



## **TransCanada to try again** *White House, State Dept. deny Keystone XL permit, allow filing for revised route*

**By Gary Park**

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The Obama administration, to a chorus of disapproval from Republican and Democratic lawmakers in the U.S. Congress, has turned down TransCanada's proposed 800,000 barrels per day Keystone XL pipeline from the Alberta oil sands to Texas Gulf Coast refineries, but left the window open for the Canadian company to file a revised route that bypasses an ecologically sensitive area in Nebraska.

TransCanada immediately said it will reapply for a permit, having already said on Jan. 12 it was working with the U.S. State Department and Nebraska Department of Environmental Quality to identify a route around the Sand Hills region and the Ogallala Aquifer.

Canadian Prime Minister Stephen Harper told President Barack Obama in a phone call Jan. 18 he was "profoundly disappointed" with the decision, which he said will accelerate Canada's efforts to diversify its crude exports away from U.S. markets.

Harper's office said Obama explained the decision was not based on the merits of the project and was "without prejudice."

He said in a television interview Jan. 16 that the Obama administration's decision in November to delay the project was made for "very bad political reasons."

Alberta Premier Alison Redford said Keystone XL was caught up in an "awful lot of politics" in this presidential election year, but expressed confidence that "it is still entirely possible for this project to proceed."

### **White House blames Congress**

The White House and State Department said a Feb. 21 deadline set by Republicans in Congress for a decision on Keystone XL did not allow adequate time to review the proposed pipeline, given the agreement to change the route.

Alaska's two senators, Lisa Murkowski and Mark Begich, both expressed their frustration with a decision they said would stifle jobs and U.S. access to affordable energy.

Murkowski, a Republican, said “election-year politics have trumped good policy” just a day after the President’s Jobs Council “called for an ‘all-in’ energy policy, including increased production of oil and natural gas and construction of pipelines to deliver that energy to market.”

She voiced disappointment that Obama, amid global economic insecurity and threats to U.S. energy security, acted against a project “that would deliver vitally needed jobs and provide oil from our most reliable ally and biggest trading partner.”

Begich, a Democrat, said the Keystone development “underscores the need to keep moving forward on developing Alaska’s enormous energy potential in the Arctic,” including offshore drilling in the Chukchi and Beaufort seas and in the National Petroleum Reserve-Alaska as well as the coastal plain of the Arctic National Wildlife Refuge, which he said should be part of a “comprehensive energy plan for the U.S.”

### **2014 still target**

TransCanada Chief Executive Officer Russ Girling said his company, in anticipation of the Jan. 18 verdict, was working on a number of fronts to maintain a construction schedule that would enable it to achieve an in-service date of late 2014.

He said TransCanada expects a renewed application would be processed in an “expedited manner,” making use of the exhaustive record compiled from public hearings and State Department studies over the past three years.

Until Keystone XL is constructed, the U.S. will import millions of barrels of “conflict oil” from the Middle East, Venezuela and other foreign countries that do not share the same democratic values as the U.S. and Canada.

Girling said 20,000 construction jobs will continue to “hang in the balance” if the project does not proceed.

TransCanada said it expects to complete its re-routing work by September or October.

Susan Casey-Lefkowitz, international director for the Natural Resources Defense Council in Washington, D.C., said that regardless of any changes TransCanada makes to its application, “It will face the same valid public concerns and fierce opposition as the first time. No matter how many times it is proposed, Keystone XL is not in the national interest.”

BOLD Nebraska, an organization representing Nebraska farmers and rancher, said a revised application will be met with an equally passionate response, even if it skirts the Sand Hills region.

### **Not in ‘national interest’**

The State Department said it and Obama agreed Keystone XL does not meet the U.S. “national interest ... at this time.”

H. Sterling Burnett, a senior fellow at the National Center for Policy Analysis, said the environment is more likely to suffer if Keystone XL is not built and Canada decides to use tankers to ship crude to the U.S. West Coast and Asia.

“Tankers are far more prone to spill oil than pipelines and increased traffic raises the accident risk,” he said, adding greenhouse gas emissions are “vastly higher” from tankers than pipelines.

But Alex Pourbaix, TransCanada’s president of energy and oil pipelines, noted earlier in January that the State Department completed its environmental review last August and concluded there were no major impacts that could not be mitigated, notably those dealing with the Sand Hills.

Phil Adams, a senior analyst at corporate bond research company Gimme Credit, said in a note that rejection of Keystone XL does not kill the project.

“We suspect the project’s new route will ultimately be approved by whatever administration is in office in 2013,” he said.