



# Coal Export – NW Crossroads

Washington State Transportation Commission, May  
23, 2012 – Ross Macfarlane, Senior Advisor



**Climate Solutions.**  
PRACTICAL SOLUTIONS TO GLOBAL WARMING

# Climate Solutions Mission



Accelerate *practical, profitable* solutions to global warming by:

- ✓ Galvanizing leadership
- ✓ Growing investment
- ✓ Bridging divides

**Make the Northwest a national and world leader in the clean energy economy**



# Coal Today



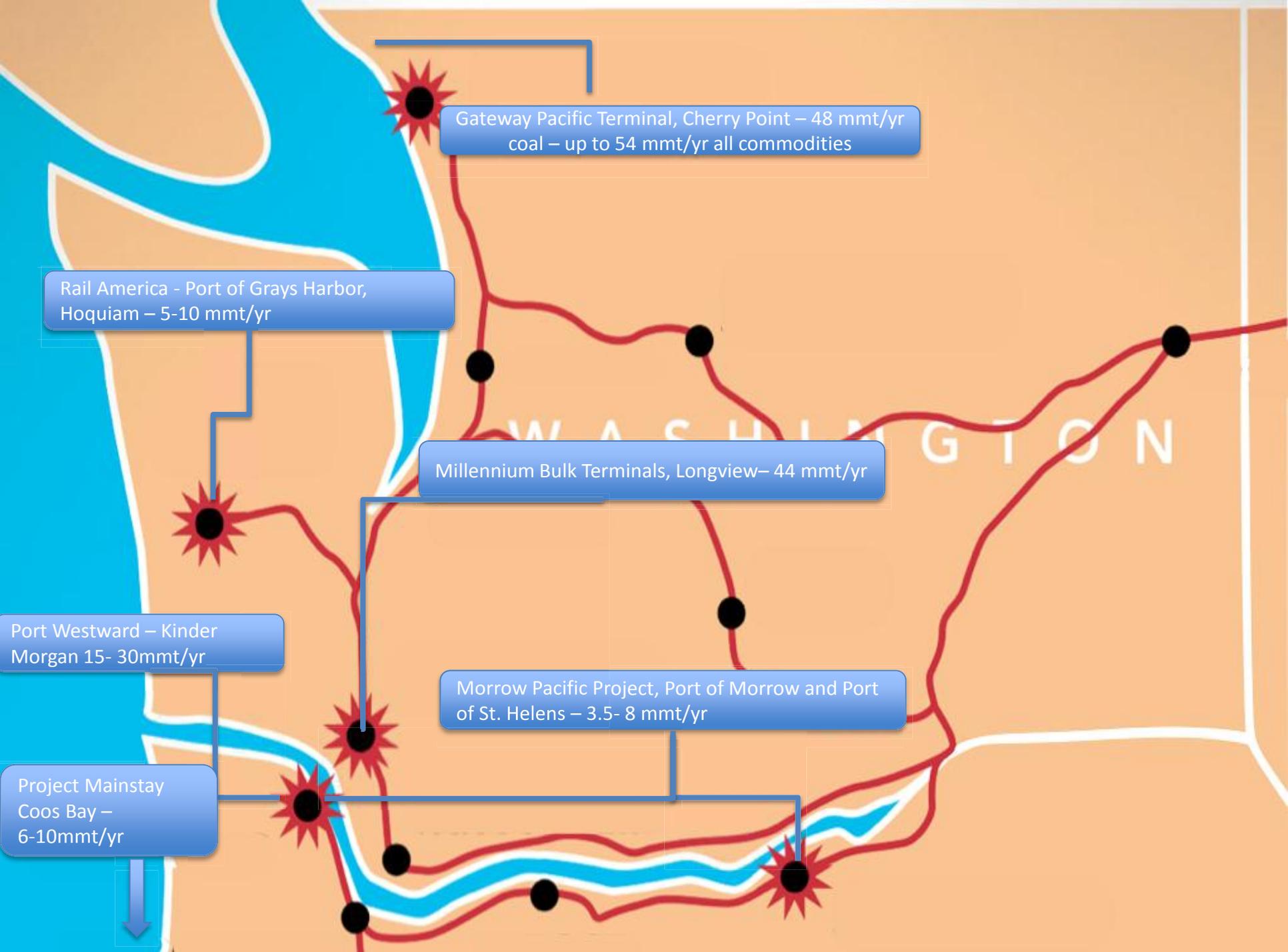
- Pacific Northwest: Washington and Oregon have committed to get off coal
- US coal demand: dropping like a stone
- Demand for energy in Asian developing markets
- Coal giants have identified getting US coal to Asian markets as their top strategic priority

“Coal is a dead man walking”

*- Kevin Parker, Deutsche Bank*

“Coal’s best days are ahead”

*- Peabody Energy*



Gateway Pacific Terminal, Cherry Point – 48 mmt/yr coal – up to 54 mmt/yr all commodities

