



March 7, 2026

Honorable Lauren Sanchez, Chair
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: Cap and Invest Amendments and Impacts on the San Pedro Bay Port Complex

Dear Chair Sanchez:

The Harbor Association of Industry and Commerce (HAIC) represents businesses operating throughout the San Pedro Bay harbor region, including terminal operators, maritime service providers, engineering firms, logistics companies, and energy producers that support the operations of the Ports of Los Angeles and Long Beach.

Together, these ports handle approximately thirty-five to forty percent of all containerized imports entering the United States. Maintaining the competitiveness of this logistics gateway requires stable energy supplies and reliable access to transportation fuels.

The proposed Cap and Invest amendments threaten to undermine that stability.

By tightening the emissions cap and removing approximately 118 million allowances from the system between 2027 and 2030, the rule will significantly increase compliance costs for fuel suppliers serving California. These costs will directly affect the price of marine diesel, trucking fuel, and other transportation fuels used by the goods movement sector.

More concerning is the structural imbalance embedded within the program. In-state refineries must comply with stationary source obligations that foreign fuel producers do not face. Fuel imported into California from overseas facilities enters the same market without those production-based compliance costs.

This imbalance places California's remaining refineries at a structural disadvantage and encourages greater reliance on imported fuels.

For the harbor economy, this dynamic creates multiple risks. Reduced domestic refining capacity threatens supply reliability for marine fuels, increases exposure to global fuel price

volatility, and weakens the cost competitiveness of the San Pedro Bay port complex compared with other North American gateways.

Cargo movement is highly sensitive to cost. Even modest increases in transportation fuel costs can influence shipping routes and cargo decisions. If California policies drive goods movement costs higher than competing ports, cargo will simply move elsewhere.

HAIC urges CARB to address the regulatory imbalance between domestic refiners and imported fuels and to revise the proposed amendments before final adoption.

The competitiveness of the nation's largest port complex and the stability of the regional supply chain depend on maintaining reliable energy infrastructure.

Sincerely,



Henry Rogers

Executive Director

Harbor Association of Industry and Commerce