

Energy and Environment Daily

12-1-11

House GOP wants FERC, not State Department, to review pipeline plan

<http://www.eenews.net/eed/>

The House GOP and environmentalists may have found something to agree on about the Keystone XL oil pipeline: The State Department is not the best arbiter of high-stakes questions on its environmental and economic impacts.

House Republicans plan to unveil legislation as soon as tomorrow that would give the Federal Energy Regulatory Commission power to review a new route for Keystone XL through Nebraska while forcing the Obama administration to make a decision on the controversial project before Election Day.

The bill set for House introduction this week empowers FERC to sign off on Keystone XL, including any changes to its construction plan that stem from Nebraska's current rerouting review, according to a House Energy and Commerce Committee source. The Republicans' goal in the new measure, the source added, is to secure a cooperative process between FERC and the state in keeping with a recently passed Nebraska bill setting up the shift in Keystone XL's path away from the environmentally sensitive soil of the local Sandhills.

"The basic principles are the same" in the House GOP's forthcoming Keystone XL bill as in an alternative plan backed by more than three-dozen Republican senators yesterday, said Rep. Lee Terry (R-Neb.), a senior Energy and Commerce Committee member.

But Terry acknowledged that the choice to remove stewardship of the Canada-to-U.S. pipeline's latest environmental review from State -- which now plans to delay its assessment of new Nebraska routing until 2013 and has taken heavy political fire from greens who accuse the agency of a pro-XL bias -- could prove unpopular with some Republicans who see the administration's punt on the pipeline as a political boon.

"I know we're going to be criticized for not challenging the president during an election cycle," Terry said of the House proposal's shift in jurisdiction from State to the independent FERC, "but this is about getting it done. We came up with the FERC idea because then you don't have to worry about delays and stalling."

To be sure, the House Republican pipeline bill could change to comport more with its Senate counterpart before its anticipated introduction tomorrow, when the Energy and Commerce Committee plans a hearing on Keystone XL with a spate of labor union witnesses who hail the project as a powerful job creator. Yet the House's decision to go an alternate route on legislatively pressuring the president over the \$7 billion pipeline suggests that once-strong bicameral unity within the GOP over tactics could be fading.

While it drew hosannas from nearly every Senate Republican, the upper-chamber minority's Keystone XL bill has yet to attract a Democratic co-sponsor. Its chief author, Sen. Richard Lugar (R-Ind.), yesterday described bipartisan backing as a key goal and said he would work with leaders of both parties to secure a hearing as well as "passage of this legislation, either on its own or as an amendment."

Forty-seven House Democrats joined all but three chamber Republicans earlier this year to support a bill that set a Nov. 1 deadline for President Obama to sign off on Keystone XL, which would nearly double U.S. import capacity of Canadian oil sands crude if approved (E&E Daily, July 27). Even a hearing on Lugar's bill in the Democratic Senate could prove difficult to secure quickly, however -- a spokeswoman for Foreign Relations Chairman John Kerry (D-Mass.) would only say yesterday that "we are in touch with Senator Lugar's office and evaluating how best to move forward."

That House and Senate Republicans could continue pursuing disparate paths to fast-tracking Keystone XL, a major priority of business groups and the oil industry, did not concern American Petroleum Institute Vice President Marty Durbin.

Asked about the importance of bicameral pursuit of the same bill to expedite Keystone XL, Durbin said in an interview that "what's important is, now you continue to see support both in the House and the Senate for moving the project forward."

Several green groups that have led pushback against the pipeline, citing the emissions footprint of oil sands crude production as well as the human and wildlife health risks of a spill, have lambasted State for hiring a contractor with ties to Keystone XL's corporate sponsor to lead the environmental review of the project. The House Republicans' move to steer the Nebraskan assessment to FERC is unlikely to win their bill new conservationist fans. But the depth of frustration with State in both camps of the divisive pipeline debate underscores the political pressure facing the agency as Canadian policymakers warn that oil sands crude could find ready buyers in Asia.

Asked about the Senate GOP's pipeline bill yesterday, State spokesman Mark Toner told reporters: "We continue to work closely and consult closely with Congress as we move forward in conducting our study and our assessment."

While Durbin and API hailed the Senate legislation, environmentalists condemned the attempt to speed federal approval for the XL link. "We are thankful for the administration's new review of this pipeline, and we call on Congress to allow a thorough scientific analysis to move forward -- not to jeopardize our nation's health and environment for generations to come," said Environment America transportation advocate John Cross in a statement yesterday.

As for the still-in-the-works House GOP proposal on Keystone XL, Terry indicated another issue on which the two congressional chambers could differ. The Senate plan starts its 60-day clock for a presidential ruling on the pipeline before the anticipated mid- to late-2012 conclusion of a Nebraska environmental review of its new route -- deeming the conclusions of that assessment as valid following its completion. But Terry said that the House version could wait to open its 30-day window for a decision from Obama until after the Nebraska route is fully vetted.

Whether to move up that 30-day clock, as Senate Republicans have, is "not necessarily set in stone yet," Terry told reporters yesterday as he predicted a quick markup of the bill that could set up a floor vote as soon as next month.