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Environmental Outlook: The Keystone XL Pipeline

Transcript for: [Environmental Outlook: The Keystone XL Pipeline \(/shows/2013-02-05/environmental-outlook-keystone-xl-pipeline\)](http://thedianerehmshow.org/shows/2013-02-05/environmental-outlook-keystone-xl-pipeline)

MS. DIANE REHM

11:06:56

Thanks for joining us. I'm Diane Rehm. There's one more hurdle for proponents of the Keystone XL Pipeline, approval from the State Department. The proposed 1,700-mile project would bring crude oil from Canada to the Gulf of Mexico.

MS. DIANE REHM

11:07:16

But many remain concerned about the environmental risks. For this month's environmental outlook, joining me here in the studio is Michael Brune of the Sierra Club, Matthew Koch of the U.S. Chamber of Commerce and Coral Davenport of National Journal.

MS. DIANE REHM

11:07:35

They'll talk about the political, environmental and economic implications of the Keystone XL Pipeline. I invite you to join us. Call us on 800-433-8850. Send us an email to drshow@wamu.org. Follow us on Facebook or send us a tweet. Good morning to all of you.

MR. MICHAEL BRUNE

11:08:01

Good morning.

MR. MATTHEW KOCH

11:08:01

Good morning.

MS. CORAL DAVENPORT

11:08:01

Good morning.

REHM

11:08:02

Coral Davenport, we talked about this project before. It's been around for a long time now. It comes down to Secretary of State, John Kerry. Give us a little of the background on it and why it comes to the Department of State.

DAVENPORT

11:08:22

So the Keystone Pipeline, the project of the Keystone Pipeline, has been in the works for nearly five years. The project is, as you said, a 1,700-mile pipeline that would begin in the Alberta tar sands of Canada and go down to the Gulf coast, to the refineries of the Gulf coast.

DAVENPORT

11:08:47

And ultimate approval for the pipeline goes to the State Department because it crosses international borders. And the question that the secretary of state will have to answer is, is this pipeline in the national interest? And this comes down. There are two sides of this debate.

DAVENPORT

11:09:06

On one side is an economic and international trade question. You know, is it in the interest of the nation's economic health to import this oil, to bring this oil into the U.S., to have access to it and also to use U.S. refineries and U.S. ports to export it? And is it also in the U.S. interest? You know, this is something that enhances our relationship with Canada which is our biggest source of foreign oil.

DAVENPORT

11:09:38

On the other side, environmentalists are very fearful of this. There is strong environmental opposition to this for a couple of reasons. The first is that the tar sands oil is very carbon-intensive. The process used to extract that tar sands oil produces up to 30 percent more carbon emissions than standard oil. Standard oil, petroleum is already a major source of carbon greenhouse gas pollution. The tar sands oil would increase carbon pollution even more.

REHM 11:10:16
Why does that happen?

DAVENPORT 11:10:19
The process, the way the oil is in the ground, the description tar sands it's literally oil that is in sand and the process used to get it out. It's this sticky, sandy oil. It requires heating, using a lot of water, heating up the oil to very high temperatures. It's very energy intensive so it requires a lot of water. It requires a lot of energy and so it produces a lot of pollution and it uses up a lot of water.

DAVENPORT 11:10:56
So it's just an environmentally much more damaging source of energy even than just standard forms of oil. So the question that the State Department has to answer is, is it in the national interest to build this pipeline, to import this oil, to build this connection with Canada? Or will the global warming impact of creating a market for that tar sands oil potentially produce more carbon emissions, contribute more to global warming and ultimately not be in the broader national interest?

REHM 11:11:31
Coral Davenport, she's energy and environment correspondent for the National Journal. Matthew Koch, tell us about the company that wants to build this pipeline. What's the business rationale for them?

KOCH 11:11:49
TransCanada is a Canadian company that has a -- actually an energy company in a variety of different sorts of energy businesses including building pipelines. And they recognize that not only is there a tremendous resource that I should say is -- actually the extraction and the processes, the environmental processes, they are getting better. And while Coral said, you know, they're very environmentally damaging, there's a lot of processes that have gotten improved and as we see, innovation happened. It's doing a good job of trying to reduce those emissions.

KOCH 11:12:17
But TransCanada saw that there's a market here and then frankly that this resource is going to get developed in Canada and they should want to meet the demand for transportation fuels in the United States and refineries in the United States are looking for that type of oil to come down here.

REHM 11:12:34
What number of jobs is expected?

KOCH 11:12:38
Yeah, there's been, you know, some discussion about that. I think initially the estimates by TransCanada have been that there's going to be 13,000 jobs associated with the building and construction specifically with the building trades. They have an agreement with the trade unions that they're going to provide at least 13,000 jobs and there have been some estimates of about 7,000 additional multiplier jobs in the communities where the pipeline is going to go through.

