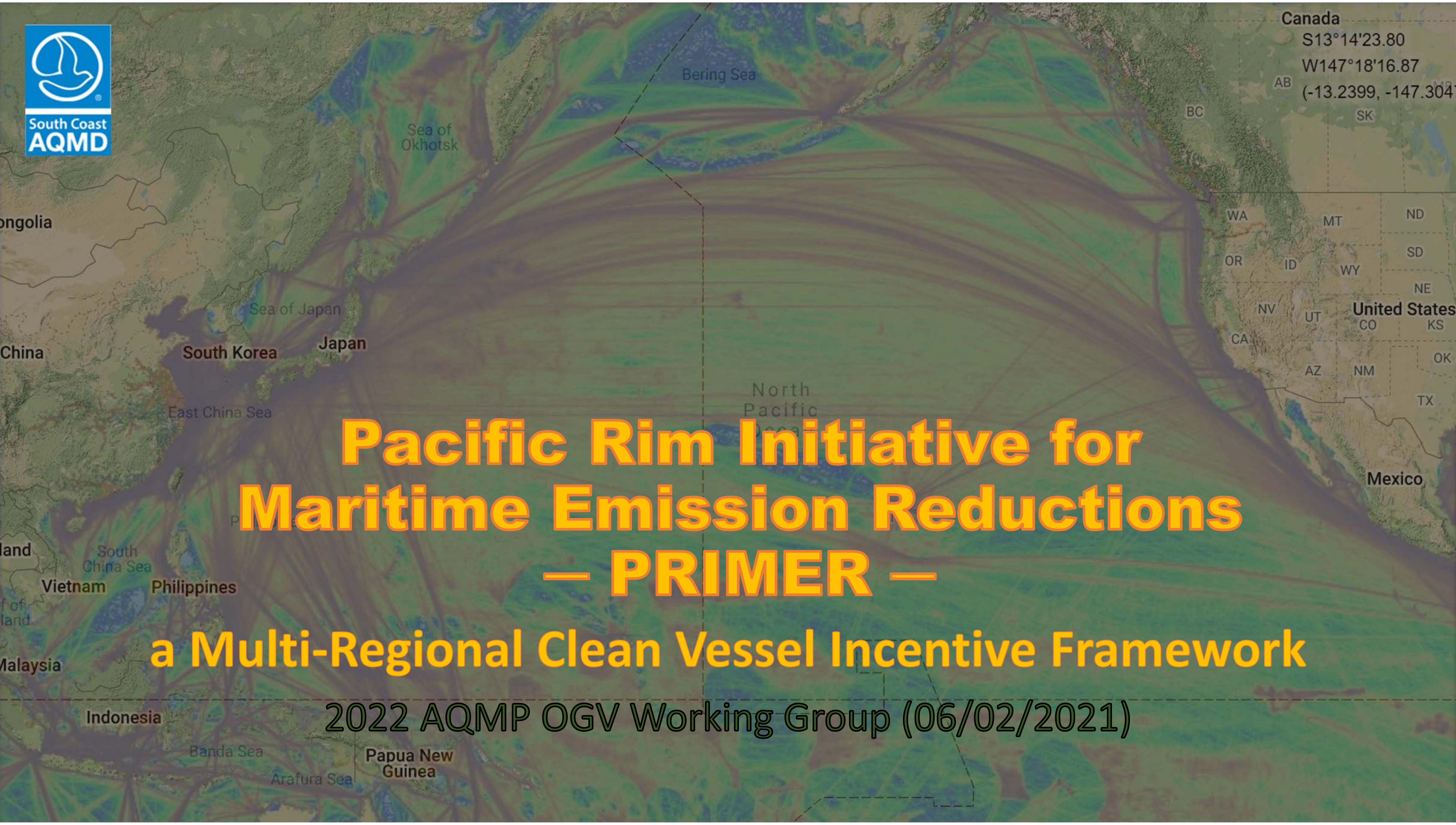


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# Pacific Rim Initiative for Maritime Emission Reductions – PRIMER –

## a Multi-Regional Clean Vessel Incentive Framework

2022 AQMP OGV Working Group (06/02/2021)

# PRIMER Concept

- Trans-Pacific partnerships of multiple port regions around the Pacific Rim
- Coordinated efforts to incentivize cleaner ocean-going vessels (OGV) on shared routes

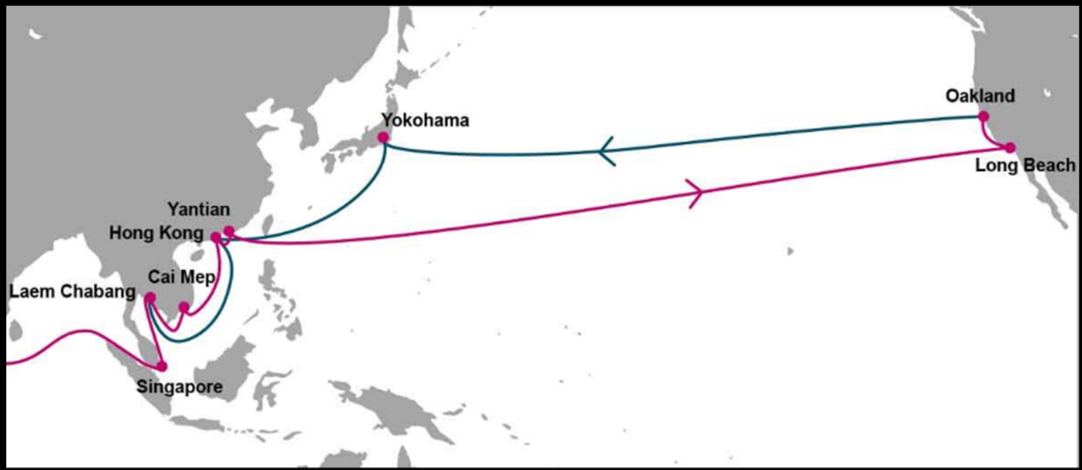


Image Source: Ocean Network Express Service FP2 (https://www.one-line.com/en/routes/current-services).

