Rhode Island
Providence:
- TEPPCO propane tank now idle.
- National Grid will build LNG facility.
- Ciment McInnis will site in ProvPort.
- Map for all three facilities.


Maritimes
A cross-reference to companies mentioned here.

People, Positions, Events
PW's Eder takes a tumble, will recover.*

Editorial

Providence
The port is proving a rich ground for articles on activities there.

One hopes that the advent of McInnis cement into Providence will not sink Dragon, the main customer for CMQ's new operation of the Rockland Branch.

- Chop Hardenbergh

Next issue 20 November

REGIONAL

EXPORT OF PROPANE, NGL, OR CRUDE OIL?
The abundance of fossil-fuel-based products resulting from fracking and Canadian oil sands leads to the question, What about export? An overview of the possibilities in the Atlantic Northeast concludes not much is going to happen anytime soon.

![Graph showing Brent & WTI Forward Curves @ Jan 4, 2015](image)

(Sandy Fielden in RBN Energy 4-Jan-16)

CRUDE OIL
To make export of crude worthwhile, the international price as measured by the Brent Sea price, must exceed the West Texas Intermediate price by about five bucks. That spread, if one believes the futures market [see box], will not occur at least until after 2023. {Sandy Fielden in RBN Energy 4-Jan-16}

Two crude oil export facilities are proposed: one in Belledune (Chaleur LP, fed by rail), and one in Saint John (Irving, fed by the proposed pipeline out the oil sands). [See 15#03A&03B.]

The United States lifted the ban on crude exports as of the end of 2015. No one is rushing to export, though, because of the WTI-Brent price parity.

PROPANE EXPORTS
Three export terminals on the Gulf coast have boosted the United States to the top propane exporter.¹

One company is proposing LPG (liquid petroleum gas) exports from the region: Sea-3. It envisions that its rail-served terminal in Newington, New Hampshire may after the expansion of its unloading facilities be able to export propane. [See 15#12A.]

Searsport residents feared that DCP’s proposed propane tank and terminal, while declared an import

¹ Enterprise and Targa should be joined by a new competitor on the Gulf coast next year. Sunoco and US firm Lone Star NGL aim to open a facility in Nederland, Texas, by the first quarter of 2015 that will have export capacity of 6mn bl/month, or 5.8mn t/yr. The Nederland project already has long-term contracts with Shell, which will export between eight-10 cargoes/month. Shell appears to be in the marketplace tendering to sell quarterly spot fob cargoes for next year. The development is located on the border of Louisiana and away from the congested Houston Ship Channel. The addition of the Nederland facility will bring Gulf coast export capacity to around 20.7mn t/yr. US refiner Phillips 66 plans to bring its export facility in Freeport, Texas, on stream by the third quarter of 2016. The plant will be located close to its fractionators and refinery in Sweeny, Texas. Phillips 66 now targets 12 VLGCs/month — equivalent to 6.37mn t/yr — up from an original 4.2mn t/yr. {Argus LPG World 2014}
terminal, could become an export terminal. The proposal died due to local resistance [see 13#03B].

The TEPPCO tank in Providence (Enterprise Products subsidiary), no longer used for imports by DCP, sits idle. Rumors of a sale and possible transformation to an export terminal have not materialized [see Rhode Island article and footnote therein for more on Enterprise’s expanding propane exports].

LIQUIFIED NATURAL GAS EXPORTS
Companies such as National Grid in Providence [see Rhode Island] rely on both imported and domestic natural gas. North America has no LNG export terminals.

While many export, or import-export terminals are proposed, most of the proposed export projects won’t get built amid stiffening competition from foreign competitors who will flood the market with the supercooled gas as demand begins to slow.

The five U.S. LNG projects already under construction (all on the Gulf coast), including Cheniere’s two terminals in Louisiana and Corpus Christi, will cross the finish line, but beyond that, construction appears ‘increasingly unlikely’ for the remaining proposals, according a summer 2015 study by a task force of natural gas experts assembled by the Brookings Institution.

Brookings thus deems the Downeast LNG proposal for an import/export terminal in Robbinston Maine, unlikely2 as well as the Bear Head LNG terminal in Port Hawkesbury relying on offshore gas [see 15#03A&03B]. {Tim Boersma, Charles K. Ebinger, Heather L. Greenley, ‘An Assessment of U.S. Natural Gas Exports’, Brookings Energy Security and Climate Initiative Natural Gas Task Force, Natural Gas Issue Brief #4, July.15}

2 See ‘Downeast LNG signs on engineering firm for proposed gas terminal’ Bangor Daily News 1.May.15.
PW: NO NEW PROPANE TERMINAL*

27 November. **THE CONNECTICUT SUPERIOR COURT TURNED DOWN GLOBAL’S REQUEST TO OVERTURN THE TOWN OF CLINTON DECISION.**

Standard of review

“Our Supreme Court has concluded that general considerations such as public health, safety and welfare, which are enumerated in zoning regulations, may be the basis for the denial of a special permit. Also, [it has] stated that before the zoning commission can determine whether the specially permitted use is compatible with the uses permitted as of right in the particular zoning district, it is required to judge whether any concerns … would adversely impact the surrounding neighborhood. ... Generally, it is the function of a zoning board or commission to decide within prescribed limits and consistent with the exercise of [its] legal discretion, whether a particular section of the zoning regulations applies to a given situation and the manner in which it does apply. The . . . trial court ha[s] to decide whether the board correctly interpreted the section [of the regulations] and applied it with reasonable discretion to the facts.’

