



The California Environmental Dialogue Perspective

Goods Movement Emissions Reduction Principles

Emissions from the movement of goods and freight through California's ports and along its transportation corridors pose a threat to statewide air quality and public health. Communities in closest proximity to major goods movement facilities and corridors are the most heavily impacted. The problem is further exacerbated by the projected growth in goods movement in California over the coming decades. There is an urgent need for Federal, State, and local governments to implement a coordinated and comprehensive policy framework to reduce goods movement emissions in California over both the near and long-term.



The California Environmental Dialogue (CED), a collaborative effort of California businesses, environmental groups, and government agencies, recognizes the significant impacts of goods movement on statewide air quality, as well as the critical interrelationship between the goods movement industry and nearly every other sector of California's economy. The CED defines "goods movement emissions" as any air pollution that is generated by activities involving the transportation of merchandise, supplies, and other cargo in to, out of, or within California.



There are several plans and proposals currently available or in development that are meant to help tackle California's goods movement emissions concerns, including the State's Goods Movement Action Plan, the California Air Resources Board's (CARB's) *Emission Reduction Plan for Ports and Goods Movement in California*, efforts by California's Port Authorities (e.g. the San Pedro Bay Ports' Clean Air Action Plan and the Port of Oakland's Maritime Air Quality Improvement Plan), as well as those underway at local air districts (e.g. the Bay Area Air Quality Management District's Green Ports Initiative and the South Coast Air Quality Management District's 2007 Air Quality Management Plan). The CED believes that goods movement emissions reduction policies should be implemented in accordance with the following eight principles. These *Goods Movement Emissions Reduction Principles* do not express the CED's opinion regarding matters of legal preemption and/or statutory authority. The CED encourages continued collaboration between all relevant agencies and stakeholders during the related implementation processes.



➤ **International Sources** – Emissions generated from large ocean-going vessels (OGVs) (e.g. cargo ships) at anchor, while docked, and when traveling along California’s shoreline comprise a large portion of the state’s goods movement emissions inventory. The International Maritime Organization (IMO) is responsible for developing and maintaining a comprehensive regulatory framework on issues dealing with safety, environmental, and legal matters for the international shipping industry. The IMO establishes international standards for OGVs governing sulfur oxide (SOx), nitrogen oxide (NOx), and particulate matter (PM) emissions from ship exhausts, as well as engine and fuel standards for the international shipping fleet. Given the daunting challenges that face California and the rest of the U.S. with respect to improving air quality around our goods movement centers and shipping routes, it is imperative that we continue to work with the Federal government and the IMO to take advantage of opportunities to secure cost-effective emission reductions from the maritime sector.

❖ *Applications* of this principle include, but are not limited to the following:

- 1) The Federal government, the State of California, and relevant stakeholders (e.g. other West Coast states, Canada, and Mexico), should continue to work with the IMO to create SOx Emissions Control Areas (SECAs) around North America that would limit the sulfur content of OGV fuel.
- 2) North American decision makers and stakeholders should work with the IMO to accelerate the introduction of “green ships” and cleaner fuels into the international fleet.
- 3) Where possible, California should also continue its own efforts to reduce emissions from OGVs when they visit our ports and shoreline (e.g. port electrification, vessel exhaust gas after-treatment technologies, use of cleaner fuels, and vessel speed reductions).

➤ **Federal Sources** – California’s geographic location makes it the primary conduit for the vast majority of goods and freight coming to the U.S. from China, Japan, and other nations on the Pacific Rim. The Federal government has primary regulatory responsibility for several sources of emissions (e.g. locomotives, aircraft, and U.S.-flagged OGVs) through its authority to set new equipment emission performance standards. Given our nation’s dependence on California for goods movement, and the disproportionate environmental and health burdens placed on California residents as a result, it is critical that the Federal government continue to develop, implement, and enforce feasible and cost-effective measures to reduce emissions from sources that are under its principal purview. Without meaningful contributions from federally regulated sources, California’s ability to effectively address its goods movement emissions concerns is compromised.

