

August 21, 2024

Lynnea Giordani  
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Dear Lynnea Giordani:

On December 1, 2021, Tesoro Logistics Operations LLC (TLO) submitted an application (Application) for Innovative Concepts as potential compliance pathways for meeting the requirements of the 2020 (2020 Regulation or Control Measure) pursuant to California Code of Regulations, title 17, section 93130.17. The Application specified in this letter pertains to three terminals operated by TLO at the Port of Long Beach (POLB): Terminal 1, Terminal 2, and the Long Beach Terminal.

On August 19, 2022, Tesoro Logistics Operations (TLO) submitted a revised application to address California Air Resources Board's (CARB's) finding that the original application did not contain the minimum information required for Innovative Concept applications as described in section 93130.17(b)(1). On November 14, 2023, CARB staff issued a request for more information (RFI) letter stating that the Application submitted by TLO was incomplete and did not contain the minimum information required for Innovative Concept applications as described in section 93130.17(b)(1). In the RFI letter CARB requested TLO to submit a revised, complete Application by December 15, 2023, addressing specific information outlined in the RFI (Attachment A) to meet the requirements of the 2020 Regulation. CARB staff received an updated Application on December 13, 2023.

The Application includes the following 10 sub-concepts as potential compliance pathways:

#	Sub-Concept
1	Pre-compliance capture and control systems for tankers (Terminal 1, Terminal 2, and Long Beach Terminal)
2	Emissions reductions utilizing shore-side infrastructure to reduce tanker vessel discharge emissions
3	Pre-compliance emissions for tankers at Ports of Long Beach and Los Angeles
4	Pre-compliance emissions for ro-ro vessels at Southern California Ports

#	Sub-Concept
5	Capture and control systems for bulk liquid barges
6	Capture and control systems for bulk and general cargo vessels
7	Capture and control systems for container ships at-anchor
8	Minimizing emissions control connect and disconnect times
9	Vessel speed reduction
10	Use capture and control systems to exceed the requirements of the rule

Based on CARB staff's evaluation of TLO's Innovative Concept Application, the Application is incomplete for sub-concepts 1, 3 through 7, and 9 and ineligible for consideration for sub-concepts 2, 8, and 10. CARB previously described why sub-concepts 8 and 10 are incomplete in the previous RFI dated November 14, 2023.

#### **Innovative Concept Proposal for Sub-concept 2:**

Sub-concept 2 (identified as 3.2 in the original Application) outlines a plan to install new infrastructure at TLO terminals to reduce emissions from tanker vessels which visit them. In discussion with TLO, this infrastructure specifically refers to the installation of shoreside pumps for transferring product. TLO indicated that one TLO terminal has shoreside pumps in place and that these pumps may be replaced for new, more efficient pumps. Sub-concept 2 does not meet the requirements as described in section 93130.17 (a)(6) because shoreside pumps may be considered "business as usual". The use of shoreside pumps is considered a standard business practice that is commonly used for the unloading of cargo from tanker vessels. CARB cannot approve TLO's application for sub-concept 2 for emissions reductions using shoreside infrastructure to reduce tanker vessel discharge emissions.

#### **Innovative Concept Proposals Sub-concepts 1, 3 through 7, and 9:**

The remaining proposals of TLO's Application appear to achieve early or excess reductions in and around the port community. TLO's response on December 13, 2023, provided additional information and clarification that was missing in the updated Application as identified in our November 14, 2023, letter and has been helpful in our evaluation of these concepts. However, even with the additional information from your response for CARB, there is still missing information that is required to be able to complete the evaluation.

Reporting and recordkeeping are critical elements of the application where CARB requires additional information. Detailed descriptions of the reporting and record keeping are required for CARB staff to verify and validate the information for each Innovative Concept.

For sub-concepts 1, 3-7, and 9, TLO provided examples of calculations of emissions reductions, including spreadsheets, for the annual reporting methodology for all sub-concepts. However, CARB requests additional information regarding how emission credits will be tracked and reported for compliance with the annual reporting required in section 93130.17(d)(2). **Specifically, provide a clear methodology for tracking of emission credit generation and usage, including tracking of when credits were generated, used, or expired, as described in section 93130.17 (a)(10), and whether they were achieved through an early reduction as described in section 93130.17 (a)(11).** The methodology described in the application must be clear and demonstrate what annual reporting per section 93130.17 (d)(2) will entail and what information will be provided, with functionality, so CARB can track reductions for compliance. For further explanation about the missing or incomplete information CARB is specifically requesting, please see Attachment A.

