

KEYSTONE XL: Coming Soon?

MINDS ON

In September 2014, Prime Minister Stephen Harper told a gathering of New York business people what he thought about the longstanding debate surrounding the Keystone XL pipeline. He said, “I think its eventual approval under the right circumstances is inevitable.” Why? According to Harper, the U.S. needs oil and its best chance at guaranteeing its own energy security is to trade with one of its closest allies.

Why do you think Prime Minister Harper thinks the U.S. is better off trading with Canada than other oil rich nations? Why does he think that energy security is more likely to be achieved through trade with Canada?

SETTING THE STAGE

U.S. President Barack Obama has been juggling a political hot potato for the entire length of his presidency. That hot potato is the controversial Keystone XL pipeline — an infrastructure project that would allow for the daily flow of 830 000 barrels of oil sands crude along a straight line from Alberta to the U.S. Gulf Coast. The business community loves the idea. Environmentalists hate it.

The Keystone XL pipeline would run almost 1 900 kilometres from Hardisty, Alberta, to Steel City, Nebraska. It would connect with existing pipelines in Steel City, funneling Alberta crude south to a distribution hub in Cushing, Oklahoma, through to Nederland, Texas, on the U.S. Gulf Coast.



Good for business

Proponents of the Keystone XL pipeline argue that the economic benefits outweigh potential environmental hazards. Pipeline technology has improved to the point where leaks are infrequent and can be quickly contained. The existing Keystone pipeline takes a rather circuitous route to the Gulf Coast. Keystone XL would allow for a straight run from the oil sands and improve capacity by almost 300 000 barrels per day.

Allowing oil-sands bitumen to make its way to Gulf of Mexico refineries in Texas by pipeline would also keep the product off North American highways and railways. Many point to the 2013 rail disaster in Lac-Mégantic — where dozens of bitumen loaded tankers exploded, killed 47 people and destroyed the town centre — as support for this position. A companion to this argument: more greenhouse gases would be burned moving oil-sands crude to the Gulf of Mexico by train or truck than would be burned if a reliable pipeline was in place. It also costs \$8 less per barrel to move crude by pipeline.

Besides, according to Keystone XL supporters, whether people like it or not, fossil fuel is the lifeblood of the world economy and demand for

crude is forecasted to continue to grow heading into the middle of the 21st century. A pipeline just gets the product to market faster (and more safely) so that people can keep driving their cars, trucks can keep making their deliveries, and factories can keep producing and moving their goods.

Bad for the environment

These economic arguments drive environmentalists to distraction. They believe building infrastructure to support the planet's addiction to fossil fuels is exactly the wrong direction to be going. Extraction of oil-sands crude generates 14 to 17 per cent more greenhouse gases than conventional drilling. According to environmentalists, the ecological costs of this method of extraction should not be rewarded with a 1 900 kilometre pipeline that encourages companies to continue to generate greenhouse gases. Environmentalists also warn that the pipeline would run through ecologically sensitive lands and watersheds that, in the event of a leak, could lead to disastrous consequences.

These warnings come on the heels of a report released by the United Nations panel on climate change that states, unless greenhouse gas emissions are drastically reduced, the world could face global warming of up to four degrees Celsius by the end of the century — a prospect that will dramatically alter life as we know it.

The UN's Intergovernmental Panel on Climate Change (IPCC) released its findings in November 2014. In the report, the IPCC warns that carbon emissions would need to drop to practically zero by 2100 if the planet hopes to avoid a temperature increase that the scientific community considers dangerous.

Political dynamite

Because the pipeline would cross the Canada-U.S. border, the project needs presidential approval. President Obama has done his best to

put off a decision on Keystone XL for as long as possible. To approve the pipeline would mean alienating environmentalists and many members of his Democratic base. To reject the pipeline would send the business community right into the waiting arms of the rival Republican Party. So Obama has chosen to utilize every convenient loophole that would preclude him from making a decision. Meanwhile, the TransCanada Corporation, the company who is anxious to build the pipeline, has been forced to wait and watch its projected costs soar from \$5.4 billion to \$8 billion since first introducing the project six years ago.

No more waiting (?)

However, the waiting game may be over. With the midterm U.S. elections resulting in Republican gains in Congress and the Senate, Keystone XL looks like it is on the fast track to approval by both houses. This sense of urgency is being compounded by a drop in the price of crude with the petroleum industry pushing for pipelines as the cheapest way to get their product to market. It looks like Obama will be forced to either go along with the pipeline or veto it should it be passed by a majority of his political colleagues. Either way, Obama will have his hands full once the Keystone dynamite explodes.

On November 18, the U.S. Senate rejected a bill to speed approval of the Keystone XL pipeline. The motion needed 60 votes in favour to pass. The bill failed after 59 senators voted in favour and 41 against. But Republicans are already promising to reintroduce the bill in January once they assume control of the Senate and enjoy an even bigger majority in the House of Representatives.

To consider

1. a) Why do business people support the Keystone XL pipeline?
b) Why do environmentalists oppose the Keystone XL pipeline?
2. Why is the Keystone XL project considered to be political dynamite?
3. President Obama may use a pending court case in Nebraska and a State Department review of the project as leverage if he vetoes the pipeline. Is Obama justified in vetoing the pipeline or he just playing politics?