Mistakes were made, but citizens are not “Philadelphia lawyers”

‘In conclusion, the extensive record in this matter indicates that some mistakes were indeed made. Yet, “[w]e do not live in an ideal world, nor one where attorneys, architects and engineers alone populate local land use agencies. Rather, they are comprised of citizens from all walks of life, serving their communities on a voluntary basis. As our Supreme Court observed more than one half century ago, [i]t must be borne in mind . . . that we are dealing with a group of laymen who may not always express themselves with the nicety of a Philadelphia lawyer. Courts must be scrupulous not to hamper the legitimate activities of civic administrative boards.”’

{Global Companies LLC v Clinton Planning & Zoning Commission, Docket LND-14-6054440-S}

Connecticut procedure allows 20 days to appeal, and the docket shows no appeal entered as of 30 December 2015. Editor

---

MAINE

CMQ: WOODCHIP EXPORTS

31 December, Searsport. **“THEY’RE NEVER GOING TO BEAT ME TO THE PUNCH,”** said Art House of the Phyto-Charter effort to export woodchips [see Eastport article]. House in 2015 was denied a site to locate a woodchip heat treatment plant in Prospect, because voters enacted a six-month moratorium [see 15#02A].

Though the moratorium expired in August 2015, House has found a new site, with access to CMQ, which he intends to purchase and where he will build a treatment plant for woodchips. His company, Maine Woods Biomass Exports (MWBE), will rail the product to Searsport for export “because it has the rail and the ships. … I’m close with the rail people.”

CMQ President John Giles confirmed this same day: ‘I’m optimistic that 2016 will be the year that all Art’s planning and hard work bears fruit. He has held strong during challenging times and setbacks … I think he has a viable plan, with customers that he can count on. We at CMQR believe Art is very close to startup and we will do everything we can to help Art and his company be successful.'

The IRAP grant?

In 2014, MWBE won an MDOT IRAP grant [see 15#01A] to build track into the proposed Prospect site. House believes he “could do anything with IRAP” and has not decided whether he will use it. {ANR&P discussion with House 31.Dec.15; e-mail from Giles 31.Dec.15}

---

5 House said of Giles: ‘He and his company are a tremendous bonus to Maine in that they really do know how to run a railroad and they actually care about doing a great job and treating people well.” {text to ANR&P 31.Dec.15}
Drawbacks of Eastport
In a comment to the Bangor Daily News story about the Phyto-Charter meeting in Eastport on 22 December, House wrote:

‘MWBE of Searsport has already successfully shipped heat treated wood chips originating from Maine to Germany and that was accomplished in September of 2014.

‘MWBE already has a $340 million 12-15-year hard contract for low-grade wood chips from Maine into the EU with one of the largest CHP companies in the EU.

‘The reporter forgot to ask how many truck loads it takes per month to deliver 35,000 tonnes (or approximately 38,500 US Ton) of wood chips to the Port of Eastport (considering 30 US tons per truck load) that is about 1,285 loads full of chips and the same 1,285 empty loads headed back down the single path into Eastport. That is about 86 truck drive paths every day on a 30 day month or 107 per day on a six day work week or in excess of 4 loads every hour on a 24 hour schedule – day after day. …

‘If that [conveyor loading system of Eastport] were in Searsport, it would already be working and loading ships rather than accumulating down-time heading for major maintenance prep to see that it may work when called upon - to keep it from slipping into the deep.’

‘ … In hindsight, if it were not so sad a fact that Eastport (its residents - owners of the port) has and have been struggling for so long to make their system productive, it is amusing to see that the company that they did not select to work in Eastport [Eastport decided not to go with MWBE – see 14#12B]. {Bangor Daily News 22.Dec.15}

CMQ v MERR: THE SCORESHEET
31 December, Augusta. MDOT RELEASED THE SCORING BY THE GROUP WHICH DECIDED BETWEEN CMQ AND MERR in September. The Rockland Courier-Gazette requested both the proposals submitted by each railroad, as well as the score sheet.

Passenger service experience
Chuck Jensen, vice president and chief operating officer of MERR parent company, Morristown & Erie Railway, said recently he does not understand how the state awarded CMQ any points for passenger service. He also pointed out that those points made the difference between Maine Eastern's winning and losing the 10-year contract.

Nate Moulton, MDOT rail chief, explained in an e-mail: ‘The criteria is not providing passenger service, it is 'Terms for accommodating passenger service operators (15 points),' which is required as part of a proposal to operate the freight service per the RFP. This includes things like prioritization, coordination, dispatching, maintenance etc. and the per-mile rate to be charged to the passenger operator, etc. etc. … CMQR received the 31 points for their proposal and terms for accommodating a passenger operation.'

Providing passenger service?
Jensen believed that an independent passenger service could not operate without subsidy. MERR passenger service was not profitable. An independent passenger service would pay a trackage rights fee, which CMQ proposed as $1/mile/unit. Jensen wrote: ‘Example: 2 locomotives and 5 passenger cars = 7 units. These 7 units
making a round trip between Brunswick and Rockland (116 miles) would generate a fee of $812 to be paid to CMQ from the (passenger service operator).'

In its proposal, MERR put annual passenger operation expenses above $1.6 million, because MDOT wanted all passenger cars to be ADA-compliant, wheelchair accessible, have bullet-proof glazing, and meet special standards for handling G-forces without furniture flying around the car. Jensen said the stricter requirements are usually applied to intercity commuter trains.

MERR put the upgrade cost at $600,000 per car, and requested MDOT pay for it.

**Future of Dragon and other freight?**

MERR noted, “The Maine Eastern's freight traffic is wholly dependent upon the largest customer on the line, Dragon Products. Dragon represents 90% of the revenue base of the railroad, and the shipped product is extremely rate-sensitive.’

Dragon cars soon superannuated. MERR noted that the fleet of Dragon-owned rail cars will be 50 years old in the next two years. [CFR 49, Part 215.203 (Restricted Cars) forbids cars more than 50 years old from moving in interchange service.] ‘Therefore, all of Dragon's outbound cement shipments will be forced to cease if Dragon does not purchase or lease new equipment.’ [The cars could not move to Brunswick for interchange to Pan Am and furtherance to either Millis or Quebec, but they could continue to move to the barge-loading site in Rockland. Editor]

**New customers?** MERR would seek new customers, per its proposal, including ‘movement of seaweed by container from the Port of Portland to FMC Corporation in Rockland, the shipment of fuel-related products to the Damariscotta area, and inbounding raw materials to Dragon Cement by rail instead of by truck.’

**Tie project.** MERR also wrote that the Branch needed tie replacement, for more than $1 million, quite soon for passenger service speeds. "You just saved $1 million right there," Jensen said of the state's decision.

**CMQ revenue**

The CMQ proposal predicted revenue in year one at more than $1.1 million, versus MERR’s projected freight revenue of $675,000. The CMQ figure included $22,000 in passenger track usage fees, even though there is currently no passenger rail provider.

In year three, CMQ predicted a profit of $178,964. {Dan Dunkle in Rockland Courier-Gazette 31.Dec.15}

---

**PAN AM: PROPANE MOVE**

21 December, South Portland. A PROPOSED MORATORIUM ON NEW TANK FARMS WAS SENT TO THE PLANNING BOARD by the South Portland City Council by a 4-3 vote. However, the three councillors who oppose the moratorium can block it, as the Council must pass any moratorium by a 5-2 vote. {Dennis Hoey in Portland Press Herald 22.Dec.15}

NGL must move its rail-served propane terminal out of Portland by the spring, to permit construction of a cold-storage warehouse on the waterfront. [See 15#12A.]

**NB&M: RAILCAR MANUFACTURER UPDATE**

9 December, Limestone. THE LORING DEVELOPMENT AUTHORITY HEARD THAT RAILCAR MANUFACTURING INTEREST IS WANING NEAR-TERM. Carl Flora, president, said at a meeting this day that Norinco, the Chinese manufacturer, remains interested in the project [see 15#09A], “but there are some headwinds they’re facing that perhaps they weren’t a year ago.” The Chinese economy has slowed, as has

---

4 In early December, six Dragon cars arrived in Millis, Massachusetts. {e-mail to ANR&P from source} This happens each winter, when Dragon lays up the barge for repair. Editor
demand for new tank cars. “I no longer see that project as something that Norinco is in a rush to complete. … This is a commitment that we’re going to be here for 30 years, so we want to make sure we do it right.”

Miles Williams, a member of the development authority’s board, suggested in December that the Loring Development Authority could perhaps convince Norinco to broaden the scope of its project in Maine, as the company manufactures other construction equipment. “We’ve had those discussions with them, and they’ve mentioned sideline aspects to their railcar enterprise,” Flora said, “but the railcar, to date, is their central focus.”

US visa and arms sales
A United Nations report found Norinco’s arms division sold more than $20 million worth of weapons to South Sudan’s government in 2014, prompting the U.S. government to advocate for an arms embargo.

