

# KEYSTONE XL

## All Risk and No Reward: A Threat to Climate and Fresh Water

### BACKGROUND

On March 1, 2013, the US State Department issued a Draft Supplemental Environmental Impact Statement (SEIS) regarding the second application by pipeline company TransCanada for a Presidential Permit for the Keystone XL tar sands pipeline.<sup>1</sup> The first application from TransCanada was denied in January 2012 by President Obama after Congress forced the administration to make a decision before a route had been selected in Nebraska, and before the evaluation had been completed. In March 2012, TransCanada began work on the southern segment of the pipeline, which did not require a Presidential Permit. In May 2012 the company re-applied for a permit for the northern segment requiring the completion of a draft environmental review. The public comment period for this draft SEIS ends on April 22, 2013 to be followed by the release of a final SEIS by the State Department. A 90-day National Interest Determination period commences with the release of the final SEIS with a final decision on the pipeline expected in the fall 2013.<sup>2</sup>

### HIGHLIGHTS FROM THE SEIS

#### **KXL will create 35 jobs**

Contrary to claims made by proponents of the pipeline, the State Department in the draft SEIS estimates the project will create just 35 permanent jobs.<sup>3</sup> The draft SEIS also estimates that Keystone XL would generate 3,900 construction jobs (for about 1 year per job), and only 10% of the jobs would be filled by local people living in communities along the route.<sup>4</sup> The draft SEIS ignores the potentially negative impacts of a tar sands spill into freshwater supplies. Farming, ranching, and tourism are major sources of employment along the Keystone XL pipeline's proposed route. The agricultural sector alone employs 571,000 workers in the states along the Keystone XL corridor. Companies and communities have announced more than 300 clean energy and clean transportation projects in 2012 that are expected to create 110,000 jobs.<sup>5</sup> The \$2.2 billion dollar Ivanhoe solar facility, for example, now under construction in California will employ over 2,200 construction workers and yield almost 90 permanent jobs.<sup>6</sup>

1 U.S. State Department, Draft Supplemental Environmental Impact Statement for the Keystone XL Project. March 2013. Executive Summary. <http://keystonepipeline-xl.state.gov/draftseis/index.htm>.

2 U.S. State Department, Draft Supplemental Environmental Impact Statement for the Keystone XL Project. Subject: Keystone XL Project – Draft Supplemental Environmental Impact Statement. March 2013. <http://keystonepipeline-xl.state.gov/documents/organization/205558.pdf>.

3 U.S. State Department, Draft Supplemental Environmental Impact Statement for the Keystone XL Project. March 2013. Section 4.10 Socioeconomics." pp. 4.10-1 – 4.10-3. March 2013. Web. <http://keystonepipeline-xl.state.gov/documents/organization/205612.pdf>

4 Id. at pp. 4.10-1 – 4.10-3 March 2013.

5 Environmental Entrepreneurs (E2), 2012 Clean Energy Jobs Year-in-Review and Fourth Quarter Report. March 2013. <http://www.e2.org/ext/doc/E2CleanEnergy2012YearEndandQ4.pdf>

6 "Ivanpah Solar Project Reaches Halfway Mark and Peak of Construction Employment." Bright Source Limitless, Press Release. August 6, 2012. Web. <http://www.brightsourceenergy.com/ivanpah-solar-project-reaches-halfway-mark-and-peak-of-construction-employment>

## Keystone XL will not provide the U.S. with energy security

In the draft SEIS, the State Department found that the project will not increase US energy security. In fact, they acknowledge the purpose of the pipeline is to export Canadian crude from the US after it is refined.<sup>7</sup> This is not a pipeline for US economic or energy security, but a project to spur tar sands expansion, raise oil prices and help the oil industry. An estimated 60% of crude brought to the Gulf through Keystone XL would be exported.<sup>8</sup>

According to the draft SEIS, the State Department acknowledges the pipeline will not lower gas prices for Americans by a single cent. When TransCanada pitched the Keystone XL pipeline to Canadian regulators at the National Energy Board in 2009, it said that the pipeline would RAISE crude oil prices in 15 Midwestern states.<sup>9</sup> In fact, the tar sands industry has publicly complained that the delay in permitting the Keystone XL tar sands pipeline is forcing it to “subsidize U.S. energy consumers” by \$36 billion a year.<sup>10</sup>