# Incentive Study to Inform PRIMER Design

Cumulative incentives awarded for all PRIMER port calls over Years 1-3

$\geq$

Technology investment at Year 0 + O&M costs over Years 1-3

Focuses on NOx abatement marine technologies: Tier II+ or Tier III

# Sources of Data and Key Assumptions

***PER-PORT-CALL INCENTIVES***

- Costs of technology: literature + industry experts
- Payback period: 2-3 years per industry
- Port calls: based on historical IHS-Seaweb (formerly Lloyds Fairplay) data*
- Uniform incentive amount: all partnering ports assumed to offer the same amount of per-port-call incentive for the sake of analytical simplicity, but not necessary for actual program implementation

(* Using 2017-19 data and excluding "shifts" between terminals or subports within the same port group)

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# Sources of Data and Key Assumptions (Cont.)

## *NOX EMISSIONS*

- Geographical domain:
  - Vessel activities within 100 nautical miles radius
- Emission reduction rates:
  - **Tier III:** single parameter of 80% reduction from Tier I & 76% from Tier II based on IMO limits
  - **Tier II+:** assuming a distribution/range of reduction rates to account for uncertainties
  - No surplus emission reductions at berth for California ports due to shore power requirements
- Operational threshold for Tier III technologies:
  - 25% propulsion engine load: benchmark assumption based on the lowest certification test cycle load point
  - 10% & 0%: sensitivity tests
- Engine loads: based on historical AIS data

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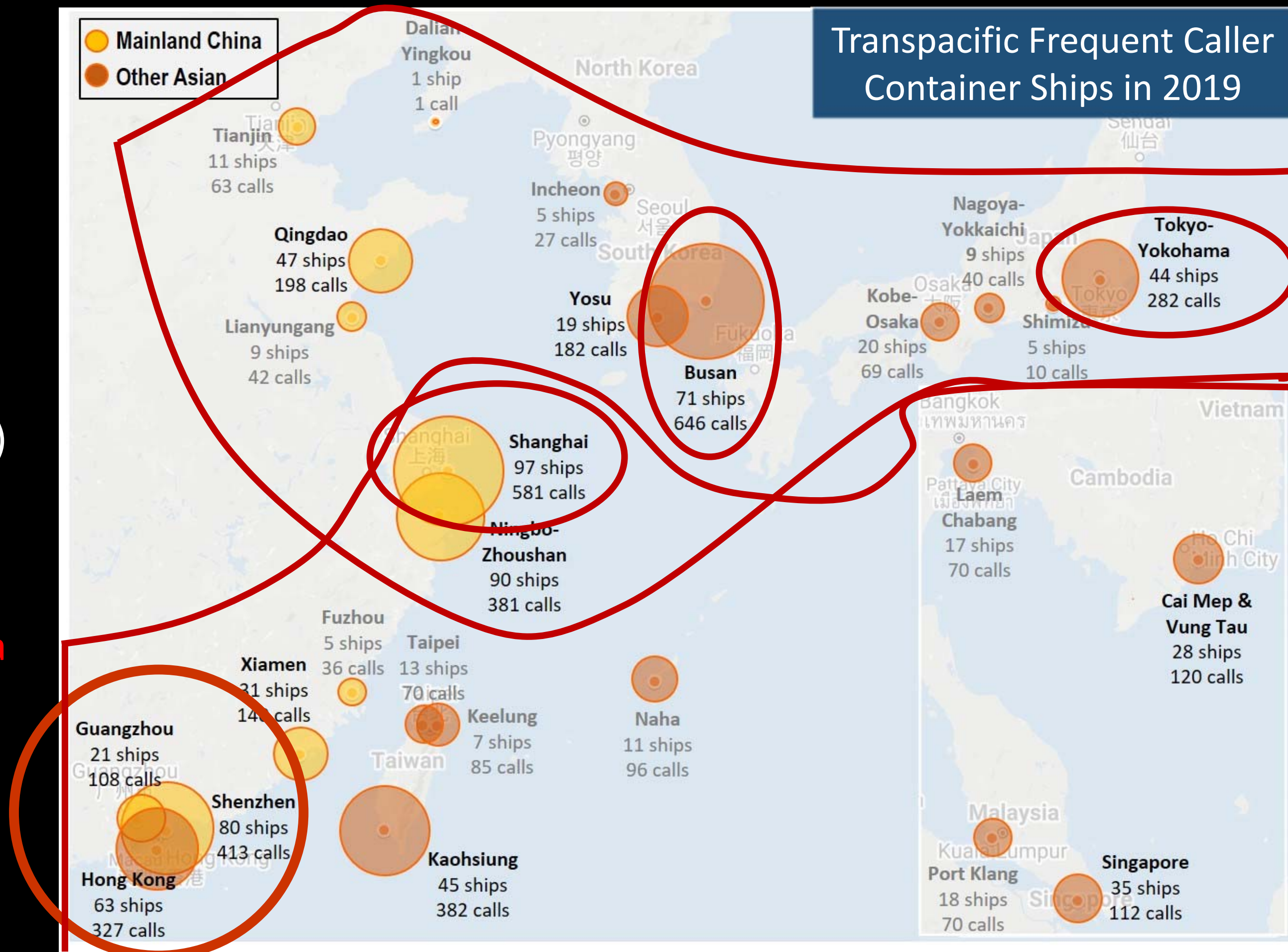
# Five Scenarios of Transpacific Partnerships