VIDEO REVIEW

Pre-viewing

Many environmentalists are vehemently opposed to the construction of pipelines — particularly pipelines that carry bitumen (which they call “dirty oil”) extracted from the oil sands of Alberta. Bitumen is a thick petroleum product that needs to be heated, filtered and diluted before it becomes practical for shipping by pipeline. Conventional wisdom estimates that bitumen crude extraction and processing pumps 14 to 17 per cent more greenhouse gases into the atmosphere than crude oil obtained through conventional drilling. Besides, carbon emitted through fossil fuels is the driving force behind climate change.

1. The TransCanada Corporation argues that the North American need for fossil fuels trumps the extra greenhouse gases emitted during oil sand extraction and processing. Environmentalists say we need to dial back the consumption of fossil fuels emanating from the oil sands. A pipeline will result in cheaper energy. On the other hand, restricting oil sand extraction would likely mean higher energy prices. Would you pay higher prices for goods, services and fuel if it meant a reduction in greenhouse gas emissions? Why or why not?
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2. Environmentalists believe that pipelines encourage companies to continue to depend on fossil fuels without seeking or developing alternatives that are safer for the planet. Is it reasonable for environmentalists to expect companies to shun the cheapest form of energy and instead find alternative energy sources that increase production costs (and in turn, the prices of consumer goods)? Explain your reasoning.
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While viewing

1. Why is the development of the Keystone XL pipeline such an important economic initiative?
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2. From which Canadian province would the pipeline carry the oil? Which U.S. state would refine it?
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3. a) How long would the pipeline extension be?
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3. b) What is holding up the construction of the pipeline?

4. How many jobs does the construction of the Keystone XL pipeline stand to create?

5. Why were some observers surprised to see opposition to the pipeline coming from people in Texas?

6. How did David Daniel learn that the pipeline was slated to run through his land in East Texas?

7. Which state managed to get the pipeline route altered?

8. Why did David Daniel reluctantly accept a cheque for \$13 000 from TransCanada?

9. How does David Daniel plan to protect his land?

10. a) Why does Mike Hathorn oppose the Keystone XL pipeline?

b) What is TransCanada's response to Hathorn's concerns?

11. a) Why does reporter Paul Hunter call Julia Trigg Crawford the “Texan with traction”?

b) What is she doing to combat TransCanada’s efforts in East Texas?

12. a) What is the U.S. “Eminent Domain” law?

b) How do Julia Trigg Crawford and her allies plan to use the law against the people looking to build the pipeline?

13. How do the majority of Texans feel about the pipeline?

14. Why do many Texans trust that TransCanada will make a safe pipeline and will spring into action if any kind of leak occurs?

15. How much oil would the Keystone XL pipeline carry each day?

16. According to TransCanada, what percentage of pipeline spills involve less than 50 barrels of oil?

A spill of 50 barrels of crude is the equivalent of almost 6 000 litres. To put this in perspective: the gas tank of a typical compact car holds 50 to 60 litres of gas. A 50-barrel spill would be like emptying the gas tanks of 100 compact cars in a concentrated area. Should we be concerned about spills of this size?

17. Why does CBC White House correspondent Neil MacDonald say that the latest U.S. State Department report is a “masterpiece of deliberate ambiguity”?

Vocabulary – AMBIGUITY

When something can be seen to have several, wide-ranging meanings.

18. Why will U.S. President Barack Obama’s decision on Keystone XL likely be motivated more by political implications than scientific evidence?

Post-viewing

1. Scientists believe the Alberta oil sands possess enough crude to last the next 150 years. Can Canada afford to ignore this highly coveted and accessible natural resource? Why or why not?

2. Environmentalists believe that more pipelines simply mean more dependence on fossil fuels and, in turn, higher greenhouse gas emissions. Since current projections regarding climate change continue to indicate that the Earth is warming, should the Keystone XL be rejected based on environmental concerns? Explain your position.

CLIMATE CHANGE

Minds on

Answer these two questions prior to reading the following article on climate change:

1. A recent UN report concluded that time is running out for governments to take action to curtail greenhouse gases. Should the government of Canada curtail oil sand bitumen mining in the interests of decreasing carbon-based, greenhouse gas emissions? Why or why not?
2. One in 16 jobs in Alberta is tied to the energy sector. Curtailing oil sand extraction and processing could result in the loss of thousands of jobs. Should the government of Canada refuse to curtail oil sands extraction and processing based on potential impact to the Canadian economy and on Canadian jobs in particular? Why or why not?

Immediate action required

Scientists have been warning governments for many years that fossil fuel production and combustion have been pumping more carbon into the air than the Earth's atmosphere can handle. Governments have consistently either paid lip service to these warnings or completely ignored them.

Environmentalists warn that the Keystone XL pipeline would result in 27.4 million metric tons more carbon dioxide added to the atmosphere per year than the extraction and processing of less carbon intensive oil. In fact, they believe the net carbon emissions of the pipeline would be the equivalent of adding 5.7 million cars to the road or 7.8 coal-burning plants to the electrical grid. This is hardly evidence of a commitment to a reduction of greenhouse gases.

