



*Meeting No. 2024-01*

**San Pedro Bay Ports  
Sustainable Supply Chain Advisory Committee  
*January Meeting Summary***

**Date:** January 24, 2024 | 9:00 am – 12:00 pm

**Location:** Via Zoom

**Attachments:** Attachment A - Attendees  
Attachment B - Meeting Agenda  
Attachment C - Presentation - Committee Meeting  
Attachment D – Pre-Meeting Packet

***Meeting Summary***

1. Opening Remarks
  - a. GNA welcomed meeting participants and invited the group to ask questions or provide comments on the ports' opening remarks, which were shared in advance as a short slide deck. Members were invited to share updates relevant to the group; or to provide other commentary or questions on the pre-meeting packet (Attachment D). The minutes from the prior meeting were approved.
  - b. POLB staff corrected that Slide 3 of the port updates in the pre-meeting packet was only covering POLB data, while Slide 2 was covering joint port data.
  - c. CCA noted that the cargo forecasts were developed in 2016 and asked if they would be updated. Port staff advised that they typically re-calibrate forecasts every five years but paused this during the intense swings of the COVID-19 pandemic in 2020-2021. The ports are now in discussion with consultants about the next update and acknowledged that they are helpful for on-the-ground transportation planning efforts.
  - d. CCA proposed that the Committee submit a letter to the ports' respective mayors and harbor commissioners requesting their attendance at an upcoming meeting. Noting that both mayoral offices have changed since the Committee began, and the Harbor Commission has also had some turnover, CCA suggested that it would be valuable to brief this audience on the recommendations developed with unanimous support from the Committee's diverse membership and the challenges that the group has identified for the ports' work under the CAAP. This information would be valuable to all parties, who rarely have the opportunity to spend dedicated time on the details of emissions reduction efforts. FuturePorts seconded the motion.
    - i. EarthJustice, GridAlternatives, Teamsters, Harbor Trucking Association (HTA) and FuturePorts expressed support for the motion. ILWU asked for clarification about how the issues where members are not in agreement would be raised, and CCA advised that the goal would be to help the audience understand all sides of these debates.



- ii. GNA was tasked with preparing and circulating a letter with the administrative support of port and city staff. Several members encouraged the group to act decisively on this proposal within 2-3 weeks.
      - e. In response to a question from the committee, both ports noted that they are not seeing an increase in ship traffic as a result of low water conditions in the Panama Canal, the security threat situation in the Red Sea, or in advance of the Chinese New Year.
- 2. Regulatory & Compliance Updates
  - a. South Coast AQMD staff presented a summary of the intent and status of the Port Indirect Source Rule (Port ISR) (Attachment C) and invited members to attend the working groups scheduled in January and upcoming in February to evaluate the initial proposed rule. South Coast AQMD noted the multiple health, regulatory, and financial consequences of not getting to clean air, and stressed that it is not intending to place a cap on container volumes coming through the Ports. It reported that its draft is based on a variety of sources including terminal site visits, public record requests, and terminal operator surveys. It also considers opportunities for federal funding and international cooperation. The winter working groups will be held virtually, and the tentative February 22<sup>nd</sup> and 29<sup>th</sup> meetings will be in-person only. These working groups are focused on strategies to reduce ship transit emissions. South Coast AQMD will present over 30 potential mechanisms for stakeholder consideration. The draft language will be released in the summer and a public hearing is expected in Q4 2024. South Coast AQMD stressed continued stakeholder engagement and not just flat-out opposition as the agency wants the rule to be as workable as possible, assuming it is adopted.
    - i. Citing the urgency for this rule, EarthJustice commented that it does not equate time-intensive efforts with delays and urged South Coast to keep its schedule on track.
    - ii. PMSA asked for clarification about the relationship between the ISR and the State Implementation Plan. South Coast clarified that EPA, CARB and AQMD are ensuring alignment between its rules and the SIP.
    - iii. ILWU noted that it opposes the ISR in recognition of the strong work accomplished by the ports, ocean carriers, and terminal operators to reduce emissions, and requested an update on its lawsuit with the EPA's Clean Air Act. South Coast AQMD noted that EPA was expected to make a decision by July 1<sup>st</sup>.
  - b. CARB staff responded to several discrete requests for rule clarification that the Committee had made in its last meeting in October 2023.
    - i. Responding to a request for clarification about taxation on grant funds, CARB staff commented that CARB doesn't provide tax advice but had researched the question as it pertains to HVIP, the most prominent incentive for the port-serving drayage truck industry. HVIP does not issue 1099s because the incentive funds are not paid to the truck buyer and the incentives is not considered income to the end-user. CARB noted that invoices (for trucks sold using HVIP funding) typically show the truck price, taxes (including FET if it is a Class 8 truck), and the then deduction for the HVIP incentive (and additional "plus up" if it is a drayage truck). When asked if there is a tax liability to the selling dealer, CARB noted that it is the agency's position that there is no liability to the dealer. CARB, however, continues to work with the IRS to confirm this position. It was also noted by CARB that the issuance of a 1099 for other programs such as Carl Moyer is not a CARB requirement, but is at the discretion of the air district that implemented the program. HTA asked CARB to confirm if other funding programs, such as VW, are handled the same way, and also noted that just because there is not a 1099, it does not



mean that the incentive will not be considered income in some way by the IRS. CARB confirmed that it will provide further information to the group as it is available.

