

By: Colleen Sullivan-Leonard

Adopted: September 24, 2012

Vote: Council Members Harris, Katkus, Sullivan-Leonard, Wall and Woodruff in favor
Holler, absent

**CITY OF WASILLA
RESOLUTION SERIAL NO. 12-29**

AN RESOLUTION OF THE WASILLA CITY COUNCIL SUPPORTING THE STATE OF ALASKA FILING SUIT AGAINST ENVIRONMENTAL PROTECTION AGENCY (EPA) CHALLENGING NEW FUEL STANDARDS IN ALASKA.

WHEREAS, the Environmental Protection Agency (EPA) as of August 1, 2012 has instituted a new challenging and expensive fuel standards by extending the North American Emissions Control Area to Alaska; and

WHEREAS, these new regulations will impose additional economic hardship on Alaska residents and visitors without any demonstrable need to improve air quality; and

WHEREAS, the new regulations will require marine cargo carriers and cruise lines operating within 200 miles of the Southeast and Southcentral Alaska coastlines to use costly and difficult-to-obtain, low-sulfur fuel; and

WHEREAS, one of Alaska's largest shipping companies estimates this will result in 25 percent higher fuel costs, which will be passed on to the people of Alaska, raising Alaskan's already high cost of living even higher; and

WHEREAS, the Emissions Control Area (ECA) specifically targets one group of Americans, those who do not live in the contiguous United States and it imposes unreasonable economic burdens upon Alaskans who will all be directly and disproportionately affected; and

WHEREAS, the ECA designation will directly affect the tourism industry, and the Mat-Su Borough, and Wasilla will see less tourism dollars due to the trickledown effect this will cause. If cruise ships are not coming to Alaska, then the Mat-Su and interior parts of Alaska will not see tourists and visitors which could be detrimental to an already challenged industry; and

WHEREAS, Alaskan communities have been united in their opposition to the new regulations, saying they are not based on science and add needless cost. In fact the state notes that the EPA has admitted it failed to perform the air quality modeling in Alaska that it performed in other areas included in the ECA, and that Alaska has an air quality that is generally cleaner than our National Ambient Air Quality Standards.

NOW, THEREFORE, BE IT RESOLVED, The City of Wasilla supports the State of Alaska's actions to file suit against EPA challenging the new ECA fuel standards. In Alaska we understand and support the importance of maritime traffic to transfer goods and services to Alaskans and support the cruise ship industry which in turn brings tourism and visitors to the Mat-Su Valley.

ADOPTED by the Wasilla City Council on September 24, 2012.



VERNE E. RUPRIGHT, Mayor

ATTEST:



KRISTIE SMITHERS, MMC, City Clerk

[SEAL]



Resolution Serial No. 12-29: SUPPORTING THE STATE OF ALASKA FILING SUIT AGAINST ENVIRONMENTAL PROTECTION AGENCY (EPA) CHALLENGING NEW FUEL STANDARDS IN ALASKA.

Agenda of: September 24, 2012 CSL **Date:** September 17, 2012
Originator: Council Member Sullivan Leonard

Route to:	Department	Signature	Date
	Chief of Police		
	Public Works Director		
	Rec & Cultural Services Manager		
X	Finance Director		
X	Interim Deputy Administrator		9/17/12
X	City Clerk		9/17/12

REVIEWED BY MAYOR VERNE E. RUPRIGHT:

FISCAL IMPACT: yes or no Funds Available Yes or No

- Attachments:**
- Resolution Serial No. 12-29 (2 pages)
 - Designation of North American Emission Control Area to Reduce Emissions from Ships (5 pages)
 - Alaska, cruise lines battling EPA over new clean-air rule (5 pages)
 - State Files Suit Against EPA Challenging New Fuel Standards (2 pages)
 - Emission control Areas will lead to economic hardships for Alaskans (2 pages)
 - Alaska Sues Over Unconstitutional North American ECA (2 pages)

SUMMARY STATEMENT:

I ask for your support and consideration for Resolution Serial No. 12-29 to help the State of Alaska in its efforts to reject the new EPA regulations for the Northwest Emissions Controls Area.

I have read the EPA ruling and find that I concur with Governor Sean Parnell and Attorney General Michael Geraghty that the ECA regulations that have been imposed are far reaching, and unnecessary for our state. This is due to its unconstitutionality, our proximity to the contiguous 48 states, that there is no scientific fact to concur with the EPA ruling, and the economic impact on our marine traffic and cruise ship industry.

The Attorney General, in his summary of this case against EPA, has stated that this new regulation is unconstitutional. This is based on the fact that two-thirds of the U.S. Senate did not consent to the extension (oversight to Alaska) as required by the U.S. Constitution. Under the Constitution's Treaty Clause, a treaty cannot bind the U.S. and is not enforceable as domestic unless two-thirds of the Senate gives advice and consent.

It also states that the EPA did not follow its own duty to ensure compliance. The EPA has stated that Alaska is challenging in its proximity to the contiguous 48 states. They do have oversight for the other 48 states but have not found ways to measure the health and environmental impacts of marine emissions in Alaska. EPA never completed the necessary air quality modeling for Alaska, and it never provided sufficient Alaska specific scientific basis for extending the ECA to Alaska.

