

This document is a text-only reovery of the original PDF file. Any graphics that were in the original PDF are not included here.  
If you need the original document, please contact the Commission Clerk at the Port of Seattle.

COMMISSION

AGENDA MEMORANDUM Item No. 8g

ACTION ITEM Date of Meeting May 28, 2024

DATE: May 21, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Eric Schinfeld, Sr. Manager, Federal & International Government Relations

SUBJECT: Commission Exemption for EPA Clean Ports Planning Grant

Amount of this request: \$1,060,000.00

Total estimated project cost: \$3,000,000.00

ACTION REQUESTED

Request Commission to: 1) determine a competitive process is not appropriate or cost effective consistent with Revised Code of Washington 53.19.020(5); and 2) authorizing the Port to specify three nonprofit partners – Maritime Blue, the American Bureau of Shipping, and RMI (formerly The Rocky Mountain Institute) – as sub-awardees for approximately \$1,060,000 of a \$3,000,000 million U.S. Environmental Protection Agency (EPA) Clean Ports Program Climate and Air Quality Planning Competition grant application; and 3) execute any resulting service agreements with those three nonprofit partners to achieve the grant requirements if funding is awarded.

EXECUTIVE SUMMARY

The federal Inflation Reduction Act of 2022 provided EPA with \$3 billion for a Clean Ports Program to fund zero-emission port equipment and infrastructure as well as climate and air quality planning at U.S. ports. This new funding program will build on EPA's Ports Initiative that helps the nation's ports address public health and environmental impacts on surrounding communities.

EPA has announced two separate Notices of Funding Opportunities (NOFOs) to disburse the allocated \$3 billion: 1) the Zero-Emission Technology Deployment Competition and 2) the Climate and Air Quality Planning Competition. The two NOFOs will be used to fund approximately \$2.8 billion in zero-emission technology deployment at ports, as well as approximately \$150 million for climate and air quality planning. Both NOFOs are open now, until the application deadline at 11:59 PM ET on May 28, 2024. EPA anticipates notifying selectees by September 2024 and awarding the grants by December 2024.

For the larger technology grant, the Port is partnering with the Northwest Seaport Alliance (NWSA), which is leading the development of a \$500 million application.

For the planning grant, the Port of Seattle is working to apply for a \$3 million grant through the Climate and Air Quality Planning Competition – entitled "Powering the Maritime Transition in the Pacific Northwest" – which will study ways to transition maritime vessels in the Puget Sound to electrification and/or the use of sustainable maritime fuels. Staff strongly believes that – both in order to compete successfully for these funds as well as to effectively execute the ambitious scope of work associated with this project – it is essential to list nationally recognized partners with expertise in these topics. To that end, staff proposes to include four sub-awardees in the Port's application: Maritime Blue, RMI, the

Template revised January 10, 2019.

COMMISSION AGENDA – Action Item No. 8g Page 2 of 5

Meeting Date: May 28, 2024

American Bureau of Shipping, and the National Renewable Energy Laboratory (NREL). However, in order to do so and be aligned with the Port's procurement policies, staff is seeking a commission exemption to contract with these entities for the work if the grant is awarded.

JUSTIFICATION

The purpose of this exemption request is to specify three nonprofit partners – Maritime Blue (MB), the American Bureau of Shipping (ABS), and RMI – as sub-awardees for a U.S. Environmental Protection Agency (EPA) Clean Ports Program Climate and Air Quality Planning Competition grant application. Staff is not requesting a commission exemption for NREL because the Port has existing authority to contract directly with other government entities.

We request a commission exemption because it is not appropriate or cost-effective to compete this work for two reasons:

- Because of the highly competitive nature of this grant competition, Port staff believe that including nationally recognized partners could be the difference in the EPA giving serious consideration to funding our application.
- The complex, technical, and detailed scope of work associated with the planning studies outlined in the grant application requires unique expertise and specific relationships to successfully execute this ambitious project.

#### Grant Competition Justification

The EPA Clean Ports Program is a one-time fund created by the Inflation Reduction Act; all \$3 billion is being allocated this year. Thus, this is a once-in-a-generation opportunity, particularly for the Port of Seattle's non-cargo maritime activities, which are generally not eligible under regular federal maritime funding programs that only focus on cargo operations. It is expected that there will be hundreds of millions of dollars in applications for the \$150 million planning grant program – from ports large and small throughout the country. Even our partners at The Northwest Seaport Alliance will be submitting a competing planning grant.

