



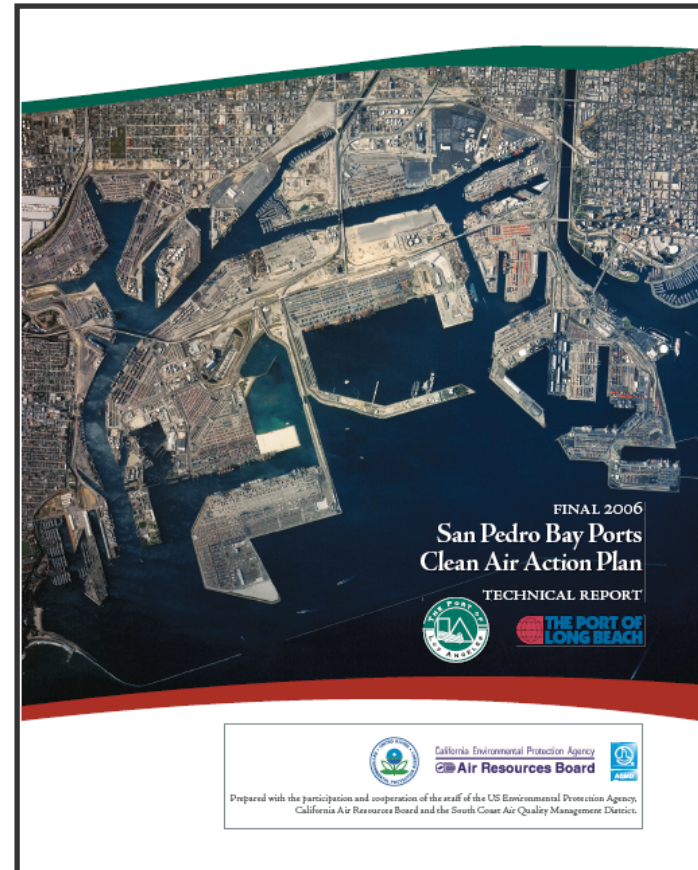
San Pedro Bay Ports Clean Air Action Plan

Vessel Main Engine Fuel Incentive Program

CAAP Measure OGV4

Background

- Joint ports CAAP adopted November 2006
- CAAP included 5 Ocean Going Vessel control measures (OGV)
- OGV4 focused on vessel main engine fuel use



Background

- OGV4 required the use of $\leq 0.2\%$ sulfur MGO fuel in vessel main engines within 40 nm of Point Fermin
- Implementation through leases and CEQA, with consideration of a tariff



Status of CARB Regulations

- Apply to 24 nm from the CA coast
- Auxiliary Engine Rule determined to be preempted under CAA
- Revised Auxiliary Engine Rule – July 2008
 - 1.5% sulfur MGO and 0.5% MDO effective upon Board approval
 - 0.1% sulfur MGO/MDO by 1/1/12
- Main Engine and Auxiliary Boiler Rule – July 2008
 - 1.5% sulfur MGO and 0.5% MDO by July 1, 2009
 - 0.1% sulfur MGO/MDO by 1/1/12



Vessel Incentive Program

- Ports worked with PMSA and container shipping lines to develop incentive program proposal
- Program approved at joint Board meeting on March 24, 2008



Vessel Incentive Program



- Program will work in conjunction with leases and regulations
- Offset the cost differential between bunker fuel and $\leq 0.2\%$ sulfur MGO
- For main engine fuel consumption between berth and 20 or 40 nm of Pt. Fermin

Vessel Incentive Program



- To receive a main engine fuel incentive, the vessel must use MGO fuel and:
 - Comply with 12-knot VSR speed limit
 - Use $\leq 0.2\%$ sulfur MGO in their auxiliary engines at berth

Vessel Incentive Program

- Incentive level will be approximately 100% of the cost differential, calculation based upon:
 - Average quarterly fuel cost at LB/LA ports
 - Vessel specific engine information from Lloyds
 - Actual speed information from Marine Exchange
- Total anticipated program cost:
 - \$9.9 M for POLB
 - \$8.6 M for POLA