Rail America - Port of Grays Harbor, Hoquiam – 5-10 mmt/yr

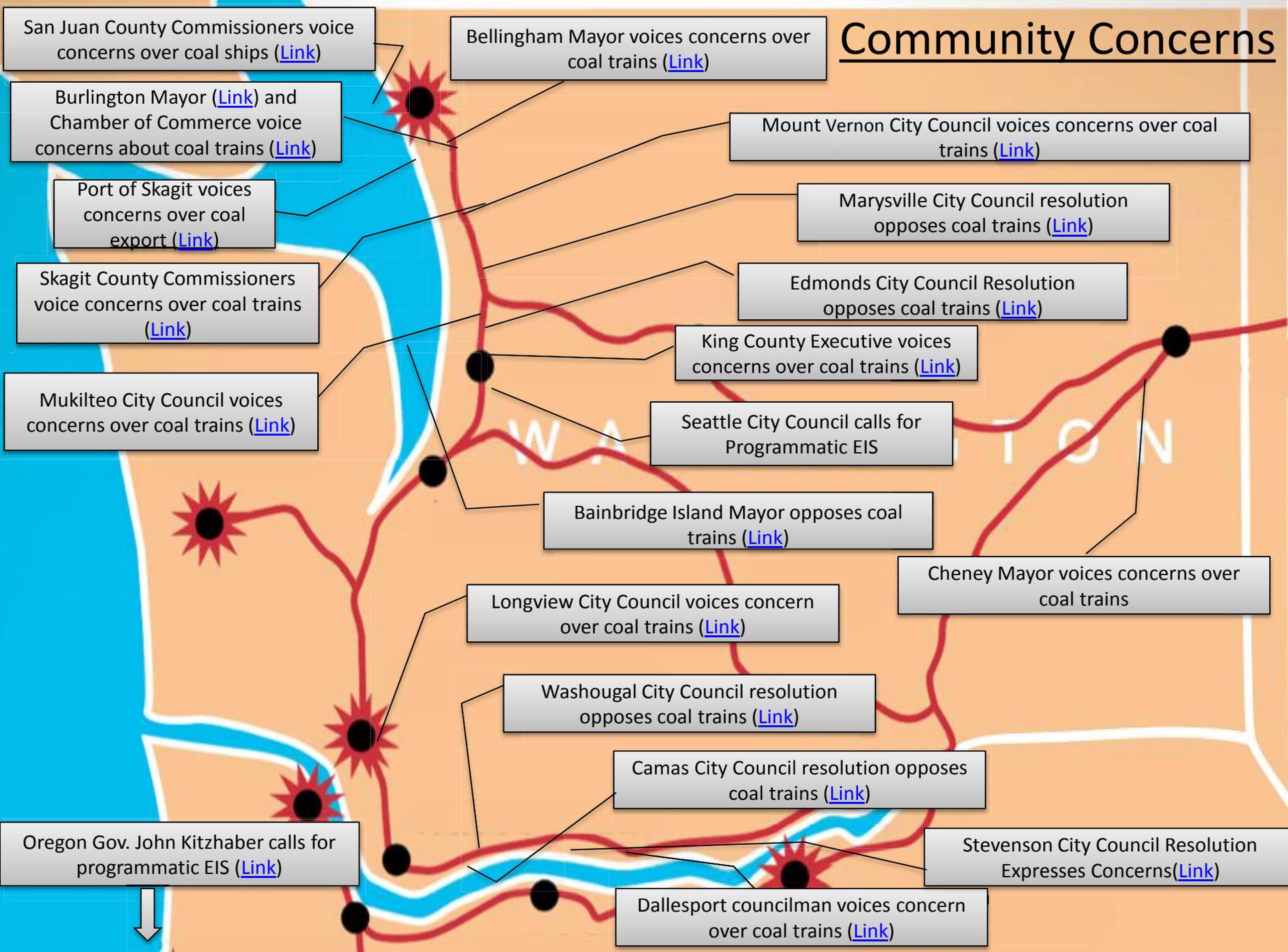
Millennium Bulk Terminals, Longview – 44 mmt/yr

