

API position: We want to see a 'clean' version of the bill move ahead in order to hold onto the large bipartisan force behind the KXL project moving forward.

1. Ban the export of oil transported through the pipeline:

- In its Final Environmental Impact Statement (FEIS) the State Department confirmed *once again* that Keystone XL would not be an export pipeline.

FEIS: Once WCSB crude oil arrives at the Gulf Coast, Gulf Coast refiners have a significant competitive advantage in processing it compared to foreign refiners because the foreign refiners would have to incur additional transportation charges to have the crude oil delivered from the Gulf Coast to their location.

- Blanket prohibitions on market activities only serve to prevent markets from functioning smoothly. The potential for rare disruptions in the global market for oil could necessitate more exports to keep supply and demand in balance.
- KXL will also carry light domestic crude from the Bakken region. President Obama has set a goal of doubling exports. Energy exports will help meet that goal. Exporting oil (along with petroleum products and natural gas) would directly support thousands of U.S. jobs in engineering, manufacturing (including refining), construction, and operation of the export infrastructure, as well as others indirectly along the equipment supply chain.

2. Lifting crude export ban:

- We support lifting the crude export ban, but this is not the time or place. We want to see a 'clean' version of the bill move ahead in order to hold onto the large bipartisan force behind the bill and to finally get KXL project moving forward.

3. Require U.S.-produced iron, steel and manufactured goods to be used for the pipeline construction, connection, operation, and maintenance:

- Such an amendment may not be legal because it contradicts the Equal Protection Clause, the Bill of Attainder prohibition, and the Takings Clause of the U.S. Constitution. Placing on a specific company unnecessary, burdensome requirements that no other pipelines must follow and reducing the value of that company's property violate the word and spirit of the U.S. Constitution.
- TransCanada says virtually all of the 35,000 tons of steel products used to build the project will be purchased from North American mills and manufacturers. TC has already entered into contracts to purchase over \$800 million of finished pipe and other products from US manufacturers for Keystone XL.
- Seventy-five per cent of the pipe used to build KXL in the U.S. would come from North American mills, including half made by U.S. workers in Arkansas, according to TransCanada. The same steel Obama stood in front of in 2012 when fast tracked the

southern leg of KXL.

- Pipeline companies do not purchase raw steel. Rather, they purchase sophisticated manufactured products such as high strength steel pipe and pumps that are fabricated from steel and other metals.
- The American Iron and Steel Institute sent a letter in 2012 to the U.S House of Representatives and Senate stating its support of Keystone XL, describing it as vital to the national economic recovery. The Institute's member companies represent 80 per cent of both U.S. and North American steel capacity.
- We estimate 821,000 tons of high strength line pipe will be used on the project in Canada and the U.S. TransCanada has estimated it will use 660,000 tons of steel for the U.S. portion of the Keystone XL pipeline. The following are the line pipe mills that are manufacturing the specialized pipe:
 - Welspun - Little Rock, Arkansas, USA 332,800 tons 50%
 - Evraz – Regina, Saskatchewan, Canada 156,266 tons 24%
 - ILVA – Italy 103,147 tons 16%
 - Welspun - India 69,457 tons 10%

4. Require that for every job created by the pipeline, an equal or greater amount of jobs is created through clean energy investments:

- Thought the president did not like temporary jobs? The president should favor all energy jobs and not pick winners and losers.
- We do not support subsidies nor do we get any subsidies.
- The amendment is completely different in nature than the underlying legislation. Whereas the legislation aims to allow a project that is privately funded and asking for no government subsidies to proceed, the amendment would insert government into the marketplace to create an uneven playing field using taxpayer dollars.
- The oil and natural gas industry is the biggest investor in clean energy. From 2000 through 2012, the industry invested approximately \$81 billion in GHG mitigating technologies. Other U.S. industries invested an estimated \$91.2 billion, and the federal government invested an estimated \$79.7 billion.