In addition, the tourism industry is finally seeing an increase in visitors to Alaska through our cruise industry. This is especially important after years of battling with the increase of cruise ship taxes and an economic down turn. Those tourism dollars also come through the Mat-Su Valley and on into the interior of Alaska. The new regulations for ECA will make it more expensive to travel to Alaska and for some cruise companies they may choose not to come to our ports, which in turn will have dire consequences to our tourism dependent businesses in Mat-Su. We also acknowledge that marine traffic is necessary for movement of goods and services across the state. At a time when we are working to expand Port McKenzie the new ECA regulation would have a dire affect on the importing or exporting of goods from our port, which would cause a direct economic impact on our community.

I ask that you support this resolution to show the State of Alaska and other communities across the state that we also oppose this new EPA regulation on the Emissions Control Area extending to Alaska.

STAFF RECOMMENDATION: Adopt Resolution Serial No. 12-29.

Designation of North American Emission Control Area to Reduce Emissions from Ships

The International Maritime Organization has officially designated waters off North American coasts as an area in which stringent international emission standards will apply for ships. These standards will dramatically reduce air pollution from ships and deliver substantial air quality and public health benefits that extend hundreds of miles inland. This fact sheet contains an overview of this new geographic emissions control program.

Overview

On March 26, 2010, the International Maritime Organization (IMO) amended the International Convention for the Prevention of Pollution from Ships (MARPOL) designating specific portions of U.S., Canadian and French waters as an Emission Control Area (ECA). The proposal for ECA designation was introduced by the U.S. and Canada, reflecting common interests, shared geography and interrelated economies. In July 2009, France joined as a co-proposer on behalf of its island territories of Saint-Pierre and Miquelon, which form an archipelago off the coast of Newfoundland. Allowing for the lead time associated with the IMO process, the North American ECA will become enforceable in August 2012.

Ships are significant contributors to the U.S. and Canadian mobile-source emission inventories, though most are flagged or registered elsewhere. Ships complying with ECA standards will reduce their emissions of nitrogen oxides (NO_x), sulfur oxides (SO_x), and fine particulate matter (PM_{2.5}). In 2020, emissions from these ships operating in the ECA are expected to be reduced annually by 320,000 tons for NO_x, 90,000 tons for PM_{2.5}, and 920,000 tons for SO_x, which is 23 percent, 74 percent, and 86 percent, respectively, below predicted levels in 2020 absent the ECA. The overall cost of the North American ECA is estimated at \$3.2 billion in 2020, while



its benefits are expected to include preventing as many as 14,000 premature deaths and relieving respiratory symptoms for nearly five million people each year in the U.S. and Canada. The monetized health-related benefits are estimated to be as much as \$110 billion in the U.S. in 2020.

The area of the North American ECA includes waters adjacent to the Pacific coast, the Atlantic/Gulf coast and the eight main Hawaiian Islands.¹ It extends up to 200 nautical miles from coasts of the United States, Canada and the French territories, except that it does not extend into marine areas subject to the sovereignty or jurisdiction of other States.

