

Talking Points on 2011 DERA Reauthorization December 3, 2010

AAPA supports legislation to reauthorize the Diesel Emissions Reduction Act (DERA) before it expires on Sept. 30, 2011.

A reauthorization bill has been introduced on the Senate side as S. 3973 by Sens. George Voinovich (R-OH) and Tom Carper (D-DE), and on the House side as HR 6482 by Reps. Laura Richardson (D-CA) and Doris Matsui (D-CA).

AAPA recommends the grant level in the final approved bill be reauthorized at the \$200 million/year level.

Since DERA was passed in 2005, it has been invaluable in reducing emissions from older diesel engines, including those in use at America's ports along the Atlantic, Pacific, Gulf and Great Lakes coasts.

The DERA program helps ensure that verified emissions reduction technologies are put into place earlier than would happen otherwise. Reducing emissions from diesel engines provides significant public health benefits for port communities and port workers.

Many diesel engines can be used for decades, and DERA funding is critical to reducing emissions from these in-use engines. While DERA has been effective at reducing emissions in a cost-effective manner, the program can still provide significant health benefits to the nation and should not be allowed to expire next year.

Additionally, DERA supports American jobs. The program provides grants to fund engine upgrades and retrofits, many of which are manufactured in the United States. The installation of new engines or retrofit technology is usually done on or near the site where the engine is used, creating or preserving jobs for skilled workers.

Demand for DERA dollars remains high, and each DERA grant that is awarded leverages additional funding to reduce emissions and achieve health benefits. Public port authorities across America remain committed to utilizing DERA funding to reduce emissions at their facilities, and reauthorizing this popular program is critical.

Why Diesel Emission Grants for Ports?

Seaports deliver prosperity for America by moving billions of dollars worth of cargo each year—activities which annually contribute some \$3 trillion to the U.S. economy and

support more than 13 million American jobs. Key to the success of seaports are the diesel engines that power trucks, rail, cargo handling equipment and harbor craft, such as tugs, towboats and ferries.

Air quality issues are receiving increasing attention at U.S. ports. As larger vessels enter U.S. waters bringing more cargo, ports must expand their landside operations to accommodate this growth. As landside infrastructure expands, truck and rail traffic to and from U.S. ports also increases. While trade yields tremendous economic benefits for the port community, as well as local, state and federal governments, it can impact air quality in and around port communities if the growth isn't carefully planned and/or mitigated.

America's public port agencies, which strive to both meet the nation's commerce needs and be good stewards of the coastal environment, have used DERA grants to reduce emissions in some of the country's most densely populated areas. Lowering emissions from these sources has improved air quality for entire metropolitan areas, especially benefitting waterfront workers and nearby communities.

Reducing air emissions is particularly important for U.S. ports that operate in counties currently designated as "non-attainment" or "maintenance" for one or more of the national ambient air quality standards (NAAQS). The NAAQS mandate levels of particulate matter (PM) and ozone that are acceptable for public health and the environment, and counties that do not achieve these standards must take action to reduce air emissions.

Diesel engines often contribute to poor air quality, as older engines and dirtier fuels emit high levels of PM and oxides of nitrogen (NOX), which is a precursor to ozone. In and around ports, equipment operating diesel engines includes cargo-handling equipment, trucks, locomotives, tugboats, ferries and ships.

Improve Technology Verification Process

In 2002, EPA established its emissions reduction technology verification process to ensure that federal funding achieves the emissions reduction goals set forth. By verifying the technology in both a controlled environment and through in-use testing, EPA can be confident that the public dollars it is spending are achieving the health benefits desired.

AAPA supports the verification process but is concerned about the small number of technologies on the verified list for non-road applications. At ports, non-road engines are used in cargo handling equipment and play a key role in moving goods from ship to

shore. Additionally, there are currently no verified technologies for marine or locomotive engines.

While DERA has managed to address emissions from these sources by funding repower and replacement projects, it is critical that additional technology be verified quickly to allow ports to have additional options for addressing diesel emissions from non-road, marine and locomotive engines.

