# Case Neg – Keystone XL

### Keystone unnecessary

#### Canada already has a surplus of pipelines- big oil just wants Keystone to sell internationally.

NRDC ‘11. National Resources Defense Council: works to protect wildlife and wild places and to ensure a healthy environment for all life on earth 3/15/2011. <http://www.nrdc.org/energy/tarsandssafetyrisks.asp>. Date Accessed: July 2, 2012. LY.

The national debate surrounding the Keystone XL tar sands pipeline has obscured the fact that a key purpose of the pipeline is to export Canadian oil to the world market via the U.S. Gulf Coast—a plan that would threaten the farmlands and water of America’s heartland. Canada isn’t even producing enough oil to fill its existing pipelines, which are running half-empty. So why is Keystone XL such a priority for the oil industry? Because Keystone XL is actually a pipeline that bypasses America in order to maximize Big Oil’s profits. The debate surrounding Keystone XL has obscured the fact that Canada does not produce enough tar sands to fill existing pipelines. Canada’s current oil production, including both conventional crude and tar sands, uses less than half of its export pipeline capacity. In 2010, Canada exported less than 2 million barrels per day (bpd) of crude oil.2 The vast majority of these exports were produced in western Canada and transported to the United States.3 Canada already has an excess of crude oil export pipelines—enough to export more than 4.2 million bpd. There are still more than 2 million bpd of empty space on existing pipelines going from Canada to the United States without Keystone XL.

### Keystone raises oil prices

#### Pipeline XL will raise oil prices

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Because Keystone XL will give the tar sands industry access to the Gulf Coast market, where oil prices are higher, approving the pipeline would actually increase the price of oil in the American Midwest. Building Keystone XL would increase the cost of Canadian oil in the United States. Western Canadian crude supplies over twelve percent of oil refined in the United States and 45 percent of the oil processed in Midwestern refineries.30 An increase to Canadian crude prices from building Keystone XL would have a substantial impact on oil prices, particularly in the Midwest.31 When TransCanada initially proposed Keystone XL to Canadian regulators, the company acknowledged that Keystone XL would increase the cost of Canadian crude by $3 per barrel in the Gulf Coast market and by more than $6 per barrel in the Midwest crude market.32 TransCanada estimated that these higher prices would increase the price the U.S. market paid for Canadian crude by between $2 billion and $3.9 billion a year.33 There are two reasons why Keystone XL will lead to higher U.S. oil prices. The first reason is that Keystone XL is a pipeline to take Canadian oil out of the Midwest where it is locked in the U.S. market. By diverting oil that would have otherwise gone to the Midwest and sending it to the Gulf, where it may be refined and sold as diesel, Keystone XL will reduce U.S. oil supply and increase prices. Second, Keystone XL will increase the cost to move crude oil by pipeline through the United States. TransCanada has acknowledged that because there is excess export pipeline capacity from Canada, Keystone XL will take oil off of existing cost-of-service pipelines, which will in turn be forced to recover their operating costs from a smaller volume, increasing the per barrel cost of moving oil.34 TransCanada estimated the cost to move the same amount of crude into the United States would increase by $1.37 billion in 2013.35 However, TransCanada pointed out that oil companies would recover these increased costs and make a profit because the U.S. market would be paying higher prices for Canadian crude.36 Rather than providing the United States with more Canadian oil, Keystone XL will simply shift oil from the Midwest to the Gulf Coast, where much of it can be exported to international buyers—decreasing U.S. energy supply and increasing the cost of oil in the American Midwest.

### Keystone decreases oil prices

#### Keystone XL will undermine OPEC- causing oil prices to plummet.

Edwards ’12.William R. Edwards: Middle East Economic Survey- Edwards is President of Edwards Energy Consultant. Monday, 27 Feb 07:00 am. “Will Keystone Undermine OPEC?”. <http://www.mees.com/en/articles/4122-wil-keystone-xl-undermine-opec>. Date Accessed: July 2, 2012. LY.

The Law of Unintended Consequences is alive and well. Sometimes the law works in our favor and sometimes it works against us. But it always surprises us with its impact. In keeping with the spirit of this law, it may turn out that the installation of a rather benign section of crude pipeline capacity in North America will turn out to be the trigger that undermines OPEC, as it renders inoperable OPEC’s attempts to control production. Production control is OPEC’s standard mechanism for price control, and removal of this mechanism could allow world crude prices to plummet. A price below $20/B is possible. OPEC acts under the assumption that it possesses the pricing power of a cartel. The definition of a cartel is a combination of groups cooperating to control the supply of a commodity. The primary purpose of a cartel is to set the price of a commodity so that buyers cannot negotiate lower prices. Thus control of supply is essential for the cartel to achieve the desired result. Once the Keystone pipeline is in place, bringing with it the ability to add almost 1mn b/d of heavy Canadian crude to the world market, suddenly OPEC is faced with a supply source that it cannot control. Since the production capacity is not held in government hands, but in the hands of multiple commercial entities, there is no practical means to reduce the flow if market conditions demand such action.

