

DRAFT**RESOLUTION 20xx-xxx****RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH NATIONAL STEEL AND SHIPBUILDING COMPANY (NASSCO), REGARDING LOW CARBON FUEL STANDARD (LCFS) CREDITS GENERATED FROM ELIGIBLE ELECTRIFIED EQUIPMENT LOCATED AT NASSCO FOR USAGE COVERING THE PERIOD FROM JULY 1, 2022 THROUGH DECEMBER 31, 2027**

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix 1; and

WHEREAS, the State of California's Low Carbon Fuel Standard (LCFS) program expanded its optional participant definition in 2019 to include some operations by the District and its tenants; and

WHEREAS, National Steel and Shipbuilding Company (NASSCO) utilizes several pieces of electrified equipment that qualify under the LCFS program for credit; and

WHEREAS, these credits can be sold on the LCFS Market for funds that can be invested into future electrification projects at the District or on tenant leaseholds, or other approved facilities; and

WHEREAS, this proposed Memorandum of Understanding (MOU) with NASSCO would allow the District and NASSCO to earn credits from NASSCO operations that utilizes electrified equipment; and

WHEREAS, the MOU specifies a 95/5 split of net revenue from credits with NASSCO receiving 95% and the District 5%; and

WHEREAS, the proposed MOU would cover credits generated from July 1, 2022 through December 31, 2027, when the MOU will be evaluated for renewal or modification; and

WHEREAS, the sale of LCFS credits covered by the proposed MOU is expected to result in revenue in the approximate amount of \$366,490 per calendar year quarter and of that amount, \$18,090 would be revenue for the District per calendar year quarter; and

WHEREAS, this would result in \$1,465,960 to NASSCO, of which approximately \$72,360 in revenue to the District for Fiscal Year 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That the Executive Director or his designated representative is hereby authorized and directed on behalf of the San Diego Unified Port District to enter into a Memorandum of Understanding with National Steel and Shipbuilding Company, regarding low carbon fuel standard credits generated from eligible electrified equipment located at National Steel and Shipbuilding Company for usage covering the period from July 1, 2022 through December 31, 2027, as set forth in the Memorandum of Understanding.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 14th day of June 2022, by the following vote: