



**\*\*Submitted Electronically\*\***

April 20, 2105

Mary Nichols  
Chair, California Air Resources Board  
PO Box 2815  
Sacramento, CA 95812

Dear Ms. Nichols:

**Re: BNSF Railway and Union Pacific Railroad Initial Comments on ARB's Sustainable Freight Pathways Discussion Draft**

On behalf of Union Pacific Railroad and BNSF Railway (the Railroads), thank you for the opportunity to comment on the recently released *Sustainable Freight Pathways to Zero and Near-Zero Emissions Discussion Draft* (Pathways discussion draft). Since January 2014, the Railroads have participated in the ARB Sustainable Freight process both as an industry and as part of a coalition of shipping, logistics, and supply chain industry partners. The Railroads have attended workshops, met with ARB Staff at all levels, met with ARB Board members, and have submitted five comment letters.

The Railroads appreciate ARB Staff's recognition that freight transport "is a major economic engine for [the] State...", is a complex interconnected "system of systems," and that it "must remain profitable in the face of increasing competition..." (Pathways discussion draft, Page 1). As previously indicated in both Railroad and industry letters and meetings with ARB Staff and Board members, for a long-term, durable Freight Strategy to be truly sustainable, it needs to balance and optimize the sometimes competing environmental, economic, and social needs. The Railroads would like clarification on how the agencies will work together to achieve this outcome, as it seems ARB may be moving forward with the environmental component ahead of the economic and social needs assessments. As the ARB continues to work with its sister agencies to create the desired, integrated assessment, the Railroads again urge the ARB to hire outside experts to help guide that process. Such an approach has been followed by the ARB before and should be utilized in this effort as well.

As the Pathways discussion draft was only released on April 3<sup>rd</sup>, the Railroads are still in the process of understanding Staff's vision and determining how it may impact rail operations in California and nationwide. Nevertheless, based on our initial review of the discussion draft, below are three issues which we will want to have follow-up discussions with both the Board and the Staff after the ARB meeting on April 23<sup>rd</sup>.

- Complete the sector-specific Technology Assessments before making the Pathways document final. In 2014, ARB Staff indicated in several venues that the technology assessments would "lay the framework for identifying and prioritizing the next steps, including accessing and leveraging funding, near-term implementation strategies, and longer-term actions that could be included as measures in upcoming SIPs" (Scoping Plan Update, page 52, emphasis added). The Railroads agree that the technology assessments are important, and affirmed this in our testimony before the Board on December 18, 2014. At the same meeting, Staff stated that the sector-specific technology assessments would be completed by first quarter of 2015.

However, to date, only the Overview Draft has been released. The Railroads believe all parties would benefit from the opportunity to review and discuss possible strategies for each sector before the Pathways discussion draft is made final. The Board should direct Staff to issue drafts of all of the technology assessments as soon as possible, ideally by the end of May, and engage stakeholders over the next few months so the technology sector assessments can be finalized in the early Fall. The Board should also direct Staff to issue drafts of all of the technology sector assessments before finalizing the Pathways document as they are needed for both SIP planning and Sustainable Freight efforts.

- Concern with declining facility emissions caps. While the Railroads are still analyzing Staff's proposal, at this point, the views expressed in the Railroads' letter dated September 9, 2014 remain: The Railroads continue to have "deep concerns regarding your Staff's consideration of imposing a declining emissions cap on railyard operations, and the policy and legal challenges that may result from such a rule." Thorough discussion and careful analysis will be needed for all parties to understand if and how such a novel approach might work in practice.
- Consider additional incentive funding options. ARB's current funding programs limit locomotive investment to either transformational technologies (such as battery technologies) that theoretically might achieve significant reductions, or to Tier 4 technology. However, there are no transformational locomotive technologies that are available in the near or intermediate term. Thus, such technologies cannot provide any near or intermediate-term health benefits. Furthermore, by limiting incentives to locomotives that meet the Tier 4 emission standard, the ARB is missing the opportunity

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to fund currently available retrofit technologies that can reduce emissions and risks in and around railyards now and for years to come.

ARB should set aside incentive funds to encourage retrofits of the existing locomotive fleet (either diesel or LNG). These technologies offer a much better "bang for the buck" in terms of emission reductions per incentive dollar spent and many are available today or will likely be available in the very near future. These types of retrofits can provide real emission reductions in the near term, while the longer-term transformational technologies are proven in the laboratory and through demonstration programs. Other incentive program requirements may need to be adjusted to take advantage of these near term emissions reduction opportunities, but the ARB Board should direct Staff to modify the current incentive programs to maximize the potential near term emission reductions from locomotives while ensuring the modifications do not affect the development of transformational technologies.

Finally, the Railroads are members of BizFed and the California Trade Coalition and we support and endorse the comments submitted by these organizations.

For more than two decades, the Railroads have worked collaboratively with ARB to achieve emission reductions in California. Joint ARB and Railroad efforts over the years created the single largest voluntary, but enforceable, emissions reductions program for any source category. The Railroads remain willing to further improve California's air quality through collaborative, enforceable programs.

The Railroads look forward to working with ARB Staff and Board to further understand and discuss the details of the options presented in the Pathways discussion draft.

Sincerely,



Kirk Marckwald

On behalf of BNSF Railway and Union Pacific Railroad

Cc: Richard Corey

Cynthia Marvin