It is therefore reasonable to assume that the Port of Seattle needs to distinguish its application – not just in terms of the content, but also in terms of demonstrating nationally recognized partnerships that will help us stand out from the other applications. Without named partners, we do not have confidence that our application will be funded.

#### Unique Expertise Justification

1) Maritime Blue is the only multi-stakeholder maritime cluster organization in Washington State with expertise on maritime industry decarbonization and joint innovation project development.

- o As the only locally based cluster organization focused on growth of the maritime industry and promotion of innovation and sustainability technologies in Washington State, Maritime Blue is uniquely positioned to lead engagement and outreach to Puget Sound vessel owners and operators on the topic of vessel decarbonization. In addition, it is the lead agency in the Sustainable Maritime Fuels Collaborative, which aims to bring together supply and demand stakeholders to accelerate the production and use of sustainable maritime fuels and technologies in Washington.

- o Maritime Blue has existing relationships with the local maritime industry stakeholders that would be engaged through this study; has staff expertise related to the technical topics involved in the study; and has deep knowledge of the Port-specific maritime fuels

Template revised June 27, 2019 (Diversity in Contracting).

#### COMMISSION AGENDA – Action Item No. 8g Page 3 of 5

Meeting Date: May 28, 2024

context through its existing involvement in a study with the Port and RMI to analyze maritime fuels supply.

- o Maritime Blue has extensive experience in the Puget Sound region facilitating collaborative R&D, joint innovation projects, and driving early-stage technologies to commercialization. Maritime Blue is uniquely positioned to identify and establish pilot project partnerships with local vessel operators.

- o Maritime Blue is a voluntary member of the Pacific Northwest to Alaska Green Corridor, for which this funding proposal is directly supportive. Maritime Blue will provide a critical information nexus between feasibility analyses for methanol bunkering and use aboard cruise ships and the foundational planning work related to methanol supply, demand and storage proposed in this planning grant application. For these reasons, Maritime Blue adds unique relevance to this proposal.

2) RMI, formerly known as The Rocky Mountain Institute, is an independent, nonpartisan, nonprofit that transforms global energy systems through market-driven solutions to align with a 1.5°C future and secure a clean, prosperous, zero-carbon future for all. RMI includes over 600 experts working on four continents with businesses, policymakers, communities, and other organizations to identify and scale energy system interventions that will cut greenhouse gas emissions at least 50% by 2030. For over 40 years, RMI has utilized its unique techno-economic expertise and whole-systems thinking to publish groundbreaking research and analysis.

- o To the Port's knowledge, there are no other entities with experience in establishing a multi-stakeholder marine fuel acquisition strategy for next generation, zero emissions fuels. With their collaboration with the Aspen Institute's Zero Emissions Buyer's Alliance and the Maersk McKinney Moeller Center for Zero Carbon Shipping, RMI brings a unique body of expertise which serves the Port's specific objective of developing an aggregated, multi-stakeholder green maritime fuel acquisition strategy.

- o RMI is uniquely positioned to provide expertise on fuel demand analysis specifically relevant to the Pacific Northwest maritime industry and the Port as a result of direct experience in analyzing production pathways for maritime fuels to serve ports in Washington State for the Sustainable Maritime Fuels Collaborative. Because of this experience, RMI has also devoted significant investment in understanding the social, economic, and environmental conditions related to the growth of a sustainable maritime fuels industry in Washington.

3) The American Bureau of Shipping has been at the forefront of marine and offshore energy

innovation for more than 150 years. They work alongside partners tackling the most pressing technical, operational, and regulatory challenges so the marine and offshore industries can operate safely, securely, and responsibly. They provide traditional classification services as well as on-the-ground technical services in asset performance, energy efficiency, environmental performance, and life cycle management.

- o While several classification societies are working on or have issued methanol certifications for ships, ABS is the first and only classification society to produce a specific advisory on methanol bunkering globally and in the United States.

- o ABS has unique, direct experience in conducting a multi-stakeholder desktop-to-field methanol bunkering exercise for the specific purpose of preparing a port for methanol deployment. For example, the world's first ship-to-containership bunkering of methanol occurred at the Port of Singapore in July 2023 following a desktop exercise utilizing ABS'

Template revised June 27, 2019 (Diversity in Contracting).

COMMISSION AGENDA – Action Item No. 8g Page 4 of 5

Meeting Date: May 28, 2024

expertise. This is a specific objective of the proposed scope of work under this grant.

