

THE CALIFORNIA RAILROAD INDUSTRY

November 12, 2008

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

Re: Railroad Industry Comments on ARB's Proposed Scoping Plan released on October 15, 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 Proposed Scoping Plan (the Plan) released on October 15, 2008. The Railroads have submitted previous comment letters throughout the development of the Scoping Plan. We continue to be pleased that ARB staff acknowledged the significant concerns described in our comments, specifically the concept of restricting the growth of intermodal rail yards and ports.

However, we are disappointed the ARB has failed to fully recognize mode shifting as a legitimate greenhouse gas (GHG) strategy, despite the apparent fuel efficiency and greenhouse gas benefits of transporting freight by rail instead of trucks. The railroad industry, which nationally consumes over four billion gallons of fuel annually, has a strong economic incentive to minimize fuel consumption and, hence, GHG emissions. The Railroads are constantly looking for ways to become more fuel efficient. In fact, railroad fuel efficiency, as measured on a gallons per revenue ton-mile basis, has increased steadily and dramatically, from 235 in 1980, to 332 in 1990, to 436 today.¹

ARB should be consistent in its overall strategy to promote efficiencies throughout the California economy and support the concept of encouraging the movement of more goods on rail. Supporting this concept is consistent with the logic behind other measures in the Plan, such as increasing the capacity of Combined Heat and Power and the Plan's emphasis on co-benefits -- since each train carries goods that would otherwise go by less efficient trucks on congested highways.

The Railroads offer the following specific comments on the Plan, with a focus on Appendix C- Sector Overviews and Emission Reduction Strategies:

¹ 73 Fed. Reg. 44464. 2007 data show that railroads move a ton of freight 436 miles on one gallon of diesel fuel. AAR calculates gallons per revenue ton mile by averaging the data for the Class I railroads, submitted annually by the Class I railroads to the Surface Transportation Board on "R-1" reports. In the R-1 reports, schedule 750 contains the fuel data and schedule 755 contains the ton-mile data.

1. US EPA published an ANPRM on regulating GHGs on July 30, 2008. A key point made by the US EPA in the ANPRM must not be overlooked: one method of controlling GHG is to increase the use of railroad transportation. In the ANPRM, US EPA observes:

“[Rail] transportation has already been the focus of substantial efforts to reduce its energy use, resulting in generally favorable GHG emissions per ton-mile or per passenger-mile. The Association of American Railroads calculates that railroads move a ton of freight 423 miles on one gallon of diesel fuel. Reasons for the advantage provided by rail include the use of medium-speed diesel engines, lower steel-on-steel rolling resistance, and relatively gradual roadway grades.”²

Diversion of traffic from trucks to railroads would lead to an overall decrease in GHG emissions even though railroad GHG emissions would increase. This is due both to the railroads’ fuel efficiency advantage and because diversion of traffic from the highways reduces highway congestion. As EPA recognizes in the ANPRM, mode shifting is a legitimate GHG strategy that should be supported by ARB in the Scoping Plan.³

2. ARB should not only support shifting the transportation of goods from truck to rail, but it must also avoid any measures that result in the movement of goods from rail to truck. Such a shift would increase total emissions from the goods movement system, both in GHGs and criteria pollutants such as PM and NOx. Appendix C of the Proposed Scoping Plan lists key elements of the near term goods movement efficiency measures. One of these key elements is “[a]ssign emission reduction goals to the key contributors with particular emphasis on ports and intermodal rail operations.”⁴ As stated in each of our previous comment letters, any measure that caps railroad growth could actually cause an increase in the total transportation system emissions. As ARB pointed out in the Plan, “[t]he Goods Movement program is primarily intended to achieve criteria and toxic air pollutant reductions but will provide important greenhouse gas benefits as well.”⁵ ARB’s projected reductions in co-pollutants for the goods movement efficiency measures make it all the more important that this measure be structured appropriately.
3. AB 32 mandates that ARB minimize leakage when developing the Scoping Plan to ensure that emissions reductions achieved in California are not merely displaced to a neighboring state. Railroad tracks do not end at California’s borders

² See n. 1. While EPA states that railroads move a ton of freight 423 miles on one gallon of diesel fuel, more recent data show that the railroads move a ton of freight 436 miles on one gallon of fuel.

³ 73 Fed. Reg. 44464. EPA’s SmartWay program gives credit to shippers using railroad intermodal service. See Fleet Performance Model at <http://www.epa.gov/smartway/transport/index.htm>.

⁴ Proposed Scoping Plan Appendices Volume 1, Appendix C, P. C-68.

⁵ Proposed Scoping Plan, P. 20.

- and therefore system efficiency measures must consider the effects beyond California's trade corridors, and even beyond the Western Climate Initiative jurisdictions. GHG reduction measures that, for example, effectively restrict fueling practices or growth at California rail yards, could result in an increase in GHG emissions outside California. Additionally, they could also have unintended negative consequences throughout the national goods movement system.
4. 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 interfere with interstate commerce, conflict with federal law or are otherwise preempted should not be included.
 5. Under the emerging technologies for locomotives discussed in Appendix C,⁶ ARB includes "the use of a magnetically-levitated ("maglev") cargo system that is electrically propelled." Maglev is not an emerging locomotive technology; it is an alternative system that is entirely separate from railroad operations and should not be viewed as under the purview of the railroad industry.

The Railroads appreciate the time and attention that staff has put into developing the Proposed Scoping Plan and look forward to a continued dialogue with ARB in the future. Thank you for considering our comments.

Sincerely,



Kirk Marckwald
Association of American Railroads (AAR)

cc:

Mary Nichols, ARB
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⁶ Proposed Scoping Plan Appendices Volume 1, Appendix C, P. C-70.