DERA History

DERA was signed into law as part of the Energy Policy Act of 2005. This law authorizes \$200 million annually to fund diesel emissions reduction projects at the federal and state levels. The program has routinely received \$50-\$60 million in normal appropriations, though Congress did provide \$300 million for DERA in the American Recovery and Reinvestment Act. This important legislation built upon good work that the Environmental Protection Agency was already doing in trying to address so-called “legacy” diesel engines. DERA provides grants to public and nonprofit entities to retrofit, repower, refuel or replace older diesel engines. The program targets public fleets as well as certain industry sectors, one of which is ports.

EPA has indicated that it has a backlog of \$1.7 billion in applications from the earlier round of solicitations and could process \$1 billion in high-quality requests very quickly.

GRANTS BACKGROUND:

Since 2001, the following AAPA member port authorities have received diesel emissions grants—both from DERA and predecessor programs: **Port Authority of New York and New Jersey; Port of Long Beach; Port of San Francisco; Port of Miami; Port of Los Angeles; Georgia Ports Authority; Maryland Port Administration; Massachusetts Port Authority; Port of Pittsburgh; South Carolina State Ports Authority; Port Authority of Houston; Virginia Ports Authority; and Port of Tacoma.**

A larger list of primarily maritime-related DERA grants—including AAPA and non-AAPA member ports—is listed below:

| Multi-state? | State(s) | Year | Sector | Recipient | Description | Amount |
|--------------|----------|------|--------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| | WA | 2001 | Ports/Marine | Puget Sound Clean Air Agency | Fuel 1 ferry with ULSD, 2 ferries with B20, 29 ferries to on-road diesel | \$40,900 |
| | CA | 2002 | Ports/Marine | South Coast Air Management District | Retrofit 25 yard hostlers with DOCs and CCVs | \$75,000 |
| | MA | 2004 | Ports/Marine | Massachusetts Port Authority | Retrofit 36 cargo-handling tractors, reach stackers, and delivery trucks | \$82,800 |
| | TX | 2004 | Ports/Marine | Port of Houston Authority | Retrofit rubber-tired gantry cranes and terminal tractors with DOCs, fuel with emulsified diesel | \$150,000 |
| | WA | 2004 | Ports/Marine | Port of Tacoma | Retrofit straddle carriers with DOCs | \$75,000 |
| | CA | 2006 | Ports/Marine | City of Long Beach Harbor Department | Hybrid Yard Hostler Demonstration and Commercialization Project headed by the Port of Long Beach in partnership with the Port of Los Angeles | \$300,000 |
| | NY | 2006 | Locomotive | Port Authority of New York and New Jersey | Retrofit diesel locomotive utility track vehicles with 2 DOCs, install 5 idle reduction devices | \$125,000 |
| | WA | 2006 | Ports/Marine | Kitsap Transit | Repower 1 passenger ferry with 2 2007 model year engines and DPFs | \$100,000 |
| | WA | 2006 | Ports/Marine | Puget Sound Clean Air Agency | Install salt water scrubber technology on marine vessels | \$300,000 |

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| | MD | 2007 | Ports/Marine | Maryland Environmental Service | Retrofit ocean going vessels serving Port of Baltimore | \$125,000 |
| | MD | 2007 | Ports/Marine | Maryland Environmental Service | Retrofit drayage trucks serving Port of Baltimore | \$100,000 |
| | MN | 2007 | Ports/Marine | Minnesota Environmental Initiative | Retrofit 4 350-450 horsepower 1996 to 2001 wheel loaders, provide engine upgrade system on a 1994 350 horsepower wheel loader, and install timer module engine idle-reduction equipment on the four retrofitted wheel loaders | \$76,455 |
| yes | NY-NJ | 2008 | Ports | Port Authority of New York & New Jersey | Offer a low-cost financing program in partnership with ACCION New York, Inc. for either the purchase of heavy-duty trucks retrofitted with EPA or CARB verified emission control technologies, or the repowering of used trucks. Program will cover 90 percent financing | \$750,000 |
| | GA | 2008 | Ports | Georgia Ports Authority | Retrofit entire fleet of cargo handling equipment (133 units) at the Savannah port with DOCs and CCVs | \$250,000 |
| | KY | 2008 | Ports | Kentucky Clean Fuels Coalition | Replace Perkins diesel engines with CARB certified gasoline engines; scrap old 92 engines, retrofit 3 terminal gates | \$473,939 |

