Client Alert 35-2011
November 10, 2011

CALIFORNIA'S CARB AMENDMENTS NOW IN FORCE

In ECM's June 2011 issue of NEWSLINE, we reported on the proposed Amendments to California's Air Resources Bureau (CARB) regulations that originally came into force on July 1, 2009. We now can advise that these CARB Amendments have officially come into force on October 27, 2011 and CARB intends to start enforcing these regulations, as amended, on December 1st, 2011.

Basically, these CARB Amendments:

- Expand the regulatory boundary in Southern California.
- Delay implementation of the "Phase II" 0.1% sulfur fuel until January 1, 2014.
- Limit marine gas oil to 1% sulfur starting on August 1, 2012.
- Make minor amendments to the Noncompliance Fee Provision.
- Update the definitions of compliant distillate fuels and the California Baseline.

The regulatory boundary is expanded in Southern California to be consistent with the Contiguous Zone, which is 24 nautical miles from the California "Baseline." This new boundary includes the region 24 nautical miles from the California shoreline, including 24 nautical miles from the shoreline of each of the Channel Islands off California's coastline. (see charts attached)

There is also a small region within the 24 nautical mile boundary that is exempt from the regulatory requirements to encourage vessels transiting to and from the Ports of Los Angeles or Long Beach to use the established shipping lanes in the Santa Barbara Channel. The map (Figures 1a – 1c) at the end of this Client Alert shows the amended regulatory boundary, including the exempt region.

The definition of the "California Baseline" was also revised to reflect updates to the National Oceanic and Atmospheric Administration (NOAA) charts that define the California Baseline. The new definition reflects an update from the April, 2005 version of the chart for the coastal region from San Diego to Santa Rosa Island to a March 2007 version.

The revised fuel requirements are summarized below.

Fuel Requirement	Effective Date	Percent Sulfur Content Limit
Phase I	July 1, 2009(1)	Marine gas oil (DMA) at or below 1.5% sulfur; or Marine diesel oil (DMB) at or below 0.5% sulfur
	August 1, 2012(2)	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(3)	Marine gas oil (DMA) or marine diesel oil (DMB) at or below 0.1% sulfur

(1) No change from the existing requirements.
(2) Marine gas oil sulfur limit reduced from 1.5% to 1%. No change in marine diesel oil limit.
(3) Implementation delayed from 2012 to 2014.

ECM MARITIME SERVICES LLC

CALIFORNIA'S CARB AMENDMENTS NOW IN FORCE

As detailed above, under the endorsed amendments, the January 1 implementation of the "Phase II" 0.1% fuel sulfur limit is delayed from 2012 to 2014. In addition, the sulfur content limit for marine gas oil is reduced from 1.5% to 1% beginning on August 1, 2012. CARB has done this so that it aligns with the date that the 1% fuel sulfur requirement in the North American Emission Control Area begins.

The Noncompliance Fee Provision under the proposed amendments, is revised as follows:
 The noncompliance fee is halved for vessels that purchase compliant fuel during their port visit and use the fuel in port and on departure from port while in regulated waters.
 Offshore anchorages made in conjunction with a port visit are not counted as a second port visit when calculating noncompliance fees.

