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PORT OF LOS ANGELES Vessel Speed Reduction Incentive Program Guidelines

Program Guidelines:

On June 18, 2008, the Port of Los Angeles Board of Harbor Commissioners adopted a Vessel Speed Reduction Incentive Program (VSRIP). This incentive provides vessel operators the equivalent of 15 percent of the first day of dockage, per vessel visit, as published in Port Tariff No. 4. This refund applies to all of the vessel operators' ships that berth at the Port of Los Angeles (Port) during a calendar year. Vessel operators achieving 90 percent compliance in a calendar year will receive the incentive for 100 percent of their vessel calls in that year. Calendar year 2008 was the first qualifying year for this program.

On September 29, 2009 the Board of Harbor Commissioners for the Port of Los Angeles expanded the VSRIP to 40 nm. This expanded incentive provides vessel operators the equivalent of 30 percent of the first day of dockage, per vessel visit, as published in Port Tariff No. 4. Vessel operators achieving 90 percent compliance at the 40 nm level in a calendar year will receive the incentive for 100 percent of their vessel calls in that year.

Program compliance is based on actual vessel speeds as collected by the Marine Exchange of Southern California (Marine Exchange) and includes both arrivals and departures to/from the Port of Los Angeles. Based on actual compliance performance, vessel operators will qualify for either the Tier 1 (20 nm) or Tier 2 (40 nm) incentive, but not a combination thereof.

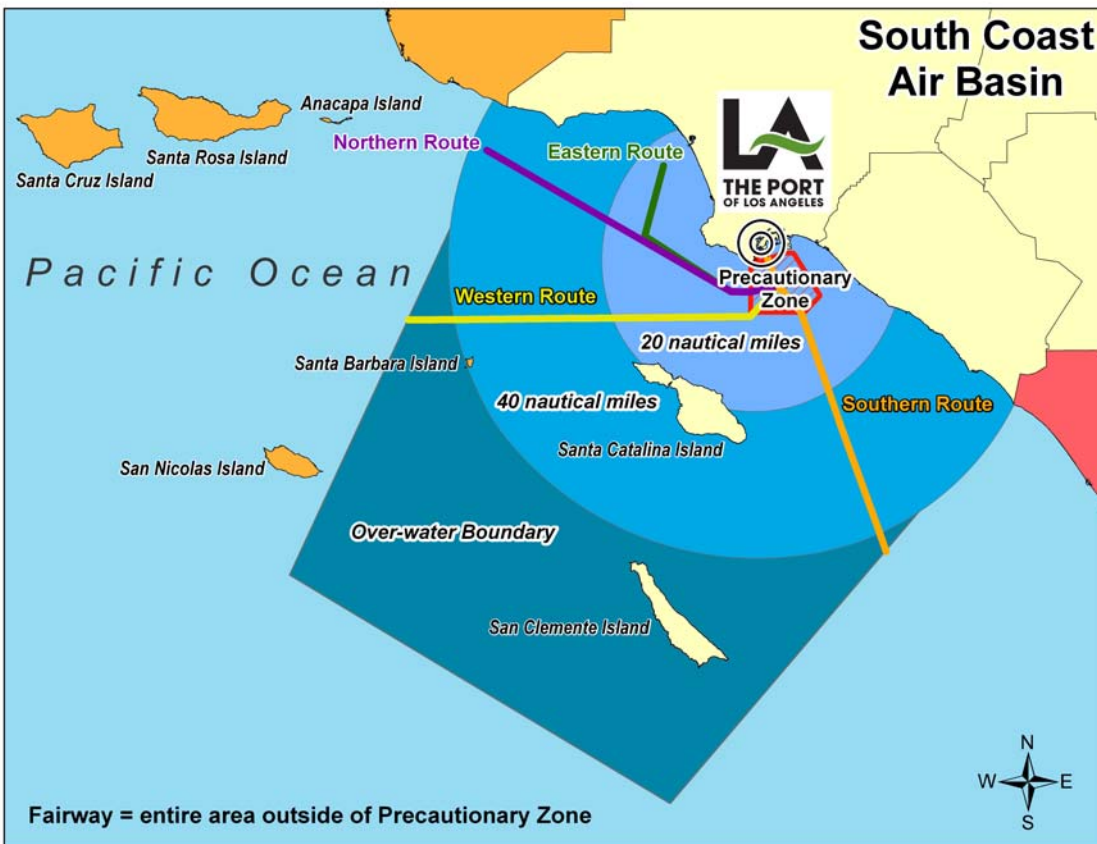
For calendar year 2009, the expanded VSRIP will be in effect from the date of Board approval, September 29, 2009, until December 31, 2009. Based on compliance performance during this period, vessel operators will be eligible for either a Tier 1 or Tier 2 incentive award (but not both), and said award will apply to 100 percent of vessel calls during September 29 – December 31, 2009. For vessel calls made between January 1 and September 28, 2009, vessel operators are eligible for a Tier 1 award only, and said award will apply to 100 percent of vessel calls during January 1 – September 28, 2009. For future years, incentives will be based on compliance for an entire calendar year.

Determination of Vessel Speed Reduction Compliance:

To be eligible for reimbursement, a vessel trip must be compliant with the Ports’ Vessel Speed Reduction (VSR) program speed limit of 12 knots over the entire distance for which they wish to receive an incentive reimbursement. To be compliant with the VSR speed limit, the vessel’s weighted average speed must be 12 knots or less from the 20 nm or 40 nm latitude and longitude positions on each respective route to/from the Port (Figure 1) to the seaward edge of the Precautionary Zone. Vessel speed will be determined by the Marine Exchange at 10, 15, 20, 25, 30, 35 and 40 nm from Point Fermin Light. A weighted average based on measured speed and distance traveled within each five-nautical mile segment will be used to determine the average trip speed.

The seaward latitude and longitude positions and weighted average speed calculations are described in the POLA Tariff No. 4 (<http://www.portoflosangeles.org/Tariff/SEC20.pdf>).

Figure 1



Dockage Reimbursement Process:

On an annual basis, the Port will provide a VSR Data Report to all vessel operators that had 90 percent or greater VSR compliance for the prior compliance year. The report contains all compliant and non-compliant vessel calls for the vessel operator, along with the calculated incentive amount. This report will be sent to vessel operators via email.

The vessel operator will verify the report to ensure that all vessel calls have been included and are correctly accounted for. Once in agreement, the vessel operator shall prepare an invoice in the amount noted on the VSR Data Report:

The invoice submitted to the Port should reference:

- Port of Los Angeles Tariff No. 4, Section 20 - Clean Air Action Plan, Item 2045 – Voluntary Vessel Speed Reduction Program.

The following documentation must also be included with the invoice:

- The verified VSR Data Report as back up documentation.
- A City of Los Angeles Business Tax ID number (BTRC)*
- A W-9 for U.S. Entities or a W-8BEN for non-U.S. Entities

*In the event the vessel operator does not have a BTRC with the City of Los Angeles, one may be obtained through the City of Los Angeles Office of Finance. An electronic BTRC application can be accessed on line at:

<http://www.lacity.org/finance/pdf/TaxRegistrationV4.pdf>.

The invoice and supporting documentation should be addressed to:

Los Angeles Harbor Department - EMD
Accounts Payable Division
P.O. Box 191
San Pedro, CA. 90733-191

Once the Port has received all documentation, the incentive payment will be processed and mailed.

Program Resources:

Further details of this program are available on the Port's website at:

<http://www.portoflosangeles.org/Tariff/SEC20.pdf>.

For additional information, please contact:

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