Moreover, the company was sanctioned by the U.S. government in 2003 for allegedly providing ballistic missile systems to Iran and again in the 1990s after being implicated in a sting operation conducted by the Bureau of Alcohol, Tobacco and Firearms.¹⁵

The company also has been unable to get a work visa for a key executive, Flora said. Allowing Norinco’s executive to enter the United States is crucial for the project, as that person needs to oversee the project’s startup and development. {Christopher Bouchard in Aroostook Republican 28.Dec.15}

More on tank cars
Per a December article, ‘the US tank-car fleet surplus is above 80,000 cars and fleet utilization is down to 77%. While the energy-related backlogs are still high, they are falling fast as new car orders have dropped like a rock.

‘... We expect new car deliveries to total about 81,000 cars in 2015. However, with the collapse of energy-related new car demand, our current FTR forecast for 2016 is only about 61,000 cars, a 24.6% decline compared with 2015’s projected total.’ {Richard Kloster in Progressive Railroading 12.15}

MERR to CMQ: THE TRANSITION ++

Brunswick. The MERR passenger equipment arriving 20 December in Brunswick, enroute back to New Jersey. {Courtesy Bernard Breitbart}
29 December. **CMQ IS SENDING TWO LOCOMOTIVES TO THE ROCKLAND BRANCH.** Rail observers report two GE B23-7s enroute. CMQ also sent three former B39-8s to Ohio. {NERAIL e-list}

CMQ will begin freight operations on the Branch as of 1 January. MERR is sending its equipment back to home base in New Jersey.

**The fate of the MERR workers**

MERR had eight full-time employees. The two managers were not rehired. Two full time employees not offered employment by the CMQ have secured full-time employment with other companies offering a higher wage and better benefit package.

CMQ hired the other four. ‘I have talked with the employees going to work for the CMQ and they are all very upbeat about joining the CMQ team as they will all be getting an increase in pay, an improved benefit package and the opportunity to participate in a 401K retirement program.’ {e-mail to ANR&P from Don Marson, former MERR manager, 31.Dec.15}

**PAN AM: MORE ON PAPER DOWNTURN**

autumn. **“THERE IS JUST TOO MUCH PAPER FOR THE NEEDS OF THE PRINTING WORLD,”** said Pan Am President David Fink recently. Total US railroads’ shipments of pulp and paper have declined from 2005’s 443,927 loads to 318,424 in 2014.

Pan Am seeks to take some of the paper mill traffic from trucks by speeding up transit times and increasing train frequency.
Propane growing
Pan Am has seen its propane traffic grow from 500 to 10,000 over the past five years. [In February Fink put the figures as 800 and 10,000 – see 15#02B.]

Participating in a supply chain from Newfoundland
The Wall Street Journal prints at 26 contract or owned printing plants, using six paper suppliers. Half the paper arrives by rail, half by truck.

For its New York plant, the Journal uses Corner Brook Pulp and Paper, Limited, part of Kruger [started as International Paper in 1927 and was sold to Bowater in 1938 – {CBPP website}] which moves to the Sprague warehouse in Portland by ship⁶, and then by Pan Am and other railroads to the Bronx printing plant of the Journal.

Brown paper doing better
NS and CSXT serve paper mills in the South turning out liner board (aka pulpboard or brown paper) for packaging, grocery bags, and cardboard boxes.

“It is a tale of two cities,” said Michael Rutherford, CSXT assistant vice-president sales and marketing for industrial products. “Printing and newsprint continue to see a secular decline, while pulpboard continues to see modest growth.”

NS’s Scott MacGregor, group vice-president industrial products paper, clay, and forest products, said, “The brown paper business is a healthy business in general. There is opportunity for growth.” NS serves 79 mills, primarily producing brown paper. {Dan Machalaba⁷ in Trains 11.15}

EASTPORT: CHIPS COMING?*

But when?
Top wood industry officials here heard 2016 as the date. “Rest assured, it’s coming soon,” said Carrier. “I’ll just leave it at that.”

Chris Gardner, director of the Eastport Port Authority, said complicated plans such as these take time. “If it was that simple, somebody else would have [already] done it,” he said. He told the gathering that the fact Phyto-Charter called the meeting was an indication of how close they are to getting the project off the ground.

Pulp continues
The Star Kinn, last port Wilmington, North Carolina, called on 16 December to load 7,000 tonnes of pulp for Italy. {Quoddy Tides 22.Dec.15}

MASSACHUSETTS

PAN AM: TRANSRAIL TERMINAL RESPONSE*
30 December, DC. THE BOARD EXTENDED THE COMMENT PERIOD ON ITS POSSIBLE LIFTING OF THE STAY FOR NEW ENGLAND TRANSRAIL, on its application to operate a tiny railroad. Three

⁶ In 2001, CBPP was threatening to move its US trade elsewhere. The Maine Port Authority built a new Portland warehouse for Sprague (then owned by PD Merrill) enabling Merrill to house the paper rolls on the waterfront rather than in South Portland, and cut costs for CBPP. See 02#08A.