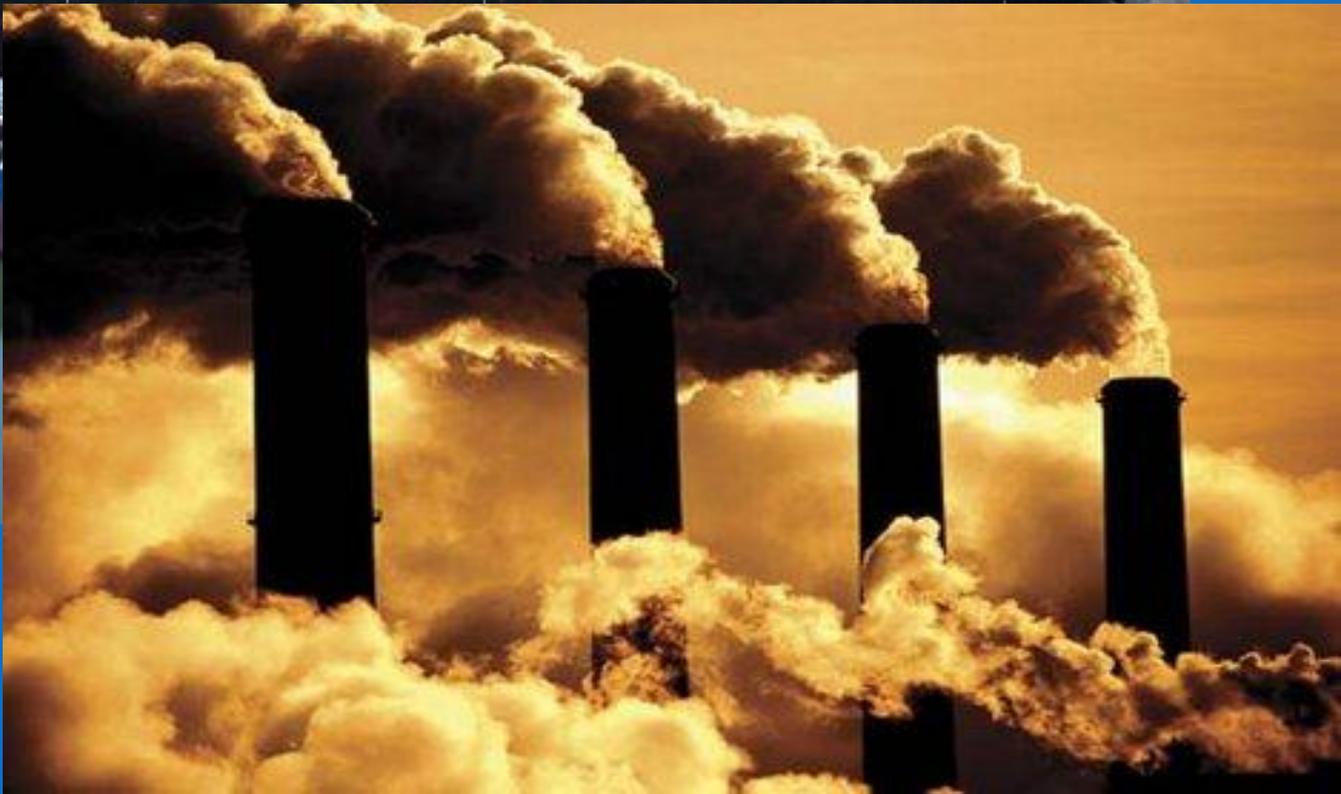
Port Westward – Kinder Morgan 15- 30mmt/yr