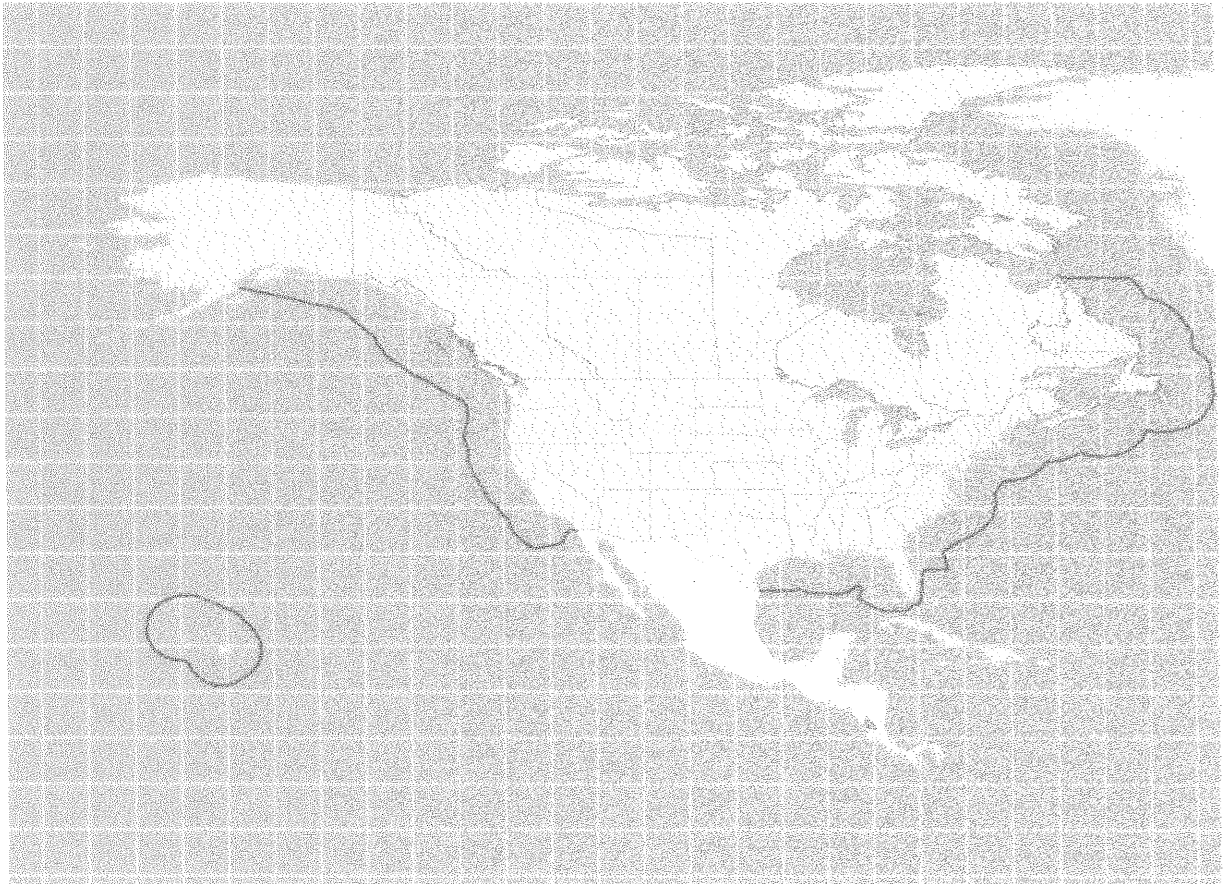


Figure 1: Area of the North American ECA

EPA is continuing to investigate whether other areas of the United States and its territories may benefit from ECA designation. We are currently performing analyses to examine whether ECA designation would be appropriate for the U.S. territories of Puerto Rico and the U.S. Virgin Islands. Some other areas for future consideration include the Pacific U.S. territories, smaller

¹ As used here, the main Hawaiian Islands include the islands of Hawaii, Maui, Oahu, Molokai, Niihau, Kauai, Lanai, and Kahoolawe. These islands are the main populated islands of the Hawaiian Islands chain, with the exception of Kahoolawe, which is an uninhabited nature reserve.

Hawaiian Islands, and Western Alaska. If further information supports the need for an ECA designation in any of these areas, a separate proposal would be submitted to the IMO, following the criteria contained in the international treaty known as MARPOL Annex VI.

The Need to Reduce Emissions from Ships

The diesel engines that power ships are significant mobile source emitters. The largest ship propulsion engines being produced today must meet relatively modest emission requirements.² In addition, both the main propulsion and the smaller auxiliary engines installed on these ships operate on fuel that can have extremely high sulfur content. As a result, these ships generate significant emissions of fine particulate matter (PM_{2.5}), NO_x, and SO_x that contribute to nonattainment of the National Ambient Air Quality Standards for PM_{2.5} and ozone. Emissions from these engines also cause harm to public welfare, contributing to visibility impairment and other detrimental environmental impacts across the United States.

Many of our nation's most serious ozone and PM_{2.5} nonattainment areas are affected by emissions from ships. Currently more than 30 major U.S. ports along our Atlantic, Gulf of Mexico, and Pacific coasts are located in nonattainment areas for ozone and/or PM_{2.5}.³

EPA has been advancing a coordinated strategy for many years to control air pollution from large ships. In addition to our Clean Air Act program⁴, designation of U.S. waters as an ECA is a key component of EPA's strategy. Also, the ECA and other requirements of Annex VI are implemented in the United States through regulations adopted under the Act to Prevent Pollution from Ships (APPS). Finally, EPA's Clean Ports USA Program, as part of our broader National Clean Diesel Campaign, fosters innovation to achieve additional emission reductions from existing diesel engines and nonroad equipment at ports.

Air pollution from ships is expected to grow over the next two decades. Without EPA's coordinated strategy, by 2030, NO_x emissions from ships would be projected to more than double, growing to 2.1 million tons a year while annual PM_{2.5} emissions would be expected to almost triple to 170,000 tons. The North American ECA ensures that emissions from ships that operate in our waters and ports will be reduced significantly, delivering substantial benefits to large segments of our population, as well as to marine and terrestrial ecosystems.

Emission Control Area Standards

In October 2008, the member states of IMO agreed to amend MARPOL Annex VI, adopting new tiers of NO_x and fuel sulfur controls. The most stringent of these new emission standards

² The modest Tier I engine NO_x standards continue through 2010, the marginally lower Tier II standards apply from 2011 through 2015.

³ U.S. Army Corps of Engineers, Principal Port Rankings for 2008.

⁴ EPA's CAA program includes regulations at 40 CFR parts 94, 1042, 1043, and 1065. See www.epa.gov/otaq/oceanvessels.htm#regs.

apply to ships operating in designated ECAs, including the newly-designated North American ECA. The table below summarizes the Annex VI standards that apply globally and within ECAs.