Landmark agreement

However, the tide may be changing. With the 2015 United Nations climate change conference in Paris looming in the not too distant future, the world's two biggest polluters came to a landmark agreement on climate change. China and the U.S. held months of talks and shocked the international community when they

announced a commitment to reducing greenhouse gas emissions by 26 to 28 per cent below 2005 levels. China agreed to meet the target by 2030 while the U.S. agreed it could reduce emissions by 2025.

China is responsible for producing 26 per cent of the world's greenhouse gases, while the U.S. is on the hook for about 17 per cent. Canada produces 1.5 per cent, with the Alberta oil sands generating 0.15 per cent of global emissions.

Let's be realistic (?)

Historically, Prime Minister Stephen Harper has maintained that Canada wants to be realistic when it comes to making announcements on greenhouse gas emissions. He has also repeatedly stated that there is little incentive to act when other big polluters are reluctant to commit to the environment. However, the China-U.S. deal is seen by many as a game changer. According to Chris Severson-Baker, the managing director of the non-profit energy think-tank the Pembina Institute, "This announcement really removes any excuse whatsoever that Canada can't act until others act,

because clearly its biggest competitor and also its biggest consumer of oil is going much further and bringing China along with it.”

For his part, Prime Minister Harper has continued to be tight lipped about any promises relating to greenhouse gas emissions. Perhaps he is hopeful that the oil sands industry will self-regulate and improve its emissions performance. In the meantime, with oil sands production expected to double by 2030, Canada might be hard pressed to do its part in keeping greenhouse gas emissions under control.

Sources:

1. Alberta Oil Sands, The Facts (January 2014). Retrieved from the Government of Alberta: energy.alberta.ca/OilSands/pdfs/AlbertasOilSandsFactsJan14.pdf
2. Canada under pressure after U.S., China agree to curb greenhouse gases (November 12, 2014). Retrieved from CBC News: <http://www.cbc.ca/news/politics/canada-under-pressure-after-u-s-china-agree-to-curb-greenhouse-gases-1.2832640>

To consider

1. Why is immediate action required when it comes to greenhouse gas emissions?
2. What agreement do some pundits see as a “game changer” when it comes to climate change?
3. What challenges does Prime Minister Harper face when it comes to showing the world that he supports efforts to address climate change?

MOVING CRUDE BY PIPELINE

There is no doubt that the Canadian government values pipelines. As the Alberta oil sands continue to drive the Canadian economy, huge, multi-billion dollar pipeline projects show Canada’s commitment to crude. The oil sands are the third largest known oil reserve in the world, taking up over 140 000 square kilometres of Alberta and a small part of Saskatchewan. This abundant resource, paired with the world’s addiction to fossil fuels, stands ready to thrust Canada into petroleum super-stardom in the years ahead.

Snapshot: Canada’s pipeline projects

Name	From	To	Capacity/day	Cost	Completion date
Energy East (TransCanada)	Hardisty, Alberta	St. John, New Brunswick	1.1 million	\$12 billion	2018
Northern Gateway (Enbridge)	Bruderheim, Alberta	Kitimat, B.C.	1.8 million	\$5.5 billion	2015
Keystone (TransCanada)	Hardisty, Alberta	Patoka, Illinois	590 000	\$5.2 billion	Completed
Keystone XL (TransCanada)	Hardisty, Alberta	Steel City, Nebraska	830 000	\$8 billion	????
Trans-Mountain (Kinder Morgan)	Edmonton, Alberta	Burnaby, B.C.	890 000	\$5.4 billion	2017

Review the chart above as well as the following maps, and then answer the following questions:

1	Keystone XL: About the Project – A proposed oil pipeline from Alberta to Nebraska. TransCanada: keystone-xl.com/about/the-keystone-xl-oil-pipeline-project/
2	MAP Canada's main pipeline network (November 17, 2011). CBC News: cbc.ca/news2/interactives/map-pipeline/

- TransCanada already has the ability to move 590 000 barrels of crude per day to the Gulf Coast through the Keystone pipeline. Why do you think TransCanada is pushing for the construction of Keystone XL when the infrastructure is already in place to move crude to the Gulf Coast of the U.S.?
- Why do you think Canada is feeling the pressure to get the Northern Gateway and Energy East pipelines up and running?
- A lawyer from the energy company Kinder Morgan recently claimed that protesters seeking to block construction staff from working on the Trans Mountain pipeline extension were “assaulting” workers by looking at them with mean and angry faces. This inspired a social media meme (#KMface) where thousands of pipeline opponents took to the web and posted pictures of themselves snarling, calling their pictures the “Kinder Morgan face.”
 - Who do you think won this particular public relations battle: the protesters or Kinder Morgan?

3.
 - b) Despite the embarrassment caused by the social media meme, do you think Kinder Morgan employees did feel intimidated when groups of forty or so protesters blocked their access to work, holding anti-pipeline banners and shouting angry slogans?
 - c) Why do you think oil pipeline construction has been inspiring such passion on both sides of the argument?