REHM 11:13:00
For how long?

KOCH 11:13:00
For the number of years it takes in order to build the pipeline.

REHM 11:13:04
Years?

KOCH 11:13:04
Yes, but then if you go further, Diane, it's harder to model, but there's been some organizations that have modeled those estimates up to as many as 250,000 jobs that would be associated with not just bringing the oil into the United States and supplying it to businesses in the United States, but also resulting from the benefits of the development in Canada.

KOCH 11:13:24

Our companies, American companies, send a lot of goods and services up to Canada that are being used to develop these oil sands.

REHM 11:13:29

Michael Koch, vice president of the Institute for 21st Century Energy at the U.S. Chamber of Commerce. Turning to you, Michael Brune, from the beginning, there were environmental concerns. Tell us about some. Coral has already raised some. I'd like you to continue.

BRUNE 11:13:55

Sure. So from the beginning, the concerns started with the impact of tar sands development on the landscape, air, water in local communities. As Coral was saying, extracting oil from the tar sands is a highly, water-intensive and energy-intensive process.

BRUNE 11:14:14

Most of the extraction so far has been through strip-mining. Basically, you have to move two tons of dirt for every barrel of oil that's extracted from the tar sands.

REHM 11:14:24

Two tons of dirt?

BRUNE 11:14:24

Right.

REHM 11:14:24

For every barrel of oil?

BRUNE 11:14:27

That's right.

REHM 11:14:27

All right.

BRUNE 11:14:28

I come from New Jersey so we like to say that you can fill Yankee Stadium with enough dirt from the tar sands every three days, right, just to extract this oil. But lately as the easier to get oil, you know, the oil that's closer to the surface, has been depleted more of the oil is extracted through in situ mining, which is a case in which natural gas is piped in and then burned to create steam.

BRUNE 11:14:57

That steam is then injected into the ground to essentially cook the oil to almost liquefy it enough so that it can be dredged up. That oil is then shipped by pipeline to an upgrader, then refiners and then it's eventually boiled. That whole process of taking natural gas, burning the natural gas to create the steam and then shipping the oil is highly energy-intensive and as Coral said it can be up to 37 percent more greenhouse gas-intensive than conventional oil.

BRUNE 11:15:24

The process is toxic. There has been water contamination as far as 50 miles away. There's more than 100 square miles of toxic tailings ponds associated with the tar sands.

REHM 11:15:37

I don't understand that.

BRUNE 11:15:38

So the process of extracting the bitumen, the oil from the tar sands creates a lot of produced water with toxic chemicals which is dumped into these ponds, holding ponds for all of this water. The water is so poisonous that the operators have to have booms, these loud noises going off 24 hours a day, seven days a week and 365 days a year to keep the birds from settling on the water, 100 square miles of these toxic tailing ponds. Mines that are so big they can be seen from outer space.

BRUNE 11:16:09

But the primary reason, the biggest reason why environmentalists are opposed to this is because it's February of 2013. We just finished a year of record droughts, record wildfires, severe storms the likes of which we've never seen, a full degree warmer in the lower 48 than we've ever seen in the United States and this development takes us in the opposite direction of where we need to go.

BRUNE 11:16:35

It will increase. It will intensify greenhouse gas emissions at the time when we need to be decreasing them as fast as possible.

REHM 11:16:39

Michael Brune, executive director of the Sierra Club. We do invite your calls, comments, 800-433-8850. Send us your email to drshow@wamu.org. One thing I was interested in and I'd like you to clarify, Matthew Koch, how much of this oil that would be extracted from Alberta, Canada and transported to the Gulf coast would be exported?

KOCH 11:17:22

Estimates are it is very minimal. I mean, frankly, the reason why they want to build the pipeline to the Gulf coast is our distribution system and our refining centers are either in the Midwest primarily. There's some in New Jersey where Michael is from and then there's also many in the Gulf coast and the distribution network for oil-refined products comes from the Gulf coast primarily and a lot of those refineries have been built in order to handle this type of crude.

KOCH 11:17:44

So they want to meet a market. They understand that people here in the United States want to use Canadian products. They want to use this crude that comes down. We have a demand for oil and gas in this country and we're importing it from other parts of the world. We're importing it from other countries that don't have our best interests in mind.

KOCH 11:17:59

We're importing it from all over the world in ways that aren't as efficient and aren't as environmentally friendly as bringing it down from a pipeline from a friendly neighbor to the north so they want to meet the markets here. But it's also a global market. Could there be a chance that they can export some of this crude? Yes, there are certainly fluctuations in the markets.