Table 1: International Ship Engine and Fuel Standards (MARPOL Annex VI)

	Year	Fuel Sulfur	NO _x
Emission Control Area	Today to July 2010	15,000 ppm	
	2010	10,000 ppm	
	2015	1,000 ppm	
	2016		Tier III (Aftertreatment-forcing)
Global	Today to January 2011		Tier I (Engine-based controls)
	2011		Tier II (Engine-based controls)
	Today to January 2012	45,000 ppm	
	2012	35,000 ppm	
	2020 ^a	5,000 ppm	

Note:

^a Subject to a fuel availability study in 2018, may be extended to 2025.

The 2015 fuel sulfur standard of 0.1 percent fuel sulfur (1,000 ppm) is expected to reduce PM and SO_x emissions by more than 85 percent from today’s levels. This most stringent ECA fuel standard is expected to be met through fuel switching. In most cases, ships already have the capability to store two or more fuels. However, to meet the 1,000 ppm fuel sulfur requirement, some vessels may need to be modified for additional distillate fuel storage capacity. As an alternative to using lower sulfur fuel, ship operators may choose to equip their vessels with exhaust gas cleaning devices (“scrubbers”). In this case, the scrubber extracts sulfur from the exhaust.

The current Tier I NO_x standards range from 9.8 to 17 g/kW-h, depending on engine speed. The Tier II standards represent a 20 percent NO_x reduction below Tier I, and the Tier III standards represent an 80 percent NO_x reduction below Tier I. We expect ships to meet the Tier III standard through the use of high-efficiency aftertreatment technology.

Costs

The costs of implementing and complying with the ECA are expected to be small in comparison to the health and welfare benefits and on par with the costs of achieving similar emissions reductions through additional controls on land-based sources. We estimate the total costs of improving the emissions of ships operating in the ECA from current performance to ECA standards will be approximately \$3.2 billion in 2020. The cost to reduce a ton of NO_x, SO_x and PM is estimated at \$2,400, \$1,100 and \$10,000, respectively, which makes this program a very cost-effective method to improve air quality in the U.S. and Canada.

The economic impacts of complying with the program on ships engaged in international trade are expected to be modest. For example, operating costs for a ship in a route that includes about 1,700 nautical miles of operation in the ECA may increase by about 3 percent. This operating cost increase would raise the cost of transport of a 20 foot container by about \$18.

Benefits

The U.S. coastline and much of the interior of the country will experience significant improvements in air quality due to reduced PM and ozone from ships complying with ECA standards. Coastal areas will experience the largest improvements; however, significant improvements will extend hundreds of miles inland to reach nonattainment areas in states such as Nevada, Tennessee and Pennsylvania. National treasures such as the Grand Canyon National Park and the Great Smoky Mountains will also see air quality improvements.

The North American ECA is expected to yield significant health and welfare benefits. ECA standards will begin to reduce ship-related adverse health impacts for the U.S. and Canada in 2012. EPA estimates that the annual benefits in 2020 will include preventing between 5,500 and 14,000 premature deaths, 3,800 emergency room visits, and 4,900,000 cases of acute respiratory symptoms in 2020. These benefits will increase beyond 2020, as normal fleet turnover occurs and more vessels complying with the 2016 NOx standards set sail.

The monetized health benefits in 2020 in the U.S. are projected to range from \$47 to \$110 billion in 2006 U.S. dollars, assuming a 3 percent discount rate.

For More Information

You can access the ECA standards, the proposal to the IMO and related documents on EPA's Office of Transportation and Air Quality web site at: www.epa.gov/otaq/oceanvessels.htm

For additional information, please contact the Assessment and Standards Division at

asinfo@epa.gov, 734-214-4636, or:
Assessment and Standards Division
Office of Transportation and Air Quality
U.S. Environmental Protection Agency
2000 Traverwood Dr.
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Alaska, cruise lines battling EPA over new clean-air rule

By Kate Rice

A loose coalition of the cruise industry, Alaska state officials and trade groups are waging a battle on various fronts to challenge a federal air quality regulation that would cost cruise lines sailing Alaskan waters millions of dollars and could produce a 15% drop in Alaska cruise business.

Last week, the state of Alaska sued the federal government over the new regulation, known as the Emissions Control Area (ECA), which applies stringent emissions standards to the shipping industry in an attempt to improve air quality by reducing toxic chemicals in the atmosphere.

The regulation, promulgated by the Environmental Protection Agency (EPA), is part of an environment treaty overseen by the International Maritime Organization.

The new rule requires that ships sailing within 200 miles of the U.S. coastline burn low-sulfur fuel, which is more expensive than the bunker fuel generally burned by oceangoing vessels. The cruise industry estimates that the increased cost could push up cruise prices anywhere from \$15 to \$18 per passenger per day.

It could increase the cost of operating a cruise ship for a season in Alaska by as much as \$3.5 million to \$5.5 million, according to the Alaska Cruise Association.

And those figures just apply to phase one.

In 2015, phase two of the ECA will mandate using fuel with even less sulfur content, making it still costlier.

