



Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE:** APRIL 23, 2013

**FROM:** BUSINESS & TRADE DEVELOPMENT

**SUBJECT:** PERMANENT ORDER NO. \_\_\_\_\_ AMENDING THE PORT OF LOS ANGELES TARIFF NO. 4, SECTION TWELVE "WATER AND ELECTRICITY" ITEM 1210 "ELECTRICITY FOR POWER AND LIGHTING"

**SUMMARY:**

The West Coast Marine Terminal Operators Agreement (WCMTOA) has requested the Los Angeles Harbor Department (Harbor Department) to amend the Port of Los Angeles Tariff No. 4 (Tariff No. 4) adding language to Item 1210 "Electricity for Power and Lighting" (Item 1210) under Section Twelve "Water and Electricity" (Section Twelve) of Tariff No. 4, clarifying that no entity shall be prevented from billing for the electrical power consumption of ships connected to shore power. Staff is also seeking to amend language in Section Twelve, Item 1210 clarifying that the City of Los Angeles Harbor Department (Harbor Department) will continue to apply a 15 percent Administrative Fee to the cost of labor provided by the Harbor Department.

Staff is recommending the Board of Harbor Commissioners (Board) approve amendments to Section Twelve, Item 1210 of Tariff No. 4.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Approve the proposed Amendment to Port of Los Angeles Tariff No. 4, Section Twelve "Water and Electricity", Item 1210 "Electricity for Power and Lighting", subject to the California Association of Port Authorities' review and approval, and authorize the Executive Director to work with California Association of Port Authorities to secure this approval or proceed to take independent action in accordance with California Association of Port Authorities' procedure;
2. Adopt Permanent Order No. \_\_\_\_\_ to amend Item 1210 "Electricity for Power and Lighting" of the Port of Los Angeles Tariff No. 4, Section Twelve "Water and Electricity";
3. Direct the Board Secretary to transmit to the City Council for approval the Permanent Order and the Ordinance approving and authorizing the proposed Amendment to the Port of Los Angeles Tariff No. 4 pursuant to City Charter 653(a); and

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4. After the effective date of the Ordinance, transmit the Permanent Order and Ordinance to the Chief Wharfinger for implementation and posting to the Port of Los Angeles website, as regulated by the Federal Maritime Commission.

**DISCUSSION:**

Background and Context – Alternative Maritime Power (AMP), or shore power, is an air emission reduction technology that allows ships to be powered by shore supplied electrical power while at berth rather than running their auxiliary diesel engines. The San Pedro Bay Clean Air Action Plan (CAAP) states that the Harbor Department is conducting a massive infrastructure improvement program to equip container and cruise terminal berths with AMP infrastructure. The Harbor Department has spent \$53,030,453 through February of 2013 on AMP infrastructure cost. The forecast is to spend an additional \$132,946,144 to complete AMP infrastructure cost at all container terminals.

Beginning January 1, 2014, the California Air Resources Board (CARB) will mandate container, refrigerated cargo, and cruise ships that regularly call at California's major ports to use AMP. AMP infrastructure has been installed at the China Shipping, TraPac, Yusen Terminals Inc. and Evergreen container terminals, as well as at the World Cruise Center. All container terminals will have AMP infrastructure by the end of calendar year 2013 in order to comply with the CARB regulations and to meet the CAAP goals.

Electrical power consumption invoices for shore power issued by the Los Angeles Department of Water and Power (LADWP) are sent to the Harbor Department. These invoices are passed on to the container terminal operators. At the cruise terminal, the Harbor Department through an operating agreement with Ports America acts as the cruise terminal operator. Cruise terminal shore power electrical power consumption invoices are rebilled directly to the cruise lines by the Harbor Department based on each cruise ship's electrical power consumption, along with the AMP System Cost passenger fee.

WCMTOA requested the Harbor Department add language to Item 1210 of Section Twelve of Tariff No. 4 (Transmittal 1) clarifying that no entity shall be prevented from billing for the electrical power consumption of ships connected to shore power. This added language to Item 1210 in Tariff No. 4 provides container terminal operators with an additional layer of assurance in their ability to bill and collect the cost of electrical power from shipping lines whose ships connect to shore power at their container terminal.

Staff is also seeking to revise language clarifying that the 15 percent Administrative Fee in Tariff No. 4, Section Twelve, Item 1210, is applicable to the cost of labor provided by the Harbor Department. A 15 percent Administrative Fee is added to invoices issued for functions performed by the Harbor Department that are billable to Port customers,

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including connecting ships to shore power. On February 19, 2009 the Board exempted the 15 percent Administrative Fee that would otherwise have applied to the cost of electricity, if such electricity was consumed by ships that connected to shore power for the purpose of reducing air emissions at the Port. Adding the 15 percent Administrative Fee would have made the overall cost of electricity to customers using shore power that much less competitive. The existing language in Tariff No. 4 Section Twelve, Item 1210 does not clearly state that the 15 percent exemption of Administrative Fee applies only to the cost of electricity.

Need for Amendment – Staff is recommending the Board approve the proposed Amendment to Tariff No. 4, Section Twelve, Item 1210, allows container terminal operators to point to Tariff No. 4 when invoicing shipping lines whose ships connected to shore power. The amendment to Tariff No. 4, Section Twelve, Item 1210, clarifies that the 15 percent Administrative Fee applies to the cost of labor provided by the Harbor Department.

Need for Approval – Los Angeles City Charter Section 653 requires the Board to approve any amendment by Order (Transmittal 2) and approval of the City Council by Ordinance (Transmittal 3).

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of an Amendment to Section Twelve, Item 1210 of Tariff No. 4 clarifying the collection of electricity costs related to AMP. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

**ECONOMIC BENEFITS:**

This Board action will have no direct employment impacts.

**FINANCIAL IMPACT:**

If approved, the proposed Amendment to Tariff No. 4, Section Twelve, Item 1210 would not have any impact to the Harbor Department's financial results as the cost of such power would be passed along to the user. The Harbor Department would continue to bill terminal operators for AMP related charges.

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**CITY ATTORNEY:**

The Office of the City Attorney has approved the proposed Tariff, the proposed Permanent Order, and the proposed Ordinance as to form and legality.

**TRANSMITTALS:**


1. Port Tariff No. 4 – Item 1210
2. Permanent Order
3. Ordinance

FIS Approval: WJ (initials)  
CA Approval: guc (initials)

  
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APPROVED:

  
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