

February 12, 2018

Texas Commission on Environmental Quality
Air Quality Division
Implementation grants Section, MC-204
P.O. Box 13087
Austin, TX 78711-3087
ATTN: VW Settlement

Port of **Houston** Authority

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Rich Byrnes, Chief Infrastructure Officer
Email [REDACTED]

Texas Commission on Environmental Quality (TCEQ):

I am writing on behalf of the Port of Houston Authority about the funding from the Volkswagen settlement. As discussions continue, the Port of Houston Authority would like to comment on the upcoming plan for management and distribution of VW settlement funds being formulated by TCEQ.

As TCEQ determines the list of mitigation actions eligible for VW settlement funds, PHA encourages TCEQ to include those that benefit maritime and related activities.

Such mitigation actions include:

- Freight and Port Drayage Trucks
- Ocean Going Vessels (OGV) Shorepower
- Forklifts and Port Cargo Handling Equipment

In addition, PHA encourages TCEQ to maximize the cost coverage to 100%, as allowed in the VW settlement consent decree for the Forklifts and Port Cargo Handling Equipment mitigation action category. Since electric powered equipment is the only option for this category, and given the costs for electric powered equipment are much higher than the diesel powered equipment, implementation will be more difficult if the maximum reimbursement is not allowed. Allowing PHA to apply for the maximum reimbursement would enable projects like full electrification of container yards to potentially become viable.

We also ask TCEQ to consider an operationally pragmatic definition of "all-electric". In the Forklift and Port Cargo Handling Equipment mitigation action category, rubber-tired gantry (RTG) cranes, which manipulate container stacks are allowed to be repowered or replaced by an all-electric version. However, for the type of container terminals that PHA (and other Texas ports) operate, RTGs routinely move from one container stack to another container stack. These movements require a temporary switch from the main power source to a different power source when the crane disconnects. During this switch an electric battery system or small diesel engine is needed.

Currently the diesel engine is available at a much lower cost, while the battery is still largely in development. Thus from a practical standpoint, the current RTG



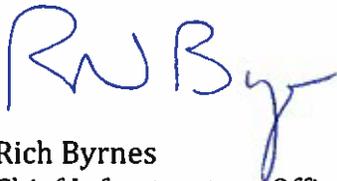
electrification technology that allows for PHA to retain operational flexibility still requires a diesel engine. PHA requests that TCEQ interpret the "all-electric" to be "all-electric" only while the RTGs are in operation at a container stack and not during the times when it is moving between container stacks or to a maintenance area.

We also request the inclusion of the Ocean Going Vessels (OGV) Shorepower mitigation action category for projects to be funded under the plan. Currently there is low interest from ocean carriers in shorepower at the docks because they see little economic benefit to do so. However, increasing fuel costs and the relative low cost of electricity in Texas may encourage ship companies to shift to shorepower in the future. If this happens, PHA would value the option to access these funds to help retrofit our docks and electrical supply infrastructure.

Finally, we request TCEQ not restrict the eligibility of replacement/repower vehicles to only one fuel type. This will allow diesel, natural gas, and/or electric to be eligible for funding.

I thank you for your time and look forward to an opportunity to partner with you on future projects. If you have any additional questions please contact me or Bridget Kramer at [REDACTED] or 713-670-2494.

Sincerely,



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