

CALIFORNIA AIR RESOURCES BOARD  
STATE of CALIFORNIA

**APPLICATION OF *Matson Navigation Company, Inc.*  
FOR INNOVATIVE CONCEPT COMPLIANCE OPTION  
(Section 93130.17, Ocean-going Vessels At-Berth Control Measure)**

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Matson Navigation Company, Inc. provides this application for an Innovative Concept Compliance Option in order to do all of the following: implement a compliance pathway for vessels to meet the requirements of the California Air Resources Board *Control Measure for Ocean-Going Vessels At Berth*, 17 CCR §§93130 - 93130.22, 13 CCR §2299.3, 17 CCR §93118.3; maintain compliance with vessel operations consistent with US EPA waiver FRL-9503-4 (76 FR 77515, 13 December 2011); and provide vessel emissions reductions of PM<sub>2.5</sub>, NO<sub>x</sub>, and ROG that are at least as equivalent to the emissions reductions that would have occurred using a CAECS.

INNOVATIVE CONCEPT ELEMENTS

<b>§93130.17 Requirements</b>	<b>Innovative Concept Proposal</b>
(b)(1)(A) – Applicant Information	Applicant: <i>Matson Navigation Company, Inc.</i>  Contact: <i>Robert Hawke 555 12th Street, Suite 800 Oakland, CA 94607 RHawke@matson.com (510) 628-4070</i>

<p>(b)(1)(B) – Description of Innovative Concept proposal including an overview of the source and scope of emissions reductions</p>	<p>Matson Navigation Company, Inc. proposes to control emissions from vessels At Berth under this Innovative Concept by continuing all vessel controls under the existing fleet averaging concepts provided by the current Air Resources Board regulations and then to enter into an agreement with the Board to provide additional emissions reductions through financial contributions to effective emissions reductions programs. Matson Navigation Company, Inc. plans to reduce emissions from vessels at berth through use of shore power and through preferential use of a barge-based emissions control system that Matson invested in.</p> <p>Specifically, this Innovative Concept would utilize current At Berth Fleet Averaging rules under 13 CCR §2299.3 / 17 CCR §93118.3, as applied and enforced consistent with all subsequent guidance documents and the US EPA waiver for same, to control at least 80% of a fleet’s total visit time while at berth, effective immediately, and at least 90% of a fleet’s total visit time while at berth, effective January 1, 2025.</p> <p>In addition, this Innovative Concept would result in additional reduced emissions through the provision of an amount of funding TBD as part of an enforceable agreement with CARB. The voluntary provision of funding would be based on the most-cost effective rate of emissions reduction from either the Carl Moyer program effectiveness criteria or the state’s contribution rate to the CHIRP program. Funding would be contributed annually to reach an effective fleet reduction total of greater than 80% effectiveness immediately and greater than 90% effectiveness either earlier than January 1, 2025 or after January 1, 2025.</p>
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<p>(b)(1)(C) – Estimate of the vessel emissions planned to be covered under the Innovative Concept</p>	<p><b><u>BUSINESS CONFIDENTIAL INFORMATION – TRADE SECRETS</u></b></p> <p>Matson Navigation Company, Inc. asserts all privileges and privacy with respect to its operations and associated data in this Application. To the extent that the Innovative Concept is proposed to reduce the equivalent amount of emissions required under that rule, we respectfully request that the actual emissions reductions be reviewed without the disclosure of specific emissions reductions to the general public or to any business competitors.</p> <p>CARB Enforcement Staff is presently in possession of all actual vessel emissions achieved under the existing regulation. We believe that reference to existing validated data at hand will streamline the process, reduce CARB staff and applicant administrative overhead, and provide the best surety of an estimation being accurate. Matson Navigation Company, Inc. expects the number of vessels at berth in California to be similar in 2023 to levels in 2020 and 2021.</p>
<p>(b)(1)(D) – Proposed recordkeeping, reporting, monitoring, and testing procedures to demonstrate reductions</p>	<p>We note that all Innovative Concept compliance is subject to requisite maintenance of records in the manner and form specified by the Executive Officer pursuant to (a)(13). To that end this Innovative Concept would propose to replicate all existing enforcement and monitoring requirements under the existing fleet averaging requirements, and with any additional reporting to be identified as part of an enforceable agreement with CARB. As noted above, this will streamline staff review and administrative burdens.</p>

<p>(b)(1)(E) – Any existing MOUs or similar agreements showing scope and requirements for using the Innovative Concept, if applicable</p>	<p><b><u>BUSINESS CONFIDENTIAL INFORMATION – TRADE SECRETS</u></b></p> <p>Matson Navigation Company, Inc. asserts all privileges and privacy with respect to its operations and associated data in this Application.</p> <p>CARB Enforcement Staff is presently in possession of all actual vessel emissions achieved under the existing regulation. To the extent that the Innovative Concept is proposed to reduce the equivalent amount of emissions required under that rule, we respectfully request that the actual emissions reductions be reviewed without the disclosure of specific emissions reductions to the general public or to any business competitors.</p>
<p>(b)(1)(F) – Proposed length of time during which the Innovative Concept would be used</p>	<p>Matson Navigation Company, Inc. proposes that this Innovative Concept period be applicable from January 1, 2023 through December 31, 2027.</p>
<p>(b)(1)(G) – Summary of all governmental approvals necessary to enable development of the Innovative Concept</p>	<p>None.</p>
<p>(b)(1)(H) – Any environmental review requirements that may apply to the proposed Innovative Concept</p>	<p>None.</p>
<p>(b)(1)(I) – Any information necessary to demonstrate that the proposed innovative concept meets all eligibility and applicability requirements in subsection 93130.17(a)</p>	<p>See continued Application sections below.</p>
<p>(a)(1) – Vessel Category</p>	<p>Container/Reefer</p>