5. Increase funding for the Low Income Home Energy Assistance Program (LIHEAP) to levels authorized in the 2009 economic stimulus bill under the condition that seniors and veterans get first priority:

- The best way to keep energy costs down for all Americans is to bring more supply to the market place and KXL will do that.
- We want to see a ‘clean’ version of the bill move ahead in order to hold onto the large bipartisan force behind the KXL project moving forward.
- Making heating oil available at the lowest cost possible is what the energy industry does best when it is allowed to operate competitively. Allowing KXL to move forward is essential to allowing the crude to reach the Gulf Coast refineries in the most efficient manner and potentially contribute to a reliable supply of low-priced petroleum products, such as heating oil. The goal of this bill is therefore aligned with the amendment rendering the amendment moot.

6. Prohibit states from permitting a foreign corporation to invoke eminent domain:

- This is a red-herring. Each state along the route establishes how eminent domain operates within the state. TransCanada has followed the eminent domain law in each state, which applies equally to entities seeking to invoke it – whether they’re foreign or domestic. More importantly, TransCanada tries to reach voluntary agreements to secure the private easements necessary for the pipeline.
- In fact, TransCanada stated in 2014 that it has had to use eminent domain with only 2% of landowners. Nearly all the agreements have been reached voluntarily. Operating in the U.S. for more than 60 years, TransCanada has about half of their employees living in over 30 U.S. states.

7. Ban petroleum coke production:

- Petroleum coke or petcoke, is a valuable commodity produced from **ALL** types of oil (light and heavy crudes) at some refineries during the oil refining process.
- Petcoke is not a product uniquely produced from oil sands and is certainly not about the KXL. Oil transported through KXL will likely be replacing other heavy crudes such as those from Venezuela, therefore the amount of petcoke produced per barrel of crude oil would be similar.
- Petcoke is **NOT** considered toxic or carcinogenic by EPA.
- Petcoke storage and handling facilities are governed by a wide range of federal and state environmental and safety regulations. These plans are mandated either through the Clean Air Act or state law. State agencies monitor storage facilities to ensure that fugitive dust does not become a nuisance. And API just released a storage and handling guidance document for additional measure.

- This is not a new product; it has been produced since the 1930s and is a valuable and essential commercial product that is used directly in a wide range of applications including aluminum manufacturing, fuels and numerous other products. It is also used as a fuel in power generation, cement kilns and other industries.

8. Humans activity contributes to higher GHGs (vote on climate science):

- This pipeline is not about climate change. If you want to base the KXL decision on science, look to the State Department’s environmental analysis of the project. In five separate assessments over six years of study, DOS found that Keystone XL will have a negligible impact on the environment.
- The Canadian oil sands will be produced and brought to market. The EIS determined that the route to bring it to market via pipeline is best for the environment as opposed to rail or barge, not to mention more cost effective which will benefit consumers.
- Canada accounts for just 2% of global GHG emissions with oil sands accounting for a small 0.1% of global GHG emissions– or “peanuts” as Faith Bristol IEA Chief recently stated.

9. Ease Jones Act restrictions:

- We want to see a ‘clean’ version of the bill move ahead in order to hold onto the large bipartisan force behind the KXL project moving forward.
- Experts and policymakers are moving quickly toward a clear consensus in favor of crude exports, based on the economic, employment, and security benefits of free trade. We’re focused on building that consensus, because trade is critical to the ongoing success of America’s energy renaissance. While many other transportation and infrastructure challenges deserve attention, linking the Jones Act to the export debate is not helpful or germane to the current dialogue.

10. Shaheen Portman Energy Efficiency:

- We are not weighing in on this legislation. Our focus is KXL and we want to see a ‘clean’ version of the bill move ahead in order to hold onto the large bipartisanship force behind the KXL project moving forward.

11. Canadian oil sands should be part of the Oil Spill Trust Fund (OSLTF):

- The determination of whether to tax something may be relevant as part of a future tax debate but it should not distract from this discussion. This debate is about securing energy sources for Americans. The pipeline and the shippers who will use it will still have to abide by the comprehensive federal requirements to prevent, mitigate and clean up any incidents that might occur. Those rules are in place and are not changing. Focusing on this fund detracts from the real issue of making sure that U.S.

consumers have secure access to the energy they demand and need.

- The discussions regarding the OSLTF tax are immaterial to the actual response requirements placed on TransCanada (or any other pipeline for that matter) by federal statute. The tax itself is applied to the shipper, but the responsible party for any incident is the carrier. There are comprehensive federal requirements to prevent, mitigate, and clean up spills from pipelines.