



June 30, 2023

Mr. Ian MacMillan
Planning & Rules Manager
South Coast Air Quality Management District (SCAQMD)

RE: SCAQMD Proposed Rule (PR) 2304

Dear Ian:

I am writing to provide comment on Proposed Rule 2304, specifically the potential opportunities to assist in achieving SCAQMD goals through alternative fuel incentives provided or incentivized through a possible regulatory construct developed by the SCAQMD. Such an effort could lead to earlier emissions reductions than those likely to be achieved otherwise under existing California regulation and PR 2304 as currently being considered.

Our company, CSL Americas' is an operating division of the CSL Group Inc., which owns & operates the world's largest fleet of self-unloading belt-ships in addition to being the world's third largest cement carrier. Our total fleet exceeds 90 vessels which transport more than 80 million tons of cargo annually. While our current West Coast fleet consists of only five ships engaged in short sea shipping between Mexico the U.S. and Canada, we deliver approximately 5 million tons annually to California Ports.

Over the past four years, CSL has conducted the world's most extensive biofuel trial to date, operating 8 ships on the Great Lakes on 100% second generation (non-competitive with feed stock) biofuel for a six month period during which time we achieved an 80% reduction in lifecycle GHG, virtually eliminated SOx and reduced both NOx and particulate matter significantly, compiling the most complete marine industry biodiesel operating data set available for alternative fuel development and transition.

Highlights of our trials along with numerous other environmental achievements made by CSL may be viewed at: <https://www.cslships.com/en/our-values/corporate-sustainability-report> Therein please note, CSL Americas' continues to be presented with a "Green Flag Award" annually by the Port of Long Beach, most recently in 2022 for voluntarily adopting the 12-knot speed limit within 40 miles of the Port. Slowing all ships transiting through adjacent waters to and within the Port, prevents emission of 45,000 tons of GHG and over 1,000 tons of general pollutants each year. CSL Americas' has also been recognized for participation in the <https://www.bluewhalesblueskies.org> initiative as we transit along the California coastline during our normal trading patterns.




CSL's 2030 goal is to achieve 35% less CO2 equivalent per tonne of cargo moved per tonne mile compared to 2005 levels. To achieve this ambitious goal, we are building more efficient ships, two of which have been added to the CSL Americas' fleet in Fall 2021, including our latest vessel to join the West Coast fleet, "CSL Koasek". In December 2022, CSL Americas' placed an order for a further five Kamsarmax vessels due for delivery commencing in 2027. These ships will be our first dual fuel series capable of burning marine gas oil (MGO) or methanol in their Tier III engines. These vessels will also be built similar to "CSL Koasek" and her sister, "CSL Kajika" incorporating Becker Mewis Ducts, an energy-saving device attached to the hull. The ducts reduce fuel consumption and resultant CO2 emissions by > 3% over design life.

CSL continues to invest in R&D and innovation, exploring new technologies and digital solutions which have reduced our GHG emissions by 26% since 2005. To further this achievement, CSL Americas' continues to seek an alternative fuel supply chain and cost determination to facilitate biodiesel or R99 trials along the West Coast. While we have Executive support for these trials, favorable support from the fuels industry in terms of application of the registered identification number (RIN) credits has been limited to the same geographical area as CARB "Low Carbon Fuel Subsidy" (LCFS), essentially 12 miles off the California coast immediately South of Oregon and North of Mexico.

Pricing of alternative fuels without subsidy support or other government/agency intervention/incentive programs exposes shipowners to more than a 200% increase in fuel cost versus MGO whether biofuel B100 or Renewable Diesel (R99), the later which is beginning to be positioned into the California Fuels marketplace as a result of the CARB LCFS incentives and regulation as it pertains to harbor craft. Simply put, we could use your help in this regard.

Assistance from the SCAQMD would incentivize CSL to support the further testing and implementation of alternative fuel use in maritime application. While we have been successful in attaining the U.S. Great Lakes States, United States Coast Guard, EPA and Transport Canada support for our efforts on the Great Lakes, similar support among the regulators in California is essential to achieve the same emissions reductions along the California coast, indeed all along the West Coast of North America. We would invite you to meet with us to discuss this further.

Thanks & best regards,



Garth Mitcham
Regional Director – Commercial
CSL Americas

Website: www.cslships.com

cc: H. Friis – VP Commercial & Pool Management – CSL Americas'
G. Dubreuil – CSL Group Inc.