- ii. Responding to a request for an update on the TRUCRS database, CARB confirmed that information had been transferred into the database over the summer and registrants were requested by email to confirm that all information in TRUCRS was accurate and complete. CARB noted that there is still opportunity for fleets to submit their information in the case of missing data so vehicle counts could rise. TRUCRS is capturing the following data: make, model year, fuel type, GVWR, registered state, license plate number, engine name, engine manufacturer, engine model year, vehicle zip code. Staff is collecting information to identify which resources within TRUCRS and other state databases would be most useful for port infrastructure planning efforts.
  - iii. Responding to a request for updated figures, CARB shared that there are approximately 14,000 drayage trucks registered in TRUCRS and approximately 2,200 are CNG, 241 are BEV, and 2 are FCEVs; the remainder are diesel. In total, over 214,000 trucks are registered in the database and over 212,000 are diesel. It is possible that some fleets whose vouchers are cancelled will re-apply. Staff noted that this information will be posted on the CARB website in approximately 3 months.
  - iv. Responding to a request for HVIP voucher status, staff reported that there are 240 trucks already in the system, and while 600 vouchers were requested and are moving towards approval, of these 600 vouchers, 200 have been / will be cancelled; thus, it is expected that 640 trucks will be funded (i.e., 240 in the system and 400 of the 600 new requests). Most of the awarded vouchers are for vehicles intended to service the Los Angeles and Long Beach ports, and approximately 90% are for battery electric trucks with the remaining 10% being for hydrogen fuel cell trucks. HVIP has \$96MM set aside for drayage trucks. CARB agreed to provide an update on how much of the \$96MM for HVIP is remaining at the next meeting, to inform the discussion about funding sufficiency for these expected vehicles.
  - v. Staff was unable to provide an update on the Port PlusUp program at this time but will provide updates in the requested areas as well as this program at SSCAC meetings going forward.
  - vi. GNA asked CARB whether its data sources and analysis indicate that sufficient ZETs will be in service to the ports over the coming years. CARB anticipates that another 900 ZETs will be registered in TRUCRS for port service in 2024, and approximately 2,000 will be registered in CY2025 for a total of 3,000 in service by 2026. While the grant amount for each truck will vary, assuming a \$200,000 incentive per truck, more than \$500 million in incentives would be required, assuming all trucks received incentive funding. CARB confirmed that it recognizes there will be a shortfall in available incentives to fund all of these trucks, but also noted that it never promised it would fund all trucks impacted by the ACF drayage truck rule. CARB encouraged this group to advocate for more funding support.
3. Presentation: SB671 Assessment & Recommendations (CTC)
    - a. Staff from the California Transportation Commission (CTC) presented a summary of their recently-released assessment of zero-emission (ZE) freight vehicle infrastructure in the state (Attachment C). The assessment identified six primary corridors for deploying ZE trucks and charging/fueling infrastructure including the I-710 by 2025, and recommended that 10-15 hydrogen fueling stations and 20-25 charging facilities are required. While public funds are sufficient for the initial deployments, another \$10-15 billion is needed to support the targets for



2035 activities and current funding forecasts indicate that private funds will be necessary to supplement public resources.

