

Minutes
Surface Transportation Board
Rail Energy Transportation Advisory Committee
March 1, 2012

The Surface Transportation Board's (STB) Rail Energy Transportation Advisory Committee (RETAC) convened at the STB headquarters in Washington, D.C., on Thursday, March 1, 2012. Co-chairs Susan Arigoni and Henry Rupert called the meeting to order at 9:15 a.m. The meeting agenda and copies of referenced documents presented during the meeting are attached to the e-mail distributing these minutes. This information is also available on the STB website.

Attendance:

Surface Transportation Board:

Daniel R. Elliott III, Chairman
Ann D. Begeman, Board Member

Scott Zimmerman, Designated Federal Officer
Reamy Ancarrow, Chief Counsel to the Chairman
Anika Cooper, Chief of Staff to Vice Chairman Mulvey

RETAC Members:

Susan Arigoni, Co-Chair
Henry Rupert, Co-Chair

Stevan Bobb	Robert Hulick	Darin Selby
Sameer Gaur	John Hull	Kent Smith
John Gray	Mark Huston	James Stem
Daryl Haack	Anthony Reck	Jeff Wallace
Mark Hamilton	Daniel Sabin	Paul Hammes via telephone

Guest Presenters:

Diane Kearney – EIA
Todd Onderdonk - ExxonMobil

Chairman Elliott welcomed the committee and recognized the new Co-Chairs, Susan Arigoni and Henry Rupert, and the returning Secretary / Treasurer, Robert Hulick. Chairman Elliott extended thanks to the outgoing Co-Chairs, Stevan Bobb and William Berg and, recognizing that there is a vacancy on the committee, asked for recommendations to fill the opening. Guest speakers Diane Kearney from EIA and Todd Onderdonk from ExxonMobil were recognized. Chairman Elliott noted that a joint fall meeting of RSTAC and RETAC is under consideration.

Board Member Begeman added her comments of welcome to the committee.

Co-Chairs Arigoni and Rupert provided opening comments referencing the change in format in place for this meeting.

Minutes of the September 15, 2011 meeting were revised to show James Stem in attendance and then approved by the committee.

Secretary / Treasurer Hulick reported current available funds to be \$1,786.38.

Diane Kearney presented an EIA Forecast Update, attached. Ms. Kearney commented that this was an early release of the mid to long term energy outlook with a final report planned for May. Commercial sector consumption, cost of gas, export coal growth and the impact of regulatory changes on EIA models were topics of discussion.

Todd Onderdonk of ExxonMobil presented “The Outlook for Energy – A View to 2040,” which is attached. A more detailed report can be accessed via the ExxonMobil website. Questions focused on coal, gas supply / demand, use of LPG in vehicles, Japan’s plans in lieu of nuclear, electric and hybrid autos and fuel cell technology.

Co-Chair Rupert outlined committee functional changes focused on sunseting the Capacity, Best Practices and Communications subcommittees. Performance Measurements would continue as an ongoing report. Topics of interest would be assigned to single-task-oriented groups moving forward vs. standing subcommittees. After discussion, there was a motion, second and approval of these changes by the committee.

Performance Measurements, attached, were received as information. The committee discussed whether there was added value to including selected metrics related to the natural gas markets, which can impact coal markets. The Performance Committee will be requested to consider adding a chart showing electric power generation by fuel type to the dashboard.

Industry segment reports were presented as follows:

Railroads – Verbal report, Darin Selby outlined four issues that may impact service levels and operations:

- 1) FRA regulatory requirements for PTC – cost, complexity, timing
- 2) Anti-trust exemption continuation – railroads consider current balance with STB adequate
- 3) Capital investments and hiring plans – on the rise
- 4) Gas prices / weather /EPA actions impacting coal fired power plants – creates uncertainty

Utilities – Attached presentation, Jeff Wallace

Coal Producers – Verbal report, Kent Smith stated that issues previously outlined also impact producers (i.e. reduced demand, gas prices, layoffs, impact of EPA rulings on mining opportunities). The producer’s ability to invest is complicated by these

factors, yet the producers have a history of responding to changes in demand and expect to continue to adjust as circumstances require.

Ethanol Producers / Processes – Verbal report, Daryl Haack highlighted five topics impacting this segment:

- 1) Low carbon fuel standard in California – Stimulates imports
- 2) Renewable Fuel Standard of 15B gallons in 2015
- 3) Cellulosic Ethanol – two commercial plants operating
- 4) E15 expected this summer, blending permits required, none issued, higher blending rate allowed, not required, expect Midwest focus
- 5) Exports – 1B gallons in 2011, may be impacted by anti-dumping investigation

Car Leasing Companies – attached presentation, Robert Hulick

Consensus of the committees is that they favored the new format. Presentations should be made available in advance of the meeting in the future. Topics to consider for future meeting discussion were adding a representative from the oil industry as a member of RETAC and consideration of a task force to examine coal export opportunities moving forward.

Next meeting date was set for Thursday, September 20, 2012, at the STB Headquarters in Washington, D.C.

Meeting adjourned at 12:40 p.m.