❖ *Applications* of this principle include, but are not limited to the following:

- 1) Development and implementation of aggressive, performance-based Federal emissions standards that help meet the needs of California’s non-attainment air basins.
- 2) Implementation of the \$200 million/year in Federal incentive funds authorized by the Diesel Emissions Reduction Act of 2005/Section G of the Energy Policy Act of 2005.
- 3) The U.S. Environmental Protection Agency’s (USEPA’s) West Coast Collaborative (WCC) has established a constructive framework for accelerating the turnover and retrofit of diesel equipment in the West Coast region; however, additional resources would allow the WCC to achieve its maximum possible emissions reductions.
- 4) Where possible, the State in conjunction with the Federal government and local air districts should continue to develop and implement regulations, programs, and incentives that generate additional cost-effective emissions reductions from goods movement emissions sources.

➤ **State Sources** – In California, there are a number of influential decision makers within State government, including the Governor, members of the State Legislature, the California Environmental Protection Agency and CARB, the Business, Transportation & Housing Agency, and other departments, who recognize the urgency of our state’s goods movement emissions concerns. In recent years, CARB has adopted regulations addressing emissions from harbor craft, auxiliary marine engines, marine vessel hoteling, port drayage trucks, transportation refrigeration units, cargo handling, and other off-road equipment. In addition, CARB is developing regulations governing emissions from primary marine engines and California’s on-road heavy-duty diesel truck fleet. These efforts display the State’s firm commitment to reduce goods movement emissions.

❖ *Applications* of this principle include, but are not limited to the following:

- 1) The State should continue to work with the Federal government, local governments, stakeholders, and the public to implement and enforce feasible and cost-effective strategies that reduce emissions generated by goods movement sources under the State's jurisdiction.
- 2) When implementing existing regulations and conducting new rule making processes, CARB should evaluate the additional enforcement resources necessary to ensure that the objectives of these regulations are achieved.

➤ **Regional Coordination** – When regional transportation corridors are designed without taking into consideration the full range of needs and potential impacts, it inhibits the efficient and clean movement of goods throughout California. It is important that local land use authorities acknowledge that their land use and zoning decisions can contribute to the public health concerns associated with California's goods movement emissions, and that inefficient land use patterns should not be perpetuated.

❖ *Applications* of this principle include, but are not limited to the following:

- 1) The State Legislature, the California Transportation Commission (CTC), the Business, Transportation & Housing Agency (BT&H), CARB, and other relevant State agencies should continue to work with California's various Metropolitan Planning Organizations (MPOs) and local air districts to ensure that Regional Transportation Plans (RTPs) are based on state of the art modeling, and acknowledge the dependence of California's statewide goods movement system on the design of regional transportation infrastructure.
 - Relevant decision makers should assess the impacts of proposed RTPs on regionwide goods movement emissions and efficiency in order to ensure that these proposals are beneficial to public health, and California's goods movement system.
- 2) California's various land use authorities in collaboration with the State and local air districts, should implement regional land use plans that are consistent with the public health, environmental, and economic best interests of all regional residents (e.g. by using the recommendations contained within CARB's *Air Quality and Land Use Handbook* as they develop future regional land use plans).
- 3) Trade Corridors Improvement Fund (TCIF) investments should be distributed only to projects that are consistent with the CTC's adopted guidelines.

➤ **Technology** – New vehicle, engine, and fuel technologies and improved operational techniques are likely to reduce emissions from goods movement equipment in California. Throughout the development and application of new technological and operational innovation processes, goods movement policies should be designed to encourage early and broad adoption of technologies and operational practices that reduce congestion and improve air quality.

❖ *Applications* of this principle include, but are not limited to the following:

- 1) Public and private sector entities should ensure that sufficient fiscal and human resources are allocated to assess how new technologies and operational techniques might affect our state's goods movement emissions over the near and long-term, as well as how to accelerate the deployment of beneficial strategies (e.g. heavy-duty truck fuel efficiency and aerodynamic improvements, transportation mode shifting, and long-term research, development, demonstration, and deployment of the lowest emitting vehicles and equipment possible).
- 2) Goods movement policies should be designed to ensure the adequate protection of proprietary information, and should incorporate a performance-based, fuel-neutral approach to technological and operational innovation.
- 3) The State should continue to incorporate advances in health research and improvements in health risk modeling in their analyses to help us better understand the impacts of goods movement emissions on public health.
- 4) Where possible, incentive mechanisms should be used to encourage innovations that reduce emissions in advance of regulatory timelines.

