

Environmental Issues Affecting the North American Railroads

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Outline

- Crossties as Non-Hazardous Secondary Material
- Multi-Sector General Stormwater Permit
- Construction & Development Effluent Guidelines
- US-Canada Regulatory Cooperation Council
- Comprehensive Spill Response Plans
- E-Manifest
- Respirable Silica
- Award Programs
- Other issues

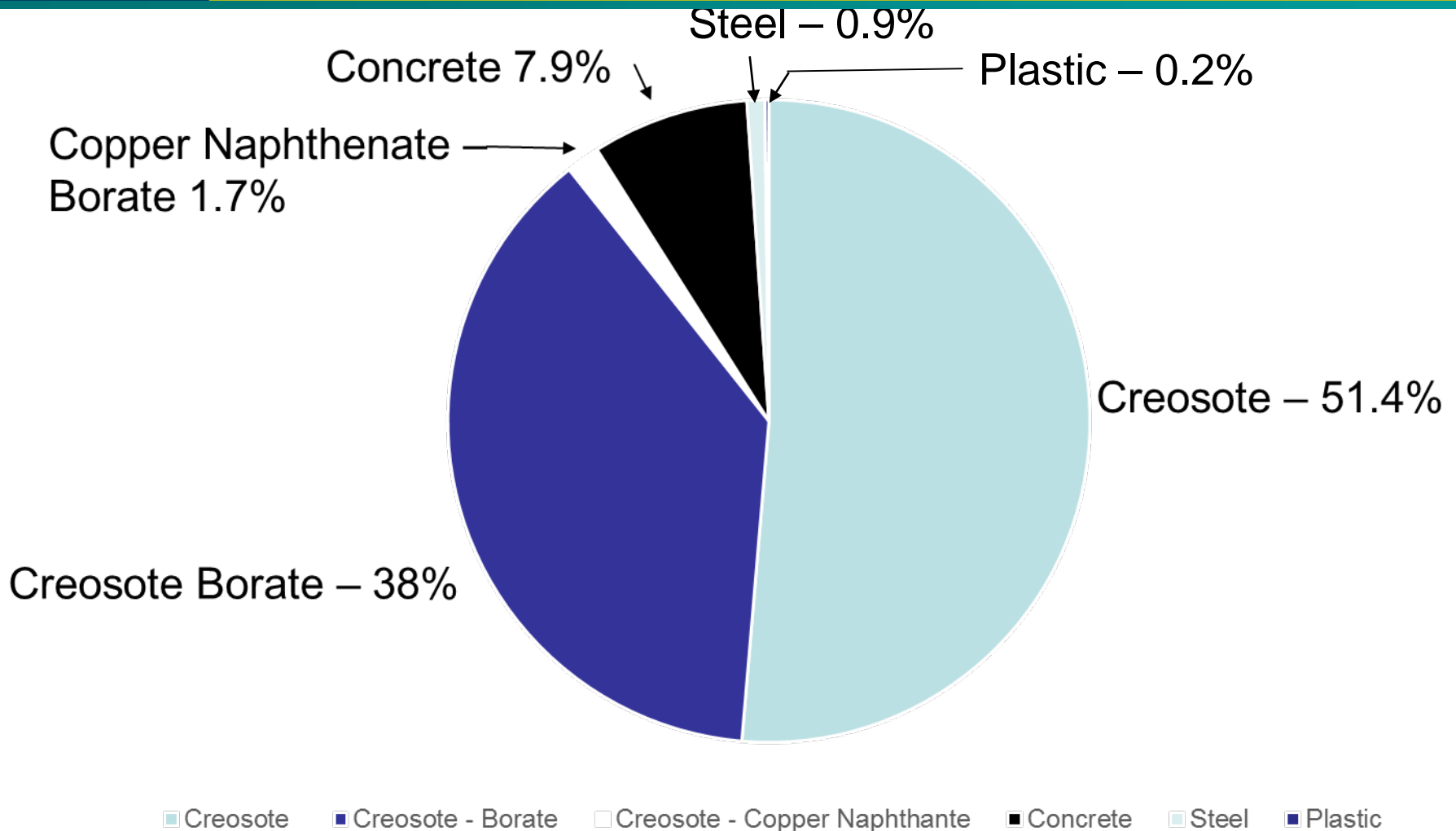


Definition of Non-Hazardous Secondary Material (NHSM)

- There is a final rule at the Office of Management & Budget (OMB)
- We understand the rule will allow creosote treated crossties to be burned in cogeneration units as long as the boilers have the ability to burn fuel oil
- Unfortunately, more and more ties are treated with other preservatives:
 - Creosote – Borate
 - Copper Naphthanate
 - Copper Naphthanate - Borate



Type of Ties Purchased in 2013





Definition of NHSM (cont.)

- AAR met with EPA on September 14th
 - Explained the mix of ties used
 - Explained it would be very difficult to separate the different type of ties when removed from service
 - Submitted data showing the constituents in the other than just creosote treated ties are no greater and for CN, and CN-B treated ties far less than the hazardous constituents in creosote treated ties
 - EPA's response is that they will not be able to include the other types of ties in the expected January 2016 final rule



Definition of NHSM (cont.)

