

# RETAC – Capacity Subcommittee Report

September 17, 2008

# Subcommittee Members

- Henry Rupert – CSX Transportation, Subcommittee Chair
- William Berg – Dairyland Power Cooperative
- Steve Bobb – BNSF Ry. Co.
- Sameer Gaur – GE Equipment Services
- Daryl Haack – Farmer
- Bob Hulick – TrinityRail
- Ed McKechnie – WATCO Company
- Jim Redding – Aventine Renewable Energy
- Dan Sabin – Iowa Northern Ry. Co.
- Jeff Wallace – Southern Company Generation

# **Subcommittee Goal**

To examine energy supply chain capacity issues that impact the reliability of energy product deliveries, primarily coal and ethanol, and develop findings and recommendations to the STB.

# Original Scope

Advocating an energy supply chain (producers, receivers, railroads) that results in sufficient and reliable deliveries of energy resources to end users.

# Revised Scope

Advocating approaches to having sufficient physical infrastructure in place and available to move energy resources when and where needed.

# Specific Issues

- What is the nature and extent of railroad reserve capacity needed to meet market needs?
- What mechanism is necessary to ensure that investments in capacity are made when and where needed?
- How can large investments for mine development, rail infrastructure, locomotives and rolling stock be made when the political and regulatory climate for coal mining and use (or policy changes supporting alternative energy sources such as ethanol or other bio-fuels) is uncertain?

# Process

- The subcommittee first met in May at the Chicago and in August at the CSXT Huntington Division office.
- The next meeting will be held at Southern Company's Scherer Plant in Macon, GA, in October.
- The group agrees face-to-face meetings are productive and visiting operating sites is beneficial.
- The co-chairs held a conference call in early August with the Subcommittee chairs to discuss the progress and scope of each Subcommittee.

# **General agreement was reached on the following issues:**

- There is a growing need for flexibility among shippers and receivers.
- Significant changes to existing transportation flows and/or new transportation demand stress the rail network and impact service quality.
- Customers view a need for rail industry reserve capacity to accommodate additional traffic.
- The most difficult problem facing the all participants in the energy supply chain is the uncertain energy outlook resulting from environmental and regulatory forces.

# **Further discussions are needed for the following areas**

Any form of public policy to support industry infrastructure investments needs to be done to benefit shippers and receivers in a meaningful and measurable manner.

# Next Steps

- Continue discussions as noted above.
- Subcommittee members to solicit input from industry participants not directly represented in RETAC.
- Develop a consensus regarding recommendations to RETAC and Commissioners for use as determined appropriate under the charter.