REHM 11:18:15

I guess that's the question I've had because I've heard that 98 percent was going to be exported. You're saying a very small amount?

KOCH 11:18:26

I can't imagine -- any sort of economist would tell you that that's that high.

REHM 11:18:28

All right. Matthew Koch, he's vice president of the Institute for 21st Century Energy, U.S. Chamber of Commerce. Short break here, we'll talk further and then begin taking your calls. Stay with us.

REHM 11:20:06

And welcome back. We have several emails similar to this one from David in Palm Beach County, Fla. who says, "Can anyone explain why the nation will derive benefit from allowing Canadian oil from shale to cross our nation to arrive at Gulf coast refineries so that the resulting byproducts, gasoline, etcetera, can be sold to foreign nations? Why should our nation take the environmental risk for little, if any, economic benefit?" Matthew.

KOCH 11:20:49

I disagree with a number of those points. I just mentioned that I think there's very little chance that this oil will get exported and any of its products. We have a huge demand here in this country and it's been recognized that anyone who since -- you know, I was a child in the late '60s, early '70s and those -- the problems that we've had with importing oil from other places in the world. And here's a chance to import it from a neighbor to the north.

KOCH 11:21:09

But also the economic benefits I think are pretty significant. I have acknowledged that you talked earlier about the jobs that benefit just to building the pipeline alone. But there's also tremendous economic benefit right now to the oil sands development up in Canada. And the thought that these resources aren't going to be developed is, I think, a little unfortunate. I think there's also going to be -- you know, there's estimated about 80,000 jobs in American workers today that are supplying goods and services up to those developers in Canada because of the good trade

relationship we have.

KOCH 11:21:38

So there's a tremendous opportunity -- here's a tremendous opportunity to important that oil and have it come from a country that's nearby. And we avoid some of the economic and security issues.

REHM 11:21:47

Michael.

BRUNE 11:21:47

Okay. I'd like to take on both points. About the exports, that is a highly disputed statistic that Matthew was using. Most estimates are that at least two-thirds of the oil will come from Canada, down the pipeline, splitting the country in two and then be exported. And if you don't believe the Sierra Club representative and if you don't necessarily trust the oil industry representative, take what the oil executives themselves are saying on earnings calls. You've had executives from TransCanada and Bridge and other companies talking about how the majority of these oils will be available for export from the Gulf.

BRUNE 11:22:22

And then about the jobs. My father was in the building trades for 60 years, right. And so I do think it's important to state that any job is a good job. And it's also important to state that energy investments -- any energy investment is going to create jobs if you have a significant investment in oil or gas or wind or solar. So it's incumbent upon us to think carefully about which investments produce the most benefit for society. Which investments produce the most jobs and produce the best jobs.

BRUNE 11:22:57

And if you look at study after study after study, what those studies show is that per unit of energy you'll get more jobs in solar and wind than you will in oil and gas. Those jobs are more sustainable, they're better for society, they help to keep our air clean and cut greenhouse gas emissions. And they diversify our economic base.

REHM 11:23:17

Coral.

DAVENPORT 11:23:19

I do also want to take issue -- or want to add another set of numbers to the jobs estimates. Matthew correctly pointed out that TransCanada, the company that wants to build the pipeline, has said that it could produce I think up to 20 or 30,000 jobs. The State Department however, which has final approval over whether this is in the national interest, has produced reports saying that the number would be more in the realm of 5,000 jobs. And that would be -- the State Department estimates it would be about 5,000 jobs in the two-year period estimated to complete the pipeline.

DAVENPORT 11:23:53

So there really are -- you know, there's a spectrum of numbers out there on the total jobs impact.

REHM 11:23:59

Why would Canada have to build the pipeline? Why couldn't Canada simply refine -- extract, refine the oil coming from those tar sands right there, Matthew?

KOCH 11:24:19

They don't have the refining capacity right now near where the resources are. And frankly they're seeing this as an opportunity for jobs and for their economy. They have an economy that doesn't need as much crude oil. The refineries, many of them are further east on the east coast and right now there are already pipelines coming down here. There's a number of pipelines that have been built. We're importing over 2 million barrels a day of oil both from well sands and from conventional resources into this country.

KOCH 11:24:48

And it's been a tremendous opportunity not only for Canadians but for Americans and the American economy and jobs here in the United States.

REHM 11:24:54

You know, that is such an interesting point, Michael, that you've got these pipelines all over the country already.

BRUNE 11:25:03

Yeah, so a couple points here. So just to lay this out for your listeners, right now there's about 1.8 million barrels of oil per day being produced out of the tar sands. The Canadian government has approved enough operations to scale this up to 5 million barrels of oil per day and possibly going as high as 10 million barrels of oil per day. If you listen to the comments coming from the oil industry up in Canada, what they will say quite clearly is that they don't have the capacity to absorb that market. So the oil industry in Canada needs a place to sell its oil. That's why this pipeline is coming down.