- EPA indicated they might be able to put language in the preamble of the final rule indicating they intend to initiate a rulemaking to cover the other type of crossties
- Met with OMB September 30th to explain the same thing
- If nothing is done 21 million ties a year would have to start going into landfills starting next January



Definition of NHSM (cont.)

- Urging Congress to send a letter to EPA to:
 - 1) expedite a proposed rule covering all three rail tie alternatives – creosote-borate, copper naphthenate and copper naphthenate-borate – as categorical non-waste materials under the NHSM rule, and
 - (2) take effective action (such as a “no action assurance” letter or “comfort” letter, or an extension of the Boiler MACT compliance deadline) to protect boilers owners that combust railway tie-derived fuel for the interim period until a final rule is issued covering these three additional tie alternatives
 - Draft preamble has been submitted to EPA to assist them in explaining the dilemma



Multi-Sector General Stormwater Permit

- AAR submitted detailed comments on EPA's proposed Multi-Sector General Stormwater Permit on December 26, 2013
 - Benchmark values were proposed which if exceeded, then the organization holding the permit would have to take action to lower their stormwater discharge with controls
 - The benchmark values EPA has proposed are so low that they would be exceeded in almost all cases
- The Multi-Sector General Permit was finalized and AAR's comments were incorporated
 - The rail industry avoided benchmarks again which could very well have led to escalating costs to meet them
 - Other good news concerns minimizing enforcing benchmarks that will help when a state imposes them



AAR Comments on Method Detection Limits

- On May 20, 2015, AAR filed detailed comments on EPA's notice of proposed rulemaking (NPRM) on the definition and procedure of determination for the Method Detection Limit (MDL)
 - EPA should provide guidance on how a sample matrix-specific MDL can be incorporated into permit compliance determinations
 - The appropriate uses of marginal detected data above the MDL, but below the ML ("J" qualified data) should be addressed by EPA, and EPA should specifically state that such data cannot be used to determine permit noncompliance
- The purpose of the comments is to try to prevent the use of limits far below what is reliably measurable



Global Logistics Emissions Council (GLEC)

- GLEC's vision is creating a universal and transparent way of calculating logistics emission across the global multi-modal supply chain
- This initiative is an effort to establish a framework for shippers to determine the most efficient way to transport, and is data driven
- AAR provided comments on their latest methodology on June 16, 2015
- GLEC is considering comments and will publish an updated version of their methodology in early 2016.



Railroad Sustainability Task Force

- The newly formed Railroad Sustainability Task Force met for the first time in DC on July 15th 2015
- Mission: To broaden the understanding of sustainability issues within the railroad industry and to drive the case for incorporating sustainability and adaptability into company business practices and decision making
- Objective identified include:
 - Facilitate the **exchange of information and best practices** regarding sustainability focused strategies and practices
 - **Research** and evaluate sustainability issues relevant to the rail industry utilizing business case criteria
 - Bring in experience from **other companies** and industries
 - Identify **sustainability focused solutions** to company or industry challenges and problems
 - Identify opportunities for **minimizing risk and enhancing stakeholder value**



United States-Canada Regulatory Cooperation Council (US-CA RCC)

- On 2/4/11 President Obama and Prime Minister Harper of Canada announced a Regulatory Cooperation Initiative
- RCC has a mandate to work together to promote economic growth, job creation, and benefits to our consumers and businesses through regulatory transparency and coordination
- The Steering Committee has met several times in 2015
- AAR and RAC recently submitted the industry goal to improve fuel efficiency by 0.55% per year for the next five years
 - Tier 4 was implemented in January 2015
 - Changing traffic mix - more intermodal and less carload
 - Delayed implementation of natural gas powered locomotives will make it difficult to achieve more
- Next step: Identify and discuss potential opportunities for collaboration



Award Programs

- **Chafee Award**
 - 2015 Winner Suneil Kuthiala of CSX for his work in achieving unprecedented fuel efficiencies, reduced emissions and money savings May 6 in the Russell Senate Office Building
- **Professional Award**
 - Presented at Railroad Environmental Conference
 - 2014 winner was Dave Smith: BNSF for his successful remediation projects and work on donating a site called “Whitefish Landing” for a park and recreational use
- **2015 presentation today**



E-Manifest

- EPA has begun small scale system development, and recently completed some initial e-Manifest system functionality
- This effort focused on the final receiving facility transaction in the HW chain of custody, and we worked with several larger TSDf companies on this
- Moving forward EPA will begin to work closely with all other user groups over time, including rail
- EPA plans to use API (application programming interface) as their system architecture - which according to EPA won't result in any e-Manifest interoperability/capability issues
- EPA is using an agile, user-centered design/development approaches...
- Plan to coordinate with the railroads in the next 4-5 months



Other Issues

- Waters of the U.S. final rule
- Natural Gas Fuel Tender TAG
- Sustainability Symposium 9/9-10-15 Crotonville, NY
- On September 22, 2015, the Whitehouse issued guidance to federal agencies on conducting timely environmental permitting reviews – including railroads



Questions

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