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| | MA | 2008 | Ports | Massachusetts Port Authority | Install 6 power stations at the Fish Pier, enabling up to 12 additional fishing vessels to connect to shore power when docked, reducing unnecessary idling by 95% | \$400,000 |
| | MD | 2008 | Ports | MD Environmental Services | Reducing emissions from nonroad equipment used in dredging and waste material handling operations | \$361,107 |
| | NC | 2008 | Rail and Ports | Mecklenburg County | Subgrant construction equipment for retrofits and upgrades | \$750,000 |
| | VA | 2008 | Ports | Virginia Port Authority | Replace 2 locomotives | \$647,457 |
| | WA | 2008 | Ports | Puget Sound Clean Air Agency | Replace 10 off-highway trucks ahead of planned retirement with onroad engines; Retrofit 74 pieces of cargo handling equipment with DPF or partial-flow filters and/or closed crankcase ventilation filters | \$850,000 |
| yes | MD, PA, VA | 2009 (ARRA) | Construction, Ports, Freight, Public Fleet | Mid-Atlantic Regional Air Management Association | Retrofit 14 and replace six transit buses, repower two harbor craft, retrofit 25 dump trucks, replace six cement trucks, repower one locomotive, replace one truck | \$4,320,000 |
| yes | MD, VA | 2009 (ARRA) | Ports | Chesapeake Bay Foundation | Repower three education vessels, nine watermen work boats, two tug boats | \$1,300,000 |

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| yes | ME, NH, VT | 2009 (ARRA) | Ports | Northeast States for Coordinated Air Use Management | Repower eight marine vessels to EPA Tier 2 certified engines. Vessels include: four ferries, three tugboats and one sight-seeing excursion vessel | \$1,650,000 |
| yes | NJ, NY | 2009 (ARRA) | Ports | Port Authority of New York and New Jersey | Replace 636 drayage trucks | \$7,000,000 |
| yes | NJ, NY, PR | 2009 (ARRA) | Ports | Northeast States for Coordinated Air Use Management | Repower two ferries and three tugboats with Tier 2 engines | \$2,800,000 |
| | CA | 2009 (ARRA) | Ports, Freight | Bay Area Air Quality Management District (BAAQMD) | Install diesel particulate filters (DPF) on 103 delivery trucks | \$2,000,000 |
| | CA | 2009 (ARRA) | Freight, Ports | City of Los Angeles Harbor Department | Retrofit 27 vehicles including harbor vessels, trucks, sweepers, loaders, cranes, forklifts | \$1,990,000 |
| | CA | 2009 (ARRA) | Ports | Port of Long Beach | Replace, repower, or retrofit 118 pieces of cargo handling equipment | \$4,010,000 |
| | GA | 2009 (ARRA) | Ports | Georgia Port Authority | Install diesel oxidation catalysts (DOC) and closed crankcase ventilation (CCV) on 47 marine engines | \$164,000 |
| | MD | 2009 (ARRA) | Ports, Freight | Port of Baltimore (Maryland Environmental Services) | Retrofit two tugboats, seven locomotives, 50 short haul trucks, and 83 units of cargo handling equipment | \$3,500,000 |
| | MI | 2009 (ARRA) | Ports | Great Lakes Commission | Repower four marine engines from Tier 0 to Tier 2; repowering service generator sets on two Great Lakes bulk carriers | \$1,210,000 |

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| | NY | 2009 (ARRA) | Ports | Port Authority of New York and New Jersey | Install shore power at the Brooklyn Cruise Terminal | \$2,860,000 |
| | SC | 2009 (ARRA) | Ports | South Carolina Port Authority | Repower 36 pieces of cargo handling equipment, two tugboats, and one dredge. Install diesel multi-stage filters (DMF) on 40 trucks | \$2,000,000 |
| | TX | 2009 (ARRA) | Ports | Port of Houston Authority | Replace/repower 96 marine engines | \$2,860,000 |
| | TX | 2009 (ARRA) | Ports | Port of Houston Authority | Replace/repower 25 marine engines | \$611,466 |
| | WA | 2009 (ARRA) | Ports | Port of Tacoma | Retrofit two ocean-going vessels; Add certified ship-side technology | \$1,490,000 |
| yes | MA, NJ, NY | 2009-2010 | Ports | Northeast States for Coordinated Air Use Management | Repower or retrofit 48 pieces of cargo handling equipment at South Jersey Port Press Release | \$1,130,000 |
| | CA | 2009-2010 | Ports | Port of San Francisco | Design and install shore-to-ship electrical connection system for cruise ships berthed at Pier 27, Port of San Francisco | \$1,000,000 |
| | CA | 2009-2010 | Ports | City of Los Angeles Harbor Department | Install a natural gas powered shore-to-ship electrical connection system for berthed ocean-going vessels at Port of Los Angeles Press Release | \$1,210,000 |

