesel particulates by 9 percent in a 12-month period.
- Sunset on June 30, 2009, upon the expected implementation of statewide low-sulfur fuel regulations.

Overview

Ocean-going Vessels are the single largest source of goods movement-related air pollution in Southern California, accounting for about half of the port-related emissions. The high-sulfur content of bunker fuel is responsible for much of these emissions. Locally, the ports plan to require the use of cleaner fuels among their vessel-operating partners through lease-based agreements. Statewide, the California Air Resources Board is planning to phase in sulfur-content restrictions on the main engines of ocean-

going vessels starting July 1, 2009, with a limit of 0.5 percent, going to 0.1 or 0.2 in January 2012.

In the interests of achieving air quality improvements more rapidly, the Ports of Long Beach and Los Angeles are offering the Low-Sulfur Vessel Main Engine Fuel Incentive Program.

For ships that switch over to 0.2 percent low-sulfur fuel in their main engines within at least 20 nautical miles and up to 40 nautical miles from Point Fermin, the ports will pay the incremental difference between the higher cost of bunker fuel and low-sulfur marine gas oil.

To participate in the Low-Sulfur Fuel Incentive Program, ships also must burn low-sulfur fuel in their electricity-generating auxiliary engines while at berth – as they do now. And the ships must participate in the ports' Vessel Speed Reduction programs, which call for ship speeds of no more than 12 knots entering and departing the ports. Most ships already participate in the speed reduction program, which also curbs emissions. Carriers must enroll individual vessels into the incentive program in an application process. Only the ships enrolled in the program will be eligible for reimbursement. Enrollment will be based on a first-come, first-served basis until the ports' budgeted amounts of incentives are met.

For the 12 months of the program, the Port of Long Beach could pay up to \$9.9 million, while the Port of Los Angeles could pay up to \$8.6 million in reimbursements.

Environment

Sulfur oxides, which contribute to the formation of soot or particulate matter, would be cut by an estimated 11 percent and particulate matter by 9 percent from ships, accelerating air quality improvements. The program would provide additional emissions reductions faster than the already aggressive schedule set by the landmark San Pedro Bay Ports Clean Air Action Plan.

Implementation Schedule

The incentive program tariff was adopted on March 24 at a joint Board of Harbor Commissioners meeting for the Port of Long Beach and Port of Los Angeles. Two informational workshops were hosted by the ports to provide details on the program. Enrollment materials are currently available on the ports' Clean Air Action Plan website:

<http://www.cleanairactionplan.org/strategies/vessels/fuel.asp>

The program was launched on July 1, 2008. In order to participate, vessel operators must be enrolled in the program. Enrollments will be accepted at any time while the program is in effect.

Contacts

For more information, please email us at shipfuel@cleanairactionplan.org.