- b. Regarding timeline, the assessment estimates that fueling/charging facilities will take 6-8 years to develop today, but in the future, this could be reduced to 2-5 year lead times. One of the greatest challenges is stakeholder and resource coordination. Accordingly, the CTC made several recommendations including the appointment of a Central Delivery Team, the creation of standardized models for station design, exemptions to the standard CEQA process, and standard permit approval timelines. To address economic viability concerns, the CTC recommended several measures including a vehicle buy-back program using state agency funds to initiate.
  - c. Responding to questions from the audience, CTC clarified that the Central Delivery Team would be comprised of sister agencies and that the CTC has not recommended that any one in particular have directive authority. In response to questions about how the SSCAC and other stakeholders can help support the recommendations, CTC noted that it does not have the authority to implement these recommendations, but noted that implementation will likely wind up being handled through legislation; thus, CTC is meeting with the legislature and others should as well, provided that they support the recommendations being made.
  - d. Responding to questions about next steps, the CTC noted that in addition to presenting the report to the state legislature it had included the recommendations in its annual report.
  - e. There was also discussion around the potential for CEQA exemptions, as well as input received by the CTC about the lack of a secondary market (residual value) for zero emission trucks.
4. Topical Discussion: Risks and Opportunities with Hydrogen in SPBP Complex
- a. Summary of Port Activities & Concerns Received (Ports)
    - i. GNA and the Ports presented a summary of concerns expressed by community and environmental organizations in the San Pedro Bay Port area regarding the development of hydrogen fueling infrastructure and use of hydrogen-powered equipment (Attachment C). The Ports noted their participation in the ARCHES program, which is currently in contract negotiations, and added that they are preparing to apply for funding on various emissions-reducing projects, some of which include hydrogen fuel cell equipment. Noting that the ports' approach is technology-neutral and results-oriented, staff requested the Committee's perspective on the various concerns raised, and suggestions for developing their final project proposals in the optimal manner to secure local support and fund awards.
  - b. Discussion: Leveraging Hydrogen Safely & Successfully
    - i. EarthJustice shared that its overarching concern is that the enthusiasm for hydrogen is displacing attention and resources for battery electric solutions. It noted that the challenges with battery electric technologies are more well known than hydrogen fuel cell technologies, and there is concern that this may cause delays in achieving emission reductions as we wait to solve the still unknown challenges presented by fuel cell technology. EarthJustice noted that it may be easy to push off our zero-emission goals as we wait for hydrogen fuel cell technology to make sense.
    - ii. EarthJustice is concerned that federal agencies are directing funds to the South Coast air basin for hydrogen only and directing funds for battery electric projects to other regions that are not as far along in this effort. While the need exists elsewhere, EarthJustice noted that the severity of air quality concerns in the South Coast area remains high and the viability of battery electric solutions depends on steady financial support for several more years. It recognized that applications differ, and there are a few that are performing well in early demonstration at port terminals.
    - iii. ILWU shared that its members are actively engaging with terminal operators, manufacturers, and the early hydrogen fuel cell equipment today, developing detailed



- protocol and extensive experience with the safe handling of the fuel and technologies. Noting that several battery electric demonstration programs confirmed that the technology is insufficient to meet the requirements of a full shift of work, ILWU questioned the premise that battery electric technologies have momentum in applications where hydrogen is performing well. ILWU noted that hydrogen technologies can potentially support operations where the equivalent amount of electrical power cannot be supplied in time to meet the 2030 zero-emission targets.
- iv. EarthJustice pointed out that hydrogen fuel's carbon intensity depends on the electricity used in production and called for a balanced assessment of these two fuels and their lifecycle impacts to meet port operating needs. Addressing funding, EarthJustice commented that funds from the LCFS program are increasingly supporting the development of biofuels for the production of hydrogen rather than further ZE electric operations.
  - v. Staff from the City of LA noted concerns that the petroleum industry is using hydrogen as a "trojan horse," and encouraged vigilance in project development and execution. It was also noted that the best technology for the application should determine which is selected to achieve our environmental goals, and not the politics around these issues – adding that using informed and neutral data is critical.
  - vi. PMSA commented that its members are very interested in hydrogen technology where the battery equivalent is not able to perform in pilot projects. However, they understand the concern about momentum shifting from areas where continued support is necessary, and added that support is needed for both fuel-technology types.
  - vii. POLB staff clarified that most of its funding requests are for battery technologies, and they are not forecasting a big shift to hydrogen.
  - viii. CEC staff offered a link to its September 2023 assessment of clean hydrogen fuel production and refueling infrastructure for MHDVs and off-road equipment, under SB 643.
  - ix. CCA noted that the community and environmental groups had a poor experience with the ARCHES program development process, and further work with hydrogen will require the ports and other stakeholders to do a better job of engaging these stakeholders.
  - x. South Coast AQMD observed that the Committee members who are involved in project funding requests should coordinate to avoid duplicate proposals, for any ZE technology. Staff added that hydrogen storage is raising concerns and there is some discussion about using ammonia to circumvent identified issues.
    - EarthJustice reiterated the that while hydrogen is an innovative fueling solution and South Coast AQMD's safety considerations are appreciated, the inadequate communication and engagement with local communities will continue to drive pushback.
    - South Coast AQMD insists they are organizing more frequent and robust discussion with community stakeholders.
  - xi. Ports thanked the group for their input and noted that this was the beginning of an important conversation and would look to this group for future input.
  - xii. Several members of the SSCAC agreed that it was good discussion amongst the members of the group and that continued dialogue is important. **GNA was therefore tasked with convening an interim meeting amongst interested SSCAC members to further discuss issues around hydrogen powered equipment.**