⁷ Trains uses paper from Kruger’s plant in Trois Rivieres. Machalaba was formerly a staff writer for the Journal. Thanks to Rian Nemeroff for pointing out this article.
parties made submissions:

**Massachusetts Department of Environmental Protection**
Because the comment period ends 4 January, MDEP noted the holidays and requested an extension to at least 20 January.

‘In its remarks, MassDEP expects to comment on:

- the need for an updated plan for the transrail facility from New England Transrail, LLC (NET) prior to any further action in the proceeding,
- a clarification as to whether NET intends to construct its facility over any areas unsuitable for development at the Olin Chemical site, and
- a statement about whether NET intends to accept for shipment any construction and demolition debris or other solid waste.
- MassDEP also expects to comment on EPA’s letter and the need for clarity about where NET may or may not construct its facility.’ {STB website, filings page, Finance Docket #34797 23.Dec.15}

**Town of Wilmington**
The Town also requested an extension, without comment. {STB website, filings page, Finance Docket #34797 23.Dec.15}

**NET no objection**
New England Transrail, LLC said on 28 December it was amenable to a one-week extension. The Board gave an additional 10 days, to 14 January. {STB website, decisions page, Finance Docket #34797 30.Dec.15}

---

**RHODE ISLAND**

**PROVIDENCE PROPANE**

5 January. **THE TEPPCO TANK IN PROVIDENCE, NO LONGER USED FOR IMPORTS BY DCP, SITS IDLE.** Rumors of a sale or possible transformation to an export terminal have not materialized.

**DCP use until 2014**
DCP once operated this Enterprise-owned terminal. In 2013, it brought in six ships to help with the 2013-2014 propane shortage. In 2014, it has brought in only one ship.

Enterprise has put the terminal up for sale. Gas Supply looked at buying it but given the growth in domestic propane production, decided it was not viable as an import facility.

Nor did refitting it as an export facility, which could cost up to $20 million, make sense. While propane pricing at this time still favors export, the propane market is too soft to commit that amount of money. {ANR&P discussion with John Pratt of DCP 12.Jan.15} [See 15#01B.]

**TEPPCO no comment**
TEPPCO (Texas Eastern Products Pipeline Company, a subsidiary of Enterprise Products<sup>5</sup>) owns ‘an NGL

---

<sup>5</sup> Enterprise Products Partners L.P. announced in 30 December that the partnership has increased the loading rate at its liquefied petroleum gas (“LPG”) export terminal on the Houston Ship Channel from 16,500 barrels per hour (“BPH”) to approximately 27,500 BPH of capacity. The incremental capacity was achieved through the completion of a new refrigeration train that increases loading capabilities at the terminal from 9 million barrels (“MMBbls”) per month to 16 MMBbls per month of LPG, which equates to a total of approximately 29 vessels per month.

“This terminal serves as the premier LPG export facility in the U.S. and the timing of these expansion projects could not have been better,” said A.J. “Jim” Teague, chief operating officer of Enterprise’s general partner. “In addition to meeting the growing international demand for price-advantaged, domestic LPG, the terminal also benefits producers by providing market access and facilitating continued development of U.S. energy supplies.” {Business Wire 30.Dec.15}
terminal in Providence, Rhode Island that includes 0.4 MMBbls of refrigerated tank storage capacity and ship unloading capabilities at rates of up to 11,800 barrels per hour.' {Enterprise website}

Asked whether Enterprise still wanted to sell the tank, Rick Rainey, spokesperson for Enterprise Products, wrote on 5 January 2016: ‘We are not commenting on the status of the terminal at this time.’ {e-mail to ANR&P}

Enterprise also owns and operates the propane pipeline to Selkirk.\(^7\)

City of Providence acts
When the City conducted a rezoning exercise covering ProvPort in 2014, some wondered whether the TEPPCO tank would remain compliant, especially if it were used for export.

At the Providence City Plan Commission on 16 September 2014 Russell Kovin, an Enterprise vice-president, explained the company’s operations, including the import of propane in ProvPort. He requested that the CPC modify the definition of a tank farm to include propane storage. The terminal might use rail cars to transport propane.

The resulting zoning ordinance, as amended, reads:

‘Tank Farm. The storage of chemicals, petroleum products, ethanol products, propane products, hazardous materials, and similar substances in aboveground or belowground storage containers designed for wholesale distribution. This does not include liquefied natural gas.’ {minutes of meeting and text of amendment from City planner Choyon Manjrekar}

Waterson said that ProvPort supported the amendment. ‘The zoning issue was something we noticed and worked proactively to address so that IF any development were to take place it could do so without a variance. But as I said, no deal of any kind to report.’ {e-mail to ANR&P 2.Nov.15}

PROVIDENCE: McINNIS CEMENT
5 January. THE PROPOSED TERMINAL HERE IS PROGRESSING THROUGH CITY GOVERNMENT, said Mark Newhart, vice-president, Logistics & Distribution at McInnis US.