Section 93130.17 (b)(5) of the 2020 Regulation allows TLO to respond within 30 days of this letter and provide the information that CARB staff outlined in Attachment A, Tesoro - Port of Long Beach, Innovative Concept Evaluation 2. Once we receive your response, we can proceed with the evaluation of your Application according to section 93130.17 (b)(3). We look forward to your response by September 20, 2024. Section 93130.17(b)(5) of the Regulation provides the Application will be denied if CARB does not receive an updated application that includes the specified information within 30 days.

If you have any additional questions or would like to further discuss the content of this letter and Attachment A, please contact Samuel Bailey, Air Pollution Specialist, Marine Strategies Section, at [samuel.bailey@arb.ca.gov](mailto:samuel.bailey@arb.ca.gov) or Angela Csondes, Manager, Marine Strategies Section, at [angela.csondes@arb.ca.gov](mailto:angela.csondes@arb.ca.gov). If you would like to discuss CARB staff's feedback via conference call or a virtual meeting, we would be happy to accommodate.

Sincerely,



Bonnie Soriano, Chief, Freight Activity Branch, Transportation and Toxics Division

Attachment: "Attachment A-Tesoro-Innovative Concept Evaluation-Request for More Information"

cc: Angela Csondes, Manager, Marine Strategies Section

Samuel Bailey, Air Pollution Specialist, Marine Strategies Section

## ATTACHMENT A

# Tesoro - Port of Long Beach, Innovative Concept Evaluation 2

The California Air Resources Board's (CARB) Control Measure for Ocean-Going Vessels At Berth (2020 Regulation or Control Measure) section 93130.17 provides that applications for Innovative Concepts must contain, at a minimum, the specific information detailed under section 93130.17. Your revised application submitted on December 13, 2023(Application), did not contain the minimum information identified by the 2020 Regulation. In Table 2 below, CARB Staff has outlined the specific areas required by the 2020 Regulation which are missing or incomplete in the Application for the sub-concepts listed in Table 1.

**Table 1: Tesoro Long Beach Sub-Concepts**

#	Concept
1	Pre-Compliance capture and control systems (CCS) for Tankers (Terminal 1, Terminal 2, and Long Beach Terminal)
2	Emissions reductions utilizing shore-side infrastructure to reduce tanker vessel discharge emissions
3	Pre-Compliance emissions for tankers at Ports of Long Beach and Los Angeles
4	Pre-Compliance emissions for ro-ro vessels at Southern California Ports
5	CCS for bulk liquid barges
6	CCS for bulk and general cargo vessels
7	CCS for container ships at-anchor
8	Minimizing emissions control connect and disconnect times
9	Vessel Speed Reduction
10	Use CCS to exceed the requirements of the rule

## ATTACHMENT A

**Table 2: Outline of Information Missing from Application**

Item #	Applicable section of 93130.17	Requirement Summary Please see 2020 Control Measure section 93130.17 for the complete text and requirement. Ensure that all requirements are met in the updated application.	Category	Sub-Concept #	Missing Information	Please provide the following information
	<b>93130.17 (a)</b>	<i>"General requirements for using an innovative concept compliance option."</i>	N/A	N/A	N/A	N/A
1	(1)	<b>Submittal of the application by the December 1, 2021 deadline.</b>	Timeframe	All	Application meets this requirement.	N/A
2	(2)	<b>The application should demonstrate how the Innovative Concept will</b> <i>"...reduce NOx, PM 2.5, and ROG emissions equivalent or greater than the level that would have been achieved by the Control Measure, while not increasing GHG..."</i>	Emissions Reduction Estimates and Calculations	1, 3-7	This requirement is asking for how you will estimate reductions achieved under your innovative concepts and reductions achieved under direct compliance. The Application provides basic information on the concept, but more details are required to show that the concept can be carried out.	Please provide the annual reporting methodology, preferably on a spreadsheet, including the information that will be reported for compliance with the annual reporting in section 93130.17 (d)(2) for the listing of emissions reduction that were achieved with the Innovative Concept. Specifically, provide a clear method for tracking emission reduction credits that aligns with the requirements of section 93130.17 (a)(10) and (a)(11). Please provide examples with functionality so CARB can track reductions and credit usage for compliance.
				2, 8, 10	See Item 6a	N/A
				9	This requirement is asking for how you will estimate reductions	Please show calculations for the vessel classes expected to use this Innovative Concept

