Harbor Association of Industry and Commerce (Henry Rogers)

The San Pedro Bay harbor region depends on a stable and reliable supply of transportation fuels to support port operations, logistics, rail movement, and maritime activity. The Ports of Los Angeles and Long Beach together handle a substantial share of the nation's containerized imports, and the efficiency of this gateway depends on dependable energy infrastructure.

Recent refinery closures and conversions have already reduced California's in state refining capacity. The proposed amendments risk increasing compliance costs for domestic producers while demand for liquid fuels remains strong. If additional refining capacity becomes economically unviable, California will become more dependent on imported fuels delivered through longer and less predictable supply chains.

HAIC is also concerned about the regulatory imbalance between in state refiners and imported fuels that enter the California market without equivalent production based compliance obligations. Addressing this imbalance remains essential to protecting port competitiveness, fuel supply reliability, and the economic stability of the harbor region.

HARBOR ASSOCIATION
OF INDUSTRY & COMMERCE

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

Henry Rogers
Executive Director
Harbor Association of Industry and Commerce