

Agenda Date: January 19, 2017
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Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer

CONTACT: Mary Byrd, Community Programs Supervisor (961-8833)

SUBJECT: Update on Marine Shipping Emission-Reduction Initiatives

RECOMMENDATION:

Receive and file an update on the 2016 Vessel Speed Reduction incentive program, and on other initiatives to reduce marine shipping emissions, raise awareness, and pursue funding for future programs.

DISCUSSION:

Sean Hastings, Resource Protection Coordinator, and Jessica Morten, Sea Grant Fellow, with the Channel Islands National Marine Sanctuary will join Mary Byrd for the presentation.

This Board letter and the presentation will cover the following topics:

- 2016 Vessel Speed Reduction (VSR) incentive program July 1 - November 15
- Update on short film on VSR Program to be completed in early 2017
- Possible federal legislation establishing a recognition program
- Possible 2017 VSR incentive program, and securing additional funds
- Invitation to Board members to attend the January 20, 2017 meeting of the Channel Islands National Marine Sanctuary Advisory Council at 10:30 am (at the Santa Barbara Zoo), when shipping companies will be recognized for their participation in VSR 2016.

Background

Large ships transiting off the coast of Santa Barbara County are a major source of air pollution. Ships off our coast are currently using lower-sulfur fuel, which reduces emissions of sulfur dioxide, particulate, and air toxics. However, use of this fuel does not significantly reduce

emissions of nitrogen oxides (NOx). NOx is involved in the formation of ozone, a principal component of smog. Reducing NOx emissions is a priority for the District so that Santa Barbara County can attain and maintain attainment of state and federal ozone standards. Over the long term, international rules requiring cleaner engines on new ships will bring about NOx reductions from this source. However, it appears reductions may take even longer to achieve from these rules than was originally predicted.

Reducing ship speeds cuts emissions of multiple pollutants, including NOx, and also reduces the risk of fatal ship strikes on whales. In recent years the District and partners have pursued implementing voluntary Vessel Speed Reduction (VSR) incentive programs for immediate air quality and whale protection benefits. The successful VSR Trial of 2014 in the Santa Barbara Channel implemented by the District and partners reduced 12.4 tons of NOx emissions. In 2015, the District participated in the Marine Shipping Working Group under the Channel Islands National Marine Sanctuary Advisory Council, which explored a range of strategies to further address issues around shipping in the region. In its final report (March 16, 2016), the Group expressed unanimous support for the implementation of a second VSR incentive program.

VSR 2016

The District, Channel Islands National Marine Sanctuary, Ventura County Air Pollution Control District, Volgenau Foundation and National Marine Sanctuary Foundation, implemented a VSR incentive program in the Santa Barbara Channel region July 1- November 15, 2016. New elements included strategies suggested by your Board in March 2016 to target the historically fastest transits to achieve the greatest emission reductions, as well as varied incentive values. Incentives ranged from \$1,500 to \$2,500 depending on historical speeds. Additional incentives were available for companies that: slowed ships to 10 knots or less; submitted detailed whale sightings reports; and demonstrated that schedules were adjusted to ensure ships did not need to speed up elsewhere along the route.

Response to this variable incentive scale was very positive, with most companies electing to opt in on some additional voluntary measures and some going beyond what they were asked to do. Captains and crews of K Line, for example, provided photos and annotated maps of all whale sightings. In addition, more than 90 percent of the companies whose ships traverse the California coast indicated interest in participating in a Bay Area program in the future if one is offered.

Highlights of the 2016 program as compared with the 2014 program included the following:

- The 2014 program incentivized 27 slow-speed transits through the region; the 2016 program is expected to double that number.
- Seven shipping lines participated in the 2014 trial program; 10 participated in 2016.
- The 2016 program received applications for 367 transits, representing roughly 1/3 of the total transits through the Santa Barbara region during the program period. The 2014 program received 89 applications, roughly 15 percent of total transits through the region during the program period.

Additional results from the 2016 VSR program will be included in the presentation.

VSR Film

During the past six months, Channel Islands National Marine Sanctuary has taken the lead (with the District's participation) on the development of a short film about the VSR program, funded by the National Marine Sanctuary Foundation. The film will be about eight minutes in length, and will be completed in late February. It will be shown to various audiences to raise awareness and support funding for future programs.

Federal Legislation

Congressman Alan Lowenthal's Office (47th district, which includes the Port of Long Beach) has been interested in the Santa Barbara Channel region VSR program for many years. Working with the District and partners, Congressman Lowenthal's Office took the lead to develop federal legislation to establish a recognition program for shipping companies participating in the voluntary Santa Barbara Channel region VSR program. They are reaching out to other congressional offices, as well as to agencies and stakeholders, with the intention to introduce legislation within the next few months. The proposed legislation does not include a funding component; the goal is to provide companies with additional federal recognition to encourage participation in the voluntary VSR program.

VSR 2017 and Future Funding

The District is working with partners on a possible 2017 VSR incentive program, to start June 1, 2017. The District has \$40,000 approved in the FY 2016-17 budget to contribute to this program. Volgenau Foundation plans to contribute \$20,000. Ventura County Air Pollution Control District (VCAPCD) and National Marine Sanctuary Foundation are also potential funding partners.

In addition, VCAPCD, with support from partners including the District, submitted a Supplemental Environmental Project (SEP) Proposal to the California Air Resources Board (ARB) for funding the Santa Barbara Channel Region VSR incentive program. The ARB's SEP policy allows community-based projects to be funded from a portion of the penalties received by ARB during the settlement of enforcement actions. The Proposal requested funding from a minimum of \$150,000 to a maximum of several million dollars, since the VSR incentive program is scalable to cover more transits if additional funding is secured. On December 22, 2016, VCAPCD was notified that the proposal met the state's criteria for selection as a SEP, and the project will be placed on the ARB's and California Environmental Protection Agency's SEP eligibility list. While placement on this list does not guarantee funding, it does allow for project funding to be incorporated in the settlement process.

If a voluntary VSR incentive program in 2017 is confirmed, we will return to your Board with a revised Memorandum of Agreement with the National Marine Sanctuary Foundation for program implementation.

Channel Islands National Marine Sanctuary Advisory Council Meeting January 20, 2017

At this meeting, the Advisory Council will recognize shipping companies that participated in the VSR 2016 Program. District Board members are invited to attend; the recognition portion of the meeting will be from 10:30 am to noon, with the crew making the VSR Film on hand to film.

The presentation to your Board will provide additional information on the above efforts.