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October 7, 2019

City of Los Angeles Harbor Department  
Christopher Cannon, Director  
Environmental Management Division  
P.O. Box 151  
San Pedro, CA 90731

Dear Mr. Cannon,

China Shipping (North America) Holding Co., Ltd. (CSH) values this opportunity to address the City of Los Angeles Harbor Department and the Port of Los Angeles (POLA) concerning the latest version of the SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT FOR BERTHS 97-109 (SEIR).

As a long-serving supporter and dedicated steward of environmental consciousness CSH has been an honored partner with the POLA at West Basin Container Terminal (WBCT) since 2005. CSH is proud of our joint efforts to have WBCT be the first container terminal in the world to use alternative maritime power. We uphold our awareness of the impact our industry has on the environment and continue to participate in a variety of green initiatives throughout North America to further our environmental commitment and reduce our carbon footprint.

Today, CSH operates at WBCT in full Local, State and Federal regulatory compliance. Consistent with our approach to the environment, community and in support of our valued partners CSH fully endorses the POLA's initiative to produce an SEIR that is conscious of the necessities of the port community, and would like to see the final document be as comprehensive as possible. CSH is, for this reason, concerned that in the latest version of the SEIR there remains certain operational, commercial and financial feasibility challenges.

More specifically;

#### MM AQ – 15: Yard Tractors at Berth 97-109

Presently WBCT operates 178 yard tractors of which all are propane tractors. This fleet was procured to meet the Amended Stipulated Judgement (ASJ) requirements. Currently CSH continues to research LNG, Electric, and LPG alternatives as a means to meet this SEIR requirement. The following are various initial challenges CSH is anticipating encountering with each possibility:

Liquid Natural Gas (LNG) – Mobile fueling for LNG tractor units is not yet developed. Without mobile fueling, LNG tractors will place an excessive burden on terminal and vessel operations, ultimately slowing production which could lead to unanticipated associated environmental challenges. Our research has determined that large fleet LNG tractors are not currently deployed in any major ocean terminal. The building of fuel stations will require design and permit approval from multiple agencies, and construction would likely not be completed within 1-year. The footprint of fuel stations would also negatively impact the already challenging conditions this comparably small terminal wrestles with.

Electric – Currently, there is no charging infrastructure in place at WBCT to re-charge electric units. Construction of charging stations will require the same approvals and present the same challenges as LNG. CSH also believes additional study, specifically of the local power grid capacity, is required to determine if it can support this significant increase on demand.

Liquid Petroleum Gas (LPG) – Power Solutions International, a self-described leading cleantech manufacturer, has informed WBCT that they are 1-year from developing an LPG engine that will meet the ultra-low NoX standard. When these engines are completed, tested, and certified, WBCT may be able to utilize LPG to comply with this mitigation measure. WBCT has mobile LPG fueling trucks currently in use on the terminal. Terminal fueling processes would be able to remain the same thus new stationary fueling infrastructure development would not be required.

Based on this study, CSH believes LPG to be the best option at this time to meet this mitigation measure due to time constraints and other noted obstacles, however there are significant costs associated with the replacement of WBCT's tractor fleet which presents a new challenge financially.

CSH understands that MM AQ-15 requires WBCT to replace all 178 yard tractors. The schedule to do so would be within the 1<sup>st</sup> year of the adoption of the SEIR to replace 55 of the tractors in the fleet and within 5 years to replace an additional 66. The anticipated lifespan of each tractor is at minimum 10-years. Therefore, the tractors replaced 5 years from now in 2025 could be operational through 2035. However with a mandate of zero-emissions-vehicles by 2030 through the Clean Air Action Plan 2017, WBCT would be required to early-retire these tractors. This cost combined with the cost to ultimately replace the remaining 57 tractors is significant.

As with all the costs associated to all the SEIR's mitigation provisions including but not limited to all yard equipment concerned, CSH would request information to better understand how the POLA intends to financially compensate CSH for all the measures that exceed our current compliance responsibilities.

#### MM AQ – 20: LNG Trucks

CSH is encouraged that the POLA has recommended the removal of this mitigation measure. It is CSH's observation that registries indicate only 3.5% of the trucks servicing the LA/LB Harbor are LNG powered. WBCT has approximately 4,000 truck-trips daily and is servicing various trucking companies dispatching numerous trucks. WBCT has no control over this operation. MM AQ-20 as originally proposed would effectively shut down the Berth 97-109 yards.

While CSH is supportive of a POLA action to reduce the environmental impact that local drayage has on the community, it's our position that this is a matter that must be addressed port-wide, rather than at WBCT's gate in order to be effective and not negatively impact any one terminal. CSH is optimistic that the POLA's recommendation will be approved.

#### LM GHG -1: Greenhouse Gas Fund

As proposed, the POLA would be the sole party to approve all projects and program resulting from the GGF, while CSH would be the only contributor to the fund. CSH appreciates the necessity of this fund, however as the SIER's scope and the fund distribution go beyond the borders of WBCT's permit 999, we request the POLA to fund and manage the GGF in its entirety.

In conclusion, CSH is committed to operating an environmentally conscious terminal and will make considerable efforts to satisfy the measures proposed in the SEIR, specific to WBCT, which surpass current regulatory compliance levels. To do so, the operational, commercial and financial challenges will be considerable.

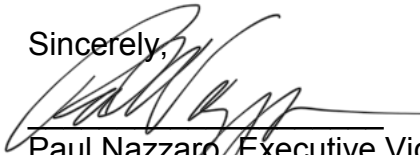
It would seem appropriate at this point to make it clear that CSH has a reasonable expectation that the POLA will be responsible for any and all cost difference between the environmental compliance that is in place now, and the elevated standards found in the SEIR for the measures which are applicable to the terminal, including but not limited to the revised project's MM AQ-15, 17, LM AQ-1, 2, 3, MM GHG-1 and LM GHG-1. CSH would also like to clarify that there are specific measures in the SEIR which are outside of WBCT's control, such as MM AQ-9, 10, MM TRANS-2, and 3.

CSH additionally cannot be accountable to determine if the SEIR findings with regard to air quality, health risks, greenhouse gas emissions and ground transportation are correct and will have the intended individual or cumulative effect. Any additional costs associated to any potential revisions to the SEIR as a result of not achieving the objectives should likewise be the responsibility of the POLA.

Further, and in addition to the SEIR's mitigation measures, with this considerable investment in WBCT over the next several years CSH recommends that the POLA also consider addressing some of the current operational limitations of WBCT. Berthing capabilities considering water and air draft, improved access to the terminal by way of an upgraded gate facility, expanded on-dock rail capabilities and other operations supporting infrastructure development should all be enhanced comparably.

Thank you for this opportunity to address the SEIR and associated concerns with the POLA.

Sincerely,



Paul Nazzaro, Executive Vice President  
COSCO SHIPPING (North America) Inc.  
on behalf of China Shipping (North America) Holding Co., Ltd.

Copies to: Mr. Gene Seroka  
Mr. Michael DiBernardo  
Mr. Eric Caris