

Testimony of Andrew J. Black
Association of Oil Pipe Lines, President & CEO
before the
Senate Energy & Natural Resources Committee
Hearing on Legislation to Approve the Keystone XL Pipeline Project

January 7, 2015

Thank you, Committee Chair Murkowski, Ranking Member Cantwell, and Members of the Committee, for asking me to testify before you today. I am Andrew Black, President and CEO of the Association of Oil Pipe Lines (AOPL). We represent transmission pipeline operators who deliver crude oil, refined products like gasoline, diesel fuel and jet fuel, and natural gas liquids such as propane and ethane. Our pipelines extend 192,396 miles across the United States, safely, efficiently, and reliably delivering approximately 14.9 billion barrels¹ of crude oil and petroleum product each year.

American consumers benefit when our pipelines deliver the gasoline they need to drive their cars and commute to work. American consumers and businesses benefit when diesel fuel is used to power trucks and trains to deliver commercial goods. American homeowners benefit with propane for their gas grills and rural heating. American farmers benefit with propane to dry their crops and keep their livestock warm in winter. American manufacturers benefit from plentiful, affordable raw materials like ethane. All of these products are delivered by pipeline safely, reliably, and cost effectively, day in and day out.

AOPL members have also done a remarkable job delivering the North American energy renaissance to American consumers and workers. Domestic oil production has grown by 3

¹ Association of Oil Pipe Lines, *U.S. Liquids Pipeline Usage & Mileage Report*, Oct. 2014, p. 5.

million barrels per day since January 2011.² American pipelines have responded by delivering 1.35 billion additional barrels of crude oil per year over the last 5 years.³ This crude oil is refined right here in the U.S. by more than one hundred thousand refinery workers.

While there is much controversy associated with the Keystone XL Pipeline, the facts are that pipelines are the safest way to transport crude oil and other energy products. A barrel of crude oil has a better than 99.999 percent chance of reaching its destination safely by pipeline, safer than any competing transportation mode. Both the number of accidental pipeline releases and the volumes associated with those releases from pipelines have declined dramatically. Since 2001, the number of releases from liquids pipelines is down 57% and the number of barrels released is down 27%. In 2013, liquids pipeline operators spent over \$1.7 billion evaluating, inspecting and maintaining their pipelines,⁴ but we are working to be even better.

Through initiatives facilitated by AOPL and the American Petroleum Institute (API), pipeline operators are working together on industry-wide safety performance improvement efforts to continue this trend of safety improvement. We are currently developing new recommended practices to detect and manage cracking in pipes, improve leak detection programs and emergency response capabilities, and upgrade comprehensive safety management system programs. Soon, through the AOPL/API *Pipeline Safety Excellence*TM initiative, we will release the industry's 2015 annual strategic plan and initiatives for pipeline safety performance improvement. My staff and I would be happy to return and brief individual members of the

² Today In Energy, *U.S. Liquid Fuels Production Growth More than Offsets Unplanned Supply Disruptions*, U.S. Energy Information Administration, Aug. 27, 2014.

³ *Supra* note 1.

⁴ AOPL Survey of Member Companies, Sep. 2014.

committee or their staff on all the actions liquids pipeline operators are taking to improve pipeline safety performance.

The Keystone XL Pipeline Should Be Approved

American consumers and workers will benefit with construction of the Keystone XL pipeline. According to U.S. State Department analysis, Keystone XL construction will provide over 42,000 U.S. jobs and \$2.1 billion in U.S. worker payroll. This number is so large because more than just construction workers benefit from a large infrastructure project like Keystone XL that generates substantial economic benefits across a broad supply chain. While Keystone XL will support 6,800 construction jobs with \$420 million in payroll, it will also lead to 4,600 manufacturing jobs with \$309 million in payroll, 4,400 jobs in trade with \$172 million in payroll, 2,200 jobs in finance and insurance with \$131 million in payroll, 5,100 jobs in other professional services with \$343 million in payroll, 2,700 jobs in health services with \$141 million in payroll, and 5,700 jobs in food and accommodations with \$278 million in payroll.⁵

American consumers will also benefit from increased access to reliable and secure supplies of crude oil. With American's domestic energy boom, the benefits of efficient low-cost access to crude oil from Canada can be overlooked, but they should not be. Canadian crude oil benefits U.S. refinery workers just as well as any other crude oil currently processed by American workers. And when those Canadian-derived, U.S.-refined products reach the world market, they will add to world supplies and help keep global market prices and, thus, domestic

⁵ *Final Supplemental Environmental Impact Statement for the Keystone XL Project*, U.S. Department of State, Jan. 2014, p. 4.10-18.

gasoline prices, lower, just like any other crude oil in the market. Of course, American crude oil from the Bakken shale region will also flow on Keystone XL, granting North Dakota and Montana better access to more markets at lower transportation costs.

No pipeline has ever been studied as long or as extensively as the Keystone XL Pipeline. Keystone XL was first submitted for review September 19, 2008, two thousand three hundred days ago. Based on the results of this study, particularly the U.S. State Department Environmental Impact Analysis, the pipeline warrants approval. Five exhaustive studies have repeatedly affirmed Keystone XL is safe for the environment and hugely beneficial for the economy. Canadian heavy oil has been transported for many years by North American pipelines. There is nothing technically challenging or risky about the Keystone XL Project. What is novel are the commitments the owner of Keystone has made to safeguard the performance of the pipeline and further minimize the risks of any leaks.

The State Department determined that the Keystone XL pipeline will do more to protect the environment than any other alternative, including not building the pipeline. State Department calculations show that the operation of the Keystone XL pipeline will result in up to 1.3 million fewer metric tons of CO2 equivalent released to the environment each year compared to taking no action.⁶ In addition to 42% lower greenhouse gas emissions, operation of the Keystone XL pipeline will prevent release to the environment of up to 4,100 barrels of crude oil per year compared to its alternatives, including taking no action.⁷

⁶ Id. at 5.3-5.

⁷ Id at 5.3-8.

Americans would already be reaping the benefits of Keystone XL today if Keystone XL had been approved within the normal timelines. While this President's State Department approved a competing cross-border pipeline from Canada in just over two years, and the previous State Department approved another cross-border pipeline from Canada in just under two years, Keystone XL still awaits a decision more than six years after its original application. This pipeline should already be built and operating. Reviews and decisions for pipelines should not take this long – Americans would not tolerate this delay in decision-making in their daily lives, and should not have to accept it from Washington.

The reviews are complete, and the Administration can grant a permit today. There is no reason for the Keystone XL Federal decision-making process to take any longer. If Apple can roll out all six generations of iPads before the Administration can make one decision about a border-crossing permit, the decision has taken too long. If Senators can make 1,850 decisions on roll call votes, and introduce 11,000 bills, during the time the Administration had to make one decision on a border-crossing permit, I understand if the Congress thinks it should make that decision, instead. AOPL supported S. 2280, legislation introduced last year to approve construction of the Keystone XL Pipeline. AOPL supports similar legislation for this year included in the notice for this hearing.

Approving the Keystone XL pipeline will benefit U.S. consumers, benefit U.S. workers, and benefit the environment. I urge members of this Committee and the U.S. Senate to support legislation approving the Keystone XL pipeline.

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