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Shell Chemical LP
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Houston, TX 77079

February 14, 2022

EP 711 (Sub-No. 1)

Surface Transportation Board
Attn: Docket No. EP 711 (Sub-No. 1)
395 E Street, SW
Washington, DC 20423

RE: Surface Transportation Board (STB), Docket No. EP 711, Reciprocal Switching

Shell Chemical LP submits the following written comments in advance of the hearing scheduled for March 14-15, 2022 on STB EP No. 711 (Sub-No. 1). Shell Chemical LP is an affiliated entity of Shell Oil Company, the US affiliate of Shell, plc. (for purposes of this document, "Shell"). Shell is an international energy company, with extensive operations in the United States, with expertise in the exploration, production, refining and marketing of oil and natural gas, and the manufacturing marketing, and transportation of chemicals. Shell would like to thank the Surface Transportation Board for the opportunity to provide comments and for their attention to this long-standing rulemaking proceeding on reciprocal switching rules.

Shell manufactures a variety of bulk products such as olefins, ethylene oxide/glycols, and plastics (coming online in 2022) to name a few. Manufacturing facilities are located in Texas, Louisiana, and Pennsylvania. Chemical products manufactured by Shell are predominantly base or intermediate chemicals and our customers further manufacturer and supply products that are present in virtually every aspect of our daily lives.

To transport these raw materials, Shell depends on reliable and affordable rail service throughout the United States to remain competitive in a global market. Reliable and affordable rail service is the outcome of a competitive market for railroad operations. Some Shell facilities have access to more than one railroad, and we have firsthand experience of the benefits that competition brings in terms of reliability and affordability, which in turn translates to reliable and affordable service to our customers. Unfortunately, about 50% of our total rail traffic is captive to only one railroad at origin, destination, or both providing limited choice for rail service. It has been our experience in captive situations that freight rates can be 20-40% higher than comparable competitive situations. Also, taking unpredictable industry incidents such as Covid, severe weather conditions and other recent supply chain disruptions, affording shippers the capability to have more carriers available, this would positively impact our ability to maintain normal operations, serve our customers and limit impact on the US economy. Additionally, this lack of alternative rail service reduces the incentive for servicing railroads to continuously improve performance or maintain a competitive price.

Shell also moves product by rail in Canada and has had direct experience with the Inter-switching regime used in Canada for many years. The system works seamlessly to provide competitive choice to otherwise captive rail shippers based on cost and performance, operating the same as any free market. We see strong parallels with how competitive switching would work in the US if adopted.

Shell appreciates this opportunity to comment on the Board's proposed Reciprocal Switching rules.

Sincerely,

A handwritten signature in black ink that reads "Rhoman Hardy". The signature is written in a cursive, slightly stylized font.

Rhoman Hardy
Senior Vice President, US Gulf Coast
Shell Chemical LP