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ENERGY

The Keystone XL – Excuses for Inaction Are Disappearing Fast

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Rarely has a U.S. President been faced with a decision where the benefits of confirmation are so immediate, wide-ranging and positive and the consequences of rejection so severe. The Keystone XL Pipeline awaiting the President's approval through Presidential Permit is just such an opportunity. Over a year has passed since the President first rejected the Keystone XL application basing it on concerns over the original route through Nebraska's Sand Hills. A new route was proposed and Nebraska's Department of Environmental Quality (NDEQ) issued a report evaluating it. The report confirms that the new route avoids many of the most ecologically sensitive areas of the original and observed that, "Construction and operations of the proposed Keystone XL Pipeline, with the mitigation and commitments ... could have minimal environmental impacts in Nebraska." Based on the study, Nebraska Governor Dave Heineman recently approved the new route, removing what should be the final barrier to Presidential approval of an application that has been under consideration for over 1,600 days.

This shovel-ready project could put thousands of Americans back to work over two years. These jobs are in construction and manufacturing – sectors that have been especially hard hit. Additional indirect jobs are likely to be created in other sectors including service, retail and distribution, and while there is disagreement over exactly how

many jobs the pipeline will create, even the most pessimistic studies agree that approval will result in net job creation. The NDEQ report estimates that construction of the pipeline would support up to 4,560 new or existing jobs and result in \$418.1 million in economic benefits in the state of Nebraska alone. Turning these jobs away when the national unemployment rate is still unacceptably high is a luxury our nation cannot afford.

The Keystone XL pipeline will enhance American energy security. Canada is already our largest supplier of imported oil, and the U.S. is Canada's largest export market for its crude. A report commissioned by the U.S. Department of Energy suggested that rejection of the Keystone XL would lead to more Canadian oil shipments to Asia and "substantially higher US dependency on crude oils from [the Middle East and Africa]". With increasing instability in many oil producing regions around the world, increasing our reliance on Canadian oil is in America's national security interest and will strengthen our ties to our largest trading partner and one of our most vital, strategic allies – Canada.

The Keystone XL pipeline is environmentally sound. The environmental impact statement released by the U.S. Department of State in August 2011 found that the pipeline will "have a degree of safety over any other typically constructed oil pipeline under current code and a degree of safety along the entire length of the pipeline system similar to that which is required in High Consequence Areas." The State Department is expected to release a study on the pipeline's new route sometime after March 2013. This report will consider the NDEQ analysis and should not differ materially from the first. The Keystone XL is a safe pipeline while tankers carrying Canadian oil to Asia could potentially pose greater environmental hazards.

Keystone XL approval will not increase American reliance on fossil fuels. Our oil imports have dropped from 8.9 million barrels/day in 2011 to 8.7 in August 2012, and the International Energy Agency expects US oil consumption to fall to 5 million barrels/day by 2035 whether the Keystone XL is approved or not. Nevertheless, the U.S. will be dependent on oil for the foreseeable future, and Canada is a reliable source for oil.

Canada will not wait for us indefinitely. Alberta's oil sands will be developed, and we can share in the benefits of their development or watch as other countries reap the rewards. The oil sands are the world's second largest petroleum reserves, and in an increasingly energy-hungry world, Canada has no shortage of potential markets, including China, the world's largest energy consumer. Proposals that would transport Alberta's oil west to the Pacific Ocean include the Northern Gateway project and expansion of the Trans Mountain Pipeline. Pumping the oil east to the Atlantic Coast is also being discussed.

It's time for the President to approve the Keystone XL Project thus taking advantage of an opportunity that will create American jobs, enhance U.S. energy security, have minimal environmental impact along its route and avoid unnecessarily straining U.S.-Canada Relations.

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