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## BUSINESS

# Protests Slow Pipeline Projects Across U.S., Canada

Anti-Keystone XL Fight Emboldens Resistance to At Least 10 Other Projects



Protesters criticize the planned Keystone XL pipeline last month in New York City. Opposition and delays are making proposed pipeline projects more expensive. The 1,169-mile stretch of Keystone XL being reviewed by the Obama administration will cost about \$10 billion, or twice as much as the original estimate. *GETTY IMAGES*

By **AMY HARDER**

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The Keystone XL pipeline was touted as a model for energy independence and a source

of jobs when TransCanada Corp. announced plans to build the 1,700-mile pipeline six years ago.

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crude-oil pipeline's political and regulatory snarls since then have emboldened resistance to at least 10 other pipeline projects across North America. Using Keystone XL as a template, national environmental groups are joining with local activists in a strategy aimed at prolonging government reviews of proposed pipeline routes and their environmental impact.

As a result, six oil and natural-gas pipeline projects in North America costing a proposed \$15 billion or more and stretching more than 3,400 miles have been delayed, a tally by The Wall Street Journal shows. At least four other projects with a total investment of \$25 billion and more than 5,100 miles in length are facing opposition but haven't been delayed yet.

The snags could paralyze some projects for years, increase the costs of those that win approval and kill some projects, though that hasn't happened yet. Kinder Morgan Inc. is delaying the \$4.8 billion, 617-mile expansion of its Trans Mountain pipeline for at least six months while the Houston company works on changes to the route that executives hope will face less opposition than the original proposal.

▫ The new stretch of pipeline would help carry nearly a million barrels a day of crude from Alberta's oil sands to British Columbia's Pacific Coast. Kinder Morgan hopes to begin operating the pipeline in 2018.

"There is a new normal of conversation and debate that is occurring around pipeline infrastructure projects," said Ian Anderson, president of Kinder Morgan's business segment in Canada. Trans Mountain's last expansion, completed in 2008, drew "little or no opposition or media scrutiny," he added.

Delays are adding to the push to move oil by rail, said Robert Johnston, chief executive of Eurasia Group, an independent political-analysis firm. Oil-carrying trains are

considered less safe than pipelines by many analysts and government officials. Oil shipments by rail have increased nearly threefold since 2008.

Pipeline foes got a boost from last month's defeat in the Senate of legislation that would have approved Keystone XL, which aims to move as much as 830,000 barrels of oil a day from Alberta to refineries along the U.S. Gulf Coast. The project's review hinges on the Obama administration.

The Nebraska Supreme Court is expected to rule soon on whether to uphold a state law allowing the pipeline to go through the state. A court ruling against the law could delay evaluation of Keystone XL's route in Nebraska by a year or more.



A containment area at a Kinder Morgan petroleum-storage facility in Burnaby, British Columbia. The company is delaying the \$4.8 billion, 617-mile expansion of its Trans Mountain pipeline for at least six months while working on changes to the route that could face less opposition than the original proposal. *REUTERS*

Local activists who oppose pipeline projects want to keep them out of environmentally sensitive areas. National groups are fighting pipelines as part of a broader effort to reduce the use of fossil fuels. In some parts of the U.S. and Canada, the strategies unite groups that never worked together before.

National groups provide access to money and tactical knowledge, while local groups can deliver on-the-ground pipeline opponents, including farmers, ranchers and tribal leaders.

The groups coordinate their moves in regular conference calls and at meetings in Washington, D.C., and elsewhere.

In Minnesota, Richard Smith, executive director of the local group Friends of the Headwaters, has often turned to nationwide organizer 350.org and a Nebraska group that has been the driving force in Keystone XL's delays. Mr. Smith is fighting a \$2.6 billion, 610-mile pipeline proposed by Enbridge Inc.

The Minnesota Public Utilities Commission voted in September to study six alternatives to the route proposed by Enbridge, based in Toronto. That will delay the project by a year.

Mr. Smith said he isn't anti-pipeline but wants the Sandpiper project to avoid vulnerable waterways in Minnesota. "If the state looks at all of this and decides there is no need for this pipeline, then we've achieved that goal, too," he said. "But first our goal is to keep it out of Minnesota lake country."

Anti-Keystone group Bold Nebraska has been teaching classes on pipeline-delay tactics to activists in Minnesota, Iowa and Western Canada. A PowerPoint presentation used by Bold Nebraska founder Jane Kleeb said: "Strike a balance between national, regional and local interests with a focus on LOCAL."

The opposition and delays are making proposed projects more expensive. The 1,169-mile stretch of the Keystone XL still being reviewed by the Obama administration will cost about \$10 billion, or roughly twice the original estimate, according to TransCanada President and Chief Executive Russ Girling. A southern leg of the project isn't subject to the same review process.

Mr. Girling said in an interview that TransCanada company will no longer pursue certain planning, engineering and regulatory steps at the same time because of the opposition. It could take eight years from the project's initial planning to the start of operations, compared with four years for the first Keystone pipeline, he added.

Keystone XL's struggles have complicated plans for TransCanada's proposed Energy East pipeline, which would carry as much as 1.1 million barrels of oil a day nearly 3,000 miles across Canada to the country's east coast. TransCanada has asked companies

with long-term contracts to ship oil through the pipeline to share in the financial burden of getting permits and ordering equipment if those companies want to accelerate the review process.

Enbridge is grappling with delays on four pipeline projects worth nearly \$10 billion combined. “We used to think about risks in the energy business primarily related to how we are going to get more supply,” said Al Monaco, the company’s president and CEO, during a speech to the Economic Club of Canada in Calgary. “The reality is that today in North America, it’s not about that. It’s about how we get our product to market.”

Resistance to new pipelines and the expansion of existing ones doesn’t seem to be slowing growth in oil output. Since Keystone XL was proposed, Canada’s oil production has increased 39% to an average of 3.8 million barrels a day, according to Canada’s National Energy Board.

In the same period, U.S. oil production has surged 74% to 8.8 million barrels a day, while natural-gas production climbed 21% to 2.7 trillion cubic feet in August, according to the U.S. Energy Information Administration. The U.S. is now the world’s largest natural-gas producer and is on track to become the biggest oil producer next year.

The U.S. has nearly 200,000 miles of liquid-carrying pipelines, including crude oil and refined oil products, up 9.3% in the past five years, according to an October report from the Association of Oil Pipe Lines.

—Chester Dawson contributed to this article.

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### **Corrections & Amplifications**

Natural-gas production climbed 21% to 2.7 trillion cubic feet in August, according to the U.S. Energy Information Administration. An earlier version of this article incorrectly said 2.7 million cubic feet.

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