Morrow Pacific Project, Port of Morrow and Port of St. Helens – 3.5- 8 mmt/yr

Project Mainstay Coos Bay – 6-10mmt/yr

# Community Concerns



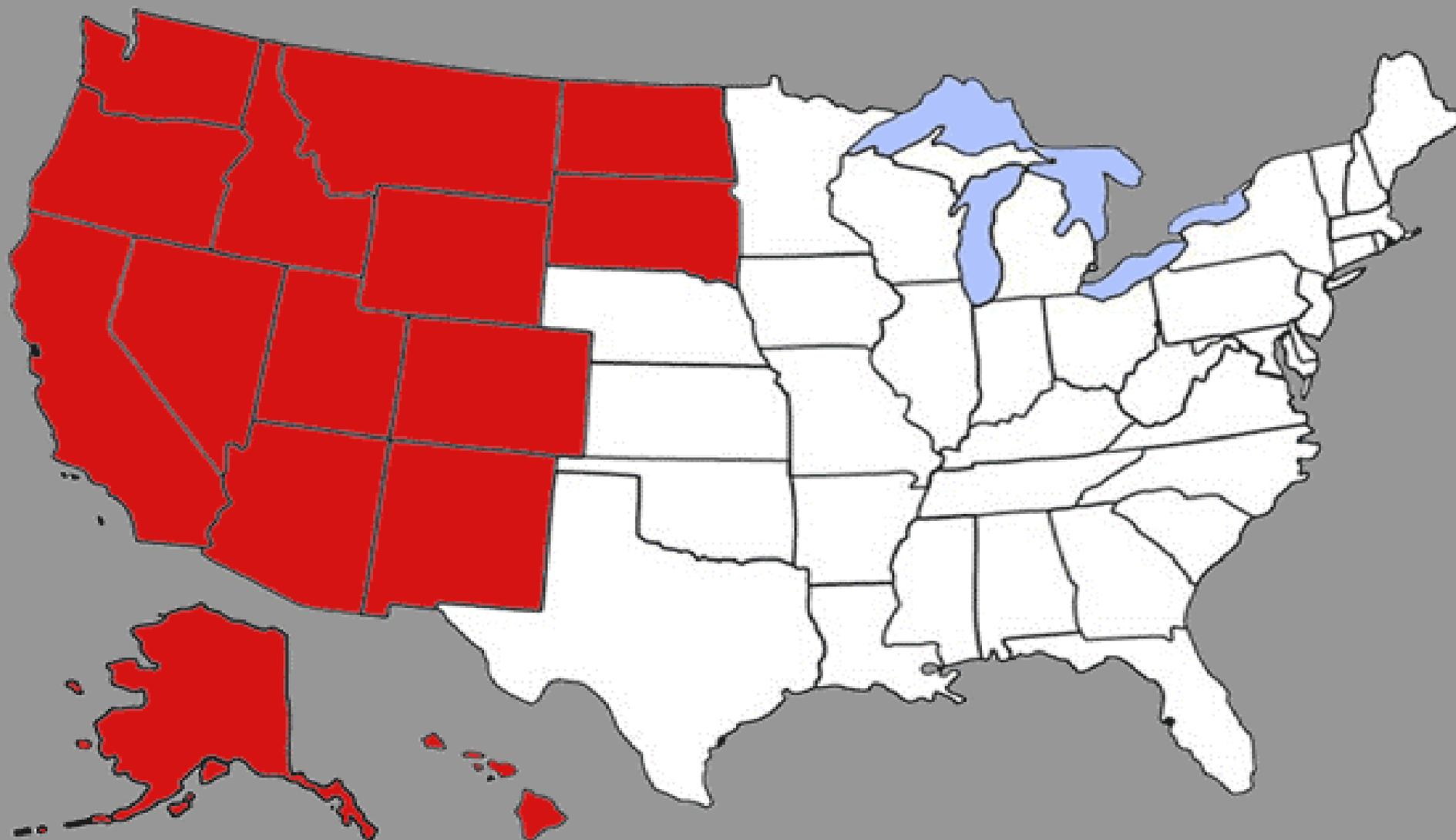


# Coal Exports in Context

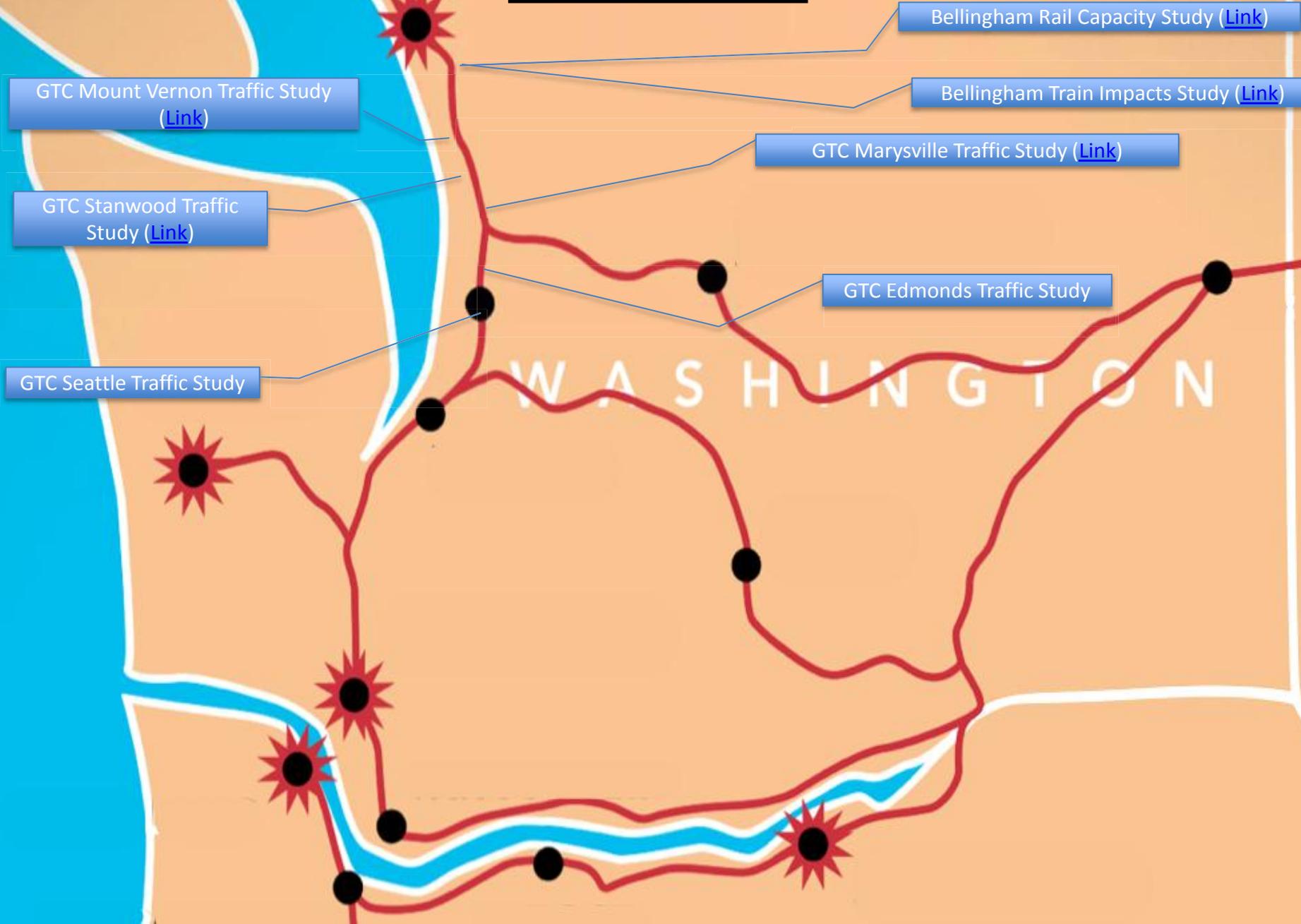
145 million tons will cause as much carbon pollution as a year's worth of gasoline for the states in shown in red.



