Transportation of Oil by Rail

WPPA Policy Position

Background

Production of crude oil and natural gas in North America has significantly increased due to recently developed extraction facilities in the North American mid-continent. The United States is now the largest crude oil producer in the world. Due to Washington State's geographic location, existing refinery facilities and our logistics network of rail and deep-water ports, Washington will likely channel more energy resources in the future. Mid-stream energy producers (those who store and refine the product) are currently using these corridors as well as proposing several new oil and oil derivative shipping facilities at Washington State ports.

These facilities would increase the flow of these commodities through our state and ports. Without pipeline infrastructure between North Dakota and the West Coast, rail transport is the only feasible west-facing conduit for this oil. Recent serious incidents involving the transport of crude oil via rail have heightened the awareness of risks related to this trade.

Washington State is a logical route for crude oil and derivatives from oil and gas production: This presents opportunities for economic development as well as challenges to safeguarding our environment and citizens. The debate over increased rail shipments of oil across Washington has focused largely on permitting for specific new oil transportation infrastructure projects, rather than a broader examination of more fundamental issues and considerations. It is important that Washington Ports participate in this public discourse in a manner that reflects our interest in legitimate economic development, sound public policy, environmental protection and public safety.

Considerations

- ✓ Washington's ports serve varied constituencies.
- ✓ All commodities and goods must be transported in a safe manner.
- ✓ Shippers demand an effective, efficient, consistent, and reliable port-rail transportation supply chain in order to remain competitive .
- ✓ Economic development, public safety, and environmental stewardship are fundamental to the mission of Washington State's ports.
- ✓ Permitting processes and requirements should be applied in an even-handed fashion for all transportation projects.
- ✓ Oil transits on federally regulated travel corridors, which preempts most state regulation.

Washington Public Ports Position

The Washington Public Ports Association supports the following actions to prevent and mitigate accidents related to the transport of crude oil.

DOT – 111 Tank Car Replacement

The U.S. Department of Transportation should stay on schedule to finalize regulations in March, 2015 for new and retrofitted tank cars to replace the older model DOT – 111; the rail tank car that is most commonly used to transport Bakken oil on U.S. and Canadian railroads.

Positive Train Control (PTC)

The U.S. Department of Transportation should advance rule making requiring the full implementation of Positive Train Control technology as mandated in the Rail Safety Improvement Act of 2008 for trains transporting crude and distillates. An adopted rule to implement positive train control (PTC) systems (which increase rail safety) is critical.

Fractionating – Removal of Light Gases

The U.S. Department of Transportation should adopt rules requiring lighter crude undergo fractionating to remove lighter gases and reduce volatility prior to transport by rail. The United States Department of Transportation recognized the volatility of Bakken crude oil when they issued an advisory to ensure that all precautions be taken to ensure the safe transport of Bakken crude oil, including the separation of dissolved gases. This technology is currently employed for crude oil transported by pipeline, and has been recommended already by the State of North Dakota.

Incident Response Planning

Railroads should be required to develop a comprehensive oil spill response plan that covers all crude oil shipments by rail. The U.S. Department of Transportation's Pipeline and Hazardous Material Administration (PHMSA) has promulgated regulations which require railroads to formulate these plans. The response plan elements are similar to the Vessel Response Plan requirements for barge and tanker operators stipulated by the U.S. Coast Guard under the provisions of Oil Pollution Act of 1990.

Funding First Responders

Local first response agencies need adequate resources in order to perform adequate incident response planning. The state of Washington currently applies a barrel tax to the importation of crude oil by tank vessel – this tax has been in place since the early 1990's. The funds raised by the tax are used for spill prevention planning efforts. The state should also apply this tax to the import of crude oil by rail car, and use the proceeds to create a grant program for first response agencies for equipment and training to respond to spills and accidents.