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Transforming Ideas Into Solutions

A History Worth Repeating: The Alaska Pipeline and Its Lessons for Keystone XL



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Introduction

Canada's growing oil production holds the potential to provide the U.S. with a much-needed additional energy supply from a reliable ally and trading partner. However, the existing pipeline system linking the two countries is close to capacity and thus unable to take advantage of this opportunity. TransCanada, a Canadian energy company, has proposed the Keystone XL pipeline expansion project to carry nearly a million additional barrels of oil per day from Alberta to American refineries in the Midwest and Gulf Coast. While the project enjoys widespread public support and has been the subject of extensive environmental review and public comment, federal approval for it has been held up by the Obama Administration for four years. The President has suggested that he will make a decision on Keystone XL in 2013, but given the number of variables that could be used to force further delay, there is no clear end in sight.

This is not the first time a vital pipeline has faced bureaucratic delays. The Alaska Pipeline, which has provided the nation with billions of barrels of oil and thousands of jobs since it opened in 1977, was nearly prevented from being built by federal delays similar to those now holding up Keystone XL. The pipeline became a reality only after Congress passed the 1973 Trans-Alaska Pipeline Authorization Act, which cleared away the roadblocks and approved the project.

There are important lessons from the Alaska Pipeline precedent as Congress seeks to end the impasse on Keystone XL and looks ahead to future energy infrastructure projects threatened by federal red tape.

A Short History of the Alaska Pipeline

There are many striking parallels between Keystone XL and the debate over the Alaska Pipeline in the late 1960s and early 1970s. A major discovery of oil in the North Slope of Alaska at Prudhoe Bay – the largest on the continent prior to the development of the oil sands in Alberta – necessitated a pipeline to bring this oil to southern Alaska for transport to West Coast refineries. A consortium of companies proposed to build the 800-mile Alaska Pipeline.

The project was thoroughly studied for several years, during which all environmental and safety concerns were addressed. Nonetheless, federal approval became bogged down by delays not unlike those currently impeding Keystone XL. This included the National Environmental Policy Act (NEPA), a 1969 statute requiring major projects to obtain a federally issued Environmental Impact Statement (EIS). Congress did not intend for this requirement to add years of delays to projects, but that has often been the result. In the case of the Alaska Pipeline, the EIS underwent multiple rounds of litigation and revisions and eventually reached 3,500 pages. In the interim, delays pursuant to other federal statutes arose and were litigated by environmental organizations opposed to the pipeline. The project appeared to be going nowhere.

However, increased Middle East turmoil and rising oil prices finally sparked congressional action. In 1973, Congress passed and President Nixon signed the Trans-Alaska Pipeline Authorization Act. The statute's purpose was "to insure that, *because of the extensive governmental studies already made of this project* and the national interest in early delivery of North Slope oil to domestic markets, the trans-Alaska pipeline be constructed promptly without further administrative or judicial delay or impediment" (emphasis added). In effect, Congress ended paralysis-by-analysis and green-lighted the project.

Construction of the Alaska Pipeline began in 1974 and created tens of thousands of jobs at a time of high national unemployment. Despite numerous engineering challenges associated with Alaska's extreme temperatures and rugged terrain, the project was completed on time in 1977. It has been in operation ever since.

To date, the Alaska Pipeline has delivered over 16 billion barrels of oil to the American market, considerably more than many of the project's critics had predicted. It has contributed substantially to the health of Alaska's economy (and remains highly popular among the state's residents) while supporting jobs across the country and strengthening national security. And, notwithstanding the many dire predictions at the time from anti-pipeline activist groups (several of which also oppose Keystone XL), the pipeline has amassed an excellent environmental and safety record, and it did so using technology far less sophisticated than what will be required of Keystone XL.

In sum, the pipeline that almost didn't happen is now widely considered to be a great success – indeed many see it as a source of national pride. The Trans-Alaska Pipeline Authorization Act was an acknowledgement by Congress that the environmental review process it created had gotten out of hand, and that a project clearly in the national interest was being jeopardized. With that bill, Congress took back control of the process and put an end to the unnecessary delays.

Lessons for Keystone XL and Beyond

Keystone XL is in much the same position today as the Alaska Pipeline was in 1973. Once again, federal red tape is blocking a project likely to reduce oil imports from unfriendly countries – a study conducted for the Department of Energy concluded that Keystone XL has "the potential to very substantially reduce U.S. dependence on non-Canadian foreign oil, including from the Middle East." Once again, the delays are impeding middle class job creation – approximately 20,000 direct and over 100,000 indirect jobs, according to a study conducted for TransCanada. And, once again, the environmental rationale for the delays is undercut by the government's own findings – the EIS for both the Alaska Pipeline and Keystone XL found that every alternative to the project (including not building the pipeline at all) carries relatively higher environmental risks.

There are some procedural differences between the two. Only Keystone XL involves a border crossing and thus requires certain additional steps by the President. But overall, the unjustified Washington delays evoke a clear sense of energy infrastructure déjà vu.

It should be noted that Keystone XL has, at this point, been more extensively studied than the Alaska Pipeline at the time Congress gave it the go-ahead. The NEPA process was initiated in November 2008, and the EIS underwent multiple rounds of revisions before being issued in final form in August 2011. However, the Obama Administration subsequently decided to reopen the process in light of a dispute over the pipeline's route through Nebraska. On January 22, 2013, Nebraska Governor Dave Heineman transmitted a letter to the President in support of the re-route through the state of Nebraska, putting the decision and timeline back in the administration's hands. On March 1, 2013, the State Department released its draft Supplemental Environmental Impact Statement (SEIS), which found that the pipeline, including the revised route, would have limited adverse environmental impacts. Overall, the review of Keystone XL under NEPA has been going on for more than four years and is still not over.

Incredibly, the Obama Administration has acknowledged the problem red tape poses to infrastructure projects by issuing an Executive Order on March 22, 2012, that sought to improve federal permitting performance. However, it has yet to apply its own prescriptions to Keystone XL.

As with the Alaska Pipeline, Keystone XL's opponents have used the time bought by the NEPA delays to prepare subsequent legal challenges. For example, one environmental organization is now alleging that Keystone XL would harm a species of beetle and thus may violate the Endangered Species Act of 1973 – another federal statute often misused to hinder economic activity.

Absent congressional action, the delays could continue indefinitely. Meanwhile, the Canadian government is understandably disappointed by its treatment at the hands of the Obama Administration – past cross-border pipeline projects were approved more quickly, and no plausible explanation has been given for why Keystone XL should be an exception. Prime Minister Stephen Harper has announced that Canada has no choice but to consider alternative options for bringing its expanding oil output to market, including construction of a pipeline from Alberta to the Pacific coast for export by tanker to China. If this happens, the benefits of Keystone XL, and access to an abundant energy supply, would be lost.

Conclusion

As in 1973, it is time for Congress to end the delays and approve a pipeline project that is clearly in the national interest and that has already undergone sufficient scrutiny. And, beyond the need to approve Keystone XL, Congress should consider fundamental reforms to restore balance in the federal approval process and prevent future infrastructure projects from becoming ensnared in excessive red tape.