

THE CALIFORNIA RAILROAD INDUSTRY

July 31, 2008

Robert DuVall
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Re: Railroad Industry Comments on ARB's Draft Scoping Plan released on June 26, 2008

Dear Mr. DuVall:

The members of the Association of American Railroads -- the Class I freight railroads operating in California and Pacific Harbor Lines (the Railroads) -- appreciate the opportunity to provide comments on ARB's AB 32 Discussion Draft Scoping Plan (the Draft) released on June 26, 2008. The Railroads commend ARB staff and Board Members on this initial and comprehensive endeavor to mitigate California's contribution to global climate change.

The Railroads submitted a previous comment letter on May 19 in response to the Preliminary Concepts presented by staff at the April 15 AB 32 workshop on reducing greenhouse gases (GHGs) from the Goods Movement Sector. We are pleased ARB staff acknowledged the significant concerns described in our comments, specifically the concept of restricting the growth of intermodal rail yards and ports. As we indicated in our previous comment letter, restricting the growth of a rail facility would ignore the efficiency benefits of rail over other modes of freight transportation and illogically burden rail rather than maximizing its potential to reduce GHG statewide. USEPA has recognized the potential benefits of modal shift in its SmartWay program and in its recently released ANPRM for reducing GHGs under the Clean Air Act. Additionally, ARB's strategy for reducing GHGs from goods movement should not include measures applicable to specific rail yards (such as the concept of capping GHG emissions for rail yards), nor should it contain measures for specific air basins or air districts. Thank you for recognizing these effects and not including a GHG cap for intermodal rail yards and ports in the Draft Scoping Plan.

The primary concept for reducing GHGs from goods movement in the Draft is described as 'system-wide efficiency improvement measures' with little detail yet on how ARB plans to pursue these measures. On July 22 ARB released the Appendices to the Draft Scoping Plan, which offer more insight into the proposed measures. The Railroads are still reviewing the full Appendices and intend to comment further on them; meanwhile, in this letter we offer you the following initial comments on the Draft Scoping Plan:

1. When developing the system-wide efficiency measures, ARB should continue to evaluate strategies to maximize the inherent advantage in greenhouse gas (GHG) reduction achieved by moving goods by rail instead of truck. Because railroads are, on average, three times more fuel efficient than trucks (in ton miles per gallon), every ton mile of freight that moves by rail instead of truck reduces GHG emissions by two thirds or more.¹ The USEPA SmartWay program has pointed out in one of its technical bulletins, “for shipments over 1000 miles, using intermodal transport cuts fuel use and greenhouse gas emissions by 65 percent, relative to truck transport, alone.”² At the scoping plan workshops, other stakeholders such as the regional transit agencies and proponents of combined heat and power facilities made similar comments that transportation or energy alternatives which are significantly more efficient should be encouraged to grow as a potential strategy for decreasing greenhouse gasses. In other words, emissions from transit, freight rail, or cogenerative power may grow while the overall emissions from their respective sectors decline. Given the projected population growth in California, system efficiency improvements are an essential strategy for California meeting its reduction goals cost effectively.
2. AB 32 requires that ARB design emission reduction measures “*in a manner that minimizes costs and maximizes benefits for California’s economy... [and] maximizes additional environmental and economic co-benefits for California, and complements the state’s efforts to improve air quality.*” Maximizing freight rail cannot only reduce GHG from the goods movement system, but also can help California find ways to address important state and local environmental concerns, such as reducing highway congestion, reducing local community impacts and reducing infrastructure costs.
3. While ARB staff continues to develop its strategies and potential measures to reduce GHG from ports and intermodal rail operations, they should propose only the control measures or strategies (long term and short term) that they have legal authority to impose. Measures that are preempted should not be proposed.
4. When developing the goods movement system efficiency measures, ARB staff should consider potential implications to the national railroad system. As America’s freight gateway to the Pacific Rim, California is an important part of the Railroads’ operations and the U.S. economy. GHG reduction measures that, for example, effectively restrict growth at rail yards could have unintended negative consequences throughout the national goods movement system.
5. The Railroads should not be inhibited from developing potential future rail projects that increase yard efficiency and therefore also improve the efficiency of

¹ AAR, “Freight Railroads and Greenhouse Gas Emissions” February 2008, page 1
http://www.aar.org/getFile.asp?File_id=466

² USEPA SMARTWAY TRANSPORTATION PARTNERSHIP *Technical Bulletin “A Glance at Freight Strategies: Intermodal Shipping,”* page 1
<http://www.epa.gov/smartway/documents/intermodal%20shipping.pdf>

- the entire system. No rail project that lowers GHG per container moved or otherwise improves efficiency should be considered to result in a significant negative impact on climate change. California should capitalize on the needed investments and public private partnerships for new and improved infrastructure to meet its AB 32 and other environmental health objectives. However, in order to do so, the industry also needs expedited review of any state or local permit decisions.
6. The Railroads and ARB have a history of cooperation on finding opportunities to reduce emissions from rail yard operations that are technologically feasible and cost effective and have yielded direct benefits for adjacent communities. We look forward to working with staff and other goods movement stakeholders in the future on the potential Goods Movement Taskforce to plan for long term efficiency measures. We anticipate that ARB will engage experienced goods movement industry representatives, as well as informed environmental and community leaders, as the system efficiency measures are developed.

In summary, rail yards are a critical part of a large, multi-modal goods movement system and AB 32 requires that the Scoping Plan consider the entire system and minimize leakage. ARB should encourage the development of additional clean and efficient rail transport by 2020. ARB should not limit the amount of freight that could be processed at or through specific rail yards. If rail yard GHG emissions are limited, then the only alternative to move goods would be to shift them to trucks. This approach would lead to an increase in GHG emissions statewide by 2020 and make it much harder and more costly to achieve the statewide GHG emissions limit by 2020.

The Railroads look forward to speaking with ARB staff on the Draft Scoping Plan in the future. You can reach me at 415-421-4213 x12 or Kirk@ceaconsulting.com if you have any questions.

Sincerely,



Kirk Marckwald
Association of American Railroads (AAR)

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