- o ABS also has established relationships with industry and regulatory agencies key to the success and development of this planning proposal.

Diversity in Contracting

There are no aspirational goals for this commission exemption.

DETAILS

The Port's Powering the Maritime Transition in the Pacific Northwest application has three overarching goals:

- Assess requirements and strategic actions that Pacific Northwest ports can take to effectively catalyze the transition of vessels operating in the Pacific Northwest to significantly reduced pollution and zero-emissions operations.
- Develop a roadmap of actions in the commercial harbor craft and ocean-going vessel market segments.
- Ensure meaningful community engagement in the planning and development of the transition studies and roadmap.

Scope of Work

The overall scope of work is as follows:

1) Vessel Activity and Maritime Fuel Inventory

a. Task 1: Commercial Harbor Craft Study

b. Task 2: Ocean Going Vessel Demand and Emissions Analysis

2) Harbor Vessel Decarbonization Feasibility Study

a. Task 1: Technology Assessment

b. Task 2: Electrification Site Inventory and Prioritization

c. Task 3: Pathway Development & Recommendations

3) Sustainable Maritime Fuels Transition Analysis

a. Task 1: Fuel Infrastructure Investment and Supply Acquisition Strategy Analysis

b. Task 2: Green Methanol Bunkering Feasibility Study

c. Task 3: Sustainable Maritime Fuels Transition Roadmap Landscape Assessment

4) Stakeholder Collaboration and Engagement: Community, Workforce & Industry

a. Task 1: Community Engagement

b. Task 2: Industry Engagement

c. Task 3: Workforce Impact Analysis

- Maritime Blue (approximately \$210,000 in sub-awardee funds) would be responsible for supporting the Sustainable Maritime Fuels Transition Analysis, with a particular focus on the Green Methanol Bunkering Feasibility Study; in addition, Maritime Blue would be a lead on the Industry Engagement work.

- RMI (approximately \$400,000 in sub-awardee funds) would be responsible for supporting the Sustainable Maritime Fuels Analysis, with particular focus on the Transition Fuel Infrastructure Investment and Supply Acquisition Strategy Analysis.

- ABS (approximately \$450,000 in sub-awardee funds) would be responsible for supporting the

Template revised June 27, 2019 (Diversity in Contracting).

COMMISSION AGENDA – Action Item No. 8g Page 5 of 5

Meeting Date: May 28, 2024

Sustainable Maritime Fuels Transition Analysis, with a particular focus on the Green Methanol

Bunkering Feasibility Study.

Schedule

- We expect this work to take approximately three years to complete, until the end of 2027. A detail schedule of deliverables and timelines is included in the grant application.

Cost Breakdown

Element Estimated Cost

Part 1: Project Management Plan & \$447,000

Governance

Part 2: Vessel Activity and Maritime Fuel \$250,000

Inventory

Part 3: Harbor Vessel Decarbonization \$500,000

Feasibility Study

Part 4: Sustainable Maritime Fuels Transition \$1,200,000

Strategy

Part 5: Stakeholder Collaboration & \$603,000

Communication: Community, Workforce, and

Industry

Total \$3,000,000

#### ALTERNATIVES AND IMPLICATIONS CONSIDERED

The alternative to this commission exemption is to submit the grant without named partners and then – if successful – conduct a full competitive process to identify and select sub-awardees to support the execution of the scope of work. Listing named partners is not required by the EPA for this grant process. However, this alternative was rejected for two key reasons:

1) Staff does not believe that our grant request would be as likely to be funded without including named partners, particularly sub-awardees with such high national recognition and reputation.

This grant will be highly competitive, and the EPA will be looking to fund projects at ports of varying sizes and locations. Being in Seattle is seen as a negative in this respect, given our history of receiving other funding and our reputation as being able to self-fund much of this work.

Furthermore, even if EPA wants to fund in the Pacific Northwest and Region 10, the Port of Seattle will be competing with planning grant applications from other ports throughout Washington State, Oregon, and Alaska. The named partners could be our differentiator.

2) Staff believes – as articulated above – that these named partners are uniquely qualified to conduct this work, both because of the specific scope of the work and their demonstrated expertise on these topics as well as their strong, pre-existing relationships in Washington State and with the key industry and community stakeholders that will be needed to engage with for this work.

#### ATTACHMENTS TO THIS REQUEST

None

#### PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

Template revised June 27, 2019 (Diversity in Contracting).