BRUNE 11:25:41

And so for U.S. policymakers, for the president in particular, this is a decision between what is right and what is easy. Because we have built pipelines in this country for more than a century. We've built coal plants, gas plants. What should be obvious now is that we can't continue along the same path of development if we want to have a shot at stabilizing our climate, particularly when we have better solutions that will create more job, will put more people to work and cut greenhouse gas emissions at the same time when we invest in solar and wind and energy-efficient technologies.

REHM 11:26:16

Coral, do you see that the price of oil in this country could change with the construction of this pipeline?

DAVENPORT 11:26:28

That's such an important question, Diane, and the answer is no. The price of oil is determined on a global market so at the end of the day whether that -- if the pipeline is built, whether the majority of that oil stays in the United States or whether it's exported out into the global market, it will add a significant amount of new oil to the global market but not enough to make a difference in the overall price. It's basically like adding a couple of drops of oil to a bathtub.

DAVENPORT 11:27:01

The global price of oil is determined by everything from, you know, growing demand in China as their evermore -- you know, billions more Chinese enter the middle class and become drivers. It's determined by, you know, what the geopolitics are in the Middle East, in other countries that produce oil. There are so many different forces around the world, particularly spikes in demand that contribute to that global price of oil. And that price is what determines the price that we pay at the pump.

DAVENPORT 11:27:31

So there could be economic and potentially international advantages to approving the pipeline but Americans -- if that pipeline's built it probably won't make a difference in the price that Americans pay at the pump.

REHM 11:27:45

So, Matthew, how much is it estimated that this pipeline is going to cost?

KOCH 11:27:55

The estimates were at about \$7 billion for the manufacturing construction. Now...

REHM 11:27:58

Seven billion.

KOCH 11:27:59

Yes. Now, Diane, they've already started to build a portion of the pipeline, as Coral pointed out at the outset that this is process that's been going on for a number of years. And...

REHM 11:28:08

So how far down...

KOCH 11:28:11

Well, they haven't started working on the part that enters the United States, but the portion of the pipeline that comes from -- through Oklahoma and Texas that were -- has been built. And that's an important distinction also because it's helping bring American crude oil that's been -- there's been a bit of a surplus in areas like Oklahoma that need to get into our transportation network and need to get into our infrastructure. It's now going to, when that's completed, allow some of that crude oil from those portions of the country to get to our refining centers.

KOCH 11:28:39

And that's important to understand that that investment's already being made and those jobs are already being realized...

REHM 11:28:46

So who's going to make all the money from this pipeline?

KOCH 11:28:51

I think there's a lot of people that will make money from the pipeline. I think you would agree there's not only, you know, the investors in places in Canada and the United States. I think there's a lot of Americans who are going to see a lot of benefit from this. And...

REHM 11:29:03

Who?

KOCH 11:29:03

There's American workers who are going to build pipelines like Michael's dad and people who did the building trades. I think there's going to be a lot of other businesses along the pipeline route that are going to benefit from the construction. But in addition, there's going to be a lot of tax revenue that's going to be generated from this pipeline. In small counties -- in Tripp, S.D. for example, where you have a population of about 5,000 people. When they're seeing hundreds of thousands of dollars in over some period of years in tax revenue, it's going to enable them to build new roads and bridges. It's going to enable those people to have new schools.

REHM 11:29:30

Tell me -- tell me, Michael Brune, what happened with Nebraska and the governor of Nebraska. What happened there?

BRUNE 11:29:40

Sure. Let me just first correct the record to sell things back at home. My father doesn't work on pipelines and he most certainly would not support a boondoggle such as this. But in Nebraska...

KOCH 11:29:51

But he was in the building trade, right?

BRUNE 11:29:53

Yeah. So in Nebraska we had the Nebraska Governor Heineman who has been very clear over the last couple of years that he does not want to see this pipeline impact the water supply in the aquifer in Nebraska, and then recently just changed course about a couple weeks ago to give his support. So the governor was opposed to the pipeline before he was in favor of it.

REHM 11:30:18

So how did the pipeline get shifted so that the governor could go along with it, Coral?

DAVENPORT 11:30:27

So the pipeline -- the Keystone Pipeline blew up in 2012 as part -- it became a presidential election issue. Before that, as I said, it's been in the works for many years. It was something that most Americans probably hadn't heard of. In early 2012 it looked like the State Department was on track to approve the pipeline. And what ended up happening was that a huge group of environmentalists saw this as kind of a lightning rod issue. They saw this as an issue. They told President Obama, if you approve this pipeline -- if your administration approves this pipeline we will withdraw our support for you in the 2012 election.

