



March 3, 2021

To:

From: Ivo Trummer, State Affairs Manager, Port of Portland
David Breen, Manager, Environmental Air Quality, Energy, and Noise

Re: Port of Portland HB 2814 Comments

Chair Marsh and Members of the Committee

In 1891, the Oregon legislature founded the Port of Portland (Port) to dredge and maintain the shipping channel in the Columbia River from Portland to Astoria. Today, the Port manages Portland International Airport (PDX) and two general aviation airports in Troutdale and Hillsboro, operates four marine terminals, and is the largest holder of industrial land in the state — and to this day continues to dredge the shipping channel in the Columbia River on behalf of the US Army Corps of Engineers. The Port is one of the state's major economic engines and transportation facilities, moving people and goods locally, regionally, and globally.

The Port knows about the impacts of diesel emissions on air quality and of greenhouse gas emissions on climate and share our communities' concerns regarding the environmental impacts of these emissions, and their impacts on the health of predominately disadvantaged communities. It is why the Port has long supported climate and clean diesel legislation in Salem, and why we are currently working with other local governments on clean diesel construction standards intended to accelerate the use of cleaner equipment in our region in a meaningful way.

The Port has also worked with airport partners to reduce emissions and minimize our impact on the people who live near, travel through, and/or work at PDX. We have installed preconditioned air and ground power units on all loading bridges — eliminating onsite emissions of parked aircraft. We participated in the Sustainable Aviation Fuels (SAF) Network and will continue to work with airlines and other partners to support development of SAF use. All PDX shuttle buses run on compressed natural gas. PDX also has one of the largest collections of electric vehicle parking spaces among airports in the U.S. We aim to continuously improve on all our efforts.

While significant reductions in air toxics have been achieved through Federal regulatory measures, we recognize that complementary regional or state regulatory and voluntary measures are needed to protect the public's health.

House Bill 2814 directs the Environmental Quality Commission to establish and implement an indirect source review (ISR) program to address the current gap in regulations regarding mobile diesel emissions sources. The Port's principle concern is that the impact of ISR may not allow the Port to serve existing operations and grow operations in the future. With respect to this concern, we offer the following comments:

- Comment #1a: ISR require facilities to be responsible for mobile source emissions that they predominantly do not own or control. In most cases there are no contractual agreements with transportation providers servicing facilities, which provides little ability to control emissions. Unlike “in-use” standards, ISR have no requirement that fleet owners accelerate their purchase of new, cleaner equipment. ISR would either fine facilities when fleet owners don’t purchase cleaner vehicles or would require facilities to limit hours of operation or shut down when they reach emission thresholds, which could have a chilling effect on jobs and the economic progress of our region.
- Recommendation #1: As an alternative to ISR, the Port recommends expanding the use of “in-use” standards, similar to the state-wide standards promulgated for trucks in Oregon in HB2007, which was successfully negotiated between the trucking industry and environmental advocates. Similar to the process to develop HB2007, transportation providers should be engaged directly in the development process in order to identify the best approach to achieve desired emission reductions, while considering logistical and technology challenges and costs.
- Comment #2: Large-scale emission reductions require significant investments in clean equipment and technology, which can have a profound effect on businesses, especially small and disadvantaged businesses. States like California have provided billions of dollars through programs like Carl Moyer and Proposition 1B to aid businesses in transitioning to cleaner equipment. As the California South Coast Air Quality Management District (SCQAMD) contemplates ISR to address non-attainment with federal air quality standards, the creation of additional incentive funds is being contemplated to offset the cost of equipment retrofits and the purchase of new, cleaner equipment.

Oregon does not have comparable funding mechanisms. VW Settlement funds are grossly inadequate to cover the large-scale diesel emission reductions needed in Oregon, and Federal DERA funding is limited and difficult to secure.

- Recommendation #2: To ease the substantial financial burden on businesses of transitioning to cleaner equipment and technologies, Oregon must create significant funding mechanisms, particularly for small and disadvantaged businesses.
- Comment #3: Adequate time is needed to make large-scale transitions to cleaner equipment and technology. The success of reaching goals is linked with adequate technology, but if technology is used prematurely or if the technology is inadequate to meet the requisite service needs, there will be significant setbacks in implementation and adoption. Moving from diesel to electric or hydrogen fuel cell will require a complete overhaul of supporting technology and infrastructure.

In adopting new technologies, adequate time is needed for infrastructure development and for businesses to undertake capital and operational planning. Pilot programs are the key to the success of emerging technologies.

- Recommendation #3: A viable emissions reduction program must allow for the time needed for technology development and the time businesses need to plan and transition to cleaner equipment and technologies.

- Comment #4: Regulations should not make it more difficult to conduct business in Oregon or negatively affect Oregon's supply chain or passenger services. If they do, operators may be incentivized to move to other jurisdictions which don't have the same regulations. Simply sending resource-intensive activities to markets in other ports or cities is not a solution. Doing so could have an overall negative economic and environmental effect by shifting the movement of goods to less efficient modes.

By maintaining an efficient transportation infrastructure system, the region's economy and connections to international markets can thrive and take advantage of the most fuel-efficient and cleanest solutions for moving people and cargo.

In developing ISR, California's SCAQMD will conduct an economic impact study, with review by a third party, that examines the proposed rule's impact on the competitiveness of the region's logistics industry. SCAQMD will also examine the potential impact on industrial real estate in Southern California.

- Recommendation #4: Any proposal with the potential for significant impacts to Oregon's logistics and transportation industry should include an independently reviewed analysis of potential impacts on regional competitiveness and Oregon's economy.
- Comment #5: Oregon, like other jurisdictions, is likely to face a myriad of federal pre-emption challenges pertaining to state authority to regulate certain mobile sources under ISR. The outcome of legal challenges has varied between different jurisdictions.
- Recommendation #5: Consultation with the Federal Aviation Administration, United States Department of Transportation, and other relevant federal authorities is needed to ensure that any contemplated measures don't conflict with federal authority and create a framework that regulated entities may not have the legal authority to impose on tenants and transportation providers.

We appreciate the opportunity to provide comments and look forward to continuing to work with interested stakeholders in developing meaningful and effective diesel reduction policy in Oregon.

Thank you for your consideration.

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