Vessel Incentive Program

- Applicable to all vessels
- Reimbursement intended for entity that incurs the cost of fuel (vessel operator)
- Vessel must be operating on $\leq 0.2\%$ sulfur MGO at Program boundaries
- Ports to provide reimbursement for fuel used from 20 nm or 40 nm



Vessel Incentive Program

- Incentive program will be available for one year:
 - July 1, 2008 to June 30, 2009
 - Board may consider extension
- Board may terminate the program if a regulatory requirement comes into effect
 - Participants would be paid for MGO fuel use through the date of the cancellation
- Program Enrollment – Ongoing
 - Enrollment package is available on CAAP website: www.cleanairactionplan.org
 - Under Strategies > Vessels > Fuel Incentives



The screenshot displays the website for the San Pedro Bay Ports Clean Air Action Plan. The header includes logos for The Port of Long Beach and The Port of Los Angeles, along with the title "San Pedro Bay Ports Clean Air Action Plan". A navigation menu contains links for "About CAAP", "Strategies", "Technology", "Reports", and "Contact Us", with "Strategies" highlighted. A breadcrumb trail shows the path: "Homepage > Strategies > Vessels > Fuel Incentives". The main content area is titled "Vessel Main Engine Fuel Incentive Program" and contains the following text:

The Ports jointly have committed up to \$19 million for a one-year incentive program to encourage vessel operators to use low sulfur (0.2 percent sulfur or less) Marine Gas Oil (MGO) in their main engines during their approach or departure, out to 20 or 40 nautical miles from Point Fermin. The ports will provide funding to cover the cost differential between the cleaner burning low-sulfur fuel and the heavy bunker fuel typically used. To receive the incentive, vessel operators must also be compliant with the Vessel Speed Reduction Program speed limit of 12 knots over the distance they wish to receive the incentive (40 nm or 20 nm) and must use the low sulfur fuel in their auxiliary engines while at berth. The program will be in place from July 1, 2008 through June 30, 2009, after which time the California Air Resources Board (CARB) [main engine regulation](#) is expected to come into effect.

Program Enrollment

All vessel operators that call at the ports of Long Beach and Los Angeles can participate in the program. In order to be eligible for the incentive, the vessel operator must first enroll in the program, including enrolling the specific vessels that will be participating. Enrollments will be accepted at any time, while the program is in effect. The following application materials must be completed and electronically submitted to the ports:

Vessel Incentive Program

- Vessel operators must enroll in the program in advance
- Completed forms must be submitted for enrollment:
 - Signed Terms and Conditions
 - Operator Enrollment Form
 - Vessel Enrollment Form
 - Tax ID Forms
 - W-9 or W-8BEN
 - Business Registration Tax Certification No. (POLA Vessels only)
- Electronic submittals at shipfuel@cleanairactionplan.org
- Ports to provide estimate on expected level of incentive for a standard trip



Vessel Incentive Program

Company Name	Mailing Address					Contact Information				Business Tax ID Forms Included?		
	Street	City	State	Zip Code	Country	Name of Authorized Signatory on Program Documents	Title	E-mail	Phone	W-9 (U.S. Entities) (Yes/No)	W-8BEN (Non-US entities) (Yes/No)	Business Tax Registration Certificate No. (POLA vessels only)
Example: XYZ Line	123 Port Street	Long Beach	CA	90802	USA	John Doe	Vice-President of Operations	jdoe@internet.com	123-456-7899	Yes	No	Yes

- **Operator Enrollment Form**
 - Company Name
 - Mailing Address
 - Main Contact
 - Tax ID Forms
- **Enrollment information must be consistent with Tax ID forms**

Vessel Incentive Program

						Diesel Electric Vessels Only		Anticipated Level of Participation				
	Vessel Operator	Vessel Owner	Vessel Name	IMO No.	Average Load on Auxiliary Engines at Berth (kW-h)	No. of Propulsion Motors	Propulsion Motor Rating (kW) per motor	40nm on Arrival	20nm on Arrival	40nm on Departure	20nm on Departure	# of Calls per Quarter
Exmpl 1	XYZ Line	Marine Transport Inc	Container Carrier 1	9876543	975	N/A	N/A	Yes	Yes	No	Yes	6
Exmpl 2	Fun Time Cruises	Vacation Enterprises	Island Hopper	1234567	7,200	2	22,000	Yes	Yes	Yes	Yes	14
1												
2												
3												
4												
5												
6												
7												

