

## **Platts Oilgram**

### **INTERVIEW: Rep. Terry says bill would strip politics out of Keystone XL call Washington (Platts)--5Dec2011/519 pm EST/2219 GMT**

If the latest legislative maneuver for speeding approval of TransCanada's Keystone XL pipeline succeeds in the US Congress, the bill's sponsor said he does not expect President Barack Obama to veto it.

Representative Lee Terry, Republican of Nebraska, said his solution takes politics out of the decision, frees Obama from making a tough call that would anger at least one core constituency, and sends it to pipeline experts at the US Federal Energy Regulatory Commission.

"There's no more saying the president is just putting this off until after the election so he doesn't have to choose between friends," Terry said in an interview Friday. "That's all off the table. So I would hope he would join me in saying, 'Hey, let the agency that always has the decision over this and the experts in it, let them make the decision based on the science.'"

In a possible hitch to Terry's plans, FERC does not oversee oil pipelines' siting decisions or safety standards. Rather, the commission only ensures that oil pipelines have fair rates, FERC spokeswoman Mary O'Driscoll said Monday.

The State Department dealt TransCanada's \$7 billion Keystone XL proposal a major blow last month by putting off the final permitting decision until at least 2013. TransCanada wants to build the line to transport 700,000 b/d of heavy Canadian crude oil from Hardisty, Alberta, to refineries on the Texas Gulf Coast.

Terry's North American Energy Access Act, H.R. 3548, would take permitting authority away from the State Department and give FERC 30 days to approve construction. The commission

would have another 30-day window to approve route changes offered by Nebraska to protect a major aquifer.

A spokeswoman for the House Energy and Commerce Committee said FERC would have very little to do if the bill passes.

"The only time that FERC would have deliberative work to do would be if TransCanada applied for a modification that is not the Nebraska detour and not in conformity with the" environmental impact statement, spokeswoman Charlotte Baker said Monday. "Then FERC would control the environmental review and subsequent decision. No such modification is currently contemplated to our knowledge."

Terry admitted he did not discuss the bill with FERC before introducing it and acknowledged that the commission might say it cannot decide in 30 days or at all.

"Unusual situations require unusual solutions," he said.

If FERC does participate, though, Terry said a final decision should not take more than a month, because the State Department has already done a full environmental analysis with multiple rounds of public feedback. He said the only remaining environmental question covers the section of pipeline that Nebraska wants to move to avoid the sensitive Sand Hills region.

"Is there any impact to the environment from moving it that 40-, 50-, 60-mile loop around the Sand Hills?" he said. "So it should be something that if they take time to catch up on the initial reports that are already sitting there, they should be able to make it in 30 days."

## REPUBLICANS TO ATTACH KEYSTONE MEASURE TO TAX BILL

House Speaker John Boehner told his delegation Friday that he hoped to attach the Keystone proposal to a payroll tax cut package, a possibility Terry found encouraging. "I just said:

'Awesome.' That's great," he said.

Senate Republicans last week proposed their own option for accelerating Keystone XL. Led by Senator Dick Lugar of Indiana, the group wants to give the State Department 60 days to either approve the project or declare it against the national interest.

In July, the House passed an earlier Keystone XL bill offered by Terry. It would have forced the State Department to approve or deny the project by November 1. It did not get a vote in the Senate.

Terry said he does not have faith anything can get past the Senate's Democratic majority, but his latest proposal has the best shot.

"Taking the politics away and letting FERC make the decision, I would hope would be embraced by both Republicans and Democrats," he said.

Neither is Terry confident that TransCanada will build the 1,600-mile pipeline if the Republican options fail. Competitors like Enbridge and Enterprise Products are building their own pipelines to drain the crude oil glut in Cushing, Oklahoma.

"I don't know what they would do," Terry said of Keystone XL. "But if the people they have contracts with to deliver in 2014 have to go somewhere else, I think it's probably up in the air."

Terry added that his state would miss jobs and property taxes, but the demise of Keystone XL would not be the end of the world.

"Nebraska would be better off with the pipeline," he said. "If it wasn't built, yeah we'd miss out on something, but it's not going to devastate our state because, frankly, we're going to grow corn on top of it anyway. So that's our money."