California ports:
- Port of Oakland
- San Pedro Bay Ports (POLA/LB)

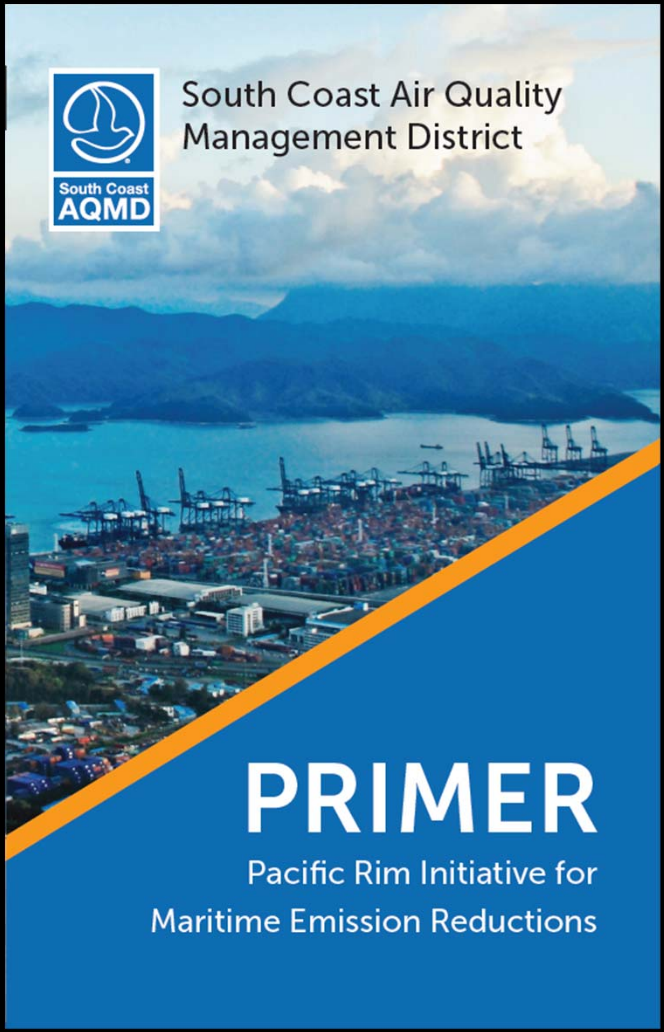
1. Greater Bay Area & California
2. Top National Ports & California
3. Northern Transpacific Routes
4. Southern Transpacific Routes
5. All Transpacific Routes




Note: Frequent callers are defined for analytical purposes as ocean-going vessels making 5 or more calls per year at POLA/LB, and 5 or more calls in the same year at one or more of the large-scale East and Southeast Asian ports.
Source: South Coast AQMD staff analysis of the IHS-Seaweb data.

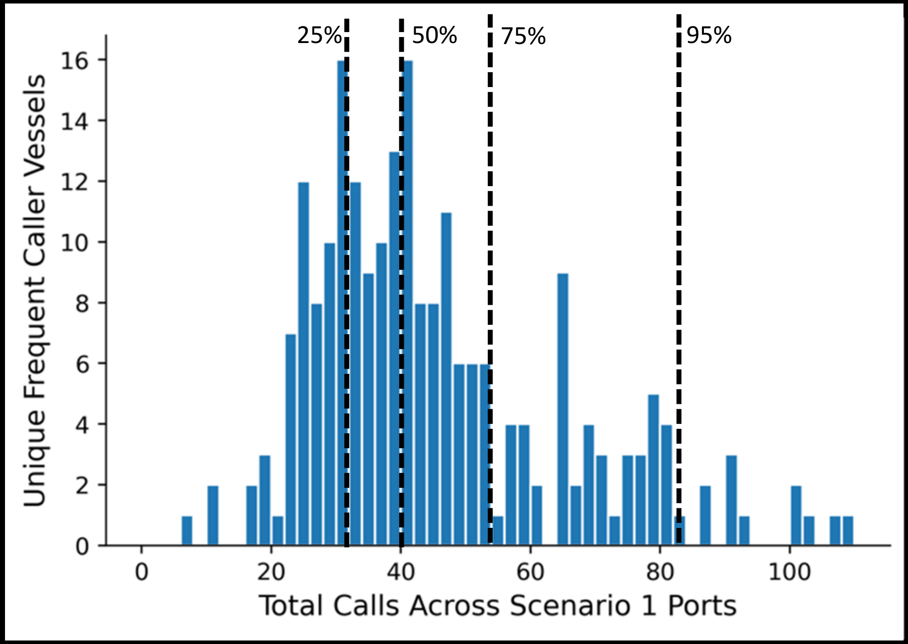
# Incentive Model Design

- Port-specific network geometries and bottom-up activity profiles
- RATES model emission estimation methodology aligned with IMO GHG4 Study, U.S. EPA OGV Emissions Inventory, and the San Pedro Bay Ports Emissions Inventory
- Cost, per call, for NOx control technology
  - Selective Catalytic Reduction (SCR) – Tier III
  - Exhaust Gas Recirculation (EGR) – Tier III
  - Water in Fuel (WiF) – 20 – 40% NOx reduction