CLIA has presented the EPA with alternative proposals for achieving the same emissions levels mandated by the ECA, but as of last week, it had not persuaded the federal government's environmental agency to embrace the trade group's alternatives.

Alaska's congressional delegation has expressed deep concerns about the regulation because increased shipping costs will hike the price of most goods Alaskans buy, since the vast majority of items sold in the state is shipped in by water. For the past three years, the state's congressional delegation has been lobbying the EPA with its own alternative proposals for maintaining air quality without driving up the cost of living and causing economic harm to the state.

But with the Aug. 1 deadline for the new regulations looming and negotiations apparently stalled, the state of Alaska resorted to suing the federal government just two weeks before the ECA was scheduled to go into effect on Aug. 1.

Opponents of the regulation say it will take an enormous economic toll while providing no demonstrable health benefit. The lawsuit, filed by the Alaska attorney general in federal district court in Alaska, asserts that the EPA did no research in Alaska when designing the regulation, instead basing its environmental assumptions on research conducted at ports in the lower 48 states.

"The EPA never looked at Alaska specifically," said a spokesman for Sen. Lisa Murkowski (R-Alaska). "All the standards are based on modeling in Long Beach, Calif."

The suit claims that the EPA acknowledges it will be "challenging" to include Alaska in the ECA. In fact, as originally proposed, the agency did not include Alaska's close-in waterways in the ECA. When it finally did, the decision came so late that it left state officials just a month to comment on Alaska's inclusion.

The EPA argued that even though it had not done any research on the environmental impact of the ECA in Alaska, it was reasonable to conclude that ships were having some impact on the state's air quality, "even though our modeling does not allow us to quantify the effects."

The EPA did not respond to Travel Weekly's requests for a comment.

In recent years, the cruise industry had its own tussles with Alaska over wastewater discharge from cruise ships after Alaska set wastewater treatment purity standards for cruise ships that exceeded the standards applied to Alaska cities.

And about five years ago, a \$50-per-head cruise tax, mandated by a statewide plebiscite, was blamed for a 15% drop in visitors to the state. That fee has since been cut in half, and demand for Alaska cruises has slowly recovered.

The Alaska cruise industry estimates that a 15% decline in cruise passengers today would translate to 585,000 fewer visitors to Alaska and a decline of \$180 million in tourist spending.

But in this case, cruise lines and Alaska are allied, with the industry providing the state with economic data to support its lawsuit.


Alaska cruising is uniquely vulnerable to the ECA because most cruises there take place entirely within boundary waters, meaning that cruise lines have to burn the more expensive low-sulfur fuel for the entire cruise.


In the case of most other destinations, cruise ships promptly steam out of boundary waters en route to ports of call and begin burning the cheaper fuel as soon as they cross the ECA border.


The anticipated extra cost to cover the increased fuel costs in Alaska is \$15 to \$18 per passenger per day, the state claimed in its lawsuit.


"It's a very price-sensitive market," said John Binkley, president of the Alaska Cruise Association.


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Of even greater concern to Alaska officials and cruise lines alike is that the regulation effective Aug. 1 is just the first of two steps the EPA is taking to reduce sulphur emissions. In 2015, the ECA rules will require cruise lines to burn fuel with even less sulfur content: 1,000 parts per million as opposed to the 10,000 parts per million called for in phase one.

In addition to adding to the costs of the fuel itself, phase two will require some retrofitting of cruise ship engines.

The impact of the ECA on travel and tourism extends far beyond cruise lines. The lawsuit estimates that it will increase transportation costs of all goods shipped into Alaska by about 8%, which in turn will affect hotel and restaurant pricing as well. The more stringent 2015 requirement could increase shipping costs by as much as 25%, the lawsuit claims.

"The cost of a steak, the cost of a fishing trip, just about anything that comes to Alaska is going to go up," said Ron Peck, president of the Alaska Travel Industry Association. "It's EPA regulations run amok in a state that doesn't need it."

The cruise industry has made it clear it supports the ECA in concept. However, CLIA stated in a position paper it just issued on the ECA that it objects to the current regulation as a "one size fits all" solution. A CLIA spokesman said the association has held ongoing discussions with the EPA about the regulation.

As an alternative, CLIA has proposed that ships burn low-sulfur fuel while in or near ports and use conventional fuels while at sea, where ships would deploy innovative exhaust scrubbers. CLIA further proposed that ships use alternative energy sources such as shore power while in ports and adjust ship speeds to reduce emissions.

CLIA and its members commissioned Environ International to undertake a study on the effectiveness of this approach for ECA compliance. The study, CLIA said, found that weighting emission impacts in such ways reduced emissions to lower levels than those achieved by using only ECA-compliant fuel. And it did so in a much more cost-effective way.

The ECA affects not just Alaska ports but all U.S. ports. CLIA estimates that, overall, the ECA will cut the number of cruise passengers visiting North American ports by 2.2 million, resulting in a loss of 14,000 jobs and an annual loss of \$1.5 billion to local economies.

