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Legislative Bulletin……………………………………….………...July 26, 2011

Contents:

H.R. 1938—North American-Made Energy Security (NAMES) Act (Rep. Terry, R-NE)

Key Take Away Points on Obama Energy Policy

- ***Driving Up the Cost of Gas:*** The Obama Administration's energy policy artificially increases the cost of traditional forms of energy, driving up its price in order to make "green" alternatives more cost-competitive to consumers. North America has abundant, affordable sources of energy which have been an integral part of our comparative advantage over other nations. Politicians should not be driving up the cost of energy for artificial reasons. A study published last year concluded that meeting EPA targets for greenhouse gas emissions would require a gasoline price of $7-9 a gallon.

- ***More Reliance on OPEC to Fuel Our Cars:*** The EPA has delayed an extension to Texas refineries of an existing pipeline, the Keystone XL, which carries crude oil from Canada's oil sands to American refineries. This expansion would enable expanded importation of 830,000 barrels of oil daily from the U.S.'s neighbor and ally, instead of importing from it from other unfriendly sources.

- ***Shipping Resources to China:*** Former Minister Counselor of Alberta to the United State Gary Mar stated there has been investment by many companies around the world. There currently is a pipeline that goes from Alberta to the west coast, and that oil goes to China on oil tankers and there is project in the works to build a pipeline to China.

- ***Backwards Way to Save the Environment:*** Some opponents of the Keystone Pipeline project cite that resources extracted from oil sands are "dirty" sources of fuel. Canada has confirmed they will continue to increase production of this resource regardless of the Keystone decision and sell to energy hungry nations that are willing to buy it – like China. Perhaps most ironic, is that the crude will be refined and burned in nations that essentially have no environmental laws, unlike the U.S. that regulates the process under the Clean Air Act.

Order of Business: The bill is scheduled to be considered on Tuesday July 26, 2011, under a structured rule that allows for one hour of debate, the consideration of 13 amendments made in order under the rule, and allows for one motion to recommit.

Summary: H.R. 1938 would expedite the Presidential Permit approval process for the Keystone XL pipeline extension that would allow the delivery of more oil to come into this country from Canada's oil sands in Alberta.

Specifically, the bill provides seventeen separate findings that reiterate the strategic and economic importance of the development and delivery of oil and natural gas between the U.S. and Canada. Additionally, the findings include the benefits of Canadian oil sands development and expansion, the parameters of the Keystone pipelines' capabilities, and the state of the approval process. Title III of the bill requires the President to coordinate with all federal agencies that are responsible for aspects of President's National Interest Determination and Presidential Permit decision regarding the Keystone XL, to "ensure that all necessary actions are taken on an expedited schedule." The President must issue a final order granting or denying the Presidential Permit for Keystone XL 30 days after the issuance of the final environmental impact statement and come to a decision by November 1, 2011. Finally, the bill reiterates that no action by the Secretary of Energy should affect any duty or responsibility to comply with any requirement to conduct environmental review.

Additional Background: In September 2008, a Canadian firm applied for a permit to construct the Keystone XL pipeline, a 1,700 mile extension of an existing pipeline that would carry 830,000 barrels a day of Canadian tar sands oil from Alberta, Canada to destinations on the U.S. Gulf Coast. A short additional pipeline is planned to connect the Bakken formation (in North Dakota and Montana) to the Keystone XL, allowing its oil to more efficiently reach the wider market.

As the proposed pipeline would cross an international border, it requires a Presidential Permit issued by the Department of State. The permit is dependent on a finding that the project would serve in the U.S. national interest, and comply with the National Environmental Policy Act and other environmental requirements. Before issuing the Presidential Permit, as part of its compliance with the National Environmental Policy Act, the State Department must prepare an environmental impact statement (EIS) in cooperation with the EPA and other relevant federal agencies.

In April 2010, the State Department released a draft EIS which the EPA ruled "inadequate" because it asserted the draft contained insufficient information to determine environmental impacts; the EPA recommended additional analysis. The State Department therefore issued a supplemental draft in April 2011 that stated that "there are no significant new circumstances or information concerning the project." In spite of that finding, the EPA declared the supplemental EIS was insufficient and called for further additional data and analysis which the State Department is now incorporating into a final EIS. However, even the issuance of a final EIS will not end the controversy as the EPA will again have an opportunity to comment on the EIS and further delay the project. Unless overruled by the White House, the EPA can continue to block the State Department indefinitely from issuing the Presidential Permit to allow the project to commence.

The nearly three-year delay of the Keystone XL pipeline project is blocking significant potential economic growth and preventing Americans from fully accessing a safe and dependable source of oil held by an ally. A Canadian Energy Research Institute study found that investing in Canadian oil sands will produce 340,000 U.S. jobs and create $34 billion in revenues for the U.S. government. Construction of the pipeline itself would support more than 10,000 jobs, and the addition of the pipeline to the Bakken formation would enable additional, more cost-effective development of that domestic energy source.

More detailed info at CRS:
http://www.crs.gov/pages/Reports.aspx?PRODCODE=R41668&Source=search

For additional background on gas prices, oil, and President Obama's job killing energy policies, click here for an RSC Policy Brief: All about Gas.

RSC Bonus Facts:

- Alberta, Canada, has the world's third-largest oil reserves, more than 170 billion barrels. Daily production of 1.5 million barrels from the oil sands is expected to nearly triple to 3.7 million in 2025. Overall, Alberta has more oil than Russia or Iran. Only Saudi Arabia and Venezuela have more.

- According to a report released by the Western Energy Alliance, the American West has enough resources to replace the US imports from Saudi Arabia, Iraq, Kuwait, Venezuela, Algeria, Nigeria, and Russia *combined*.

- According to the TransCanada Corporation, each day in the U.S., more than 200,000 miles of pipelines move oil and other energy products to where they are needed. That's enough piping to circle the earth eight times.

Groups in Support: The U.S. Chamber has sent a Key Vote Alert Letter to Members.

Committee Action: The bill was introduced on May 23, 2011, and referred to the Committee on Energy and Commerce. On June 23, 2011, the full Committee held a mark-up and ordered the bill to be reported favorably by a vote of 33-13.

Administration Position: A Statement of Administration Policy is not available at press time.

Cost to Taxpayers: According to CBO, enacting H.R. 1938 would have no significant impact on the federal budget.

Does the Bill Expand the Size and Scope of the Federal Government? No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates? No.

Does the Bill Contain Any Federal Encroachment into State or Local Authority in Potential Violation of the 10th Amendment? No.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: Committee Report 112-140 states H.R. 1938 is in compliance with clause 9(e), 9(f), and 9(g) of rule XXI, and contains no earmarks, limited tax benefits, or limited tariff benefits.

Constitutional Authority: The Congressional Record sites the Commerce Clause, Article I, Section 8, Clause 3 (commerce) of the Constitution to enact H.R 1938.

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