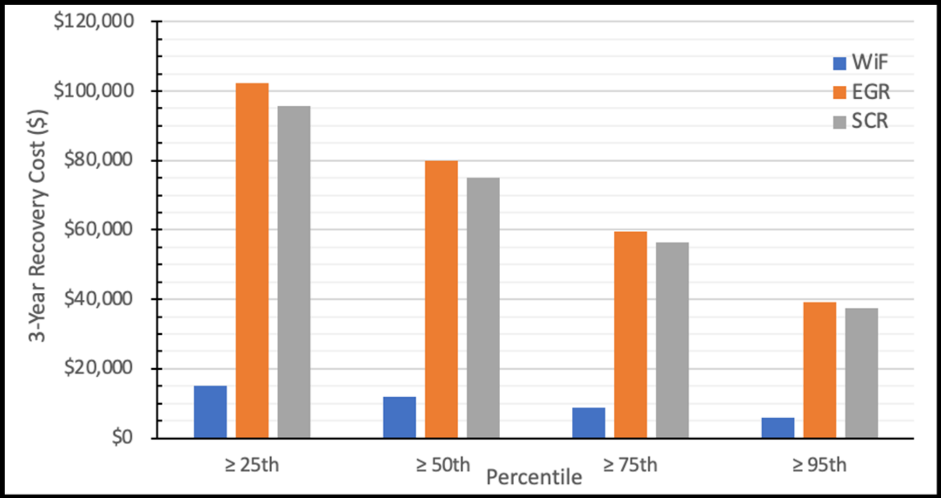
# Scenario 1 – China GBA + San Pedro + Oakland

- 6 Ports: Port of Los Angeles, Long Beach, Oakland, Shenzhen, Hong Kong, and Guangzhou
- 3-year period of analysis
  - 224 frequent caller container ships
  - 10,101 total calls across all ports
- 4 vessel groups by call percentile
  - ≥ 95%; ≥ 75%; ≥ 50%; ≥ 25%
- Technology operational thresholds
  - 25% main engine load
  - 10% main engine load
  - No threshold

