

EBTC NEWS

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SUBJECT: U.S. Transportation Dept pushes tough oil train standards

SOURCE: Patrick Rucker and David Ljunggren, Reuters, 2/12/15

Feb 12 (Reuters) - The U.S. Transportation Department has recommended [crude oil](#) trains be reinforced and have advanced braking systems installed to prevent accidents from becoming fiery disasters, according to sources familiar with the plan.

The proposal, which now faces a White House review, envisions safety improvements that public advocates endorse but oil and rail leaders have said would mean high costs for modest safety gains.

The plan would require adding an extra 1/8th inch of steel to most existing oil train tank shells, while new models would have the thicker hull installed on the factory floor.

Future tank cars would also be fitted with electronically controlled pneumatic brakes, or ECP brakes, which would trigger all axles simultaneously rather than one at a time in current design.

It would take at least \$3 billion over the next 20 years to enact the plan, according to a government estimate, but oil and rail executives see much higher costs they say would needlessly hinder a sector that has helped push a national energy renaissance.

Complying with the DOT proposal would send roughly 90,000 existing tank cars into workshops for at least \$30,000 in upgrades each or to the scrap heap because the improvements are too costly, according to industry and official estimates.

Roughly 70 percent of the fuel produced in North Dakota's Bakken oil patch moves on the tracks and passes through hundreds of communities before reaching far-flung refineries.

A runaway delivery of Bakken crude killed 47 people in the Canadian town of Lac Megantic in July 2013 - a tragedy that awoke the public and regulators to oil train perils.

The plan conceived by the Transportation Department would largely satisfy Canadian safety demands and fulfill the goals of two former DOT officials who shepherded the proposal for much of last year: former Federal Railroad Administration chief Joe Szabo, who left last month, and Cynthia Quarterman, who stepped down as the head of the Pipeline and Hazardous Materials Safety Administration last year.

"With this braking system, we will be booking safety benefits for decades to come," said Szabo.

Under the DOT plan, large rail shipments of ethanol, a gasoline additive made from corn, must largely comply with the same rules as oil trains, sources said.

The proposal would also keep existing speed restrictions for large fuel deliveries, 40 mph in many heavily populated areas and 50 mph elsewhere.

A DOT spokesman declined to comment on the proposal.

The proposal is now with the White House Office of Information and Regulatory Affairs, the clearinghouse for federal rules, which is due to have a final say in May.

U.S. and Canadian officials strive to harmonize train safety rules to promote cross-border trade, and the DOT plan adopts many measures outlined by Canada over the summer, sources said.

A Transport Canada spokesperson declined to comment on the proposal, saying both sides of the border "remain committed to a North American solution for tank car standards."

Several tank car companies including Greenbrier Company Inc , American Railcar Industries Inc, Trinity Industries Inc, GATX Corp and Westinghouse Air Brake Technologies Corp are expected to be affected. (Reporting by Patrick Rucker in

Washington and David Ljunggren in Ottawa; Editing by [Peter Cooney](#) and [Cynthia Osterman](#))