5. Topical Discussion: Socio-economic Impacts of Port ZEV Transition **This item was postponed for a future meeting due to time constraints.**
  - a. Presentation (GNA): Overview of Market Gaps Identified to Date
  - b. Discussion
    - i. Role of ports, cities, and state
    - ii. Opportunity for committee recommendations
6. Committee Support Opportunities for 2024 – Port Funding Applications
  - a. Port staff presented several slides on their funding efforts and upcoming requests, noting that they are coordinating with the South Coast AQMD to ensure synergy and avoid conflicting requests on limited funds. The ports are preparing applications to the EPA Clean Ports Fund and the Port Infrastructure Development Program. One concern is that the limit on the percent of total funds that can be dedicated to the infrastructure for vehicles/equipment means that many programs do not sufficiently cover the fueling infrastructure requirements of a project, and that no program currently offers funding for the infrastructure component only. The ports face some limitations identifying sufficient funding for their infrastructure needs, and invited members’ recommendations and support to advocate for the cap to be removed from federal programs.
7. Conclusion & Next Steps
  - a. GNA invited members to weigh in on the topics that had been submitted for discussion in 2024 and submit additional topical questions for consideration. It also advised that the next meeting would be held in April 2024.
    - i. EarthJustice noted that there is such a significant funding deficit to achieve our zero emission goals, that every SSCAC meeting should prioritize a discussion around funding advocacy. It also noted that the political landscape in the U.S. suggests that relevant funding programs will have very different levels of support depending on which candidate wins the federal presidential election. San Pedro Neighborhood Council supported this request.



**Attachment A**  
List of Meeting Participants

<b>SSCAC Committee Members</b>	
Heather Arias	CARB
Joe Lyou	CCA
Michelle Vater	CEC
Adrian Martinez	EarthJustice
Kat Janowicz	FuturePorts
Stella Ursua	Grid Alternatives
Matt Schrap	Harbor Trucking Association
Sal DiCostanzo	ILWU-13
Kristal Romero	Los Angeles County Federation of Labor
Michele Grubbs	PMSA
Louis Dominguez	San Pedro Neighborhood Council
Aaron Katzenstein	South Coast AQMD
<b>Los Angeles Port &amp; City Staff</b>	
Lisa Wunder	Port of Los Angeles
Laura Hunter	Port of Los Angeles
David Libatique	Port of Los Angeles
Michael DiBernardo	Port of Los Angeles
Teresa Pisano	Port of Los Angeles
Amber Coluso	Port of Los Angeles
Arthur Mandel	Port of Los Angeles
Michael Samulon	Mayor Karen Bass' Office
<b>Long Beach Port &amp; City Staff</b>	
Heather Tomley	Port of Long Beach
Harry Semerdjian	Port of Long Beach
Morgan Caswell	Port of Long Beach
Nina Turner	Port of Long Beach
Zannatul Zannat	Port of Long Beach



Paul Barragan-Monge	Mayor Rex Richardson's Office
Sergio Carillo	Mayor Rex Richardson's Office
<b>Meeting Facilitation Staff</b>	
Erik Neandross	TRC
Eleanor Johnstone	TRC
Christopher Davis	TRC
<b>Other Stakeholders</b>	
Ajay Mangat	CARB
Dori Chandler	CCA
Kayla Giese	CTC
Ken Lopez	CTC
Matthew Yosgot	CTC
Regina Hsu	EarthJustice
Ian Macmillan	South Coast AQMD
Lisa Tanaka	South Coast AQMD
Mei Wang	South Coast AQMD





## **Attachment B**

### **Meeting Agenda**

1. Opening Remarks **(5 min)**
2. Regulatory & Compliance Updates **(30 min)**
  - a. South Coast AQMD – Port ISR
  - b. CARB – Committee Requests, ACF, Port PlusUp
3. Presentation: SB671 Assessment & Recommendations (CTC) **(15 min)**
4. Topical Discussion: Risks and Opportunities with Hydrogen in SPBP Complex **(45 min)**
  - a. Summary of Port Activities & Concerns Received (Ports)
  - b. Discussion: Leveraging Hydrogen Safely & Successfully
5. Topical Discussion: Socio-economic Impacts of Port ZEV Transition **(45 min)**
  - a. Presentation (GNA): Overview of Market Gaps Identified to Date
  - b. Discussion
    - i. Role of ports, cities, and state
    - ii. Opportunity for committee recommendations
6. Committee Support Opportunities for 2024 – Port Funding Applications **(5 min)**
7. Conclusion & Next Steps **(10 min)**
  - a. Committee Meeting Topics for 2024
  - b. Next meeting: Thursday, April 25<sup>th</sup>, 9 am – 12 pm



**Attachment C**  
Presentation - Committee Meeting