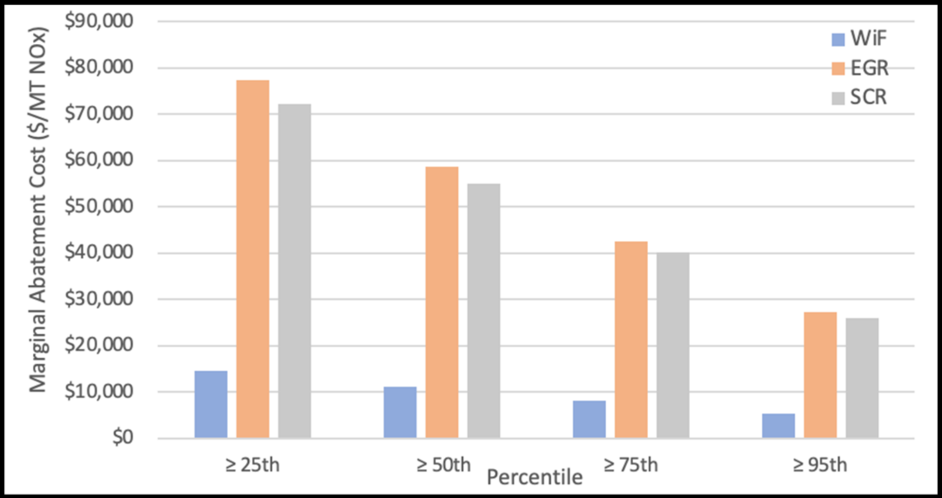


# Scenario 1 – Incentive and Abatement Costs

## Per-Call Incentive

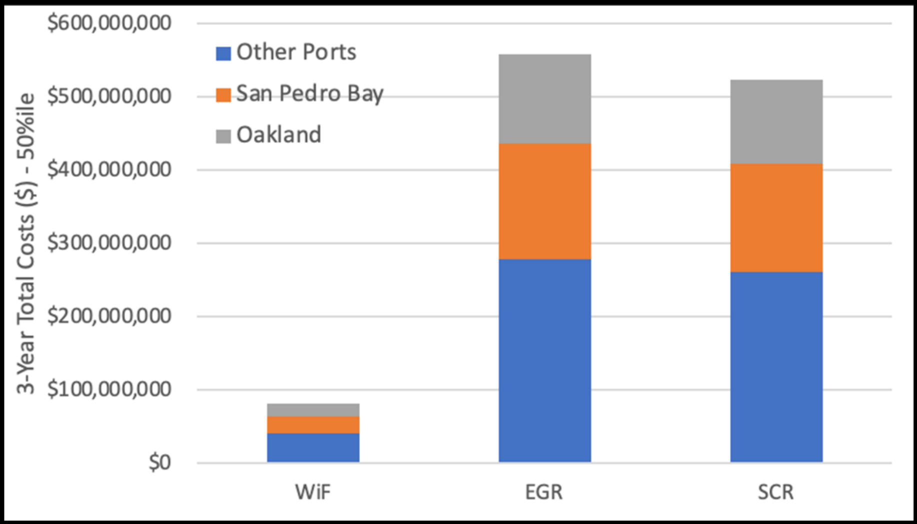



## Cost per MT NOx Abated

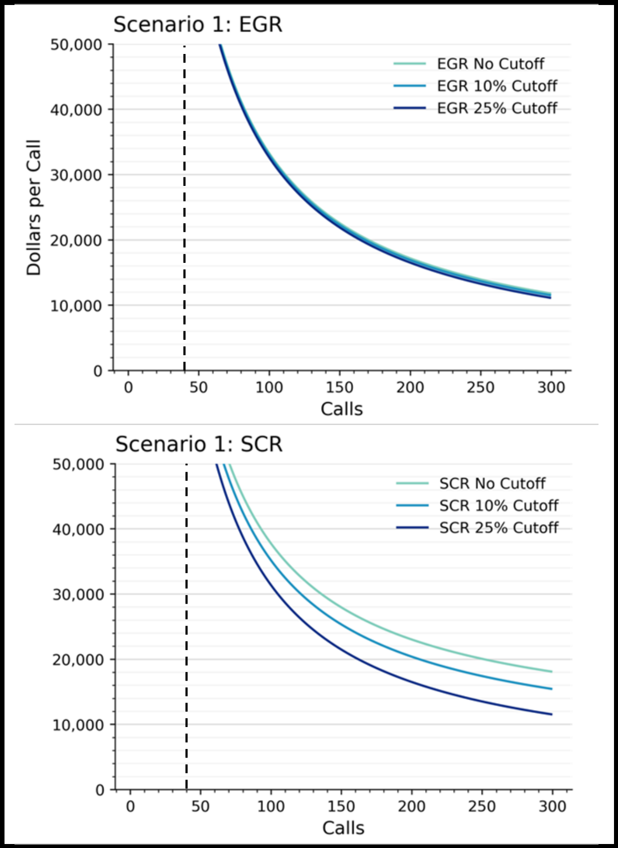



*Assuming an operational threshold of 25% main engine load for EGR & SCR.

# Scenario 1 – Total Costs and Abatement



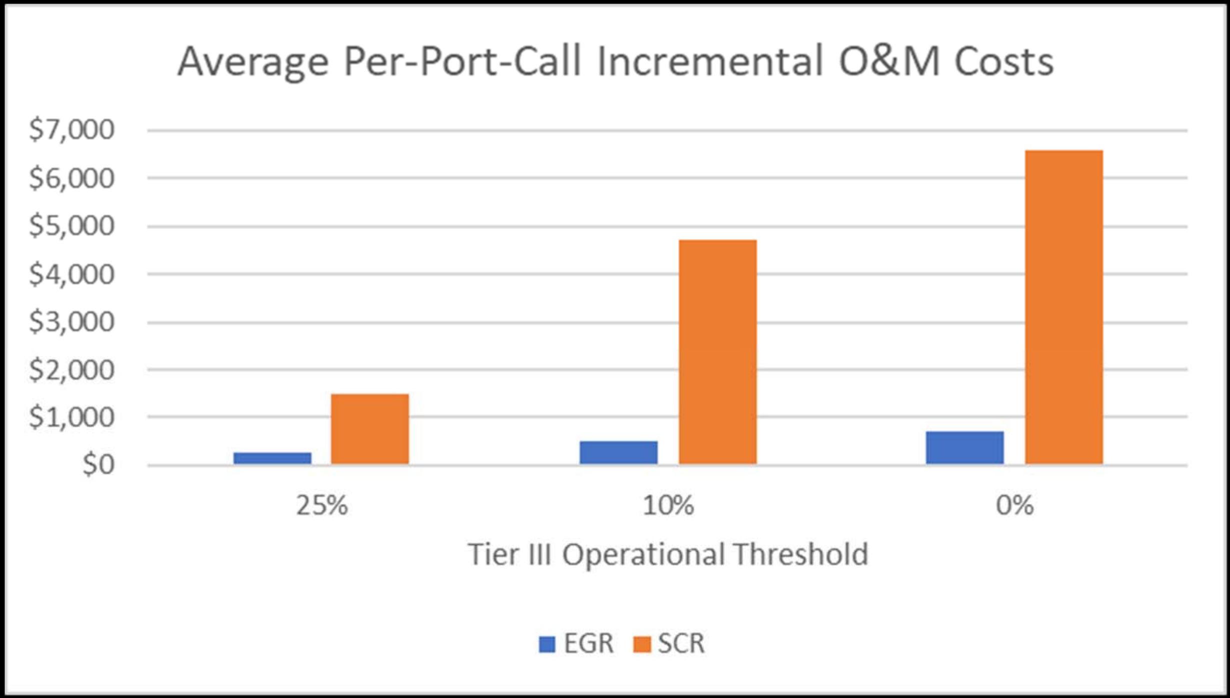

San Pedro Bay Ports would see NOx reductions of ~200 MT from most frequent flyers, assuming the benchmark operational threshold for EGR & SCR




Operational threshold has minimal effect on EGR costs, but a large effect on SCR costs due to changes in catalyst (urea) consumption