CLIA also raised concerns about the current and future availability of ECA-compliant fuel in certain ports, because the cruise and shipping industries will now be competing with land-based businesses and vehicles for the same supply of low-sulphur diesel.

The global shipping industry is under pressure to build newer fleets and move away from using bunker fuel, the lowest grade of refined oil, essentially what's left over after gas, diesel and aviation fuel have been distilled from it. Burning bunker fuel produces high levels of sulfur dioxide, nitrogen oxides and soot. Currently, some cruise ships burn bunker fuel; others burn higher-grade oil.

For cruise news, follow Kate Rice on Twitter @krtravelweekly.

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State sues over ECA

August 21, 2012 at 7:39 pm By Marleanna Hall

Alaskans already pay more than most other places in the U.S. for goods coming to the state partly due to transportation costs. Prices are set to climb more as the federal government implemented a North American Emission Control Area (ECA) on August 1st.

State of Alaska and private sector officials noted the ECA was applied to Alaska's coastline with little or no consideration for the additional burden it would impose on residents. The State said ECA was implemented without studies and modeling showing how it could benefit Alaskans. They also noted the ECA will likely have little to no added benefit to the environment in Alaska.

The one size fits all program will affect Alaska's heavy reliance on maritime traffic, for goods shipped to and from the state, and for cruise ships whose passengers support local businesses.

The State filed a lawsuit in July seeking to block enforcement of ECA in Alaskan water, from Southeast to just west of Cook Inlet.

Shipping, using the ECA-mandated 1% sulfur-fuel model, is estimated to result in an initial 8% increase in shipping costs. This increase will be felt throughout the Alaska economy by small and large business, and consumers. ECA implementation will also drive up the cost to operate cruise ships, which provide approximately 60% of the visitors to Alaska.

Ultimately, this will make Alaska less competitive as a global cruise destination, risking redeployment of cruise ship assets to other jurisdictions with lower costs and less stringent requirements. This will harm many Alaskan businesses that provide support services and visitor attractions to the cruise industry. It will also drive up the transportation cost of the oil tankers, which affects both royalty valuation, and severance taxes, making a direct impact on the State's revenues.

Alaska will feel a disproportionate impact compared to other jurisdictions because most marine traffic to and from Alaska occurs within the 200 mile zone.

New federal rules on emissions will require marine operators in Alaska waters to use lower sulfur fuels. Fuels costs will rise as much as 25 percent by 2015, causing an increase in freight rates.

Days after the August 1st implementation, Totem Ocean Trailer Express received an EPA waiver to continue operations with higher sulfur fuel while it converts its engines to liquefied natural gas.

In response, Senator Lisa Murkowski cautiously noted, "While this deal helps one company, it does not address who will pay for the additional investments and costs required for TOTE and others to meet the new fuel standards, a total that could run into the hundreds of millions of dollars. My fear is that the total costs of compliance will simply be passed on to Alaskans."

Murkowski added, "Applying the new fuel standards will mean that vessels plying the waters of Southeast and Southcentral Alaska, whether freight ships that deliver nearly all of our goods or cruise ships that are the life-blood of our active tourist economy, will now be required to burn

Other groups like the Alaska Cruise Association (ACA) have applauded the Parnell administration after it sued the EPA and other federal agencies to block enforcement, or amend the rules.

ACA President John Binkley said cruise companies will likely begin to schedule ships to other countries without overly burdensome regulations like ECA. "Alaska is an expensive destination because there are long distances to travel," Binkley noted. "So fuel becomes a much more important component of the overall cost of the ship."

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State Files Suit Against EPA Challenging New Fuel Standards; New Fuel Standards will increase shipping rates on goods being transported to the state

July 14, 2012
Saturday

(SitNews) Ketchikan, Alaska - The State of Alaska on Friday filed suit against the Secretary of State, Environmental Protection Agency (EPA), Department of Homeland Security, U.S. Coast Guard, and others, to block federal agencies from extending the North American Emissions Control Area (ECA) to Alaska

The EPA and the Coast Guard, a division of the Department of Homeland Security, plan to enforce the EPA's new emission control regulations beginning Aug. 1.

The EPA is requiring marine ocean carriers, including cruise ships, in Southeast and Southcentral Alaska to use fuel that meets 1-percent sulfur limits starting on Aug. 1. The new requirements tighten even more to 0.1 percent sulfur beginning in 2015.

The regulations will require marine cargo carriers and cruise lines to use costly and difficult-to-obtain low-sulfur fuel. The regulations will mean greatly increased shipping costs to Alaskans and will also harm the state's tourism sector. Freight carriers have said EPA's new requirements will force them to raise their rates on goods being transported to the state.

The increased shipping costs from these regulations are expected to be passed on to Alaska consumers in the form of higher prices for goods, raising Alaskans' already high cost of living even higher.

Totem Ocean Trailer Express (TOTE), one of Alaska's largest shipping companies, estimates that moving to low sulfur fuel will result in an increase of about 8 percent in TOTE's total costs.