<p>(a)(2) – Reduce NO<sub>x</sub>, PM<sub>2.5</sub>, and ROG emissions equivalent to or greater than the level that would have been achieved by the Control Measure, while not increasing GHG.</p> <p>Ref. Table 3, §93130.11 (b) – Cumulative VIEs and TIEs for all vessels granted at no greater than 20% in 2023 and 10% in 2025.</p>	<p>Matson Navigation Company, Inc. proposes to utilize current At Berth Fleet Averaging rules under 13 CCR §2299.3 / 17 CCR §93118.3, as applied and enforced consistent with all subsequent guidance documents and the US EPA waiver for same, to control at least 80% of a fleet’s total visit time while at berth, effective immediately, and at least 90% of a fleet’s total visit time while at berth, effective January 1, 2025.</p>
<p>(a)(3) – Innovative Concept must achieve emissions reductions of NO<sub>x</sub>, PM 2.5, and ROG that are early or in excess of (1) existing rules or requirements (2) an emission reduction strategy identified in an AB 617 program</p>	<p>Matson Navigation Company, Inc. proposes to voluntarily reduce emissions through the provision of an amount of funding TBD as part of an enforceable agreement with CARB. The voluntary provision of funding would be based on the emissions reductions from the Carl Moyer program effectiveness criteria or the state’s contribution rate to the CHIRP program. Funding would be contributed annually to reach an effective fleet reduction total of greater than 80% effectiveness immediately and greater than 90% effectiveness either earlier than January 1, 2025 or after January 1, 2025.</p>
<p>(a)(4) – Innovative Concept emissions reductions must be achieved in and around the Port at which the vessel visits take place, within adjacent communities, or within 3 nm of the port</p>	<p>All (a)(2) Emissions Reductions will be achieved at the port in which the vessel visits take place.</p> <p>All (a)(3) Emissions Reductions voluntarily provided are proposed to be spent within adjacent communities and projects as identified by CARB under the CHIRP program, as administered under the Carl Moyer program by a local air quality management district, or if neither of those are available, by agreement with the Port or marine terminal at which the visits take place for which the innovative concept is used, subject to approval by CARB pursuant to the terms of the enforceable (a)(3) agreement with CARB.</p>

<p>(a)(5) – Innovative Concept must not increase emissions at other ports or marine terminals.</p>	<p>All (a)(2) Emissions Reductions will be achieved at the port in which the vessel visits take place.</p>
<p>(a)(6) – Innovative Concept must achieve emissions reductions that exceed any reductions that would otherwise occur under regulations or business as usual scenario, taking into account all current laws and regulations.</p> <p>Reductions must be “real,” “quantifiable,” “verifiable,” and “enforceable.”</p>	<p>Application of (a)(2) Emissions Reductions and application of the agreement to provide additional (a)(3) Emissions Reductions will achieve emissions reductions in excess of reductions that would otherwise occur under this measure and the existing US EPA waiver.</p> <p>All (a)(2) Emissions Reductions are proposed to be enforced by CARB utilizing all existing evaluation, reporting, and enforcement mechanisms under existing law. This program is real, quantifiable, verifiable, and enforced.</p> <p>All (a)(3) Emissions Reductions are proposed to be implemented pursuant to CHIRP or Carl Moyer program parameters, which would meet these reduction criteria. If unavailable, these reductions are proposed to be implemented only subject to approval by CARB pursuant to the terms of the enforceable (a)(3) agreement.</p>
<p>(a)(7) – Innovative concept shall not exceed a compliance period of greater than five years.</p>	<p>Matson Navigation Company, Inc. proposes that this Innovative Concept period be applicable from January 1, 2023 through December 31, 2027.</p>
<p>(a)(12) – No innovative concept shall be partially or fully funded with a public incentive program.</p>	<p>(a)(3) Emissions Reductions are not proposed to be funded with a public incentive program, but (a)(3) Emissions Reductions may leverage, be combined with, and contribute to public funds generated outside of an Innovative Concept source in order to maximize emissions reductions.</p>

<p>(b)(4),(b)(5) – Application Approvals, Incomplete applications</p>	<p>Matson Navigation Company, Inc. proposes that because the scope and terms of an enforceable (a)(3) agreement pursuant to this Innovative Concept necessarily have yet to be negotiated, crafted, or discussed prior to Application submission, however such terms must be negotiated prior to full Innovative Concept application, that this application not be deemed incomplete but rather approved subject to the approval of an agreement published in an Executive Order pending agreement, similar to the provisional allowance for future compliance to obtain the permits or approvals necessary to undertake the activities constituting the Innovative Concept.</p>
<p>Additional Terms of Agreement</p>	<p>Matson Navigation Company, Inc. proposes that both parties agree that this Innovative Concept is consistent with 13 CCR §2299.3 and 17 CCR §93118.3 and is effective compliance with vessel operational requirements adopted by the US EPA as a final action of national applicability for purposes of section 307(b)(1) of the Federal Clean Air Act (see US EPA waiver issuance, FRL-9503-4 (76 FR 77515, 13 December 2011)), that (a)(2) Emissions Reductions are subject to regulatory compliance consistent with those requirements, and that (a)(3) Emissions Reductions are voluntary reductions enforceable by agreement.</p>