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Obama Climate Change Speech Sets New Standard for Keystone Pipeline Debate

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Speech commented on:

Remarks by President Obama on Climate Change,
<http://www.whitehouse.gov/the-press-office/2013/06/25/remarks-president-climate-change>

On June 25, President Obama unveiled a Climate Action Plan in a speech at Georgetown University (see [here](#)). This plan highlighted upcoming U.S. greenhouse gas standards for fossil-fuel power plants, directing the U.S. Environmental Protection Agency to issue new proposals for both new and existing power plants. But the speech is making the most news for an unexpected reference to the Keystone XL pipeline, which is designed to transport oil sands bitumen from Hardisty, Alberta to Steele City, Nebraska.

The surprising reference to Keystone XL came in the middle of the President's speech when he said:

I do want to be clear: Allowing the Keystone pipeline to be built requires a finding that doing so would be in our nation's interest. And our national interest will be served only if this project does not significantly exacerbate the problem of carbon pollution ([Remarks by the President on Climate Change](#)).

Under [Executive Order 13337](#) the President approves a cross-border pipeline when it is in the "national interest." So President Obama's words seemed to prescribe a new standard for the pipeline: even if the pipeline would provide benefits in terms of oil prices or energy security, it would only be approved if it would not "significantly exacerbate" greenhouse gas emissions.

This new standard places significant pressure on the U.S. State Department, which is responsible for assessing the environmental impact of the project under the *National Environmental Policy Act*, 42 USC 4321 et seq. In March 2013, the State Department issued a draft environmental impact statement for the pipeline, which addressed the concern that approving the pipeline would cause increased development of the Canadian oil sands, which would, in turn, lead to more greenhouse gas emissions. The State Department rejected this analysis, concluding that the pipeline would cause "no substantive change in global GHG emissions." (See State Department, [Draft Supplemental Environmental Impact Statement 4.15-107](#)). This is because rejecting the pipeline would merely "force more crude oil to be transported via other modes of transportation, such as rail." (See State Department, [Draft Supplemental Environmental Impact Statement 1.4-1](#)). Thus, in the State Department's view, the oil sands would be developed with or without the pipeline.

Pipeline opponents have attacked this conclusion, arguing that other transportation options would be more expensive, so stopping the pipeline would slow oil sands production. For example, the National Resources Defense Council along with other environmental groups formally asked the State Department to submit a new draft environmental impact statement because of subsequent analysis that, they claimed, showed “there are high cost and technical and logistical barriers to rail transport.” (See Natural Resource Defense Council et al., [Request for Supplemental Environmental Impact Statement for the TransCanada Keystone XL Pipeline Based on Significant New Information](#) (June 24, 2013)). The U.S. Environmental Protection Agency itself laid the groundwork for this critique, telling the State Department that it “recommend[s] that the Final EIS provide a more careful review of the ... rail transport options,” and suggesting that “recognizing the potential for much higher per barrel rail shipment costs” could affect “the level and pace of oil sands crude production.” (See [U.S. EPA Keystone XL Project Comment Letter](#) (Apr. 22, 2013)).

Ultimately, President Obama’s words suggest that the Keystone XL pipeline will only be approved if the State Department largely stands by its analysis that the pipeline will not significantly increase global emissions. This raises the stakes for the State Department’s final environmental impact statement, which does not have a firm due date, but will be released after the State Department reviews the hundreds of thousands of comments that were submitted on its draft impact statement. (See [Update, New Keystone XL Pipeline Application](#)).

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