

# Ethanol Producers Complain About Rail Service

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OMAHA, Neb. (AP) — Ethanol producers say clogged rail lines and other shipping problems have forced them to reduce production of the fuel and contributed to higher prices.

The Renewable Fuels Association criticized railroads Thursday and triggered a strong response from the Association of American Railroads.

RFA President and CEO Bob Dinneen said railroads should take the blame for ethanol prices jumping more than \$1 a gallon between early February and late March. That increase has contributed to higher average gasoline prices nationwide.

The ethanol industry was producing 949,000 barrels per day in December. By early March, that had dropped to 869,000 barrels per day because ethanol storage tanks were full and rail shipments were slowed.

"Nothing has changed with regard to ethanol production costs or efficiencies," Dinneen said. "The only change has been abject failure of the rail system to adequately address the needs of all its customers."

Railroads have also been criticized this year by farmers and grain elevators in North Dakota who complained about shipment delays.

Both the farm groups and the ethanol trade group question whether the surge in crude oil shipments coming from North Dakota's Bakken oil field is disrupting other shipments. Railroad officials say that's not the case.

The major U.S. railroads delivered 434,042 carloads of crude oil in 2013, up from 236,556 carloads the year before.

But even with the significant growth, crude oil shipments remain a relatively small part of the total freight railroads handle.

Through the end of last week, U.S. railroads had already hauled 6.8 million carloads this year — about 2 percent more than last year.

AAR CEO Ed Hamberger said rail traffic slowed in parts of the country, but he said it's preposterous to suggest the rail network is in disarray.

"Despite select regional service issues, railroads continue to move vast volumes of goods safely and efficiently," he said.

Hamberger said railroads have done their best to deal with an exceptionally cold

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winter, sizeable grain harvest and increased coal demand.

"There have been recent rail service challenges in certain parts of the country and railroads are working around the clock to mitigate them," he said.

The U.S. Energy Information Administration said in a report issued Thursday that congestion on the rail network and cold weather are responsible for the ethanol shipment delays.

The EIA highlighted BNSF's Galesburg, Ill., terminal as an example because many ethanol cars from Iowa pass through there. It said the amount of time railcars sat at a hub waiting to move doubled this year when it hit 60 hours in February.

Railroad performance statistics show that the waiting time has improved significantly since February and now is around 34 hours in Galesburg.

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