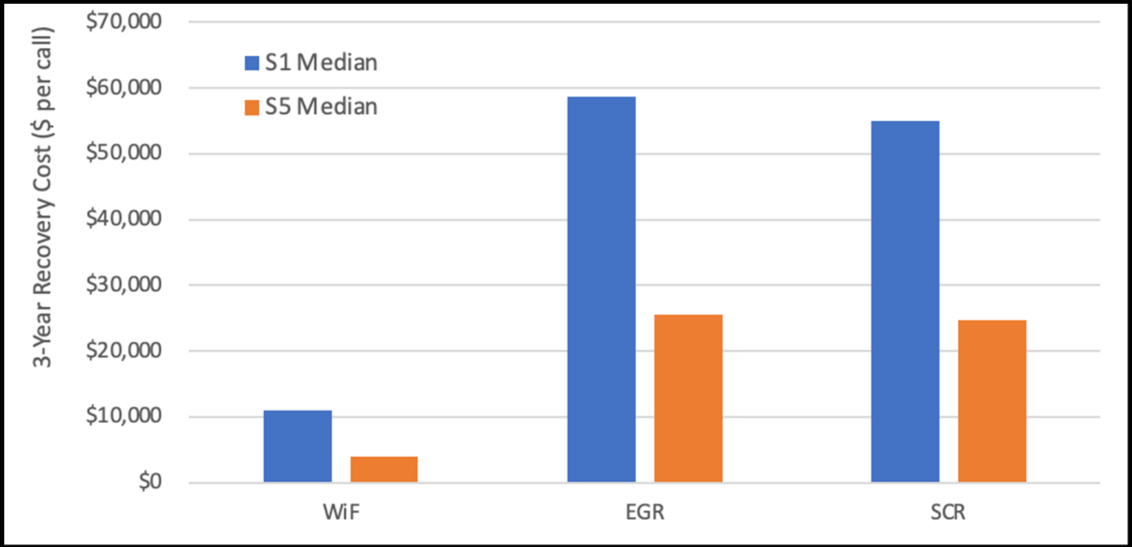
Important to understand operational parameters of the systems for comparing costs

# Scenario 1 – Incremental O&M Costs for Tier III Technologies

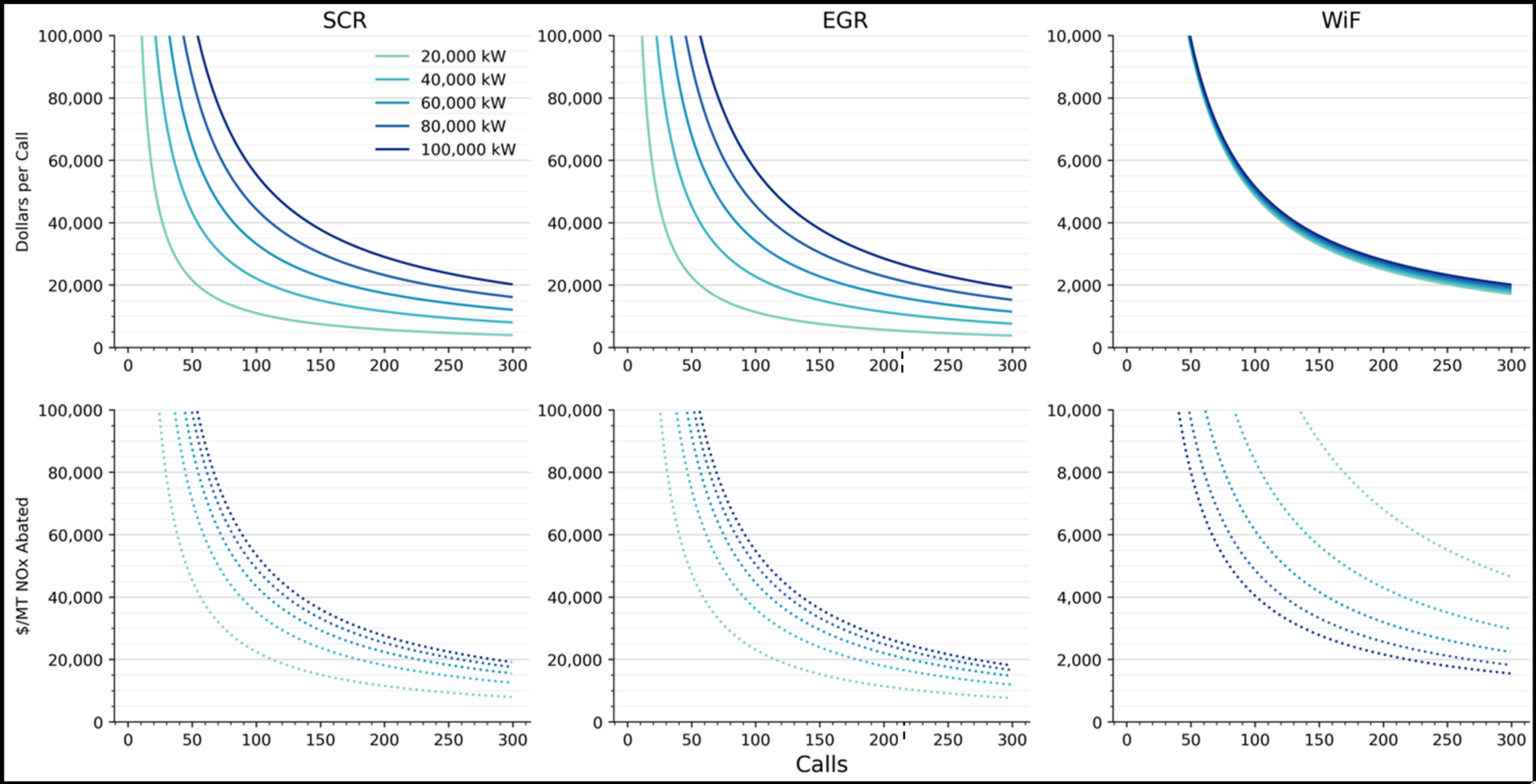


# Scenario 1 vs Scenario 5

- 6 Ports vs 26 Ports
- 36% - 45% reduction in costs per call
- Same per-call NOx abatement
- Greater overall NOx abatement for lower marginal costs



