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COMMENTS SUBMITTED BY RAILROADS OF NEW YORK (RONY) ON THE DRAFT SCOPE FOR THE 2013 NYS ENERGY PLAN On behalf of Railroads of New York (RONY), we appreciate the opportunity to submit these comments regarding the Draft Scope for the 2013 NYS Energy Plan. RONY represents the four Class I railroads (CSX, Canadian National, Canadian Pacific and Norfolk Southern) and 31 additional short line and regional railroads. Its members employ over 3,700 individuals and they carry over 99% of goods moved by rail in New York State, moving over 70 million tons of freight annually within NYS alone. RONY is supported by its Associate and Contributing Members which represent many businesses related to freight rail, including suppliers, engineers, surveyors, contractors and material suppliers. All of RONY's members help form a strong economic engine in NYS. The Draft Scoping document states that the State Energy Plan will focus on meeting future energy needs, while balancing reliability, cost, environmental and public health impacts and economic growth. Freight rail has proven to have positive effects in all of these target areas, offering a cost-effective way to transport goods in an environmentally-friendly manner. The advantages provided by freight rail in reducing pollution versus transporting goods by truck are substantial. The Draft Scope outlines the need to identify cost-effective strategies to reduce energy consumption, vehicle-miles-traveled and increase transit, high-speed rail and smart growth efforts in the transportation sector. These needs are highlighted in the NYS Rail Plan that was released in March 2009. Recognizing the benefits rail provides over truck as a mode to transport goods, the Rail Plan calls for increasing freight rail market share by 25% by 2020 to reduce the growth of truck traffic and energy consumption. RONY requests that this 25% goal be included in the final NYS Energy Plan. According to the Federal Railroad Administration, railroads on average are nearly four times more fuel efficient than trucks and moving freight by rail instead of truck reduces greenhouse gas emissions by 75%. According to the Association of American Railroads, trains can move a ton of freight an average of 480 miles with each gallon of fuel and remove up to 280 trucks from the highway network for each intermodal train that is operated. Further, according to the American Association of State Highway and Transportation Officials, a one percent shift in goods moved from trucks to rail freight would save about 111 million gallons of fuel each year and would reduce greenhouse gases by 1.2 million tons. In March 2008, the EPA issued and the rail industry immediately endorsed stringent new locomotive emissions standards that will cut particulate emissions by up to 90% and nitrogen oxide emissions by up to 80%. The new standards will also yield big reductions in emissions of other harmful pollutants. Most recently, in April 2011, the New York State Energy Research and Development Authority (NYSERDA)

provided funding for a diesel warming system demonstration project that outfitted a series of locomotives with units that are designed to significantly reduce fuel consumption and the related emissions of the locomotives by reducing the amount of time the locomotive engines would need to idle without this technology. These benefits can assist the railroads in becoming more economically viable, encouraging more freight transport on the states rail system that would otherwise be transported by trucks on the states highways, and further reducing fuel consumption by the freight transportation sector. RONY requests that similar demonstration financing programs by NYSERDA be included in the final Energy Plan so that these technology development efforts may continue with an overall goal of reducing fuel consumption and any related emissions by the rail freight industry. Besides the environmental advantages freight rail provides, it also is a cost-effective way to transport goods. Freight railroads cost effectiveness provides a huge competitive advantage for American businesses in the global marketplace. According to World Bank data, Americas freight railroads are the most affordable in the world, with average rates being half those in China and Japan and 50%-75% below those in major European countries. These environmental and economic benefits that freight rail provides are essential as freight traffic is only going to continue to increase as the U.S. continues to recover from its recent economic downturn. According to the U.S. Department of Transportation, demand for freight transportation is expected to increase from 19.3 billion tons to 37.2 billion tons by 2035, or about 93%. According to this forecast, rail freight traffic is expected to grow by 88% by 2035. This highlights the need for maintaining our states rail system in a state of good repair, another initiative outlined in the Draft Scope. The 2009 NYS Rail Plan presented an inventory of rail system infrastructure needs totaling approximately \$375 million per year for the first five-year period, or \$160 million per year with private investment factored in. A substantial portion of these needs, 47 percent, relate solely to keeping the current system in operation or bringing it up to a state of good repair. Recent New York State Capital Plan funding has been allocated at a level of \$181 million total (approx. \$36 million per year) for the 2005-10 Capital Plan and \$10 million per year in the 2010-12 Capital Plan. However, no projects from the 2008-09 SFY and beyond have gone to contract as a result of delays in obtaining the necessary final approvals from the State. As a result, numerous projects that are essential in order to maintain a safe, operating rail system are being held up while waiting for these designated funds to be released. RONY requests that the final Energy Plan contain a recommendation that all Capital Plan funds be disbursed as soon as possible so that these, and future projects may get underway and the states rail infrastructure can maintain a state of good repair as mentioned in the Draft Scope. RONY also supports the inclusion of fuel tax credits or reductions for railroads in the final Energy Plan as another way to encourage infrastructure investment. Combined with the Capital Plan grants, this would allow for essential infrastructure upgrades that would be necessary in order to achieve the goal of increasing the freight rail market share by 25% by 2020. The Draft Scope also mentions the need for the production of natural gas resources such as those located in the Marcellus Shale formation, an initiative that RONY supports. According to the Independent Oil &

Gas Association of New York, based on economic projections in Pennsylvania, where the Marcellus is now being explored, Marcellus Shale development in New York will generate more than \$1.4 billion in annual economic impact, based on 300 wells drilled including more than \$100 million in lease payments to landowners, \$32 million in state tax revenue and tens of thousands of new jobs. A survey of one short line railroad in Pennsylvania showed that Marcellus Shale-related rail business is now approximately 18% of their total carload volume, going from 80 Marcellus-related carloads in 2008 to an estimated 10,000 carloads in 2011. RONY supports the goals outlined in the Draft Scope by establishing and maintaining an environmentally-friendly and cost-effective freight rail system in NYS. Rail freight is the safest, most energy-efficient and environmentally-friendly way to move goods across our state and nation. By maintaining and expanding our states freight rail system, we would help to accomplish our State Energy Plans goals of reducing pollution, reducing our states energy consumption and encouraging economic development in NYS. Thank you for the opportunity to submit these comments and please feel free to reach out to us with any questions or information requests.

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