- **Vessel Enrollment Form**

- **Vessel Information**

- Name, IMO No., Operator, Owner

- **Engine Loading**

- Auxiliary load at berth, propulsion for diesel electric

- **Anticipated Level of Participation**

- Location (20nm or 40 nm), call frequency

Vessel Incentive Program

- Business Tax ID number needed to be included in the vendor database
- US entities file W-9
- Non-US entities file W-8BEN

Form W-8BEN
 (Rev. February 2009)
 Department of the Treasury
 Internal Revenue Service

Do not see this form for:

- A U.S. citizen or other U.S. person claiming that loss of a trade or business in the
- A foreign partnership, a non-
- A foreign government, international private foundation, or claiming the applicability of

Note: These entities should file Form W-8BEN-E. See instructions for additional information.

Part I Identification

1. Name of individual or of

2. Type of beneficial owner

Greater trust
 Central bank of a state

3. Permanent residence at

City or town, state or province

4. Mailing address (if different)

City or town, state or province

5. U.S. taxpayer identification

6. Reference number(s) on

Part II Claim of Exemption

a. I certify that I am not a U.S. person, and I am not claiming an exemption from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partnership shares of effectively connected income.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to the Form W-9.

Part III Notional Principal Contracts

14. I have provided or will provide a statement that identifies those notional principal contracts here which the income is not effectively connected with the conduct of a trade or business in the United States. I agree to update the statement as required.

Part IV Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or an authorized signatory for the beneficial owner) of all the income to which this form relates.
- The income to which this form relates is (a) not effectively connected with the conduct of a trade or business in the United States, (b) effectively connected but is not subject to the United States income tax (including the alternative minimum tax), or (c) the partner's share of a partnership's income.
- For broker transactions or bearer exchanges, the beneficial owner is an exempt foreign partner as defined in the instructions.
- Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can deduct or make payments of the income of which I am the beneficial owner.

Sign Here Signature of beneficial owner (or individual authorized to sign for beneficial owner) Date (MM-DD-YYYY) Capacity in which signing

For Paperwork Reduction Act Notice, see separate instructions. Oct. No. 15201X Form W-8BEN (Rev. 10-2009)

Form W-9
 (Rev. October 2007)
 Department of the Treasury
 Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: Individual/sole proprietor Corporation Partnership Trust Other (see instructions)

Other (see instructions)

Address (number, street, and apt. or suite no.)

City, state, and ZIP code

Requester's name and address (optional)

City, state, and ZIP code

Employer identification number (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the same given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3. Note: If the account is in more than one name, see the chart on page 4 for guidance on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions: This must be completed if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contribution to an individual retirement arrangement (IRA), and generally payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of U.S. person Date

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partnership shares of effectively connected income.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to the Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien.
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States.
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partner's share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity.

Vessel Incentive Program


 City of Los Angeles
 Office of Finance
 200 North Spring St. Rm 101
 Los Angeles, CA 90012

BUSINESS TAX APPLICATION

PLEASE NOTE that if you are involved with any type of SALES ACTIVITIES, either RETAIL or WHOLESALE, you are REQUIRED to also fill out the Tobacco Retailer's Questionnaire/Application

The following information is subject to disclosure.

Sole Proprietorship
 Partnership
 Corporation
 LLC
 Trust

Business Type (check one):

Please print or type:
 Legal Name: _____
 Do not use DBA (fictitious name) here

Business Address:
 Do not use P.O. Box here Street Address _____ City _____ State _____ Zip Code _____
 Please check appropriate box Commercial Location Residence

Business Name (DBA): _____

Care Of (C/O): _____

Mailing Address:
 If different from Business Address Street Address or P.O. Box _____ City _____ State _____ Zip Code _____
 Please check appropriate box Commercial Location Residence

Starting Date of Business: Month _____ Day _____ Year _____

Social Security No. (SSN) - OR - Federal Employer Identification No. (FEIN): _____