"Alaska relies heavily on maritime traffic, both for goods shipped to and from the state, and for the cruise ship passengers who support thousands of Alaskan jobs," Attorney General Michael Geraghty said. "There are reasonable and equally effective alternatives for the Secretary and the EPA to consider which would still protect the environment but dramatically reduce the severe impact these regulations will have on Alaskan jobs and families."

U.S. Sen. Lisa Murkowski (R-Alaska) applauded Alaska Gov. Sean Parnell (R-AK) for challenging the Environmental Protection Agency in court over new low-sulfur fuel standards for marine ocean carriers being imposed on Alaska-going vessels.

"Given the immediacy of the threat that these requirements pose to Alaska, Gov. Parnell's decision to file litigation against the EPA is the right one," Murkowski said. "The only way to avoid the damage these requirements will cause is for a judge to

issue a stay against them before they go into effect Aug. 1.”

The EPA is requiring marine ocean carriers, including cruise ships, in Southeast and Southcentral Alaska to use fuel that meets 1-percent sulfur limits starting on Aug. 1. The new requirements tighten even more to 0.1 percent sulfur beginning in 2015. Freight carriers have said EPA’s new requirements will force them to raise their rates on goods being transported to the state.

“The new marine engine emission standards are just the latest example of how the Washington-based EPA doesn’t get Alaska,” Murkowski said. “If this rule is allowed to go into effect in two weeks, fuel costs are going to go up, which means the costs of items on store shelves across Alaska is going to increase. Alaskans – like most Americans – can’t afford to see the price of food and other necessities go up.”

Murkowski has been urging EPA since 2009 to conduct Alaska-specific air analyses before proceeding with implementation of the rule in Alaska waters out of concern that its cost to Alaskans would greatly exceed the potential health benefits.

“EPA conducted no state-specific air sampling before proposing this rule. One of the EPA’s most absurd claims is that emissions from cruise ships in Southeast Alaska could impact lichen in the mountains above Juneau, and that could then cause a drop in Southern Alaska Peninsula caribou populations,” Murkowski said. “The problem is there are no caribou in Southeast Alaska, and EPA has specifically not extended the ECA to cover western Alaska where the southern Alaska Peninsula caribou herd actually lives.”

Senator Murkowski and her staff continue to meet with EPA officials over the low-sulfur fuel requirements and other regulations to try to find a solution without lowering the standard of living for Alaskans.

Filed in U.S. District Court, the suit maintains the decision to include Alaska in the enforcement zone was based on flawed or incomplete data. In the complaint, the State notes that the EPA has admitted it failed to perform the air quality modeling in Alaska that it performed in other areas included in the ECA. The EPA also admitted when it responded to comments on its rule that Alaska “enjoys air quality that is generally cleaner than our National Ambient Air Quality Standards.” For that reason and others, the State believes the EPA has neither the scientific basis, nor legal authority, to extend the ECA to Alaska.

In addition to filing suit, Friday the State gave the Secretary, the EPA, and other federal agencies notice that Alaska will amend its complaint to add claims under the Administrative Procedures Act. Those claims will reinforce the State’s case that the EPA cannot enforce the ECA in Alaska.

Edited by Mary Kauffman, SitNews

On the Web:

Download a copy of the complaint (pdf)
http://gov.alaska.gov/parnell_media/press/712_complaint.pdf

Source of News:



Emission control Areas will lead to economic hardships for Alaskans

By Marleanna Hall

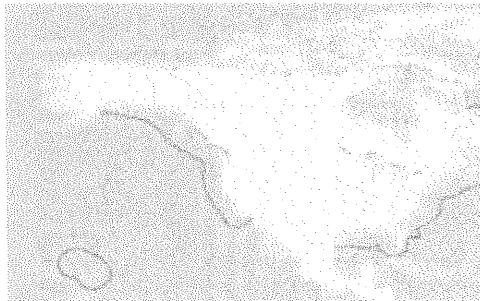
On August 1st the Environmental Protection Agency (EPA) will begin enforcing a new regulation requiring more expensive fuel for marine transportation. The new regulation, which was adopted through the creation of a special North America Emission Control Area (ECA), will go in effect in the coastal waters of the United States, including Alaska, and will negatively impact all areas of Alaska.

Marine freight transportation is critically important to Alaska. In fact, 85% of all goods Alaskans consume are shipped through the Port of Anchorage. In addition to food, construction equipment, military equipment, mining equipment, oil and gas equipment are all shipped via marine transportation.

In a recent article, Totem Ocean Trailer Express stated the higher price fuel will result in an 8% increase in total operating costs. These costs will be passed on to consumers, in effect, imposing an 8% shipping tax on Alaskans. To make matters worse, the EPA will require even more expensive fuel by 2015. The second tier could result in an increase of 16% - 20%.

The ECA will increase the cost of living and increase the cost of operating a business in Alaska.

The real problem, however, is that the ECA regulations are not backed up by any proven or documented scientific studies. Even the State of Alaska Department of Environmental Conservation has not documented any ambient air quality issues related to shipping. In addition, the EPA did not conduct any economic analysis of the potential negative effects of the ECA on Alaskan communities. Modeling done in Los Angeles is not sufficient justification to impose such impacts upon Alaskans.