Sightline  
INSTITUTE



# Traffic Studies



# Capacity Constraints Affecting Other Shippers

- Significant rail bottlenecks identified in State Studies
  - Statewide Rail Capacity and System Needs Study, 2006
  - 2010-2030 Freight Rail Plan, 2009

# 2008 Rail Line Capacity (Cap) and Average Trains Per Day (ATPD)



## Legend

- 70% to 100+% capacity
- 50% to 69% capacity
- Less than 50% capacity

# 2028 Rail Line Capacity (Cap) and Average Trains Per Day (ATPD)



- Legend**
- 70% to 100%+
  - 50% to 69% ca
  - Less than 50%

# Capacity Constraints Affecting Other Shippers

- WSDOT Freight Rail Reports also identified
  - increased competition between unit trains and other shippers
  - Significant issues getting products to markets through corridors that had become congested with coal traffic
    - “The high volume of coal trains moving east out of the Powder River Basin (PRB) has made it virtually impossible to route time sensitive intermodal trains moving from PNW ports to central and southeast gateways such as Kansas City and Memphis through the near continuous flow of slow-moving coal trains.” *2006 Study pp. 1-5--1-6*

WASHINGTON 2

1  
OREGON

2  
IDAHO

MONTANA

NORTH DAKOTA

MINNESOTA 18

2  
SOUTH DAKOTA

WISCONSIN 23

MICHIGAN 22

NEVADA

UTAH

12  
WYOMING

POWDER RIVER BASIN  
326,000,000 tons

8  
COLORADO

12  
NEBRASKA

IOWA 19

OHIO 2

14  
KANSAS

38  
MISSOURI

23  
ILLINOIS

17  
INDIANA

CALIFORNIA

## Where Powder River Basin coal goes

Notes:

Routes shown are schematic. Only rail-originated coal is shown. Some coal (e.g., Wisconsin, Illinois, Michigan) moves partially by river or Great Lakes vessels.

Data source: U.S. Energy Information Administration, 1998

© 2001, Kalmbach Publishing Co., TRAINS, Robert Wegner

45 = 45 million tons



OKLAHOMA 19

13  
ARKANSAS

4  
TENNESSEE

6  
ALABAMA

6  
GEORGIA

3  
MISSISSIPPI

45  
TEXAS

10  
LOUISIANA

1  
FLORIDA

ARIZONA

NEW MEXICO

VIRGINIA

NORTH CAROLINA

SOUTH CAROLINA

PENNSYLVANIA

WEST VIRGINIA

KENTUCKY

# Capacity Constraints Affecting Other Shippers

- Capacity constraints and potential conflicts should be evaluated in light of:
  - Strategic threats to major NW Ports and critical shippers
  - Needs of critical industries such as agriculture and aerospace
- Study from expert for grain shippers on coal export impacts on capacity anticipated June 2012