### Keystone doesn’t solve oil dependence

#### **Oil from Canada would not make us less reliant on OPEC countries**

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Tar sands do not enhance energy security simply because they come from a friendly neighbor. Continued reliance on oil empowers all countries that are major oil exporters. Should the Organization of the Petroleum Exporting Countries (OPEC) or any other major exporter choose to cut off supplies to any country, supply shortages and a price spike are likely to affect every major importing country regardless of where they get their oil. Prices were not moderated in the least during 2008 when the oil price hit $147 per barrel.38 Canada was the single largest source of foreign oil to the United States at the time, but had no avenues to export significant quantities of crude to other buyers. Canadian oil prices went up with the world market, and U.S. consumers spent $4 per gallon on gasoline.39

### Keystone would leak

#### Oil pipelines leak 12 times on first year

Sierra Club 8

“No More Big Oil Pipeline Spills that Endanger Our Water” Sierra Club <http://action.sierraclub.org/site/PageServer?pagename=adv_tarsands_house_bill&autologin=true> Date accessed 7/2/12

This weekend, a rupture in an Exxon pipeline sent 42,000 gallons of oil spewing into the Yellowstone River. Local residents are powerless to protect their land, and are already experiencing adverse health effects from exposure to the oil. Despite this ongoing disaster, the House is preparing to vote on legislation to speed up the permit for a new tar sands oil pipeline, Keystone XL. This project will also cross the Yellowstone River, in addition to pristine land in six states and the Ogallala Aquifer, threatening the drinking water of 2 million Americans. The original Keystone pipeline has Leaked 12 times in the past year alone. Now, instead of cleaning up their act, Big Oil lobbyists want Congress to allow the same company to rush through their next massive pipeline.

#### Keystone XL would make us transition to an unsafe pipeline system

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Over half of the pipelines currently operating in Alberta have been built in the last twenty years as the tar sands region developed.63 In contrast, the majority of hazardous liquid pipelines in the United States are more than forty years old. The older a pipeline is the more attention that a pipeline company needs to pay to it because it may not have the same type of coating, same strength of steel, or had corrosion protections for its entire life. Despite its relatively recent construction, Alberta’s hazardous liquid system had 218 spills greater than 26 gallons per 10,000 miles of pipeline caused by internal corrosion from 2002 to 2010, compared to 13.6 spills greater than 26 gallons per 10,000 miles of pipeline from internal corrosion reported in the United States to PHMSA during that same time period.65 This rate of spills due to internal corrosion is sixteen times higher in Alberta than in the United States.

#### Keystone pipeline leaks excessively, expansion of pipeline runs major risk

Battistoni 12

Alyssa Battistoni Mar 19, 2012. “Keystone XL pipeline” Salon http://www.salon.com/2012/03/19/keystone\_pipeline\_will\_spill\_study\_predicts/

The already existing Keystone I pipeline, which runs 2,100 miles from Alberta to Illinois, began operating in 2010; in the two years since, 35 spills have occurred. In the pipeline’s first year of operation alone, its spill rate was 100 times TransCanada’s projection. All told the amount of tar sands oil being transported through the United States has more than tripled in the past decade to 600,000 barrels in 2010. Keystone XL, if built, would add another 830,000 barrels per day. John Stansbury, a professor of civil engineering at the University of Nebraska, analyzed spill data from the Keystone I pipeline to estimate that 91 spills would occur over the course of 50 years of Keystone XL’s operation — close to two spills each year. In a worst-case scenario, he says, a spill could contaminate 4.9 billion gallons of groundwater in Nebraska’s Sand Hills with benzene, a known carcinogen. The threat the pipeline poses to Nebraska’s Ogallala Aquifer, which provides 30 percent of the irrigation water in the U.S., has been much-discussed, but the pipeline would also cross another 1,747 bodies of water, including the Yellowstone and Missouri Rivers and the Carrizo-Wilcox aquifer, the third largest aquifer in Texas. If Keystone were to leak — or worse, rupture — the consequences could be serious. In July 2010, a pipeline operated by the company Enbridge ruptured — the company has never explained why — spilling 1 million gallons of tar sands oil into Michigan’s Kalamazoo River. The oil drifted 40 miles upstream, causing 145 reported instances of illness and health problems for people living in the riverside community of Marshall, Mich. Marshall residents living within 200 feet of the river were eligible for a buyout program; about 130 people sold their houses to Enbridge, leaving some areas uninhabited. The Kalamazoo cleanup has cost $725 million so far — twice as much as Enbridge estimated — and the river remains closed to fishing, hunting and other recreational activities over a year and a half after the spill occurred. Officials in the Calhoun County Health Department have said some bitumen will likely remain in the river “indefinitely.” Sweeney points out that the rural areas along pipeline routes are unprepared to cope with spills.  “They had to bring someone in from the Gulf to deal with Kalamazoo,” he explained. While the Kalamazoo spill was the biggest-ever tar sands spill, pipeline spills occur with startling frequency. In 2011 alone, there were 600 reported pipeline incidents. TransCanada’s website argues that “if they do occur, pipeline leaks are small,” yet pipeline spills caused 17 deaths and 68 injuries, and over $335 million in property damage. In 2010, when the Kalamazoo spill occurred, the damages from pipeline spills topped $1 billion. While pipeline spills don’t get the attention of disasters like the Exxon-Valdez and BP, they point to a familiar pattern of underestimating risk and underpreparing for disaster.

### Keystone causes warming

#### Leads to more carbon emissions

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Construction of the pipeline would lead to greater demand for tar sands oil. As this demand increases, more energy- intensive methods would be needed to extract the oil. According to the Environmental Protection Agency (EPA), the Keystone XL pipeline has the potential to increase carbon pollution by 27 million metric tons of carbon dioxide. This is the equivalent of seven coal-fired power plants operating continuously or having 6.2 million cars on the road for 50 years Compared to conventional oil, tar sands takes more energy to extract and refine, and therefore its production is three- to four-times more greenhouse gas intensive.3 Tar sands oil ranks among the most carbon-intensive oils on the planet.