

Keystone XL pipeline decision not likely until 2014

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WASHINGTON—The fate of TransCanada's [Keystone XL pipeline](#) isn't likely to be determined until 2014, almost a decade after the Calgary-based energy giant first conceived of the project.

The U.S. State Department said in a recent statement that it won't release its final environmental assessment of the \$7 billion pipeline until it's pored over and published more than a million public comments on its draft ecological analysis. Those efforts, ongoing since March, could be completed this week.

Then, State Department officials begin a 90-day review of whether the pipeline is in the U.S. national interest, a determination that can be appealed by other federal agencies for 15 days. That likely pushes an ultimate decision on the pipeline by U.S. President Barack Obama into the new year.

TransCanada wouldn't comment on the prospect of the approval process stretching into 2014.

"This is a process that is controlled by the Department of State, not TransCanada," company spokesman Shawn Howard said Tuesday.

"We are waiting for the publication of the final environmental impact statement and the beginning of the national interest determination period."

Last week, four pro-pipeline U.S. senators — two Republicans and two Democrats — urged Obama not to allow a separate probe, this one by the State Department's inspector general, to further delay the process.

The inspector general has said its investigation into the State Department's selection of Environmental Resources Management, a third-party contractor, to assess Keystone XL won't be completed until at least January.

Environmental groups say the British company has ties to TransCanada and failed to disclose possible conflicts of interest. The State Department hasn't said whether it will wait for the inspector general's report before releasing its final environmental impact analysis.

Democrats Max Baucus and Mary Landrieu, of Montana and Louisiana respectively, and John Hoeven and John Thune, of North and South Dakota, issued statements harshly critical of the prospect of further delays in Keystone XL's five-year approval process.

"This tactic of delay and deferral must stop," Hoeven said.

"It is depriving America of jobs, hurting the American economy and hurting the American people."

Added Landrieu: “Continuing to delay the pipeline will only drive Canadian production to be exported to China and Korea. We cannot miss this once-in-a-lifetime opportunity to grow our economy, secure our energy independence and reduce our oil imports from countries that do not share our values.”

Last year, the inspector general gave the State Department’s assessment of the project a thumb’s up.

But it also put recommendations in place for the future hiring third-party contractors to assess Keystone XL, and is now investigating to see if those procedures were followed when State tapped Environmental Resources Management after Obama ordered a new environmental assessment.

Officials at the State Department say they are co-operating fully with the inspector general, but the senators say enough is enough.

“We’ve had years of studies and the president’s own State Department has repeatedly concluded the environment won’t be harmed. It’s past time to put Americans to work building the Keystone pipeline,” Baucus said.

Nonetheless, officials at the powerful Environmental Protection Agency are among those who sent public comments to the State Department harshly criticizing its largely positive draft ecological report released earlier this year.

The EPA raised concerns about Keystone XL’s carbon footprint, and urged the State Department to rethink its finding that the controversial pipeline would not significantly spur production of Alberta’s carbon-intensive oilsands or boost greenhouse gas emissions.

It was the second time the EPA had publicly denounced the State Department’s environmental review of the pipeline in the five years since TransCanada first applied for a permit to build Keystone XL.

After Obama rejected TransCanada’s permit application in early 2012, the energy giant revised the route around a crucial aquifer in Nebraska. But environmentalists say the new route still poses a major threat to ecologically sensitive areas along its path through six U.S. states from Alberta’s oilsands.

After months of false starts and delays, Obama sent chills down the spines of pipeline proponents in June when he said Keystone XL must only win approval if it’s determined it won’t “significantly” contribute to global greenhouse gas emissions.

He also recently questioned the pipeline’s job creation prospects.

One oil executive suggested recently that Keystone no longer matters to the industry.

“It’s not critical any longer,” Harold Hamm, CEO of Continental Resources, told the National Review. “They just waited too long. The industry is very innovative, and it finds other ways of doing it (shipping oil) and other routes.”