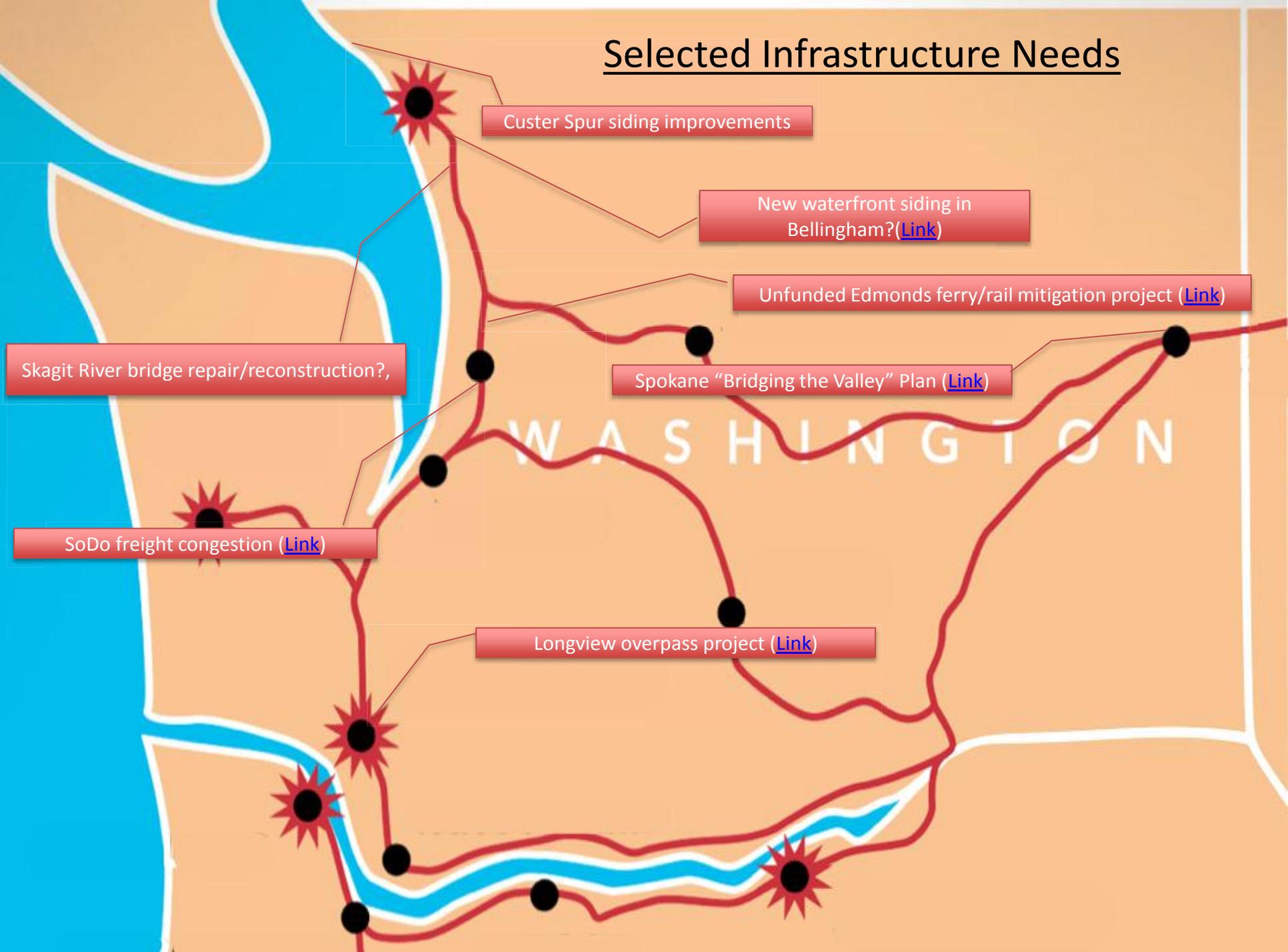
# Public Funding Implications?

- Public owns PRB coal – leased at far below market rates
  - Over \$28 billion subsidies since 1981
- Rail Crossings – Public expected to bear most costs
- Track Expansions
- Other Infrastructure
  - Bridges, road repair, erosion management, environmental mitigation
- Protecting public investments in passenger rail expansion
- Demands for public spending at a time when public budgets are facing historic pressures

# Public Funding Implications?

- **Example: Longview spur line**
  - Estimated \$200 million project with no funding plan
  - Essential improvement if Millenium Project is built.
- **Example: Bellingham Siding and capacity improvements**
  - Communitywise Bellingham: “Gateway Pacific Terminal Train Impacts on the Bellingham Waterfront”
  - Significant access mitigation needed
- **Who will pay? “2% Solution”:**
  - BNSF has pointed to Galesburg, IL, as model for effective community /rail partnership on traffic mitigation
  - Railroad appears to have contributed 2% of total mitigation costs ([A 2% Solution to Heavy Rail Traffic and At-Grade Railroad Crossings](#), Get Whatcom Planning Blog, March 10, 2012)

# Selected Infrastructure Needs



Custer Spur siding improvements

New waterfront siding in Bellingham?([Link](#))

Unfunded Edmonds ferry/rail mitigation project ([Link](#))

Spokane "Bridging the Valley" Plan ([Link](#))

Longview overpass project ([Link](#))

SoDo freight congestion ([Link](#))

Skagit River bridge repair/reconstruction?,

Over 950 additional ships per year – Capesize and Panamax ([Link](#))

