



News and Notes

October 2015

A Progress Report on the Northern Plains Nitrogen Fertilizer Production Facility

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From the President's Desk:

October – always a busy month for anyone connected to farming – has been even more hectic this year for me and the other farmers involved in developing the Northern Plains Nitrogen facility in Grand Forks. But, just like our fall harvest is the reward for all the hard work, diligence and care that we have invested in our fields since early in the year, we now are starting to see many of the NPN seeds we have sown grow and bear fruit.

That was the message we delivered earlier this month when we gave an update on the project to the Grand Forks Region Economic Development Corporation. The EDC – along with the mayor and other leadership of Grand Forks – has been a stronger supporter of NPN from the day we announced. Its support and assistance have been invaluable.

A few of the highlights we shared with the EDC include the following:

- The project now has received all the regulatory approvals needed to move forward.
- The forecast for future demand for our products looks strong. We are optimistic about the potential for liquid products, especially urea ammonium nitrate. As the manager of a leading ag co-op told a reporter at the beginning of this year's planting season, "We can keep our (urea) tanks full now, but when the tractors start rolling, we can empty the plant

in three or four days."

- We continue to seek financing for the \$2 billion project. We have no commitments and financing remains a significant challenge. However, we have had several productive conversations with potential investors.

We are reminded almost every day that NPN is an excellent fit for today's marketplace. In this issue of the newsletter, for example, we report on the threat to fall fertilizer shipments as the major freight rail companies and Congress draw sharp lines over the installation of safety equipment. We hope this issue is resolved without creating more upheaval for farmers. In the meantime, though, the dispute underscores the value of having a regional production facility with the option to ship by rail or truck.

We remain optimistic that our hard work at NPN will result in success. And, for all of you who have spent long hours in the field over the past several weeks, we hope your harvest is bountiful.

Sincerely,

Darin Anderson

Darin Anderson

President, NPN Board

Fight Over Rail Safety Could Threaten Fertilizer Supply

Seven years ago, Congress directed the country's freight and passenger railroads to install Positive Train Control (PTC). Proponents say the safety technology would significantly enhance rail safety. Railroads were given until the end of 2015 – little more than two months from now – to implement the mandate.

It appeared that the powerful rail lobby would win an extension, pushing the deadline for installing PTC on all trains back to 2018. But a May derailment of an Amtrak train in Philadelphia in which eight were killed and growing public concern over the shipment of oil and hazardous materials have put railroads on the defensive.

According to a late-October article in the *Washington Post*, "The (National Transportation Safety Board) says it has investigated 145 rail accidents since 1969 that PTC could have prevented, with a toll of 288 people killed and 6,574 people injured." (<http://tinyurl.com/oa7brj7>)

The railroads, though, continue to fight for an extension. The *Post* reported that since

2008, the railroad industry has spent more than \$300 million to lobby Congress. In addition, it has invested in political contributions. “It also contributed more than \$24 million during the same period to the reelection efforts of members of Congress, targeting in particular the chairmen and members of key committees that govern its business,” said the *Post*.

Recently, though, the railroads have upped the ante.

“The railroads’ pitch for an extension — both loudly in the media and quietly to Congress — has been straightforward,” said the *Post*. “Unless the deadline is postponed: ‘Transportation of all goods over freight rail grinds to a halt; the U.S. economy loses \$30 billion; household incomes drop by \$17 billion; 700,000 Americans lose their jobs; millions of commuters are stranded.’”

“That was the message Oct. 19 when officials from three commuter rail lines and Association of American Railroads President Ed Hamberger held a conference call with reporters to add their voices to a chorus calling for an extension of the PTC deadline.

“ ‘If the congressionally mandated deadline of Dec. 31 is not extended, there will be a transportation crisis in the country with severe economic consequences,’ said Michael Melaniphy, president of the American Public Transportation Association.”

The consequences for farmers are significant. Earlier this month, *CropLife* reported that fertilizer supplies this fall and beyond could be at risk if the regulators follow through on their threat of rejecting a deadline extension:

“A service stoppage would force fertilizer manufacturers to curtail or cease production,” reported *CropLife* (<http://tinyurl.com/oj24tbq>). “Manufacturers have only limited storage capacity at their facilities, and therefore must ship anhydrous ammonia and other products year-round to continue production. Without access to rail transportation, on-site storage would quickly reach capacity. Because ammonia facilities typically operate at full capacity, these production losses cannot be made up at a later date, and could result in nationwide shortages of crop nutrients.”

The conflict between Congress and the railroads still has two months to play out. And, as the *Post* reported, some rail companies (including BNSF) are much farther along in installing PTC than other railroads.

Still, the dispute underscores the need for a facility like NPN and the value of its proposed Grand Forks site with its access to both major rail and highway corridors.

Certainly, NPN couldn't replace a national rail shutdown. But it does provide an important safety net for farmers located within NPN's logical market area and makes those farmers less dependent on any one transportation system.

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