# Engine Power



# Conclusions

- WiF, EGR, and SCR each offer significant NOx abatement
- WiF offers the least cost option, Tier III costs are 6-7x WiF
- Targeting most frequently calling OGVs (e.g., ≥ $95^{th}$ percentile) results in the lowest per-call and overall program costs, but also lowers overall NOx abatement when compared to targeting a larger group of frequent callers
- Engaging more ports lowers per-call costs while per call NOx abatement remains consistent
- Vessel/engine size has a large effect on Tier III capital expenditures and associated per-call costs
- Understanding operational thresholds is imperative for fine tuning Tier III cost and abatement estimates

# PRIMER Status Updates Since OGV Meeting #1

## Engagement with Asia

- Virtual meeting with the Tokyo Metropolitan Government on regional air quality management and shipping emissions control programs and policy
- Joint presentation with the Hong Kong Department of Environmental Protection at the 3rd Conference on Ozone Pollution Control in China, organized by the Chinese Society for Environmental Sciences

## Technical analysis & industry outreach

- Active discussions with interested parties in the U.S. and Europe to identify ways to better understand OGV NOx emissions during low load operations, especially for Tier III
- Began working with Explicit ApS to analyze drone-based NOx measurements
- Outreach to the industry regarding a potential phase 1 incentive for existing Tier III ships and inquire willingness to collaborate on a low load study

# Contacts

I. Elaine Shen, PhD
Program Supervisor - International Clean Shipping Program
South Coast Air Quality Management District
(909) 396-2715
eshen@aqmd.gov

Edward W. Carr, PhD
Vice President of Operations
Energy and Environmental Research Associates, LLC
ecarr@energyandenvironmental.com

# OGV Working Group

June 2, 2021

Thomas Jelenić
Vice President

PMSA
PACIFIC MERCHANT SHIPPING ASSOCIATION


Current Issues Facing Industry
Nationwide Supply Chain Disruptions
Pandemic-induced Cargo Surge
Global Fleet Management
-including Regulatory Management
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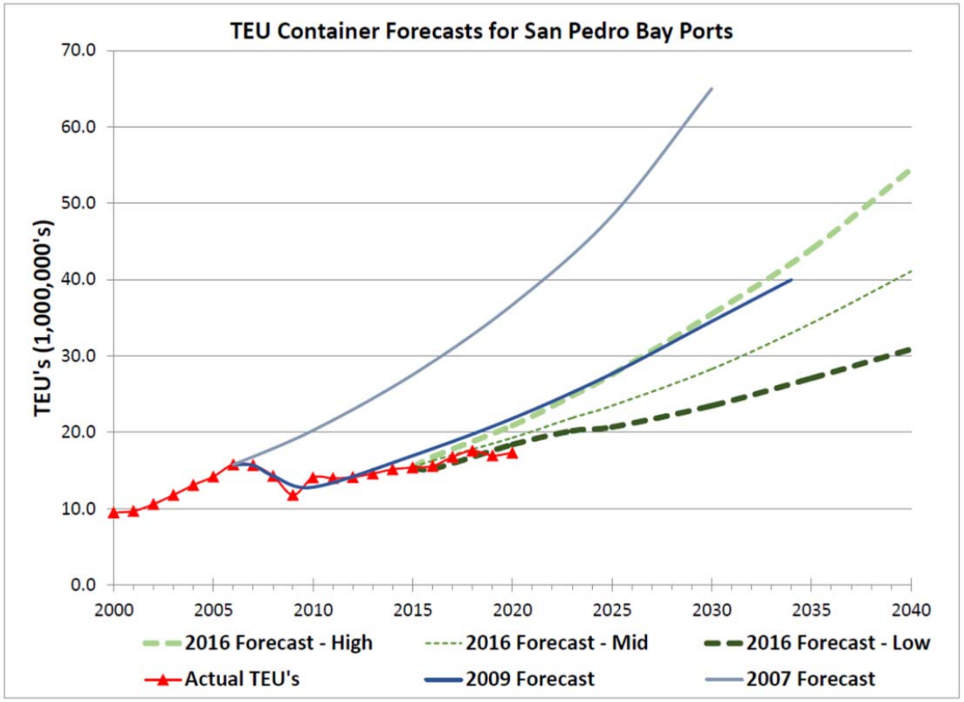
# Emissions Forecast

Growth forecast too high
2018 was peak year
10% below forecasts
CAGR: 0.65% from
pre-recession peak

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# Incentive Programs

Needs:

Proven Technology

Multi-Port Coordination

Speed of Implementation


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Incentive Programs
Challenges:
Global Fleet Management
All Ports Want Clean Ships
Port Coordination Likely Difficult
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# Emissions at Anchorage

Pandemic-induced
Technology/Safety Questions
Normal operations later this year?

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# Maneuvering/Transiting Emissions

VSR Highly Effective

POLA 2020 – 20nm: 96%, 40nm: 93%

POLB 2020 – 20nm: 96%, 40nm: 90%

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# Maneuvering/Transiting Emissions


Outstanding Question:
Do Tier III controls work at low loads?
Should Tier III OGVs have VSR pass?

