growth energy™
America's Ethanol Supporters

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VIA ELECTRONIC MAIL

September 1, 2014

Genevieve Sansoucy, Acting Chief
Regulatory Affairs Branch
Transport Dangerous Good Directorate
Department of Transport
Place de Ville, Tower C, 9th Floor
330 Sparks Street
Ottawa, ON K1A ON5

Dear Ms. Sansoucy:

Growth Energy is a leading trade association for America's ethanol producers and supporters. Growth Energy represents 85 ethanol production facilities, 89 associate members, and thousands of ethanol supporters across the United States, some of whom ship their products by rail into Canada. We promote expanding the use of ethanol in gasoline, decreasing our dependence on Middle Eastern oil, improving our environment and creating jobs. Ethanol is a renewable fuel that provides significant benefit to the transportation sector replacing the need to bring in oil from unstable regions of the world.

In 2013, the U.S. ethanol industry produced over 13 billion gallons of ethanol; over 60 percent was shipped by rail. Because rail is the predominant mode of transporting ethanol, Growth Energy remains committed to the safe transportation of our products. Ethanol is a refined product that is consistent and has a low volatility. Since 2006, the industry has shipped more than 1.25 million railcars and in that time, the industry has experienced only 11 notable derailments, the last occurring in 2012 – representing approximately 0.001percent of all shipments. None of these derailments were caused by our product or a defect in the railcar. In nearly all of the cited derailments, the cause has been either broken track or railroad failures. We believe that the current tank car continues to be safe and effective as shown in its overwhelming success rate and believe that any discussion of rail safety should begin with how to best prevent derailments from occurring in the first place. While we understand mitigation must be discussed, we do not believe there has been conclusive data to show that extensive and costly changes to the existing ethanol rail car fleet would significantly improve rail safety in the transportation of ethanol. We believe that a commensurate benefit in safety must be shown before these extensive changes are required.

Our members are very concerned about the proposal for a new TC 140 class tank car, the retrofit schedule for the existing fleet, and the dramatic impact it would have on our industry and we appreciate this opportunity to provide informal comment on the proposed amendment. In addition to our comments here, as the Department discusses the intent to harmonize with the U.S. Pipeline and Hazardous Material Safety

Administration regulations, we will be submitting extensive technical comments on PHMSA's proposed rule ahead of the September 30, 2014 deadline. We will share those comments with you as well as our correspondence here.

Below we have outlined some specific concerns with the proposed amendment:

Head Shields, Jackets, and Shell Thickness

Adding significant steel and weight to the existing tank car would have a tremendous impact on weight and capacity of the railcar fleet. These are extensive and expensive proposed changes to railcars that would be at the expense of the shipping community and ultimately the consumer – in the form of higher gasoline costs. It is very important to keep in mind that with every 7 pounds of added steel, capacity is reduced by 1 gallon of ethanol. So, the increased weight of the car due to these additions will reduce the amount of ethanol that can be loaded – especially considering more than 12 percent of shipments will be weight restricted. With the reduction in the amount of ethanol loaded, even more shipments will need to be made adding even more tank cars to the rail line. Adding and changing this amount of steel would also tie up already busy shops with considerably more work, and would likely require upgrades to the car trucks. We believe that additional data needs to be shown on the benefits of such a major change to the existing car structure.

Thermal Protection

There has been a great deal of discussion around a new 27,000 psi pressure relief valve as a possible solution to provide thermal protection for the transportation of crude oil and ethanol. We believe that a new higher capacity pressure relief valve may, in fact, offer additional safety to the tank car by helping to prevent a high energy event assuming the costs are not unreasonable and it is feasible to add to the current tank car design. However, we believe additional thermal protection measures, such as jackets, may not be practical and do not offer a significant benefit especially when weighed with the potential impact on cost for both new cars and the existing tank car fleet. Jackets and insulation will only delay a high pressure or high energy event while a higher capacity pressure relief device has the potential to lower the pressure to minimize the potential energy in the event of a breach. Additionally, adding a jacket, thermal insulation, or coating adds substantial weight that would significantly reduce the amount of ethanol shipped per tank car, thus adding more shipments to the rail line.

Bottom Outlet Valve

We have noted that you are proposing several new performance standards including a standard for the bottom outlet valve. As you consider potential changes, regulators need to adequately understand the ethanol delivery process and the potential impact of significantly changing or eliminating the bottom outlet valve. Nearly all ethanol shipped by rail is offloaded by the bottom outlet valve and roughly 98 percent of the ethanol offloading racks across the country offload from the bottom of the car, so, if the outlet valve is eliminated or significantly changed, it would mean restructuring ethanol offloading racks across the country. Again, requiring considerable expense and time and would overly burden the ethanol marketing industry and downstream petroleum terminals. Unlike pressure relief valves and hinged and bolted manways, removal of the bottom outlet valve would require extensive and likely impractical modification of the existing ethanol fleet and create a costly offloading requirement across the country to handle both types of railcars through the transition, and so we appreciate your considering performance rather than simply eliminating the bottom outlet valve from future use.

Retrofit Schedule

According to PHMSA, over 29,000 ethanol cars are DOT 111 cars and only 400 are built to the TP14877/CPC1232 standard. So, if the amendment is adopted, the current schedule to have cars retrofitted by May 1, 2017 would have an undue impact on the ethanol fleet specifically as it would cause the entire fleet to be retrofitted in 32 months. There is already a significant backlog of shop capacity for current work due to the existing railcar requalification requirements. Since the ethanol industry built a significant number of additional tank cars from 2004 through 2008, these railcars are due for requalification in the same time frame as the proposed retrofit schedule. Shop capacity remains significantly underbuilt for the requalification requirements, let alone the addition of retrofits. Adding these extensive changes to the fleet will take cars out of service and put a significant burden on already busy shops and added expense on builders, shippers, and ultimately consumers.

Again, Growth Energy and its members fully support and continue to advocate for the continued safe transport of ethanol by rail. The overwhelming majority of ethanol shipments continue to be made safely and without incident each and every day, and we believe that additional data and analysis needs to be done on many of these potential modifications before committing to extensive changes to the existing rail infrastructure. We are hopeful that this informal comment process provides you with significant additional analysis that will address some of the root causes and solutions to derailments, not only modifications to tank cars, but operational issues like track inspection be reviewed as well.

Growth Energy appreciates the opportunity to provide comments. If you have additional questions, please contact me, or our Director of Regulatory Affairs, Chris Bliley.

Sincerely,

Tom Buis
CEO, Growth Energy