While the Emission Control Area only extends to the western side of Cook Inlet in Alaska, the impact from the increased cost for shipping will be felt statewide.

Alaska's tourism industry will also be severely impacted, with the likelihood of some cruise ships turning to alternative destinations in the years to come. In 2010, after a 2006 State cruise ship tax was put in place, ships turned away from Alaska, lowering the number of visitors by 140,000 passengers a year. The resulting job loss was over 5,000 in Alaska.

The ECA impact will likely be two to three times as high. Estimated fuel prices show the impact upon the cruise industry will be approximately \$140 million annually.

RDC board member, AlaskaACT steering committee member, and Skagway Street Car Company President Steve Hites recently disseminated information warning Alaskans on ECA. Here is an excerpt from his comments:

"Very few Alaskans even know that this is happening. The EPA got the North American ECA approved into regulation through the International Maritime Organization, not through Congress

where it would have been publicly debated. It is a questionable interpretation and application of the Clean Air Act.

"The regulations will affect all ocean shipping, and they will hit both cruise ships and cargo ships. But because the much higher fuel costs will be passed on to the consumer, the real effect – economically – will be felt by the American people.

"No economic studies have been done about how the ECA will impact any aspect of the American economy.

"But more troubling, the ECA specifically targets one group of Americans – those of us who do not live in the contiguous United States – and it imposes unreasonable economic burdens upon us. Alaska, Hawaii, the U.S. Virgin Islands, and Puerto Rico will all be directly and disproportionately affected, with discriminatory economic hardships put on every man, woman, and child in these non-contiguous places.

In addition to Hites concerns, the State of Alaska on June 27th sent a letter to EPA Administrator Lisa Jackson. In the letter, Attorney General Michael Geraghty explained the EPA's ECA will threaten Alaska's economy.

"EPA's decision to include Alaska within the ECA is based on flawed or incomplete data," explained Geraghty. He urged the EPA to revisit the decision to enforce ECA in Alaska waters.

There have been several proposals submitted to the EPA which would implement the ECA in more reasonable manner. One would provide for environmental equivalencies where even better fuel would be utilized near populated areas. The costs would be significantly reduced through the allowance of lower cost fuel in the long stretches of remote areas in Alaska.

Extension and implementation of ECA to Alaska will likely impact Alaska's economy in a larger way than the contiguous U.S. RDC believes the ECA is unwarranted and threatens Alaska jobs and coastal communities across the state. RDC is encouraging Alaska's congressional delegation and governor to persuade the EPA to implement the ECA in a reasonable manner.

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Alaska Sues Over Unconstitutional North American ECA

Monday July 16, 2012

The **State of Alaska** filed a lawsuit on Friday seeking relief from the enforcement of the **North American Emissions Control Area (ECA)** in Alaskan water, which is due to come into effect on August 1, 2012.

The lawsuit, filed in the **U.S. District Court in Anchorage**, said the extension of the ECA to Alaska was unlawful because two-thirds of the **U.S. Senate** had not consented to the extension as required by the U.S. Constitution.

As such, Alaska requested that **Secretary of State Hillary Clinton's** acceptance of the ECA extending to Alaska be set aside and the enforcement of the ECA in the waters off the coast of Alaska be permanently prevented.

The defendants named in the action included Hillary Clinton, the **United States Environmental Protection Agency (EPA)**, the **United States Coast Guard**, and the **Department of Homeland Security**.

A Tax on All Alaskans

The lawsuit also detailed how, as the low-sulfur fuel required by vessels when operating in the ECA costs more than the fuel currently used, it will greatly increase operating costs for vessels that supply Alaska's residents with basic necessities, and for cruise ships that facilitate Alaska's tourism industry.

For Alaska's cargo industry, it said 85-90% of all commodities entering Alaska, which included groceries, fuel, and essential supplies to the U.S. military, came through the **Port of Anchorage** and the shipping costs for those goods was estimated to increase by 8%.

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For the cruise ship industry, the ECA would mean 585,000 fewer visitors to Alaska, resulting in \$150 million less income for Alaska workers and \$180 million less in direct spending by Alaska tourists.

"Enforcement of the ECA in Alaska will irreparably injure the State and Alaska's citizens and economy," the lawsuit said, adding that the ECA was, in effect, "operating as a tax on all Alaskans."

"There are reasonable and equally effective alternatives for the Secretary and the EPA to consider which would still protect the environment but dramatically reduce the severe impact these regulations will have on Alaskan jobs and families," Alaska Attorney General **Michael Geraghty** said in a statement.

The **Cruise Lines International Association (CLIA)** has proposed an emissions-averaging scheme instead of the current plans which simply say fuels with no more than 1% sulfur must be used within 200 nautical miles of the coast line.

Ship & Bunker reported last month that opponents to the ECA had received a boost from legislators who criticised the EPA saying it was guilty of "costly and questionable regulations."

The EPA estimates the overall cost of the ECA at \$3.2 billion in 2020 and in that same year it estimates the monetized health-related benefits in the U.S. to be up to \$110 billion.

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