



Railroad Research Archives

"Market Effects of Environmental Regulation: Coal, Railroads, and the 1990 Clean Air Act" MEGHAN R. BUSSE University of California, Berkeley - Haas School of Business & NATHANIEL O. KEOHANE Yale School of Management. 9-17-2004 (http://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID593449_code254274.pdf?abstractid=593449&mirid=1)

Title IV of the 1990 Clean Air Act Amendments introduced a cap-and-trade system for sulfur dioxide emissions from electric power plants in the United States. This paper analyzes the effects of that regulatory change on the prices charged by the two railroads that hauled low-sulfur coal east from Wyoming. We estimate the effect of the tradeable permits regime by comparing prices at affected plants (called Table A plants) before and after the allowance market took effect, and by comparing prices at those plants to prices at unaffected plants. We show that after Title IV took effect, the delivered price of low-sulfur coal - controlling for the minemouth price of coal and the variable cost of transportation - rose at Table A plants within approximately 1000 miles of the Powder River Basin, and fell at Table A plants located further away. This shift in the delivered price schedule of PRB coal is consistent with a theoretical model of the effects of emissions regulation on demand for low-sulfur coal, and the corresponding optimal pricing strategy by a carrier with market power. Our results suggest that the railroads were able to price discriminate among power plants on the basis of the

environmental regulations governing the plants.

"Investing in America's Future: The Need for an Enlightened Transportation Policy"
University of Denver Intermodal Transportation Institute. 9-2004 ([whitePaper.pdf](#)) 257KB

"Railroad Cost Conditions - Implications for Policy" John Bitzan, Ph.D. Upper Great
Plains Transportation Institute, North Dakota State University. 5-10-2000 ([RRcosts.pdf](#))
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Sperry Rail Service Rail Defect Manual 4-1968 ([Sperry Rail Defect Manual 4-1968.pdf](#))
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