McInnis is completing a cement manufacturing plant in the Gaspe, from which it intends to ship cement into the Maritimes as well as the US East coast. In addition to a location in the Bronx [see 15#07A], it would like to create a cement terminal in ProvPort, after running into barriers in New London [see 15#07A].

The manufacturing facility, as well as the terminals, remain “on time and on budget.” In Nova Scotia, the company is looking at “options... and hopes to make an announcement in 1Q16.

THE PROVPORT TERMINAL

The site
McInnis will lease the ProvPort main warehouse, “presently idle”, said Newhart. {ANR&P discussion} The filings with the City indicate the lease will last at least 12 years, extendable to 20.

McInnis will rehab the building. In September 2015, Providence City Council President Luis Aponte said cement would move out by truck and by rail, Aponte said. The distribution center will serve as the company's New England hub, employing up to 40 people.

In June, the City Council and Mayor Jorge O. Elorza hammered out a new regime for such tax agreements because the the lack of a standardized stabilization program was hindering development on the

\(^7\)The Selkirk Terminal located in Albany County, New York, is owned by Enterprise Terminals and Storage, LLC and is operated by Enterprise Products Operating, LLC. [It] is a wholesale terminal facility for the storage and loading of propane. The propane is received from an Enterprise underground pipeline and is stored in any of six above-ground storage tanks. The stored propane is transferred from the storage bullet tank into highway transport trucks for delivery of the propane to wholesale customers. Ethyl mercaptan is added to the propane during the truck filling operation as an odorant to aid in propane leak detection. The facility also has a 10-spot railcar loading and unloading rack that can be used for the receipt or delivery of propane by pressurized tank cars. Several small propane storage tanks are also on-site for use as domestic and flare pilot fuel. {http://data.rtknet.org/rmp/rmp.php?database=rmp&datype=T&detail=3&facility_id=100000179219&reptype=a}
The tax stabilization agreement
On 12 November 2015, the City Finance Committee held a public hearing on McInnis’ request for a tax stabilization agreement.

Providence would be the first of six terminals for the cement, said Zachary Darrow, of Providence law firm DarrowEverett LLP, who is representing the company.

The company plans to send one ship a month into ProvPort, Newhart told the Committee. “We would like to start marketing our materials in the U.S.,” he said. “ProvPort is an ideal facility.” Cement would be brought in by ship, and also potentially moved out by ship to other ports.

ProvPort officials spoke in favor of the tax stabilization agreements, as did representatives of the Rhode
Island construction trades.

**Holcim opposition**

Holcim US, part of LafargeHolcim, argued to the Committee via its attorney, Robin Main of Hinckley Allen & Snyder LLP, that Holcim has operated a cement distribution facility in the port without tax breaks since the 1960s, and employs six to 10 people. The company is not against competition. “It wants to see an even playing field. There are operators here who are paying their taxes.”

Holcim’s terminal, on Terminal Road, receives cement by ship from its manufacturing facility in Glens Falls New York [see 03#02B].

Following the meeting, Bill Fischer, a spokesperson for ProvPort and McInnis, said a new competitor in the local market could result in decreased construction costs. “Holcim is one of a few players in the cement marketplace that has a stranglehold on supply and pricing.” [See box.] {Mary MacDonald in Providence Business Journal 13.Nov.15}

**Terms of the deal**

Under the deal, which is now before the City Council, the currently tax-exempt building will gradually return to 100% city taxation.

**Real property.** ‘Real Property Tax Payments due for the first three (3) years of the Term shall be due and payable in the agreed upon amount of $50,000.00. … Tax Payments for years four through six of the Term shall be calculated based upon an agreed upon assessed value of $5,000,000.00 and a real property tax rate of $36.75 per $1000.00. Tax Payments in years seven through the remainder of the Term of this Ordinance shall be calculated based on the then current valuation of the property and [a percentage of the] then current applicable real property tax rates [66% in year nine, for example]. Following the conclusion of twelve full years, McInnis will be paying the full current [real property tax] assessment.