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Item #	Applicable section of 93130.17	<b>Requirement Summary</b> Please see 2020 Control Measure section 93130.17 for the complete text and requirement. Ensure that all requirements are met in the updated application.	Category	Sub-Concept #	Missing Information	Please provide the following information
					<p>achieved under your innovative concept (Innovative Concept Estimates) and reductions achieved under direct compliance (Direct Compliance Estimates). The Application provides basic information on the concept, but more details are required to show that the concept can be carried out.</p>	<p>and details about how vessel speed would be tracked geographically (within 3 nautical miles of the port). The input data for the emissions reductions would have to be monitored and tested to demonstrate reductions meet the values put forth by the indicated EPA report (Port Emissions Inventory Guidance: Methodologies for Estimating Port-Related and Goods Movement Mobile Source Emissions (EPA-420-B-20-046, September 2020)). This requirement is closely tied with Items 6b and 20 below. Please provide the annual reporting methodology, preferably on a spreadsheet, including the information that will be reported for compliance with the annual reporting in section 93130.17 (d)(2) for the listing of emissions reduction that were achieved with the Innovative Concept. Specifically, provide a clear listing of inputs for what</p>

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Item #	Applicable section of 93130.17	Requirement Summary Please see 2020 Control Measure section 93130.17 for the complete text and requirement. Ensure that all requirements are met in the updated application.	Category	Sub-Concept #	Missing Information	Please provide the following information
						information TLO will be keeping as records and how those records will be used to calculate the reductions achieved by the Innovative Concept. Please provide reductions calculations with functionality so CARB can track reductions for compliance.
3	(3)	<b>The application must demonstrate how the Innovative Concept emissions reductions will be</b> <i>"...early or in excess of any other [government or legal requirement]."</i>	IC Can't be Business as Usual or Otherwise Required	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
4	(4)	<b>The application must demonstrate how the Innovative Concept emissions reductions will be</b> <i>"...in and around the California port or marine terminal at which the vessel visits take place for which the innovative concept is used. The reductions must be at the same port or marine terminal, within adjacent communities, or overwater within three nautical miles of the port or marine terminal."</i>	Location of IC	All	Application meets this requirement.	N/A
5	(5)	<b>The application must demonstrate how the Innovative Concept will</b> <i>"not increase emissions at other ports or marine terminals."</i>	Description of IC	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
6a	(6)	<b>The application must demonstrate that the Innovative Concept is not an activity</b>	IC Can't be Business as	1, 3-7	Application meets this requirement.	N/A

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		<b>or technology implementation that is</b> <i>“...reasonably expected to occur within the relevant area in the absence of the incentive provided by the innovative concept provisions of this Control Measure...”</i>	Usual or Otherwise Required	9	For an emissions reductions activity to be considered innovative, it must be unique to the industry. For example, it must be an activity that was not part of a cost-savings activity or a plan-of-record upgrade. Even if the concept appears to “obviously” meet this requirement, a discussion surrounding the topic should be provided for an application to be considered complete.	For sub-concept 9, please indicate which vessels would be included in this sub-concept and whether these vessels are currently participating in a vessel speed reduction program. If individual vessels cannot be identified at this time, please indicate how TLO will ensure vessels that participate in a vessel speed reduction program will not be included for sub-concept 9. Include estimates of the number of vessels and vessel classes.



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				2, 8, 10	For an emissions reductions activity to be considered innovative, it must be unique to the industry. For example, it must be an activity that was not part of a cost-savings activity or a plan-of-record upgrade. Even if the concept appears to "obviously" meet this requirement, a discussion surrounding the topic should be provided for an application to be considered complete.	These sub-concepts are not approved.  Sub-concept 2 (identified as 3.2 in the original Application) is considered "business as usual" under the requirement 93130.17 (a)(6). TLO indicated that one TLO terminal has shoreside pumps in place and that these pumps may be replaced for new, more efficient pumps. The use of shore-side infrastructure, such as shore-side pumps, is a common industry practice that does not ensure a compliant vessel visit. While the emissions for a visit may be lower when using shore-side infrastructure, there is no guarantee that the visit will meet the required emission rates.
6b	(6)	<b>The application must demonstrate that the Innovative Concept emission</b>	Description of IC	1, 3-7	Application meets requirement.	N/A
				2, 8, 10	See Item 6a.	N/A