➤ **Transparency & Accountability** – Given the large number of Californians who are directly impacted by or who benefit from our state’s goods movement operations, it is critical that any policy be developed in a transparent and collaborative fashion, and that relevant decision makers are held accountable for their respective emissions reductions and fiscal obligations. An inclusive and transparent process for developing goods movement emissions reduction policy will help to ensure the legitimacy of those policies that are eventually enacted. This is especially important for those communities, entities, and stakeholders who have a vested public health, environmental, or economic interest in the outcome. Maintaining the public’s trust will play a major role in determining the success of future policies.

❖ *Applications* of this principle include, but are not limited to the following:

- ❑ Relevant decision makers should continue to conduct inclusive and transparent processes for goods movement policy development and implementation.

➤ **Equity** – Any statewide goods movement emissions policy should take into account the disproportionate environmental and public health burdens placed on California communities that are in and around the state’s ports, distribution centers, airports, high-traffic roadways, and trade corridors.

❖ *Applications* of this principle include, but are not limited to the following:

- ❑ California’s various land use and air quality authorities should work more closely with the State to ensure that we do not perpetuate the same land use patterns that have contributed to our goods movement emissions concerns.

➤ **Funding** – The Highway Safety, Traffic Reduction, Air Quality, and Port Security Act of 2006 (Proposition 1B) provides CARB with \$1 billion to reduce goods movement emissions, and provides the CTC with \$2 billion to improve California’s major trade corridors through the TCIF. While these funds will certainly help the State begin to address California’s significant air quality and infrastructure challenges, according to CARB’s *Emission Reduction Plan for Ports and Goods Movement in California*, the projected cost of comprehensive goods movement emission reductions between now and 2020 is approximately \$8 billion, and infrastructure costs are nearly \$20 billion. The remainder of the costs will fall largely on private and public entities responsible for goods movement as they comply with legal requirements. Identifying long-term funding mechanisms linked to goods movement activity will be necessary in providing continuing fiscal support beyond the expenditure of the Proposition 1B funds, and will be essential in facilitating and expediting emissions reductions.

❖ *Applications* of this principle include, but are not limited to the following:

- 1) The State could establish a heavy-duty truck replacement program that utilizes Proposition 1B bond revenue in the near-term to construct the details of the program, while providing assurances that if additional revenue can be generated it will be used in a cost-effective and timely manner.
- 2) In order to obtain sufficient support and public trust, the revenue generated by any such funding mechanism should not be diverted to other, non-goods movement related projects, and all parties should pursue ways for the emissions reduction programs funded by this revenue to be creditable within the State Implementation Plan for attainment of National Ambient Air Quality Standards.
- 3) Stakeholders should be actively involved in processes governing the development of goods movement emissions reduction programs, and should have input into how any funding programs would be administered.

California requires significant fiscal, technological, and human resources in order to implement near-term strategies that will reduce the environmental and public health impacts associated with current goods movement emissions. At the same time, California needs sufficient resources for long-term, statewide strategies that will accommodate the projected growth of the goods movement industry while reducing the environmental impacts of goods movement operations. The passage of Proposition 1B created opportunities to achieve near-term goods movement emission reduction goals while improving the goods movement system, however, these measures are not the final solution given the projected growth of this industry sector. CED offers these principles in hopes that California’s public and private sector entities can work together to implement comprehensive goods movement emissions reduction policies that will improve the quality of life for all Californians.

CED Member Organizations



Bank of America



bp



California Environmental Protection Agency
AIR RESOURCES BOARD



**California Council for
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Economic Balance**



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE



California Environmental Protection Agency

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AGENCY



e
ENVIRONMENTAL DEFENSE FUND
finding the ways that work



THE EARTH'S BEST DEFENSE

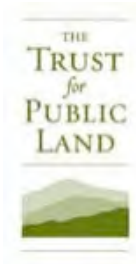


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California Environmental Dialogue

The mission of the California Environmental Dialogue (CED) is to engage California business, environmental, and government leaders collaboratively to produce timely and improved environmental protection while reducing costs to business, government and society. By engaging in a formal dialogue, CED builds relationships and trust, which allow its members to pursue public and private policies leading to enhanced environmental outcomes and economic efficiencies.

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