**Tangible personal property.** ‘No Tangible Property Tax Payments will be due for the first three (3) years of the Term. In the fourth year after the Commencement Date through the end of the twelfth year after the Commencement Date the Assessor shall issue a bill according to the schedule contained below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Tangible Property Value</th>
<th>Percentage of Full Taxes Due</th>
<th>Tangible Property Tax Payment Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 4</td>
<td>$8,000,000.00</td>
<td>11%</td>
<td>$49,104.00</td>
</tr>
<tr>
<td>Year 5</td>
<td>$7,200,000.00</td>
<td>22%</td>
<td>$88,387.20</td>
</tr>
<tr>
<td>Year 6</td>
<td>$6,480,000.00</td>
<td>33%</td>
<td>$119,322.72</td>
</tr>
<tr>
<td>Year 7</td>
<td>$5,832,000.00</td>
<td>44%</td>
<td>$143,187.26</td>
</tr>
<tr>
<td>Year 8</td>
<td>$5,248,800.00</td>
<td>55%</td>
<td>$161,085.67</td>
</tr>
<tr>
<td>Year 9</td>
<td>$4,723,920.00</td>
<td>66%</td>
<td>$173,972.53</td>
</tr>
<tr>
<td>Year 10</td>
<td>$4,251,528.00</td>
<td>77%</td>
<td>$182,671.15</td>
</tr>
<tr>
<td>Year 11</td>
<td>$4,251,528.00</td>
<td>88%</td>
<td>$208,767.03</td>
</tr>
<tr>
<td>Year 12</td>
<td>$4,251,528.00</td>
<td>95%</td>
<td>$225,373.50</td>
</tr>
</tbody>
</table>

{text of draft agreement from Finance Committee agenda 10.Nov.15}
McINNIS, THE BOMBARDIER ATTEMPT TO BREAK INTO GLOBAL CEMENT MAKING

As the largest shareholder of McInnis Cement, which it controls through its investment company, Beaudier Inc., the Bombardier family for three years has worked to build Canada’s first new cement production plant in half a century: McInnis Cement.

“It is extremely tough to get in this game,” CEO Christian Gagnon said in McInnis’s Gaspé office in Port-Daniel, noting that while average EBITDA margins for publicly traded players are roughly 25%, the barriers to entry are significant. “It’s an oligopoly. There are fewer and fewer players in the world. And there is a high level of arrogance from those people saying, ‘This belongs to us.’” Outside China, which accounts for half of the world’s cement demand and production, four companies – Buzzi, Cemex, LafargeHolcim, and Heidelberg-Italcementi together had about 40% of the market, according to 2013 data from The Economist Group.

Atlantic Northeast a prime market

According to a confidential white paper prepared by an independent Washington-based consultant for McInnis, the northeastern quadrant of Canada and the United States is now served by ageing cement plants, many of them half a century old or more, which are ‘inefficient, high-cost and borderline acceptable’ on environmental standards. Current players will need to invest significant sums to comply with new U.S. air-toxicity standards that came into effect in September 2015, while McInnis will already meet and surpass those standards when it starts operation, the document stated. As Gagnon noted: “At the end of the day, it’s going to be something that’s 50 years old that’s going to close. Not us.”

McInnis is also hoping to ride a rebound in the U.S. economy, which added 173,000 workers in August as the jobless rate touched its lowest level since April, 2008. Demand for cement in the United States will climb at a compound annual growth rate of about 7% over the next five years as housing and infrastructure markets strengthen, according to estimates from Portland Cement Association chief economist Ed Sullivan.

Resistance

Some existing players, such as Gagnon’s former employer, Paris-based Lafarge SA, oppose McInnis. Lafarge sued Quebec’s environment ministry over its decision to authorize the Port-Daniel project without a new environmental assessment hearing, but dropped the action. Competitors have also questioned whether McInnis’s financing violates international trade rules, an assertion both the company and the Quebec government reject.

Emissions

Even with its advanced technology, McInnis’s one plant alone will produce 6% of Quebec’s industrial greenhouse gas emissions as the province’s single-largest emitter. McInnis has plans to reduce emissions, but as a company official says: “We’re not making cupcakes here.”

When Bombardier chair emeritus Laurent Beaudoin was asked in 2014 why his family would sink its money into a cement plant on the Gaspé coast, he answered: “I would rather invest in something concrete than in the stock market.” As his family wealth fades with Bombardier’s challenged stock price, the whole province is watching to see whether this latest wager will pay off. {Nicolas van Praet in Toronto Globe and Mail 6.Sept.15}

BOSTON-PROVIDENCE: NATIONAL GRID LNG LIQUEFACTION

31 December. LIQUIFYING DOMESTIC NATURAL GAS WILL SUPPLEMENT OVERSEAS LNG, said National Grid spokesperson David Graves.

About National Grid

‘We are an international electricity and gas company based in the UK and northeastern US. We play a vital role in connecting millions of people safely, reliably and efficiently to the energy they use.’

About the Fields Point site and node

In Rhode Island, National Grid receives natgas from two sources: LNG from overseas via ship to the GDF-Suez Distrigas terminal in Everett, thence by truck to the Fields Point tank; and as natgas from domestic sources via a lateral under the harbor from the existing Algonquin pipeline which runs into East Providence. It distributes the gas via a pipeline network to customers in Rhode Island and Massachusetts.

