

Estabrook, Katie@ARB

From: Estabrook, Katie@ARB
Sent: Tuesday, November 8, 2022 10:49 AM
To: Estabrook, Katie@ARB
Subject: FW: rail
Attachments: image001.png; image002.png; image001.png; image002.png; DRAFT Spending Analysis (1 NOV 2022) rp.xlsx

On Nov 3, 2022, at 2:27 PM, Colicchio, Lisa <ColicchioL@scrra.net> wrote:

Hi Layla... sending over an updated spreadsheet that also includes the in-service date for each of the locomotives currently operating in our fleet.
Please refer to tab: Mileage, Consumption ,Energy and let us know if you have further questions upon your review.
Thank you.
Lisa

From: Colicchio, Lisa
Sent: Thursday, November 3, 2022 9:58 AM
To: Gonzalez, Layla@ARB <Layla.Gonzalez@arb.ca.gov>
Cc: Davis, Alex <DavisA@scrra.net>; Dunn, Jeffrey <DunnJ@scrra.net>; Gideon Kracov <GKracov@aqmd.gov>; Arias (heather.arias@arb.ca.gov) <heather.arias@arb.ca.gov>; Hubler, Paul <HublerP@scrra.net>; Stewart, Michelle <StewartM@scrra.net>
Subject: RE: IUL Regulation vs ACP requirements

Hi Layla – In working with our consultants, we’ve prepared a side by side comparison for Metrolink under both a traditional compliance path and an Alternative Compliance Plan under the proposed In-Use Locomotive Regulation.

SCENARIO 1 (Traditional Compliance Path): The first chart demonstrates the economic set aside of funds required in the spending account scenario. You’ll see that we could meet the emissions reduction goal while continuing to operate our existing locomotive fleet of 40 Tier 4 and 15 Tier 2 through 2039 without any procurement of new equipment. Metrolink would set aside a cumulative sum of \$625M during this period in a Spending Account according to the regulation requirements. We understand the intent of the regulation language is that if we did set aside enough funds for a ZE procurement, it’s encouraged that an agency would proceed down that path toward procurement and replacement of cleaner and/or ZE technology. However, in this scenario, the spending account requirements require Metrolink to save much more funding than is necessary for the purchase of 15 new zero emission locos in 2040 (approximately \$500 million more than is needed). Of course, notwithstanding as we’ve previously stated before, the inherent issues of our JPA governance structure which strictly prohibits annual fund set asides; even if funds were available. Further, Metrolink does not have enough operating funding to fully restore its service to pre-pandemic levels. Setting aside these amounts of funds is an existential threat to Metrolink; would cripple the agency significantly and would force closure of additional service at a time when we’re trying desperately to regain lost ridership.

SCENARIO 2 (Alternative Compliance Plan): The second chart demonstrates the economic impact under an ACP scenario in lieu of a Spending Account. Under this scenario, we would first need to replace all 15

Tier 2 with Tier 4 prior to 2029. Note, that although we have made aggressive attempts in seeking grant funding to facilitate this, as you're aware we only have partial funding for what we hope would be 8 locomotives but are still under a major funding shortfall and don't yet have remaining funding secured to move forward with this procurement.

Secondly, which is most troubling, in order to achieve the emission reduction equivalents, set forth in the regulation, in 2031 we would need to begin replacing our "new" Tier 4 locomotives to which our oldest at that time would only be in operation for 14 years. We're taking every possible action we can to reduce emissions – including powering our locomotives today with 100% renewable fuel.

Of note is that the two charts show very different behaviors between Scenario 1 and Scenario 2. The reductions from the ACP should be equivalent to those achieved by the regulation, yet it models very different behavior for Metrolink's fleet and very likely will result in very different emissions reductions over time.

Please know this analysis serves as the foundation and primary reason we've raised concerns in our comment letters. We look forward to continuing to work closely with you and CARB staff as we all have the same end goal and are aggressively committed to improving our environment. Please review the attached spreadsheets and we'd welcome the opportunity to meet together at your convenience and discuss the analysis and best next steps forward.

Thank you

Lisa