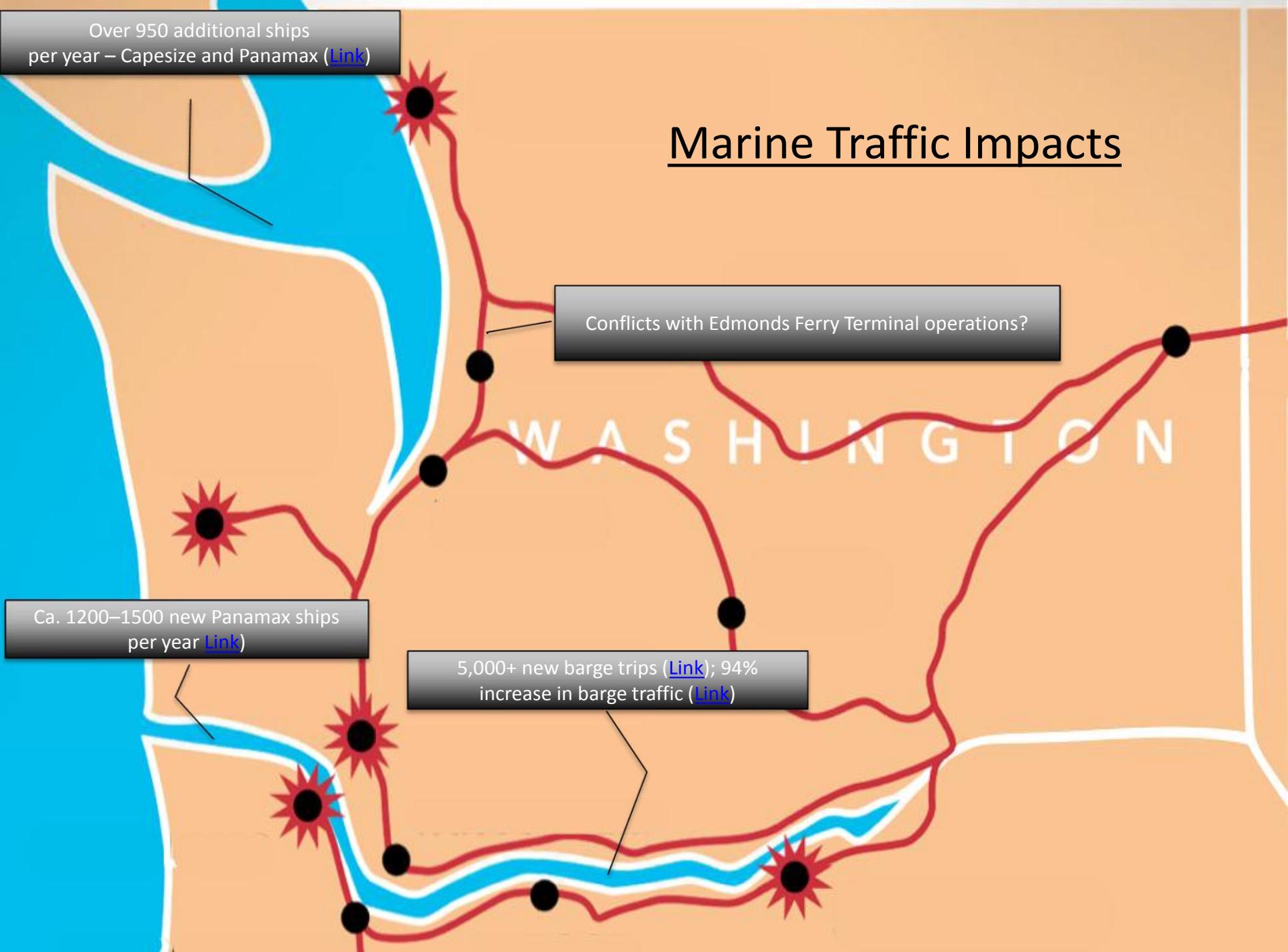
# Marine Traffic Impacts

Conflicts with Edmonds Ferry Terminal operations?