DAVENPORT 11:31:11

And this is a core part of President Obama's base. They weren't necessarily saying they were going to vote for Mitt Romney but they were saying, you know, we're not going to knock on doors for you. We're not going to have that passion for you. We're not going to make phone calls for you. And that's a group that President Obama really needed. And they rallied outside the White House. They had a huge prop pipeline that they wrapped around the White House. Many celebrities came. Daryl Hannah came. She was arrested.

DAVENPORT 11:31:37

This made a big impression on the White House and it made a big impression on Obama's 2012 campaign advisors. So what they did is they essentially punted the decision until after the election. And the way in which that decision was delayed coincided with concerns that were going on in Nebraska that the root of the pipeline as it

went through Nebraska was going to cut through the Ogallala aquifer, which is a very, very important source of water supply in the Midwest. There was great concern in the State of Nebraska that the pipeline could pollute or contaminate this water supply.

DAVENPORT

11:32:15

So the delay -- the way they talked about the delay was they said, we're going to go back. We're going to review this route and we're going to reroute it. Eventually that's what happened. They went back. The State of Nebraska local officials went back, reviewed the whole, you know, process of the pipeline in the State of Nebraska, came back, came up with a new route that does not go through the aquifer.

DAVENPORT

11:32:40

And so now the governor of Nebraska, who has been very concerned about this project has looked at the new route. The State Environmental Department has signed off on it and essentially the governor of Nebraska said, we're okay with this now.

REHM

11:32:56

Coral Davenport of National Journal and you're listening to "The Diane Rehm Show. I want to go back here to the inaugural address. The President mentioned global warming and climate change five times. So what is your thinking as to what Secretary of State John Kerry may or may not do, Michael Brune?

BRUNE

11:33:28

Well, the speech that the president gave in his inaugural was just fantastic because he clearly laid out that fighting climate change is both a moral obligation that we have to future generations, but it's also an economic opportunity for most Americans. And it's a chance for us to enhance our competitiveness with other countries by investing in clean technologies.

BRUNE

11:33:50

So we're confident that Kerry will advise the president and the president will decide to reject this pipeline because it's such a clear first test of the president's commitment to actually fighting climate change. And his commitment to moving beyond these extreme sources of energy that we're hearing about.

REHM

11:34:12

Matthew, what do you think?

KOCH

11:34:14

You know, I think it's still hard to determine. I think, you know, we've been through a long process. We've been through a number of different environmental reviews as the State Department come out in 2011 and said that this pipeline would have minimal risk. And since that time they've gone back and changed part of the route to try to make it even less risky. And heard the concerns of people in Nebraska and went through a process. And where the president said he was -- he had heard from Nebraska and was concerned.

KOCH

11:34:40

So, you know, it's hard for me to say what's going to happen in this administration. I'm hopeful that they will approve the pipeline. I think there's a lot of jobs at stake, and I think it's also a big signal to American businesses and also innovation in this country and technology and the opportunities to bridge to this to the future. If we want to have an alternative energy future, we have to get there somehow and it's not going to happen easily and it's not going to happen overnight.

KOCH

11:35:02

And it's not an either/or proposition. I think we can develop alternative resources at the same time that we're finding better technologies and better innovations to us conventional energy resources.

REHM

11:35:10

Coral, what are the signals you're getting?

DAVENPORT

11:35:14

The president's speech made it very clear that he is willing to make some tough choices to act on climate change in his second term. He's obviously not going to -- it's very unlikely that he will get help from Congress. I don't think that any of the big moves he's going to make on climate change are going to be with the help of Congress. It's in partisan gridlock right now. He's got bigger climate decisions that he can make than the Keystone.

DAVENPORT

11:35:43

Right now environmental groups are pushing the president to use his executive authority to enact through the environmental protection agency, a very aggressive rule that would force coal-fired power plants to cut their carbon pollution today. That is a controversial rule. The president will have the authority to use it. It will have big political pushback. It will also have tremendous environmental impact.

REHM 11:36:16

Are you saying that you believe, or you think that John Kerry will recommend to the president that the Keystone Pipeline be approved?

DAVENPORT 11:36:32

My guess is that they want to expend their political capital on -- get the biggest bang for the buck in terms of climate change. They want to -- they want to make the biggest climate move they can. And that's going to be through these EPA rules. The Keystone Pipeline is highly symbolic but it's not going to have as much of an impact on climate change as these EPA rules. So I would guess that there's a chance that they might approve the Keystone and move forward on these even more controversial EPA rules.

REHM 11:37:04

Michael, what about that?