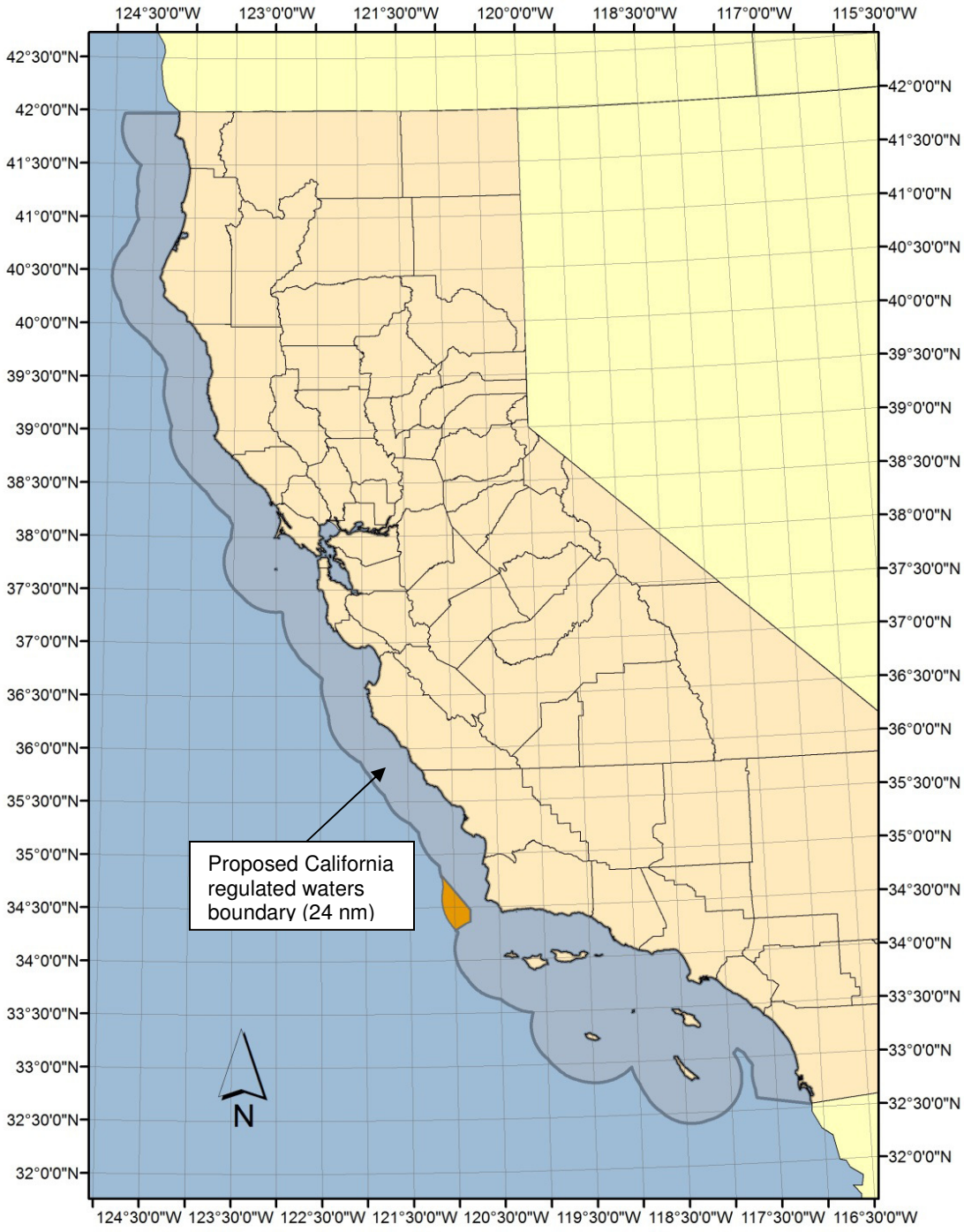
The Noncompliance fee schedule is revised as shown below:

California Port Visits	Amended Per-Port Visit Fee*	Fee Prior to Amendments
1st Port Visited	$45,500	$45,500
2nd Port Visited	$45,500	$91,000
3rd Port Visited	$91,000	$136,500
4th Port Visited	$136,500	$182,000
5th or more Visits	$182,000	$227,500

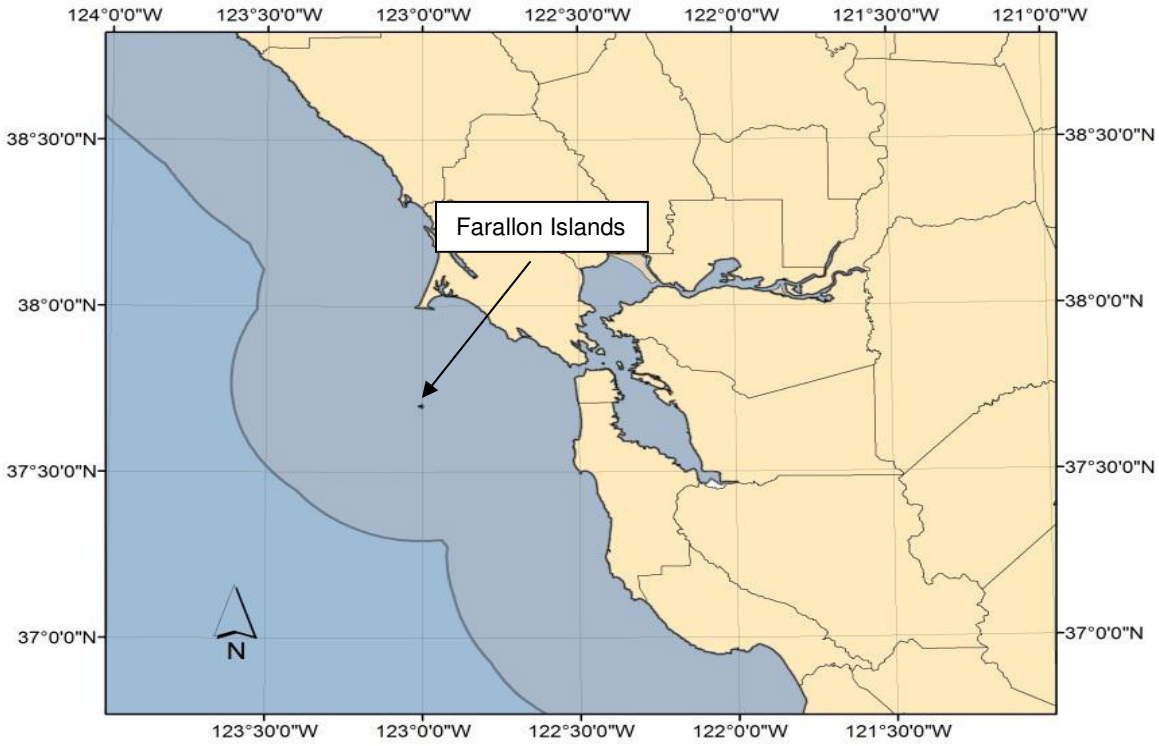
* Fee halved for vessels that purchase and use compliant fuel during port visit.

