

EPA COMMENT LETTER – TRANSCANADA RESPONSE

April 23, 2013

TransCanada has completed its initial review of the letter that the U.S. Environmental Protection Agency (EPA) provided to the Department of State yesterday regarding the Draft Supplemental Environmental Impact Statement (DSEIS) for the Keystone XL Project. Our technical experts will continue a detailed review of the EPA letter and provide a fact-based response so that the public and elected officials have the information they need – so they can understand the steps TransCanada is taking to ensure that Keystone XL will be the safest pipeline built in the United States of America.

In the meantime, here are some of our initial observations.

First, the scope and tone of the EPA's comments are somewhat surprising because EPA has been a cooperating agency throughout the four-plus year NEPA review of the Project. As a result, the EPA – as well as almost two dozen local, state and federal agencies -- have been intimately involved in the details of this review and are well aware of the four federal environmental impact statements that have already been published by the Department of State on this project. There are no “new issues” identified in their letter.

Keystone XL continues to be the most scrutinized cross-border pipeline project ever, and the State Department's DSEIS has again correctly concluded that the Project will have no significant impacts to the environment. Nothing in the EPA letter undermines the validity of that conclusion. TransCanada will continue to respect the State Department's ongoing process and will work to address any remaining questions that the Department may have.

While we are in the initial stages of review of this particular letter, certain facts are clear:

- The EPA recommends further comparison of the GHG emissions of oil sands crude against “average U.S. crude oil.” This ignores the fact that the Canadian crude to be delivered by the pipeline will displace primarily heavy crudes from Venezuela and Mexico, not a hypothetical basket of average crude oils. The EPA comment also ignores the fact that the Project will also deliver a substantial amount of light crude oils from the U.S. Bakken formation.
- The Draft Supplemental EIS provides a robust assessment of the ability of rail and other modes of transporting Canadian crudes to refineries in the event the Project is not built. The reality today is that without additional pipeline capacity, increasing volumes of oil from Canada and the Bakken formation are being moved to U.S. Midwest and Gulf Coast refineries by rail and tanker trucks.
 - The U.S. Energy Information Administration reported in July 2012 that rail deliveries of oil and petroleum products were up 38 per cent in the first half of the year – compared to the same period in 2011. According to the Association of American Railroads, rail deliveries of crude oil and petroleum products in June 2012 alone jumped 51 per cent to an average weekly high of 10,500 tanker cars (one rail tanker car holds about 700 barrels). This is equivalent to 930,000 barrels of oil per day shipped (on average) for the first half of 2012 – greater than the entire capacity of Keystone XL. For reference, here is a [link](#) to the information to the EIA information being referenced.

- The EPA's recommendation that the State Department explore ways for the U.S to involve itself in ways to reduce GHG emissions from the Canadian oil sands ignores the fundamental sovereignty of the Canadian government, as well as the significant steps that Canada and Alberta have already taken in this direction. Respectfully, this goes far beyond the mandate of the EPA and legislators and others would not appreciate other countries interfering in issues of American federal or state sovereignty.
 - The Government of Alberta implemented GHG regulations in 2007 – the first jurisdiction in North America to do so. These regulations require a 12 per cent reduction in GHG emission per barrel for all existing oil sands operations.
 - Pipelines produce the fewest amounts of emissions to move oil to the markets where it is needed. Keystone XL will offset as many as 200 ocean tankers per year, reducing GHG emissions by as much as 19 million metric tons. The use of trains to move oil produces more than triple the GHG emissions than a pipeline (U.S. Department of State, Final Environmental Impact Statement for Keystone XL, August 2011).

- The Draft Supplemental EIS provides a comprehensive assessment of TransCanada's oil spill response capability. That capability and planning will also be reviewed by the U.S. Pipeline and Hazardous Materials Safety Administration before the system begins operations. The project will have a state-of-the-art leak detection system, as discussed in the Draft Supplemental EIS, and information concerning the blends of oil to be shipped in the pipeline has been well documented.
 - TransCanada has voluntarily agreed to 57 new safety procedures to provide even greater confidence regarding the operating and monitoring of Keystone XL, including a higher number of remotely controlled shut-off valves, increased pipeline inspections and burying the pipe deeper in the ground. The Final Environmental Impact Statement for Keystone XL concluded *'the incorporation of 57 special conditions 'would result in a project that would have a degree of safety over any other typically constructed domestic oil pipeline system under the current code.'*

- The State Department already considered and rejected the alternative of following the existing Keystone Pipeline route because it does not provide an overall environmental advantage. The route was selected to help move oil from the Bakken formation to U.S. Gulf Coast refineries – something that was not part of the original (or base) Keystone Pipeline. The route for Keystone XL has been reviewed and approved by the States of Montana, South Dakota, and Nebraska, after extensive, public processes in each state.

As I indicated earlier, TransCanada is conducting a detailed technical review on information put forward in the EPA letter. Once that review is completed, a detailed response will be sent to the DOS and will be published.

Shawn