## Keystone XL carries dirty fuel

The State Department confirmed that tar sands fuel is up to 19% more greenhouse gas intensive than conventional fuel.<sup>11</sup> The State Department also indicated that tar sands from Keystone XL would still be more greenhouse gas intensive than other heavy oils currently imported to the US Gulf Coast.<sup>12</sup>

## WHERE THE STATE DEPARTMENT GETS IT WRONG

### Keystone XL will dramatically expand the tar sands industry and increase carbon pollution

While the draft SEIS recognizes that tar sands is far more carbon intensive than conventional crude, it erroneously concludes that Keystone XL would not increase tar sands production in Alberta. However, there is strong evidence that the incremental emissions above and beyond the use of the oil for transportation alone would be equivalent to the annual emissions from to over 6 million new cars on the road.<sup>13</sup> And new data suggests that the current analyses of the impacts of tar sands under-estimate the climate impacts of tar sands pollution by at least 13 percent because they don't account for a high-carbon byproduct of the refining process used as a cheap alternative to coal: petroleum coke.<sup>14</sup> Therefore, the total carbon pollution impacts of Keystone XL then increase to over 9 million cars on the road when considering the total emissions to produce tar sands and the combustion of petroleum coke.<sup>15</sup>

7 U.S. State Department, Draft Supplemental Environmental Impact Statement for the Keystone XL Project. March 2013. Section 1.4 Market Analysis.” pp. 1.4.4.2-1.4.4.3. <http://keystonepipeline-xl.state.gov/documents/organization/205654.pdf>.

8 Oil Change International. Keystone XL Refineries Already Exporting 60 Percent of their Gasoline. March 14, 2013. Web. <http://priceofoil.org/2013/03/14/keystone-xl-refineries-already-exporting-60-percent-of-their-gasoline/>.

9 National Energy Board. “Hearing OH-1-2009: TransCanada Keystone Pipeline GP Ltd, Keystone XL Pipeline.” September 17, 2009. Volume 3, lines 3719-3722. Web. <http://www.scribd.com/doc/83397233/Trans-Canada-Testimony>

10 Canadian Press. “Cenovus CEO: Pipeline Squeeze means Canadians “Subsidize” US Energy Consumers.” Edmonton Journal. January 24, 2013. [http://www.edmontonjournal.com/business/energy-resources/Cenovus+pipeline+squeeze+means+Canadians/7867301/story.html?\\_\\_lsa=f9ba-e067](http://www.edmontonjournal.com/business/energy-resources/Cenovus+pipeline+squeeze+means+Canadians/7867301/story.html?__lsa=f9ba-e067).

11 U.S. State Department, Draft Supplemental Environmental Impact Statement for the Keystone XL Project. March 2013. Appendix W – Life-cycle Greenhouse Gas Emissions. p. 44. <http://keystonepipeline-xl.state.gov/documents/organization/205563.pdf>

12 Id at pp 55-71.

13 Giles, Cynthia, EPA Assistant Administrator for Enforcement and Compliance Assurance, to Jose Fernandez and Kerri-Ann Jones, Washington, D.C., July 16 2010, [http://yosemite.epa.gov/oeca/webeis.nsf/\(PDFView\)/20100126/\\$file/20100126.PDF](http://yosemite.epa.gov/oeca/webeis.nsf/(PDFView)/20100126/$file/20100126.PDF); NRDC et al., “The Keystone XL Tar Sands Pipeline Is Not in the National Interest.” September 8, 2011; Based on NRDC calculation considering CAFÉ standards for passenger vehicles, EPA average miles per vehicle, and assumption of Keystone XL pipeline at 830,000 barrels per day.

14 Petroleum Coke: The Coal Hiding in the Tar Sands. Oil Change International. January 2013. Report. <http://priceofoil.org/wp-content/uploads/2013/01/OCI.Petcoke.FINALSCREEN.pdf>

15 EPA estimates that Keystone XL's annual incremental climate emissions are up to 27.4 million metric tons. Oil Change International (OCI) estimates that the pet coke emissions associated with Keystone XL add an additional 16.6 million metric tons to its emissions. Combined, these emissions are greater

The view that tar sands production would continue to increase with or without Keystone XL has been contradicted by a broad spectrum of financial and economic analysts and even the Canadian government many of whom are tar sands proponents.

## Keystone XL is still a major threat to fresh water

The risk to water has not changed at all with the new route. It still crosses the Sandhills and the Ogallala aquifer, and this was the reason that Gov. Heine- man, Sen. Johanns and President Obama rejected the route the first time round.