BRUNE 11:37:07

Well, so I think really what is the heart of the controversy here is, is this a political problem or will the administration look at this as a policy challenge? If it's a political -- if they view this through a political lens then it's really unclear what the administration will do. But if the administration primarily wants to fight climate change effectively, then we won't see piecemeal approaches and one policy traded off for the other.

REHM 11:37:33

Michael Brune, executive director of the Sierra Club. Short break, your calls when we come back.

REHM 11:40:02

And welcome back. We are, in this hour, talking about the Keystone XL pipeline, originating in Alberta, Canada, proposed for construction down to the Gulf and some to be determined for export, some to be used for U.S. purposes. We've got lots of callers. I'll try to get to as many of your calls as I can. First to Mount Vernon, Wash. Good morning, Patrick.

PATRICK 11:40:46

Yes, good morning. I love your show.

REHM 11:40:47

Thank you.

PATRICK 11:40:50

I wanted to bring up the comment that recently Canada had sold the rights to the oil sands to China. So we're not even really talking about dealing with Canada in this instance. We're talking about dealing with China. And so I guess it's an international security issue, as well.

REHM 11:41:10

Coral?

DAVENPORT 11:41:11

China is very interested in investing in oil sources all over the world. And the reason is growing demand. I mean, again, as I said earlier, we're going to see in the coming decades billions of new Chinese middleclass who are going to start driving. China is trying to get its hands on as much oil as possible. And so one of the possibilities is if this pipeline isn't built, it has been discussed that maybe, you know, China would build a pipeline to its west coast, potentially for export to China. There's no question that no matter what happens China's interested in getting access to as much oil from wherever it can as possible.

REHM 11:41:57

So what kind of a difference would that make to the construction companies, for example, if Canada built toward the Pacific and sold to China?

KOCH 11:42:10

Well, I certainly think it's a big signal. And it's something that we've talked about in the past, that, you know, right now we're the main market for these oil sands, the United States. And as this Keystone pipeline has taken time to get developed and the permit process has taken a long time, the Canadians have started to look to build this pipeline west. They see the opportunity to sell to places like China and other places in the Pacific rim and they see a demand there. And as mentioned, you know, the Chinese are very interested in what's going on. They've made some investments in wanting to ensure that those resources continue to get developed so that they get into the supply of the world market.

REHM 11:42:44

Matthew, how do you address the climate and land and water concerns that have been raised in this discussion and certainly in various discussions?

KOCH 11:43:00

Right. There was, you know, some comments made about how dirty this oil is and I think there's, you know, to try to help set the record straight this resource can be as low as 5 percent more greenhouse gas intensive than current crudes that are developed at some places similarly to California or Venezuela or other parts of the world. And as we've gone through the process of developing these resources over the last few decades, things have gotten better.

KOCH 11:43:27

There's been innovations that utilize less energy in order to develop the resources. In-situ method, that Michael mentioned earlier, has a smaller environmental footprint than the mining of the oil sands. And they're finding ways to become even more efficient. They're using less water. They're finding ways to reprocess, on site, some of the heat and some of the cogeneration that happens and create efficiency. So the footprint's getting better.

KOCH 11:43:49

And it's all part, I think, of how the energy systems work and how people are looking to set goals to--if you want to reduce greenhouse gas emissions, we have to have a bridge to the future. We have to a way to find the alternative energy future. And in the meantime let's continue to innovate in not only the alternative energy sector, but in the conventional energy sector.

REHM 11:44:07

Michael Brune?

BRUNE 11:44:08

Yeah, I think to say that the footprint is getting better is a very creative way of describing the project. Let's be really clear and honest with ourselves here. The emissions from the tar sands tripled from 1990 to 2010. They will double again from 2010 to 2020. And the fact that we're arguing about how much worse the tar sands is than conventional oil, as a way of describing that the tar sands may not be that bad, just shows how crazy this project is.

BRUNE 11:44:38

So the International Energy Agency last year estimated that if we're going to keep warming at two degrees Celsius, 3.6 degrees Fahrenheit, if we want to keep warming at that level, which is pretty risky considering the damage we've seen with an increase of only .8 to .9 degrees of warming so far. If we're going to keep warming at that level, two-thirds of all of the oil, all of the coal, all of the gas around the world that we know about, has to stay in the ground.

BRUNE 11:45:09

Two-thirds of known reserves have to stay in the ground if we're going to limit warming to a very risky level. So in that context why would we be building out one of the dirtiest, most carbon-intensive forms of oil in the world? Why would we be sinking \$7 billion into a pipeline, when that money is much better invested in energy efficient technologies, solar and wind instead?

REHM 11:45:34

All right.

BRUNE 11:45:35

It'll put more people to work and it'll stabilize our climate.

REHM 11:45:38

Let's go to Fort Worth, Texas. Good morning, Leslie.