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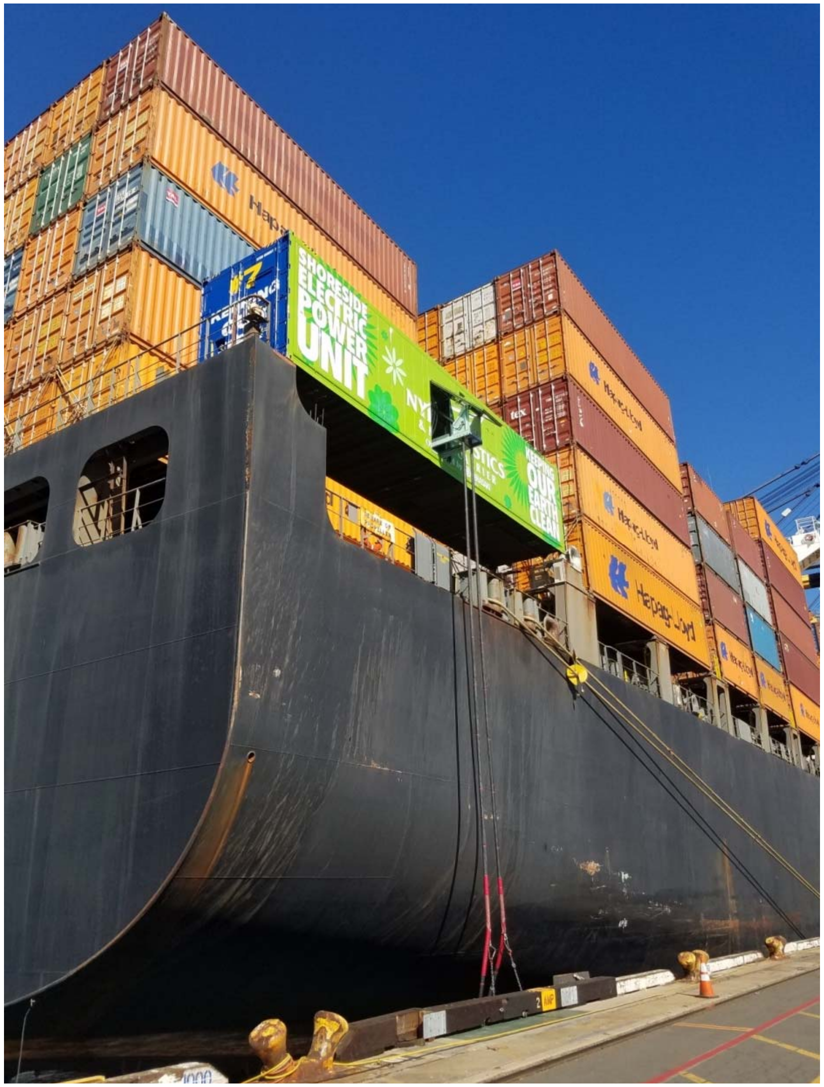


At Berth Rule

Increased compliance requirements 2025

With OGV Fuel Rule, risk creating de facto California fleet, potentially limiting slowing turnover

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# Global Focus: GHGs


2030 Goal:
40% Carbon Intensity Reduction

2050 Goal:
50% Emission Reduction

Increased Requirements Expected

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# Global Focus: GHGs


Criteria pollutants don’t appear to be IMO priority

No discussions for new criteria pollutant standards

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# Global Focus: GHGs


- Regional Strategies Must Support Global Requirements
- Potential Changes in Vessel Technology
- Possible Delays to Vessel Replacement

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# New Vessel Technologies

**Table 1**

| Energy storage type | Supply energy | Energy density | Required tank volume | Supply pressure | Injection pressure | Emission reduction compared to HFO Tier II | | | |
|---|---|---|---|---|---|---|---|---|---|
| | MJ/kg | MJ/L | m³ *1 | bar | bar | % | % | % | % |
| **HFO** | 40.5 | 35 | 1,000 | 7-8 | 950 | $SO_X$ | $NO_X$ | $CO_2$ | PM |
| **Liquefied natural gas (LNG -162°C)** | 50 | 22 | 1,590 | 300 methane | 300 methane | 90-99 | 20-30 | 24 | 90 |
| | | | | 380 ethane | 380 ethane | 90-97 | 30-50 | 15 | 90 |
| **LPG (including Propane / Butane)** | 42 | 26 | 1,346 | 50 | 600-700 | 90-100 | 10-15 | 13-18 | 90 |
| **Methanol** | 19.9 | 15 | 2,333 | 10 | 500 | 90-95 | 30-50 | 5 | 90 |
| **Ethanol** | 26 | 21 | 1,750 | 10 | 500 | | | | |
| **Ammonia* (liquid -33°C)** | 18.6 | 12.7 | 2,755 | 70 | 600-700 | 90-95 | Tier | 95 | 90 |
| **Hydrogen (liquid -253°C)** | 120 | 8.5 | 4,117 | | | | | | |
| **Marine battery market leader, Corvus, battery rack** | 0.29 | 0.33 | 106,060 | | | | | | |
| **Tesla model 3 battery Cell 2170 *2** | 0.8 | 2.5 | 14,000 | | | | | | |

Table 1: Physical and chemical fuel properties related to combustion in two-stroke engines, where *1 is based on a 1000 m³ HFO tank, the additional space required for insulation is not included in the table. All pressure values are for high-pressure injection and *2 the values for the Tesla battery do not contain the energy/mass needed for cooling/safety/classification

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Source:
[Engineering the future two-stroke green-ammonia engine]
Man Energy Solutions
November 2019


Strategy Challenge
Identify Next Generation Technology
Accelerate Implementation
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