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| | CA | 2009-2010 | Ports | City of Long Beach City Harbor Craft and Cargo-Handling | Repower three harbor vessels and one piece of cargo-handling equipment; retrofit four pieces of cargo-handling equipment at Port of Long Beach | \$1,650,000 |
| | DC | 2009-2010 | Construction, Port | Metro Washington Council of Governments | Retrofit seven municipal nonroad construction units and repower two passenger vessels operating on the Potomac | \$560,600 |
| | FL | 2009-2010 | Ports | Miami-Dade County Miami Port Authority | Electrify four gantry cranes; retrofit 19 pieces of cargo handling equipment | \$1,510,000 |
| | GA | 2009-2010 | Public Fleet | University of Georgia Research Foundation Inc | Electrification of 17 port rubber gantry cranes | \$2,720,000 |
| | IN | 2009-2010 | Ports | South Shore Clean Cities Inc. | Repower marine vessels with 8 new engines certified to Tier 2 standards Press Release | \$630,500 |
| | MA | 2009-2010 | Ports | Harbor Development Commission Port of New Bedford Shore- side Power Electrification Project | Install 16 verified shore- side electrification pedestals on two fishing piers in New Bedford Harbor; provide up to 100 rebates to commercial fishermen to assist with retrofitting their vessels with transfer switches to accommodate shore- side power (see Press Release) | \$1,000,000 |

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| | MD | 2009-2010 | Ports | Mid-Atlantic Regional Air Management Association (MARAMA) | Repower one tug with new engine certified to current emission standards | \$500,000 |
| | ME | 2009-2010 | Ports | Maine Department of Environmental Protection | Repower 17 non-regulated marine engines with Tier 2-certified marine engines | \$571,638 |
| | NY | 2009-2010 | Ports | Nassau County Police Department | Repower ten main and five auxiliary engines with Tier 2-certified engines on five patrol boats | \$708,397 |
| | NY | 2009-2010 | Ports | New York City Department of Transportation | Repower four main and two auxiliary engines on one commuter ferry with Tier 2-certified engines | \$2,000,000 |
| | NY | 2009-2010 | Ports | The Port Authority of NY & NJ | Replace 125 pre-2003 model year drayage trucks with 2007-certified trucks | \$1,580,000 |
| | OR | 2009-2010 | Ports | Oregon Department of Environmental Quality | Repower four pilot launch boats and one towboat with certified engine technology | \$482,476 |
| | PA | 2009-2010 | Ports | Port of Pittsburgh Commission | Repower four marine vessels with eight new and efficient Tier II engines and generators Press Release | \$1,160,000 |
| | PR | 2009-2010 | Ports | Autoridad de Transporte Maritimo | Repower two main and two auxiliary marine engines on two passenger ferries with Tier 2-certified engines Press Release | \$517,220 |

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| | TX | 2009-2010 | Ports | Port of Houston Authority | Fuel switching to a low-sulfur fuel (less than or equal to 0.2 percent) for 21 ocean going vessels that call on the Port of Houston Press Release | \$1,490,000 |
| | TX | 2009-2010 | Ports | Port of Corpus Christi Locomotive Switch Engine Repower Project | Repower existing 1,000 horsepower locomotive switch engine with two 700 horsepower GENSET engines Press Release | \$1,030,000 |
| | VA | 2009-2010 | Ports | Virginia Port Authority Dredging Repower Project | Repower two main engines of one dredge vessel | \$775,000 |
| | | | | | TOTAL: | \$68,023,955 |