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Item #	Applicable section of 93130.17	Requirement Summary Please see 2020 Control Measure section 93130.17 for the complete text and requirement. Ensure that all requirements are met in the updated application.	Category	Sub-Concept #	Missing Information	Please provide the following information
		<b>reductions</b> <i>"are real, quantifiable, verifiable, and enforceable."</i>		9	Please indicate how emissions reductions data will be tracked and collected such that it can be quantified, reported, and verified.	An adequate response to Items 2 (93130.17 (a)(2)), Item 19 (93130.17 (b)(1)(C)), and Item 20 (93130.17 (b)(1)(D)) satisfies this requirement.
7	(7)	<b>Please acknowledge an understanding that:</b> <i>No innovative concept shall have a compliance period greater than five years...</i> <b>(See full text for applicable details).</b> <b>(An adequate response to Item 22 [(b)(1)(F)] satisfies this requirement.)</b>	Timeframe	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
8	(8)	<b>Please acknowledge an agreement that:</b> <b>The Innovative Concept cannot be extended for another compliance period if</b> <i>"...the Executive Officer concludes that any of the circumstances listed in subsection 93130.17(f)(1) of this Control Measure are present; or the applicant elects to cancel an approved innovative concept..."</i> <b>(See full Control Measure text for all applicable details).</b>	Timeframe	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
9	(9)	<b>Please acknowledge an understanding that:</b> <i>"Visits made under an innovative concept are not counted toward a fleet's VIEs or terminal operator's TIEs in section 93130.11 of this Control Measure, and are ineligible for using the remediation fund provisions in section 93130.15 of this Control Measure."</i>	General provisions	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
10	(10)	<b>Please acknowledge an understanding that:</b> <i>"Reductions can be used toward</i>	Timeframe	1, 3-7, 9	Application meets this requirement.	N/A

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Item #	Applicable section of 93130.17	Requirement Summary Please see 2020 Control Measure section 93130.17 for the complete text and requirement. Ensure that all requirements are met in the updated application.	Category	Sub-Concept #	Missing Information	Please provide the following information
		<i>compliance as specified in this section only in the calendar year in which they are achieved or the following calendar year."</i>		2, 8, 10	See Item 6a.	N/A
11	(11)	<b>Please acknowledge an understanding that:</b> <i>"Early reductions achieved through an innovative concept that occur before a vessel or terminal's first compliance period can be used towards compliance during the first compliance period of up to five years. However, early reductions are only applicable for the initial compliance period, and will expire when the initial compliance period ends. "</i>	Timeframe	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
12	(12)	<b>Show or acknowledge that:</b> <i>"...the innovative concept is not to be partially or fully funded with a public incentive program."</i>	Recordkeeping	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
13a	(13)	<b>Demonstrate your plan to maintain records that show that:</b> <i>"...information on fuel usage, routes, port calls, maintenance procedures, and emissions test results."</i>	Recordkeeping	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
13b	(13)	<b>Please acknowledge an understanding that:</b> <i>"Such records and reports shall be retained for a period of not less than five years and shall be submitted to the Executive Officer in the manner specified in the approved innovative concept and upon request by the Executive Officer, either within 10 calendar days or by a later date approved by the Executive Officer on a case-by-case basis."</i>	Recordkeeping	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A

