

Minnesota Does Not Need the Enbridge Line 3 Pipeline

“... Minnesota would be better off if Enbridge proposed to cease operations of the existing Line 3, without any new pipeline being built.”

- Testimony of the Minnesota Department of Commerceⁱ

1. Petroleum use in Minnesota is falling, not growing, and will continue to fall.

- **Down 19% since 2004:** Wholesale sales of finished petroleum product (things like gasoline, jet fuel and heating oil) are down in Minnesota 19% since 2004.ⁱⁱ
- **Electric cars, busesⁱⁱⁱ, semi-trucks^{iv} are set for exponential growth:** Today, transportation consumes 70% of the oil we use. But increasingly, *“The future is electric.”* From GM to Volvo, China to India, the list of the companies and countries expanding commitments to electric vehicles and the phasing out of the combustion engine is growing rapidly.

2. We can meet future pipeline demand even if we close the existing Line 3.

- Lower Canadian supply^{vi} and lower US demand mean we are on a trajectory for needing less pipeline capacity, not more. *Oil sands “mining investments are coming to an end, not just for Suncor but for the industry,”* Steve Williams, CEO of Suncor Energy – the largest oil sands company – told investors at its end of year results conference in February 2017.^{vii}
- The current Line 3 pipeline has a current capacity of 390,000 bpd. Existing unused pipeline capacity in Minnesota averaged 264,000 bpd in the second quarter of 2017.^{viii} Enbridge has said it plans to expand other existing pipelines by 400,000 bpd by upgrading Lines 2 and 4 and reversing Line 13.^{ix} And on October 16, 2017, Enbridge received final State Department approval to double the capacity of Line 67, adding another 400,000 bpd to the system’s capacity. Conservatively, this leaves well over 500,000+ bpd of extra capacity even if Line 3 is shut down and not replaced.

3. The oil-by-rail boom is over. Rejecting the new Line 3 will not trigger an increase.

- Oil transport by rail has already plummeted 70% of what it was in 2014.^x Train cars carrying oil from North Dakota peaked in 2014, but between 2015 and the present, oil transport by rail through Minnesota has dropped by over two-thirds.

4. A new Line 3 won’t benefit Minnesotans,^{xi} but it will increase our fuel costs.

- Costs of building the pipeline are typically included by FERC in crude oil pipeline tariffs – and that impacts the cost of crude oil and refined products. *“The oil industry’s cost of doing business is passed on to consumers in the form of fuel price increases.”*^{xii}

5. We can’t afford to invest \$3 billion in new, un-needed fossil fuel infrastructure that will lock us in to using the most CO2 emitting^{xiii} oil in the world for another generation.

- The oil, gas and coal in already-producing fields and mines are more than the planet can afford to burn while keeping likely warming below 2° C.^{xiv}
- Instead, Enbridge should invest the \$1.2 billion they say it would cost to clean-up the mess being made by the existing Line 3 pipeline.^{xv}

(over)

Why does Enbridge want to build an un-needed pipeline?

- 1) **Because building pipelines is its business.** And if it isn't built, it can't be used. Even though the Canadian Tar Sands oil industry is facing serious divestment (over \$24 billion in the last year alone by companies such as Marathon Oil, Statoil, Shell and Conoco Phillips^{xvi}) Enbridge is hoping that it will come back when oil prices go up.

It is reminiscent of the Coal Rush in the early 2000's. Then President Bush met with coal industry executives to see how they could ensure long-term coal production and use. They decided on a plan to build over 150 new coal plants around the country, many in the Midwest. Citizen engagement stopped the vast majority of these plants from being built.^{xvii}

- 2) **Because pipeline companies usually get paid whether their pipelines are needed or not.** Pipeline customers typically have to agree to "take-or-pay" contracts and the shipping rates are set by the Federal Energy Regulatory Commission (FERC) to assure reasonable returns on pipeline investments. Higher shipping costs from new pipeline construction can be passed on to consumers. We all end up paying for producers to ship oil to China.
- 3) **Because Canadian producers want to sell oil abroad.** The remaining tar sands producers in Alberta are desperate to find ways to export their products overseas. They want additional pipeline capacity to tap into foreign markets, not to serve Minnesotans.

What are the costs of a new Line 3 to Minnesota's land and water?

The proposed new pipeline would use the power of eminent domain to potentially transport 760,000 barrels of Canadian tar sands oil per day across some of Minnesota's most pristine waters in three different watersheds and numerous tribal communities, be buried in permeable soil and cross precious wild rice lakes and wetlands. Tar sands oil is heavier than other oil. Spilled tar sands oil has never been successfully removed from lakes and streams once it has weathered and sunk.

ⁱ From the Direct Testimony of Kate O'Connell on behalf of the Minnesota Department of Commerce Division of Energy Resources for the Minnesota Public Utilities Commission, September 11, 2017, p. 87.

ⁱⁱ According to the U.S. Energy Information Administration. In 2004, total prime supplier sales volumes averaged 13,076,100 gallons per day. For 2016 that figure was down 19% to 10,581,500 gallons a day. "Prime suppliers" are facilities that sell to retail sales operations and including regional wholesale fuel terminals. The EIA does not measure retail sales in physical volume.

ⁱⁱⁱ "Proterra's Electric Bus Breaks a World Record for Range – 1,100 Miles on a Single Charge," GreenTechMedia.com, 9/20/17.

^{iv} Tesla plans to unveil an electric semi-truck in November 2017.

<https://electrek.co/2017/10/06/tesla-semi-electric-truck-unveiling-nov-16-model-3-puerto-rico-elon-musk/>

^v <http://www.volvocars.com/us/about/drive-e> In the summer of 2017 Volvo announced that "All new Volvo models from 2019 will have an electric motor, marking the historic end of cars that only have an internal combustion engine."

^{vi} A continuation of low oil prices make future tar sands expansions uneconomical and also result in the gradual shutdown of existing tar sands extraction operations. See the Direct Testimony of Lorne Stockman on Behalf of Honor the Earth for the Minnesota Public Utilities Commission, September 11, 2017, p. 5. Also <https://priceofoil.org/2017/06/29/reality-check-the-end-of-growth-in-the-tar-sands-so-now-what/> June 29, 2017.

^{vii} <https://www.fool.com/investing/2017/02/23/suncor-energys-management-has-a-surprising-view-fo.aspx>

^{viii} Data from the Federal Energy Regulatory Commission.

^{ix} See the Direct Testimony of Lorne Stockman, pp. 32-35. Analysis by Paul Blackburn, Staff Attorney, Honor the Earth.

^x U.S. Energy Information Agency at http://www.eia.gov/dnav/pet/pet_move_railna_a_epc0_rail_mdbl_m.htm

^{xi} The pipeline will bring the same amount of oil into the state as it will take out of the state.

^{xii} See the Direct Testimony of Lorne Stockman, pp. 30-31.

^{xiii} According to FactCheck.org, "Canadian tar sands oil "results in 14 - 20% more greenhouse gas emissions than other oil types typically used in the United States." <http://www.factcheck.org/2014/03/pipeline-primer/>

^{xiv} "The Sky's Limit: Why the Paris Climate Goals Require a Managed Decline in Fossil Fuel Production." Oil Change International. Sept. 2016, p. 6.

^{xv} Minnesota Department of Commerce. Final Environmental Impact Statement for the Line 3 Pipeline Project, p. 8-13.

^{xvi} <http://fuelfix.com/blog/2017/04/07/companies-exit-canadian-oil-sands/>

^{xvii} See <http://content.sierraclub.org/coal/environmentallaw/plant-map> for a map detailing the status of these proposed plants.