LESLIE 11:45:43

Hello, Diane, Coral and Michael and Matthew. I would just like to comment on the environmental part and the environmental groups. There was a Chief of the Cree Nation there in Canada, Chief Theresa Spence. She just came off of about a forty day fast trying to get a meeting with the prime minister and the governor to speak about the concerns of the First Nations of Canada about the environmental impact that it would have. And also, they overrode their own constitution to see that this pipeline is going to go through there.

LESLIE 11:46:26

The constitution involves number 45 and number 38 that states that they would give the First Nations input on any environmental changes that would involve the Indians there. And then it started a movement called the Idle No More Movement, in which I was able to go to one of the Round Dance rallies here in Dallas, Texas at Dealey Plaza where JFK was assassinated there. And the point was pretty well heard throughout the American Indian Nations and then throughout the world.

LESLIE 11:47:10

Also I'd like to comment that in our own religion, the Lakota religion--that's what tribe I am. The White Buffalo Calf Woman said that white man would make a decision and then that decision could be good or it could be bad.

REHM 11:47:31

All right, sir. Thanks for calling. Michael Brune the decision is affecting a lot of people, not only in this country, but in Canada, as well.

BRUNE 11:47:48

Yeah, it is. You know and I want to thank the caller for mentioning the Idle No More Movement, which really has been inspiring to so many people throughout the North America and around the world. Native people in the U.S. and in Canada have really borne the brunt of most of energy development in this country and up North. And I think that that's why this issue brings up so much passion in people on both sides, because we really do have a choice right now between different technologies and a choice between different patterns of development.

BRUNE 11:48:21

And those choices, whether they're coal plants or oil pipelines or solar and wind investments, really do impact, not just the people working in those industries, but all of us and the quality of life that we enjoy. And that's why there will be, you know, tens of thousands of people here in Washington, D.C. on February 17. The Forward On Climate Rally, which should be the largest rally in U.S. history on climate issues because people are hungry for solutions. They are desperate for leadership, particularly here in Washington.

BRUNE 11:48:51

And they are working very effectively at the grassroots level to advance those solutions. And we need to see our leaders in the White House and in Congress begin to respond to that passion.

REHM 11:49:01

All right. And here's an email. "Please be aware of the fact that First Nations tribes in British Columbia, Canada are refusing to permit the pipeline to cross their lands. They are opting out of the potential jobs and see the pipeline as a threat to their traditional way of life, including possible damage to their lands and fishing." So, Matthew, clearly, on the ground, the people themselves have great concerns about this.

KOCH 11:49:42

Well, there's processes in place in Canada. They certainly have a regulatory scheme like we do here in the United States that has to provide for input from different tribes and from different states. You know, certainly, the people in British Columbia, including those tribes, have spoken up recently and said they wanted to know more about what's going on and what's going to happen if this pipeline gets built. And I think that's all part of the permitting process. And I think the Canadians have a pretty rigorous environmental scheme. They're known for having very good regulations in place and I think that's all part of the process.

REHM 11:50:14

All right. To St. Louis, Mo. Good morning, Willard

WILLARD 11:50:21

Diane, thank you for taking my call.

REHM 11:50:22

Certainly.

- WILLARD** 11:50:24
When I was in college I took a course in economics. And one of the topics we discussed was the law of diminishing returns. And I think that this pipeline business is a perfect example of it. You have to bring the oil down from Canada. It won't flow through the pipeline. You have to pump it. Now, how many pumps are you going to use, hundreds of pumps? How are you going to fuel the pumps? You can use electricity. You can use wind power and this takes energy from the national grid. It makes electricity more expensive.
- WILLARD** 11:51:01
Probably the best way is to use gasoline to fuel the pumps and so you will bring the gasoline down, refine it, fill the tanker trucks. Tanker trucks go up the pipeline to put fuel into the pumps.
- REHM** 11:51:18
All right. So the question becomes how much is it going to cost to get that oil from Canada down to the Gulf?
- KOCH** 11:51:31
I think there's a few parts you can talk about. One is the cost of building the pipeline.
- REHM** 11:51:37
Right.
- KOCH** 11:51:38
And two is--he's right. You do have to put pumps on the stations.
- REHM** 11:51:40
You bet.
- KOCH** 11:51:41
But there's some additional benefit to that, I think. There are parts of the country and we have heard, as I've traveled around the parts where the pipeline will be built, from communities that don't have the benefit of having electricity for manufacturing and for light manufacturing come into the communities. And when this pipeline's built and they have to build some parts of the grid in order to help enhance it and operate those pumps, that's enabling some additional economic benefit to those communities.
- KOCH** 11:52:06
And also I think points out some of the other problems that we have with infrastructure and trying to develop resources in this country. We were speaking earlier about wind development and solar development and projects around the country, not just coal projects and not just oil and gas projects. They're all being delayed and stopped because of problems with permitting, problems of trying to understand what it means in order to bring energy to all parts of this country. And I think that's something that has to get recognized.
- REHM** 11:52:31
Coral, any estimates on how much the cost is going to be?
- DAVENPORT** 11:52:37
I mean, traditionally, my understanding is that pipelines are actually pretty efficient, the most efficient way to move oil, to move liquid fuels. It's actually a lot less expensive to move oil through a pipeline than it is to put it on a truck or put it on a barge and move it. But all of this is going to go to the State Department and go to, you know, our brand new Secretary of State John Kerry, for whom climate change is a passionate, personal issue, who has devoted a huge amount of his Senate career to working on climate change issues. And really it all comes down to looking at what's in the best national interest.
- REHM** 11:53:25
Coral Davenport of National Journal. And you're listening to "The Diane Rehm Show." To Indianapolis, good morning, Tom.
- TOM** 11:53:36
Good morning, Diane. Thank you for taking my call.
- REHM** 11:53:39
Surely.