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Item #	Applicable section of 93130.17	Requirement Summary Please see 2020 Control Measure section 93130.17 for the complete text and requirement. Ensure that all requirements are met in the updated application.	Category	Sub-Concept #	Missing Information	Please provide the following information
14	(14)	<b>Please acknowledge an agreement that:</b> <i>"No person shall operate under an innovative concept unless the applicant has first been notified in writing by the Executive Officer that the innovative concept application has been approved. Prior to such approval, vessel operators and terminal operators intending to use the innovative concept shall comply with the provisions of this section, including the emission limits in sections 93130.7 and 93130.9 of this Control Measure."</i>	General provisions	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
15	(15)	<b>Explain your implementation plan, showing that:</b> <i>"The innovative concept will be implemented within the timeframe needed to be used for compliance with this Control Measure, including any time needed for environmental review (if applicable)."</i> <b>Also see Item 24 (93130.17 (b)(1)(H)) and section 93130.17 (b)(3)(E).</b>	<ul style="list-style-type: none"> <li>• Timeframe</li> <li>• Governmental and Environmental Approvals</li> </ul>	1, 3-7, 9	The Application provides basic information on the concept, but more details are required to show that the concept can be carried out.	Please provide more details regarding the timeline of each sub-concept including critical project milestones that will be met to meet the target date(s). For example, what are the timelines associated with choosing a capture and control technology provider, obtaining any permits, developing logistical plans, etc. When will these concepts be put into action?
				2, 8, 10	See Item 6a.	N/A
16	(16)	<b>Please acknowledge agreement that:</b> <i>"No person shall comply with this section by operating under an innovative concept that has been revoked as provided in section 93130.17(f) of this Control Measure."</i>	General provisions	All	N/A	N/A

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	<b>93130.17 (b)(1)</b>	<i>"Applications for innovative concepts shall contain, at a minimum, the following information:"</i>	N/A	N/A	N/A	N/A
17	(A)	<i>"Company name, address, and contact information."</i>	Applicant information	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
18a	(B)	<i>"A description of the proposed innovative concept(s) including source and scope of emission reductions."</i>	Description of IC	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
18b	(B)	<i>"A description of proposal including a project site plan and a location map."</i>	Location of IC	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
19	(C)	<b>An estimate of the vessel emissions planned to be covered under the innovative concept for each pollutant NO<sub>x</sub>, PM 2.5, and ROG. To estimate these reductions, "...[multiply] the emission factor for a pollutant found in section 93130.5(d) of this Control Measure by the expected number of vessel visits, average visit duration, and expected power used during an average visit."</b>	Emissions Reduction Estimates and Calculations	1, 3-7, 9	The Innovative Concept must be able to "reduce emissions from sources in and around the regulated port or marine terminal at a level equivalent or greater to what would be achieved by reducing emissions from vessels under sections 93130.7 and 93130.9 of this Control Measure."	Please provide an estimate of the "equivalent" reductions that would be achieved using the Innovative Concept. Please use the method described in 93130.17 (b)(1)(C). A spreadsheet should be provided that reflects the information that will be tracked, calculated, and reported. For additional detail on what to include in this spreadsheet, see Item 2 (93130.17 (a)(2)), and Item 20 (93130.17 (b)(1)(D)).
				2, 8, 10	See Item 6a.	N/A

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Item #	Applicable section of 93130.17	Requirement Summary Please see 2020 Control Measure section 93130.17 for the complete text and requirement. Ensure that all requirements are met in the updated application.	Category	Sub-Concept #	Missing Information	Please provide the following information
20	(D)	<i>"The proposed recordkeeping, reporting, monitoring, and testing procedures that will be used to demonstrate reductions."</i>	Recordkeeping	1, 3-7	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
				9	See Item 2.	N/A
21	(E)	<b>Any MOUs or similar agreements between the applicant and any partners. (See full Control Measure text for all applicable details).</b>	Funding	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
22	(F)	<i>"The proposed length of time during which the innovative concept would be used...as well as the number and duration of any anticipated time extension requests..."</i>	Timeframe	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
23	(G)	<i>"A summary of all governmental approvals necessary to enable development of the innovative concept."</i>	Governmental and Environmental Approvals	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
24	(H)	<ul style="list-style-type: none"> <li><i>"A discussion regarding any environmental review requirements that may apply to the proposed innovative concept..."</i></li> <li><i>"Identification of which agency would serve as the lead agency for environmental review purposes..."</i></li> </ul>	Governmental and Environmental Approvals	1, 3-7, 9	Application meets this requirement.	N/A
				2, 8, 10	See Item 6a.	N/A
25	(I)	<b>Provide "Any information necessary to demonstrate that the proposed innovative concept meets all [the following] eligibility and applicability requirements in subsection 93130.17(a)" as shown above in Items 1 through 16.</b>	See Items 1 through 16	1, 3-7, 9	See Items 1 through 16.	N/A
				2, 8, 10	See Item 6a.	N/A