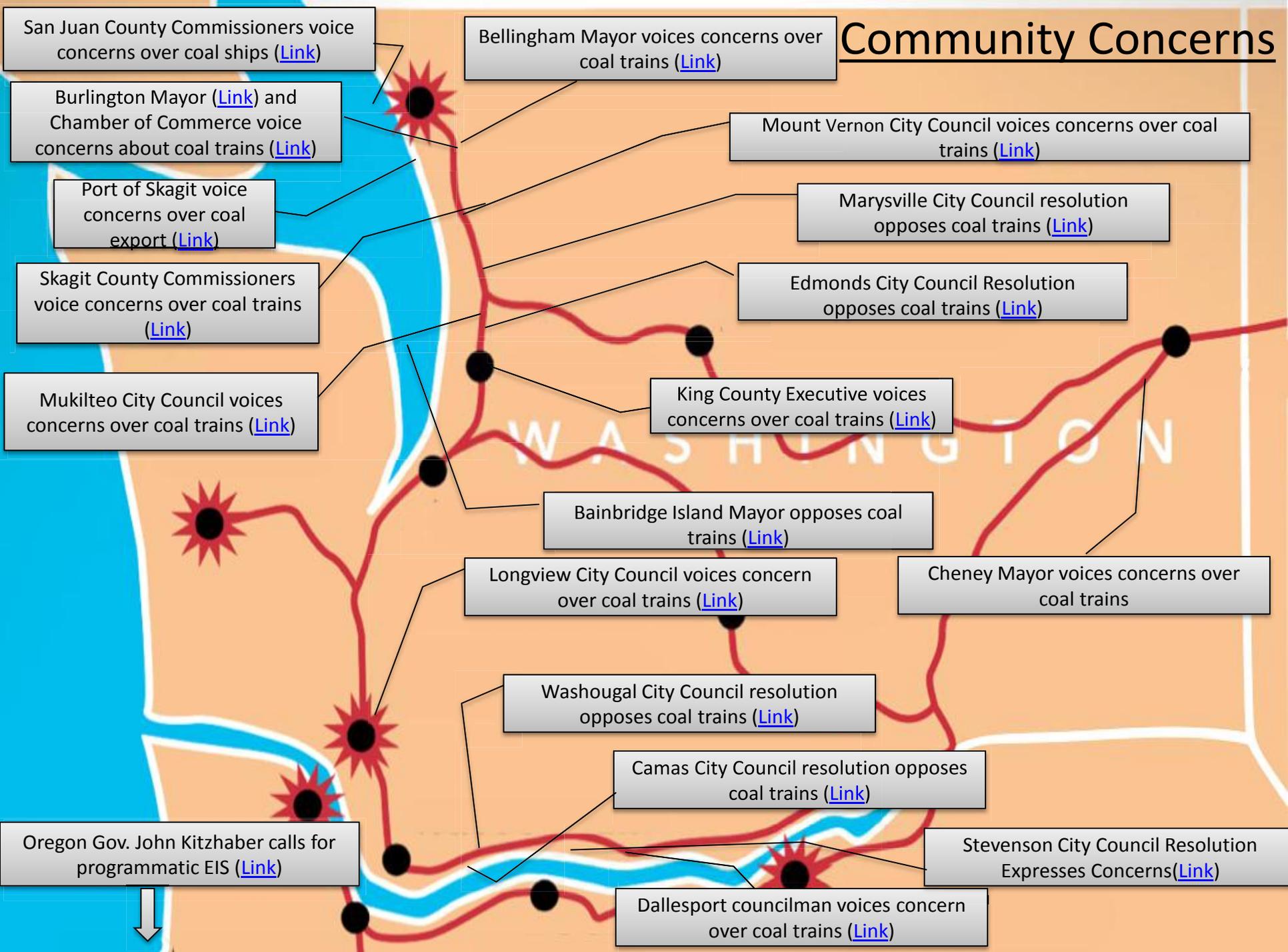
WASHINGTON

Ca. 1200–1500 new Panamax ships per year ([Link](#))

5,000+ new barge trips ([Link](#)); 94% increase in barge traffic ([Link](#))



# Community Concerns



San Juan County Commissioners voice concerns over coal ships ([Link](#))

Bellingham Mayor voices concerns over coal trains ([Link](#))

Mount Vernon City Council voices concerns over coal trains ([Link](#))

Burlington Mayor ([Link](#)) and Chamber of Commerce voice concerns about coal trains ([Link](#))

Port of Skagit voice concerns over coal export ([Link](#))

Marysville City Council resolution opposes coal trains ([Link](#))

Skagit County Commissioners voice concerns over coal trains ([Link](#))

Edmonds City Council Resolution opposes coal trains ([Link](#))

Mukilteo City Council voices concerns over coal trains ([Link](#))

King County Executive voices concerns over coal trains ([Link](#))

Bainbridge Island Mayor opposes coal trains ([Link](#))

Cheney Mayor voices concerns over coal trains

Longview City Council voices concern over coal trains ([Link](#))

Washougal City Council resolution opposes coal trains ([Link](#))

Camas City Council resolution opposes coal trains ([Link](#))

Oregon Gov. John Kitzhaber calls for programmatic EIS ([Link](#))

Stevenson City Council Resolution Expresses Concerns([Link](#))

Dallesport councilman voices concern over coal trains ([Link](#))

# Taking on the Myths: “But we need the jobs”



- Coal export is notoriously weak foundation for prosperity
  - Los Angeles and Portland coal export FAILED
  - Competition with other higher value uses for rail capacity and valuable waterfront property
  - Impact on community perception and “brand”
- Huge volatility in recent market underscores concerns
- Benefits and profits highly concentrated, impacts widely distributed.

# Coal Exports Threaten Local Economies

- PFM Study concluded that impacts on local economy may outweigh positive jobs benefits, even in Whatcom County.
  - Impacts from traffic, congestion and pollution to business-as-usual growth
  - Impacts on Bellingham waterfront redevelopment
  - Impacts on tourism and regional brand
  - Impacts on high-education and high-net worth individuals forming companies.

# Coal Exports Threaten Local Economies



“Our purpose is local economic development leading to the creation of good family wage jobs in our community. Let there be no doubt, the Gateway project as currently proposed will have a very negative impact on our local economy.”

**-Port of Skagit**

# Coal Exports Threaten Local Economies

*“We recognize that Burlington is by no means the only city along the route to this proposed coal terminal that treasures its quality of life, so we earnestly request a full and complete scope of state and federal review that includes economic, health, and environmental factors, along the entire rail corridor from Spokane to Cherry Point.”* -- Burlington Chamber of Commerce

# Action Requested

- Participate in process for projects.
- Demand complete answers to questions relating to impacts on the transportation system, traffic, other shippers, public transit and possible demands for public funding.
- Join Oregon Governor Kitzhaber, Representatives Smith and McDermott, Washington Department of Ecology and many others in requesting **Programmatic EIS** addressing cumulative environmental, economic and fiscal impacts.



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