TOM 11:53:41
I was wondering why we don't build--instead of shipping it 1600 miles, why don't we just build the refineries in North Dakota and refine the oil there?

REHM 11:53:49
What do you think?

KOCH 11:53:50
There have been some plans to try to build refineries up in that part of the country. One is to satisfy the growth that's happening in the development of oil and gas up there. But actually trying to get a refinery built in this country has been much harder to do than try to get a pipeline built, though.

REHM 11:54:04
Why?

KOCH 11:54:04
It's a very expensive proposition. It costs billions and billions and billions of dollars. There are a lot of permits required for it. And frankly, as we were talking earlier, our country's becoming more efficient. We're utilizing with projections about CAFE standards and vehicle miles being traveled. We're going to be using less oil, the expectation is, at some point in the future. And so when you go to your investors as someone trying to build a refinery and say I need \$3, \$4, \$7, \$8 billion to build this, but the margins and profit are very marginal and the expectation is that the markets going to shrink a bit, it's hard to attract some of that investment.

KOCH 11:54:42
And it's going to be hard to get it built. It's going to take years and years and years to try to get it built.

REHM 11:54:45
Michael?

BRUNE 11:54:46
Tom, that's a great question. The reason why the pipeline would go all the way down to the Gulf is so that the oil can be exported, you know. What Matthew was saying...

KOCH 11:54:55
I'm not going to discuss that. That's just not true.

BRUNE 11:54:57
I'll finish my answer, but what Matthew was just saying is that the economy is becoming more efficient. We will soon use three million barrels of oil less per day because of the efficiency regulations, which the Chamber opposed. Once the heavy-duty truck regulations go through we'll save another 400,000 barrels of oil per day. I suspect the Chamber will oppose that as well. As our economy is using oil more and more efficiently we don't need to get another million barrels of oil coming down from Canada when clean energy will do a better job.

BRUNE 11:55:28
So the whole reason--and if you don't believe me, listen to what the oil industry executives are saying, listen to what the pipeline operators are saying, most of this oil will go all the way down to the bottom of the country and then be exported to foreign markets.

REHM 11:55:40
But does that make sense for Canada? Why wouldn't it have built another route?

BRUNE 11:55:48
Because Canadians don't want that route. So there are two pipelines that have been proposed going to the West. One is the Enbridge Northern Gateway and the other one is the Trans Mountain Pipeline. Both of them are stalled. Neither of them are expected to be built at least for the next 10 years.

REHM 11:56:03
Because?

BRUNE 11:56:04

Because of opposition from communities in British Columbia. The premier in British Columbia has now put up significant roadblocks and has called a timeout for several years on that pipeline. So those pipelines will not get built anytime soon. There are also two pipelines that are being proposed to go to the East. Neither of them are going forward yet, again, because of intense opposition in Quebec and in northern New England. So what we have here is an oil industry that is landlocked, that is desperate to find markets for its oil and is increasingly finding it difficult to do so.

BRUNE 11:56:36

And, again, I'll remember two-thirds of this oil has to stay in the ground. That's why environmentalists care about this issue so much because we can't expand a carbon-intensive oil source and cut greenhouse gas emissions at the same time.

KOCH 11:56:46

And...

REHM 11:56:47

And that's got to be the last word from Michael Brune, he's executive director of the Sierra Club, Matthew Koch, vice-president of the U.S. Chamber of Commerce and Coral Davenport, energy and environment correspondent for National Journal. Thank you all so much.

KOCH 11:57:10

Thank you.

DAVENPORT 11:57:10

Thank you.

REHM 11:57:11

And thanks for listening. I'm Diane Rehm.

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