The definitions of "marine gas oil" (MGO) and "marine diesel oil" (MDO) were revised to reflect new international standards. Specifically, MGO and MDO are defined in the amended regulation as fuels meeting all the specifications for DMA and DMB grades of fuel, respectively, under Table 1 of the International Standard ISO 8217, using either the older 2005 ISO 8217 specifications, or the new 2010 specifications. Fuels meeting either the older 2005 or newer 2010 specifications are allowed under the amended regulation because, in many cases, fuel suppliers are not offering fuels meeting the new 2010 specifications.

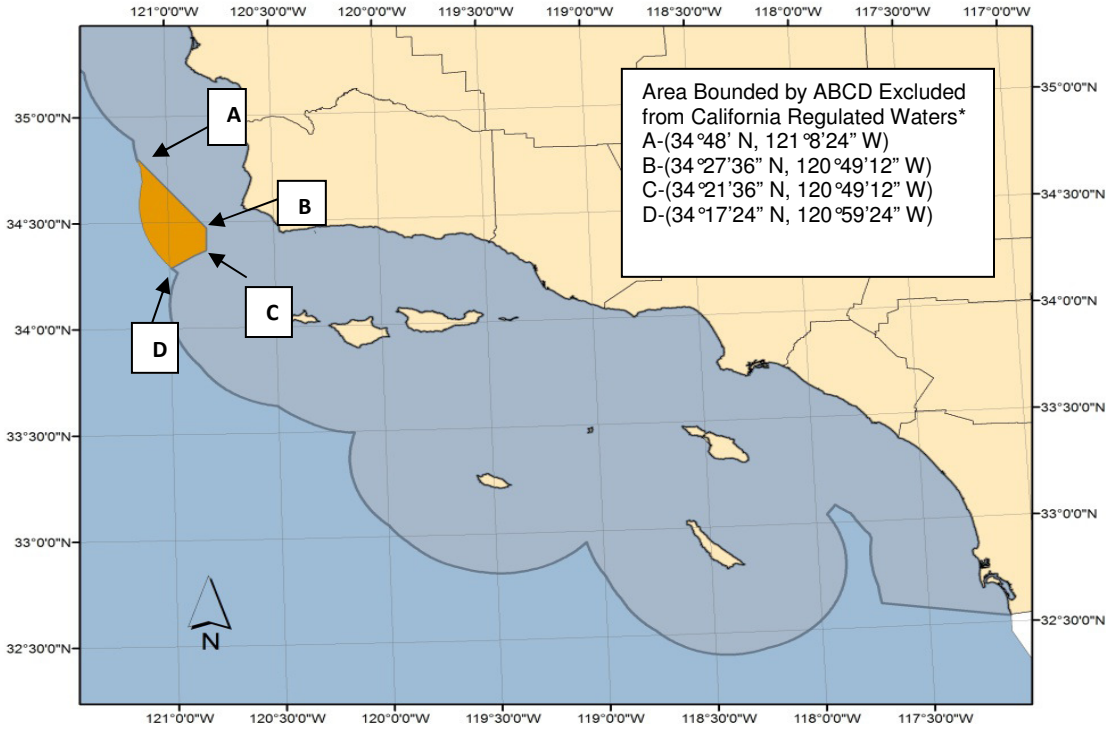
Please contact ecm@ecmmaritime.com if you have any questions concerning these amended CARB regulations.



AMENDED California Regulated Waters Boundary



AMENDED boundary 24nm out from Farallon Islands



Exclusion area