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Background Paper on Keystone XL Pipeline Project

Background

The proposed Keystone XL pipeline is a new 1,179-mile (875 miles in the U.S.) crude oil pipeline that would begin in Alberta, Canada, and would extend through Saskatchewan, Montana, South Dakota and Nebraska, where it would link up with an already completed southern leg for delivery of oil to the Gulf Coast. Once fully constructed, Keystone XL would ensure safe and reliable transportation of up to 830,000 barrels per day of crude oil from Canada and the Bakken Shale formation in the U.S. to refineries in the Gulf of Mexico region and would further diversify supplies of crude oil, thus improving national energy security. Keystone XL also would support 42,100 temporary construction and related manufacturing jobs almost immediately at a time when the U.S. economy continues to struggle. Over its projected life, Keystone XL would generate more than $5 billion in property taxes to state and local governments along its path.

Because Keystone XL crosses the U.S./Canada border, it is required to secure a Presidential Permit based on a determination that the project is in the national interest. The Department of State is responsible for reviewing the proposed project to make this determination. One key part of this analysis is to conduct an environmental assessment under NEPA.

TransCanada filed its application for a Presidential Permit with the Department of State in September 2008. On April 16, 2010, the Department of State published a draft EIS, which determined that there were no substantial environmental concerns that would prohibit approval of the permit. A final EIS was published on August 26, 2011, which again found minimal environmental concerns.

On November 10, 2011, after more than three years of exhaustive review, including numerous public hearings and multiple opportunities for public comment, the Department of State announced that it would conduct a further environmental review based on a rerouting of a portion of the proposed project in Nebraska and that, as a consequence of this further review, a final decision would not be made before the first quarter of 2013, nearly five years after the application was filed. By way of comparison, Canada approved its portion of the project in March 2010, substantially less than two years after the application was filed there. Frustrated with the Administration's continued delays, on December17, 2011, Congress passed, and the President signed into law, legislation requiring the President, no later than 60 days after enactment, to issue a permit for Keystone XL unless "the President determines that the Keystone XL pipeline

would not serve the national interest." On January 18, 2012, the Administration, citing a "rushed and arbitrary deadline," announced that it could not find the current application in the national interest.

On May 4, 2012, TransCanada filed a new application with the Department of State seeking a Presidential Permit that would allow construction to commence. The Department of State, on March 1, 2013, issued a Draft Supplemental Environmental Impact Statement (SEIS) on the Keystone XL pipeline. The Final SEIS was released by the Department of State on January 31st, 2014. It concluded that the environmental impact of the proposed pipeline is likely to be minimal and that it would not result in materially greater GHG emissions as compared to a "no action" alternative. Litigation in the State of Nebraska is currently pending regarding the siting of the pipeline within that state. It is unlikely that a final decision on the Presidential Permit will be made until the Nebraska state litigation is resolved.

Potential Impact of Regulation

The Keystone XL pipeline would ensure a safe and reliable supply of Canadian crude to U.S. refineries in the Gulf region – critical for ensuring U.S. energy security. Currently, only refineries in the Midwest and Rocky Mountain regions rely heavily on Canadian crude. The United States should resist policies that arbitrarily limit any economic supply sources (particularly secure North American sources) to the detriment of our energy supply and security, and our global economic competitiveness. As noted by the Final SEIS, denial of the Keystone XL pipeline would not likely limit oil sands production (and corresponding emissions), but simply cause such output to be diverted either to other forms of transportation (rail, truck, barge) or to more distant markets, with potentially even greater overall emissions.

Action Needed

The State Department should expeditiously approve the presidential permit to allow the Keystone XL pipeline project to move forward.

Please note: This document is current only as of the date listed below.

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