

TO: OWNERS, OPERATORS OR MANAGERS OF VESSELS CALLING CALIFORNIA PORTS

Yesterday, the California Air Resources Board (CARB) issued "Marine Notice 2012-1" as a reminder that concurrent with implementation of the North America ECA rules, California low sulfur fuel rules calling for ships to burn 1.0% sulfur MGO or 0.5% sulfur marine diesel oil within 24 NM of the California coast line will begin August 01, 2012.

Some points to remember with regard to ships calling at California ports beginning August 01:

- 1) Both the North America ECA rules and the CARB low sulfur fuel rules apply off the coast of California.
- 2) From 24 miles out to the 200 NM mark, ECA rules require the use of 1.0% sulfur IFO or better. The burning of 1% **distillate** fuel is NOT required beyond the 24 NM CARB zone. Obviously distillate fuels may be burned if desired for other reasons, but that choice is strictly up to the operator of the vessel.
- 3) From the coastline out to 24 NM (including internal waters), both the ECA rules and CARB rules apply with the more stringent CARB rules taking precedence.
- 4) Inside the 24 mile CARB zone, only 1.0% sulfur MGO (DMA) or 0.5% marine diesel oil (DMB) may be burned. The burning of IFO is NOT allowed in the CARB zone even if the heavy fuel is 1% sulfur or better. Only distillate fuels may be burned in this area.

It should also be noted that CARB rules will require 0.1% sulfur distillate fuels on January 01, 2014, one year earlier than the North America ECA rules require the same standard.

Last of all, the Pacific Merchant Shipping Association (PMSA) has reported that the Supreme Court has declined to NOT hear their case challenging CARB's authority to regulate fuel burned by ships out to 24 miles. PMSA has argued that state authority to regulate fuels burned in ocean going vessels ends at the three mile mark where state waters end and that CARB rules extending out to 24 miles should be pre-empted by federal authority. With the Supreme Court's decision to not hear the case, the ruling of the 9th Circuit in 2011 stands as is, and CARB will continue to regulate ship fuel out to 24 miles.

If we can be of any further assistance, please don't hesitate to contact us.

Best regards,

Vince Addington
General Steamship Corp / Alaska Maritime Agencies / Empire Shipping Agency

NOTE: I can be reached at the following addresses: vince.addington@alaskamaritime.com amaops@alaskamaritime.com seaops@gensteam.com

Our website: www.gensteam.com

General Steamship Agencies An ASBA Certified Agency





July 2, 2012

Advisory to Owners or Operators of Ocean-Going Vessels or Ships Visiting California

Ports

Upcoming Requirements in the Regulation for Fuel Sulfur and Other Operational Requirements for Ocean-Going Vessels within California Waters and 24 Nautical Miles of the California Baseline (California OGV Fuel Regulation)

The California OGV Fuel Regulation, which has been enforced since July 2009, provides significant air quality benefits by requiring ships to use cleaner, low sulfur marine distillate fuel in ship main engines, auxiliary engines, and boilers. The purpose of this advisory is to notify owners and operators of upcoming changes in the fuel sulfur requirements beginning August 1, 2012 and to remind operators that they must comply with <u>both</u> the California OGV Fuel Regulation and the North American Emission Control Area (ECA) requirements.

What are the upcoming changes in the maximum allowable fuel sulfur content requirements under the California OGV Fuel Regulation?

Beginning August 1, 2012 the maximum fuel sulfur (S) limit for marine gas oil (DMA) will decrease from 1.5% to 1.0% S. The maximum fuel S limit for marine diesel oil (DMB) will continue to be 0.5% S. These requirements are summarized in Table 1 and are enforced within the California OGV regulatory zone, which is 24 nm off the coast of California, including the islands as shown in Figure 1.

Table 1: Fuel Requirements for Ocean-Going Vessels

Fuel	Effective	ARB's California OGV Fuel Requirement	
Requirement	Date	Percent Sulfur Content Limit	
Phase I	July 1, 2009	Marine gas oil (DMA) at or below 1.5% sulfur; or	
		Marine diesel oil (DMB) at or below 0.5% sulfur	
	August 1, 2012	Marine gas oil (DMA) at or below 1.0% sulfur; or	
		Marine diesel oil (DMB) at or below 0.5% sulfur	
Phase II	January 1, 2014	Marine gas oil (DMA) at or below 0.1% sulfur; or	
		marine diesel oil (DMB) at or below 0.1% sulfur	

<u>Do ships visiting California ports have to comply with both the California OGV</u> Fuel Regulation and the ECA?

Yes. Ships must meet both the requirements of the California OGV Fuel Regulation and the ECA. Information on the ECA, which is scheduled to begin implementation on August 1, 2012, can be found at:

http://www.epa.gov/otag/oceanvessels.htm#north-american

Information on the ECA boundary can be found at: http://www.imo.org/Publications/Documents/Supplements%20and%20CDs/English/IA 664E.pdf

Why does California continue to enforce the California OGV Fuel Regulation when the ECA is also being implemented?

It is important for the California OGV Fuel Regulation to continue to be enforced until ECA implementation provides equivalent emission reductions. This is not expected to occur until 2015 when the ECA fuel sulfur limit is 0.1% S. This is because the ECA does not require the use of marine distillate fuels. Significantly more emission reductions are realized when ships use marine distillate fuel as opposed to heavy fuel oil. Because of this and due to the immediate need to improve air quality and public health in California, the California OGV Fuel Regulation will continue to be enforced.

How can I get more information?

This advisory is only a summary of the requirements and does not contain all the information that may be needed to comply with the regulation. The regulation can be found at: http://www.arb.ca.gov/regact/2011/ogv11/ogv11.htm

Information on California's OGV Fuel Regulation can be found at: http://www.arb.ca.gov/ports/marinevess/ogv.htm

California's Ocean-Going Vessel Regulation Contacts

Name	Title	Phone	Email
Bonnie Soriano	Staff Air Pollution	(916) 327-6888	bsoriano@arb.ca.gov
	Specialist		_
Paul Milkey	Staff Air Pollution	(916) 327-2957	pmilkey@arb.ca.gov
	Specialist		
Peggy Taricco	Supervisor, Technical	(916) 323-4882	ptaricco@arb.ca.gov
	Analysis Section		

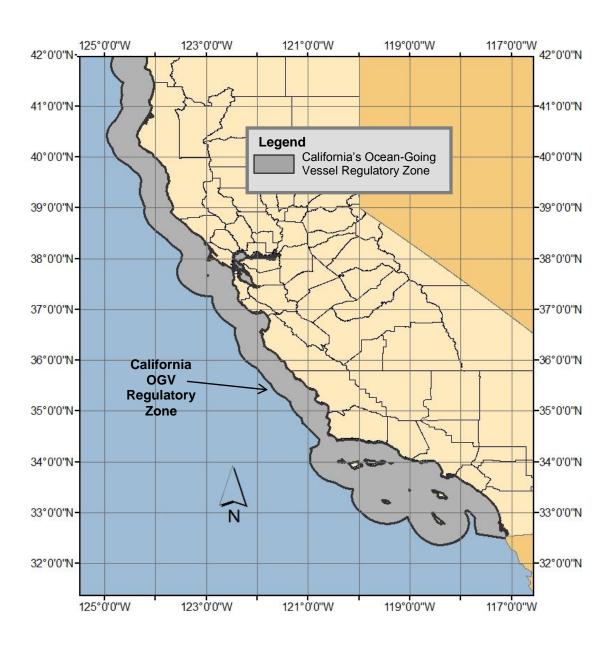


Figure 1. California's Ocean Going Vessel Regulatory Zone.

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