

March 4, 2025

Timothy W. Hayes
Region Manager
Tesoro Logistics Operation LLC
1300 Pier B Street
Long Beach, California 90813
twhayes@marathonpetroleum.com

Dear Timothy W. Hayes:

On December 20, 2024, Tesoro Logistics Operations, LLC (TLO) requested prospective eligibility to use the remediation fund over an extended period for visits to TLO's three Terminals at Port of Long Beach.

TLO's Terminals are subject to emission control requirements under the 2020 At Berth Regulation (Regulation), title 17 Cal. Code Regs. Sections 93130 *et seq.* The remediation fund compliance option is an hourly payment to remediate the uncontrolled emissions during a vessel visit. The requested eligibility period for each of TLO's Terminals is twelve months, from January 1, 2025, through December 31, 2025.

Enforceable Commitment

The remediation fund is a compliance option where regulated entities have made certain enforceable commitments to controlling emissions at berth, per Section 93130.15 of the Regulation. Shore power is a CARB Approved Emission Control Strategy (CAECS), per Section 93130.5(c). California Air Resources Board (CARB) recognizes TLO's progress toward installing shore power at each of TLO's three Terminals as enforceable commitments to comply with the Regulation:

- Terminal 1 Berth 121: TLO is modifying the existing shore power system to enable additional vessel compatibility. TLO will continue to use the existing system when possible.
- Terminal 2 Berth 77 and 78: TLO is installing a new shore power system.
- Long Beach Terminal Berth 84a and 86: TLO is installing a new shore power system.

CARB also recognizes TLO's intention to use a barge-based capture and control system(s) when a system is available that meets TLO's operational needs.

Qualifying Circumstance

TLO's prospective eligibility requests to utilize the remediation fund at TLO's Terminals qualify through the criteria specified in Section 93130.15(b)(5), a physical and/or operational constraint that is delaying the implementation of a CARB approved emission control strategy at the terminal. Per Section 93130.14(a)(3)(H), a terminal operator claiming that a physical and/or operational constraint will delay its ability to implement its preferred

CARB approved control strategy must also include with its terminal plan a technical feasibility study evaluating if there are any other emission control options that could be implemented more quickly at the terminal. TLO met this requirement by submitting a technical feasibility study to CARB on May 24, 2024.

Because this qualifying circumstance will span across multiple visits, CARB agrees that it is appropriate for TLO to utilize Section 93130.15(h), whereby regulated entities may seek a prospective eligibility determination from CARB to use the remediation fund option for multiple vessel visits over an extended time period.

Process for Confirming Use of Remediation Fund

Having received eligibility from CARB to use the remediation fund during the requested time period, TLO shall report data on each vessel visit within the required 30 calendar days, and shall make payments at least monthly to the remediation fund administrator per Section 93130.15(h).

TLO shall ensure the reported remediation start and end times are accurate, and any relevant documentation is attached to confirm the vessel and engine information, as applicable.^{1,2}

After CARB staff send an approval notice via email confirming the payment amount with the fund administrator, TLO shall transfer that amount to the fund administrator. This confirmation process is standard across all remediation fund approvals to ensure that fund administrators only receive eligible payments.

For visits that took place between January 1, 2025, and the date of this letter, CARB will review the reports submitted by TLO and send an approval notice via email for the visits that requested the remediation fund compliance option. Payments for these visits will be due within 30 days of CARB's approval notice.

Conditions for Remediation Eligibility

Under the qualifying circumstance described above, properly reported and documented visits to TLO's Terminals may be compliant through remediation during the requested eligibility period.

¹ There is a different hourly rate for different vessel types per Section 93130.15(f). There are discounted rates available to vessels with engines certified to International Maritime Organization Tier III standards for Nitrogen Oxides (NOx) emissions. The hourly rates for 2025-2026 are posted to CARB's remediation fund webpage at: <https://ww2.arb.ca.gov/our-work/programs/ocean-going-vessels-berth-regulation/remediation-fund>

² To remediate the entire duration of a vessel visit, the appropriate start time is two (2) hours after the vessel is declared "Ready to Work", and the appropriate end time is one (1) hour before pilot on-board in preparation for departure. These start and end times are specified in Sections 93130.7(e)(3), 93130.9(d)(4), and 93130.12(b)(2) which describe the emission control requirements for regulated visits. Each partial hour counts as a full hour for the purpose of calculating remediation payments per Section 93130.15(e).

TLO is responsible for accurately reporting the correct number of remediation hours in the visit report. Insufficient remediation payments that fail to address all uncontrolled hours during visits claiming the remediation fund compliance option may result in visit(s) considered noncompliant with the Regulation and referral to CARB's Enforcement Division.

If at any point the previously provided commitment(s) to controlling emissions at berth are materially altered or terminated for any Terminal included in this approval, or if the approved qualifying circumstance changes or no longer applies before the end of the approved eligibility period, TLO may risk losing this remediation fund compliance option pathway at that time for the applicable Terminal(s). Failure to notify CARB of such an alteration or termination may result in visits made after the fact being deemed non-compliant and referral to CARB's Enforcement Division.

Other Compliance Options and Seeking Additional Remediation Eligibility

Please note that visits do not need to comply using the remediation fund if they are otherwise compliant through, for example, Vessel Incident Events or Terminal Incident Events as specified in Section 93130.11. Additionally, TLO's intention to use a barge-based capture and control system(s) may be realized before the completion of the shore power installation projects outlined above. Visits do not need to comply using the remediation fund if they are otherwise compliant, such as 1) using a barge system CAECS according to the compliance instructions in an Executive Order, or 2) participating in research in accordance with a CARB approved test plan as specified in Section 93130.10(e).

If CAECS service is not yet available for any/all visits to TLO's Terminals by December 31, 2025, the end date of the requested eligibility period, TLO may reapply to receive another prospective eligibility determination for an additional period. If TLO reapplies for prospective eligibility based on the same physical or operational constraints related to installing shore power, as detailed above, TLO will need to provide additional information to confirm the current status of the installation and relevant enforceable commitments continue to exist for the requested period. TLO also has the option to request the remediation fund compliance option on a per-visit basis within 30 days of vessel departure, as specified in Section 93130.15(c).

Please reach out to Angela Csondes, Manager, Marine Strategies Section at angela.csondes@arb.ca.gov if there are any outstanding questions.

Sincerely,



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

cc: Angela Csondes, Manager, Marine Strategies Section

Brian McElhaney, Operations Engineer, Marathon Petroleum