National Grid LNG, a subsidiary, proposes the liquefaction facility to liquify and store some of the domestic natgas in the existing tank. The storage will enable National Grid to deliver more gas to its customers,
as well as diversify supply for reliability and stability.

Trucks will be able to deliver LNG to National Grid’s smaller LNG tanks in both Massachusetts and Rhode Island.

NGLNG will continue to source from Everett. “We just signed a long-term contract with Distrigas a couple of months ago,” said Marsh.¹⁰

Target
NGLNG submitted a pre-filing application at the Federal Energy Regulatory Commission in late December, which stated the target to begin construction as November 2016, and for operation as 2018. {http://www.fieldspointngrid.com}

VERMONT

CMQ: NEW FACILITY
5 January, Lyndonville. COUTURE TRUCKING IS EXPANDING TO A SECOND RAIL LOCATION, IN

The contract was announced in May 2015, a 10-year agreement. Distrigas now has contracts with several utilities to provide about 9.5 billion cubic feet of LNG to the region, or enough to heat nearly 100,000 homes a year, through the coming winter. That’s up 8 percent from last year and 19 percent from two years ago. Distrigas has pegged its prices to the cost of domestically produced natural gas to compete.

Distrigas and other LNG providers, including Excelerate Energy of Texas, owner of an LNG terminal off the coast of Massachusetts, are credited with having provided enough fuel in the winter 2014-2015 to avert the acute natural gas shortages and wholesale electric price spikes of two winters ago. {Jay Fitzgerald in Boston Globe 11.May.15} In 2014-2015, only 14 ships called the Everett terminal. {Jack Newsham in Boston Globe 25.Oct.15}
BARTON. Marc Couture, who along with his father manages the company, said the first railcars of barley will arrive “this week or next” in Barton.

**Funding assistance from Border Commission**

A Case Study in Linking Rail Investments to Economic Growth: Barton Siding Project

The project consists of installing a 2,500 ft rail siding for a new Washington County Railroad (WACR) transload facility, located in the Town of Barton, Orleans County, VT. The siding will be built along right-of-way owned by the State, with the State contributing rail from its inventory. The total project cost is estimated at $382,120, of which $250,000 will come from Northern Border Regional Commission funding, $63,350 from in-kind contributions by the WACR, and $68,770 from the value of state-owned rail. The Washington County Railroad has an operating lease with the state. The project is anticipated to need three months for completion. The State will complete documentation under a National Environmental Protection Act document, assumed to be a Categorical Exclusion.

The siding will allow rail access to a transload facility, which will enable area businesses access to the North American railroad network. The project site is near the Canadian border, with full access to rail for U.S. exports. Couture Trucking, Inc. has been supplying transportation services for the bulk industry since 1976. The shipper has 26 full-time employees a fleet of 48 over the road semi-tractors, and trailers and tractors (dry bulk tankers, liquid bulk tankers, dump trailers, gram hopper trailers, and dry box). The company specializes in food grade dry bulk transportation and dairy industry supplies. The company’s substantial growth over the years is credited to the Washington County Railroad, which has provided direct rail access and transload capacity at a site in Lyndonville, which has reached its maximum capacity. The new site at Barton will allow for expanded operations.

Why the new site?
Couture said the company just plain “ran out of space” in Lyndonville. While some space remains, “the railroad is keeping it for its own operations.”

Why not go back to Orleans? In December 2012, Couture completed consolidating his rail operations, stopping his use of Orleans. At that time, Gorman Group moved its calcium chloride bulk unloading facility into Couture’s former space.

“We purchased a farm in Barton with 2000 feet of track passing through it.”
Barton. Aerial showing new Couture terminal under construction. North to the right. {ANR&P}

Barton. The new spur and four tanks to accept barley. Couture Trucking will span the space between spur and tanks by placing two augurs end to end.
Trackwork
Couture did the ground work for the siding, though only “the south section is finished.” He expected to finish the entire spur, 1800 feet to the end of the property, in 2016.
A VTR-recommended track contractor laid the rail and ties.

Rail service
Couture said that in the main the cars of barley come up from White River Junction. He believed that the supplier chose the route. {ANR&P discussion}

RAIL FREIGHT FACILITIES
Described in this issue.
Couture (VRS, Vermont). Second facility in Barton.
MBWE (CMQ, Maine) Chip exports in 2016?
McInnis (PW, Rhode Island) Cement terminal.
NET (Pan Am, Massachusetts) MassDEP questions.
NGL (Pan Am, Maine) Propane moratorium?

PEOPLE, EVENTS
PW: CHIEF WILL RECOVER
28 December, Worcester. PW ‘ANNOUNCED THAT ROBERT H. EDER, THE COMPANY’S CHAIR AND CHIEF EXECUTIVE OFFICER, SUSTAINED A HEAD INJURY as result of a fall while hiking. He underwent successful surgery to relieve an intracranial bleed and is expected to fully recover and return to work within several weeks.’ {company press release}