The pipeline will cross more than 1,000 water bodies across 3 states and 875 miles threatening drinking water for people, farms, and ranches with a devastating tar sands spill.<sup>16</sup> In fact, the State Department acknowledged in the draft SEIS that diluted bitumen spills are more risky.<sup>17</sup> Tar sands is nearly impossible to clean up because it sinks in water.<sup>18</sup> More than two and a half years after the devastating tar sands spill into Michigan's Kalamazoo River and nearly 40 miles is still contaminated with tar sands, despite nearly a billion dollars spent on cleanup.<sup>19</sup> Federal spill responders at the Environmental Protection Agency now expect Kalamazoo to be contaminated with tar sands for the foreseeable future.<sup>20</sup>

The threats to water from a pipeline spill still exist even after the pipeline was re-routed in Nebraska. It is not a matter of whether a spill will threaten the livelihoods of the communities living along the pipeline route. It is a matter of when. Already, TransCanada's first Keystone pipeline spilled 14 times in the U.S. in its first year of operation, and Enbridge, another pipeline operator, suffered a spill of more than one million gallons in the Kalamazoo River in 2010.<sup>21</sup>

In the end, the Keystone XL tar sands pipeline is all risk for the communities living along the pipeline and no benefit for America. It is not in our national interest and it should be rejected.

**“Even if you build every single pipe that’s on the table right now... you’re still short pipeline capacity... For the growth to continue, all the proposed export pipeline capacity and more will need to be built, and soon.”**

Andrew Potter, Managing Director, Institutional Equity Research at CIBC World Markets

Oil and Gas Insider, “Pipeline export constraints will continue curbing oil industry enthusiasm in 2013,” January 1, 2013

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than those of 9 million passenger vehicles. Petroleum Coke: The Coal Hiding in the Tar Sands. Oil Change International. January 2013. <http://priceofoil.org/wp-content/uploads/2013/01/OCI.Petcoke.FINALSCREEN.pdf>; Giles, Cynthia, EPA Assistant Administrator for Enforcement and Compliance Assurance, to Jose Fernandez and Kerri-Ann Jones, Washington, D.C., July 16 2010, [http://yosemite.epa.gov/oeca/webdis.nsf/\(PDFView\)/20100126/\\$file/20100126.PDF](http://yosemite.epa.gov/oeca/webdis.nsf/(PDFView)/20100126/$file/20100126.PDF); NRDC et al., “The Keystone XL Tar Sands Pipeline Is Not in the National Interest.” September 8, 2011; EPA, Greenhouse Gas Equivalency Calculator, <http://www.epa.gov/cleanenergy/energy-resources/calculator.html#results>.

16 U.S. State Department, Draft Supplemental Environmental Impact Statement for the Keystone XL Project. March 2013. Waterbody Crossing Tables, Appendix D. <http://keystonepipeline-xl.state.gov/documents/organization/205593.pdf>

17 U.S. State Department, Draft Supplemental Environmental Impact Statement for the Keystone XL Project. March 2013. Section 4.13 Potential Releases. <http://keystonepipeline-xl.state.gov/documents/organization/205621.pdf>

18 Song, Lisa. “Dilbit Sinks in Enbridge Oil Spill, but Floats in its Lab Study.” InsideClimate News. March 14, 2013. Web. <http://insideclimatenews.org/news/20130314/tar-sands-dilbit-sinks-enbridge-oil-spill-floats-its-lab-study>.

19 Swift, Anthony. “Federal Officials Interrupt Enbridge’s Greenwash of Kalamazoo River Tar Sands Spill.” NRDC Switchboard. October 6, 2012. Web. [http://switchboard.nrdc.org/blogs/aswift/federal\\_officials\\_at\\_the\\_envir.html](http://switchboard.nrdc.org/blogs/aswift/federal_officials_at_the_envir.html)

20 Id.

21 Swift, Anthony. “The First Keystone Tar Sands Pipeline Spills Again – Providing Twelve Reasons Not to Fast-Track the Keystone XL Tar Sands Pipeline.” NRDC Switchboard. June 1, 2011. [http://switchboard.nrdc.org/blogs/aswift/the\\_first\\_keystone\\_tar\\_sands\\_p.html](http://switchboard.nrdc.org/blogs/aswift/the_first_keystone_tar_sands_p.html); “EPA Orders Enbridge to Perform