Sales Tax Number (Seller's Permit): _____

Description of Business:
 (Provide in Detail) _____

Web Address (optional): _____ ¹Primary Business/Professional Activity Code: _____

Business Phone Number: _____ ²Secondary Business/Professional Activity Code: _____

Gross Receipts³: (If your business began prior to the current year, please complete the gross receipts information below)

Business activity ³ / Date activity started	Calendar Year 2001 Gross Receipts	Calendar Year 2002 Gross Receipts	Calendar Year 2003 Gross Receipts
a) _____	\$ _____	\$ _____	\$ _____
b) _____	\$ _____	\$ _____	\$ _____
c) _____	\$ _____	\$ _____	\$ _____

Please Note: A minimum business tax is due based on your business activity(ies) for the first year of operation.

Contact Person: _____ Title: _____

Contact Phone Number: _____

I declare, under penalty of perjury under the laws of the State of California, that to the best of my knowledge the foregoing is true, correct and complete.⁴

Signature of Owner or Agent _____ Date _____

Print name of Owner or Agent _____


Daytime Telephone Number _____ Email Address _____

¹ This is the 6-digit Primary / Principal Business or Profession Activity Code reported on your Federal Tax Return. A Secondary business activity is one that comprises at least \$1,000,000 and 45% of your gross receipts. Go to lacity.org/finance/pdf/NAICS_CODES.pdf for a NAICS code listing.
² If your business is located within the City of Los Angeles and a portion of your gross revenue is derived from outside the City, or your business is located outside the City and a portion of your gross revenue is derived from inside the City, then applicable apportionment formulas may reduce your tax liability.
³ Due to the large number of various business activities described under LAMC Section 21.53 to 21.197, it is not practical to list each separately. For specific activities and rates, contact the Office of Finance or visit our website @ www.lacity.org/finance.
⁴ By completing this form and submitting it to the Office of Finance in an electronic format, such as email, you agree that the submitted form has the same legal effect, validity and enforceability of a form submitted to us via US mail or in person. You also agree that the aforementioned form legally represents a document sent by you or your legal representative.

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodations to ensure equal access to its programs, services, and activities.

- **POLA Only**
 - Shipping line must have a Business Tax Registration Certificate (BTRC) number
 - Download the tax registration certificate application: <http://www.lacity.org/finance/pdf/TaxRegistrationV4.pdf>
 - Submit electronic BTRC application directly to the City
 - BTRC No. must be provided to POLA prior to reimbursement
- **POLB operators must be in compliance with city codes**

Vessel Incentive Program

- **Invoicing quarterly, to reimburse previous quarter fuel use**
 - List of enrolled VSR-compliant vessel trips provided to operators monthly
 - Operators verify vessels that used <0.2% MGO in their main and auxiliary engines and return list to ports
 - Quarterly, ports calculate reimbursement amount for all participating vessel trips and return to operators
 - Operators submit invoice to Port for the reimbursement amount
 - **Detailed fuel records available for auditing**
 - Date and location of MGO use – similar to CARB requirements
 - 13CCR, Section 2299.1, subsections (e)(2)(A) and (B)
 - <http://www.arb.ca.gov/ports/marinevess/documents/122806ogv3.pdf>
 - Bunker receipts
 - 3 year records retention
- 

Anticipated Benefits

- CAAP benefits were based upon lease schedules
- Incentive program will accelerate emissions benefits
- Highly cost effective – estimated at \$2,400/ton

Percent Reduction of Vessel Emissions

	2008 CAAP OGV 4 Goals	Estimated Proposed Program Reductions	Maximum Proposed Program Reductions
PM	7%	9%	27%
SOx	10%	11%	37%
NOx	1%	1%	4%

Contacts



Heather Tomley
Sr. Environmental Specialist
tomley@polb.com
562-590-4160



Christopher Patton
Environmental Affairs Officer
cpatton@portla.org
310-732-3677

Carter Atkins
Environmental Specialist
catkins@portla.org
310-732-7649

shipfuel@cleanairactionplan.org
www.cleanairactionplan.org