

Assessing the Economic Impacts of the Keystone XL Pipeline

Woodrow Wilson International Center for Scholars, Canada Institute

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CANADIAN ENERGY RESEARCH INSTITUTE

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CERI study

▶ 25 and 10-year economic forecasts of Staged Oil Sands Development

25 year forecast

Case 1 – Existing pipelines operations

Case 2 – Existing pipelines + TCPL Keystone XL

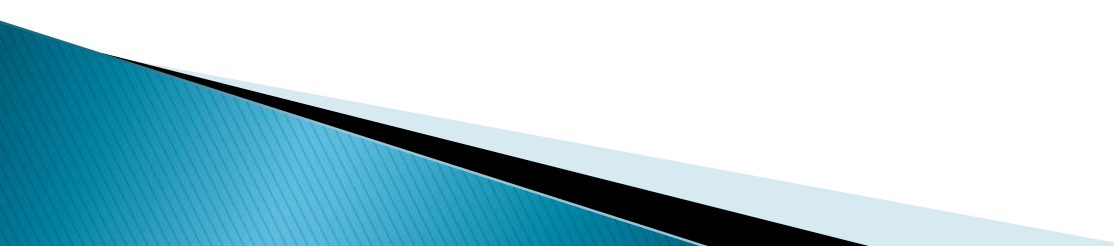
Case 3 – Existing + Keystone XL +
Enbridge Northern Gateway

Case 4 – Announced and Potential Capacity

10 year forecast

Case 1

Case 2



How CERI Gauges Keystone XL Impact in North America

Multiregional I/O model for Canada

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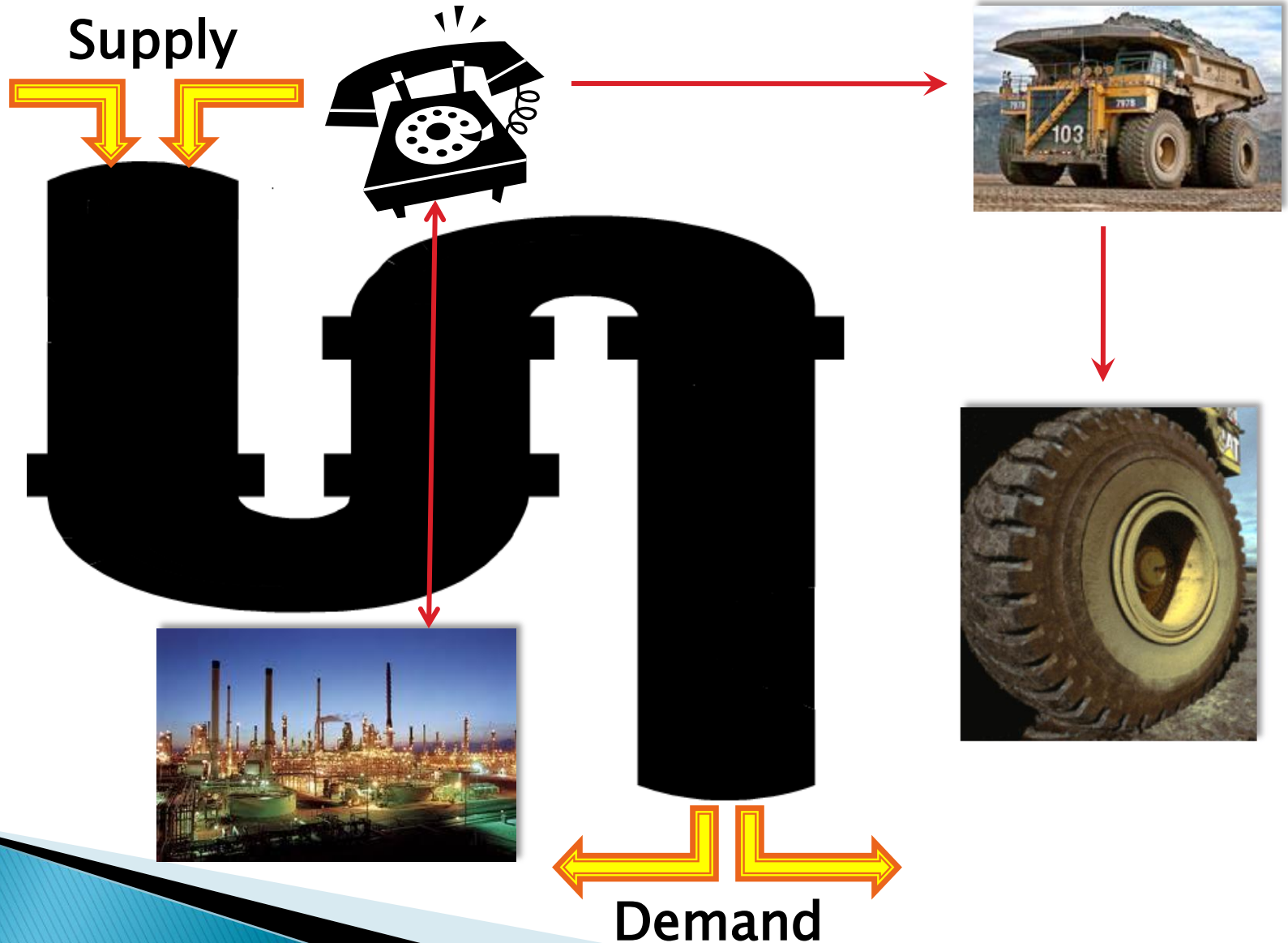
US national Use and Make tables (USBEA)

- ▶ CERI trade flow matrix developed for US – Canada trade pattern. Industry specification the same, so covers trade flows among all sectors
- ▶ Some mapping is specific to the relationship between the countries – e.g. oil sands industry in Canada exports to US Refineries, not US oil sands industry
- ▶ To report US economic impacts at state level, CERI constructed series of disaggregating coefficients – enables illustration of economic impacts of oil sands developments in Canada on each US state economy.
 - Coefficients reflect which states have strongest ties to Canadian energy sector – supply of goods & services from US States to Canadian energy industry & demand for Cdn hydrocarbons by state

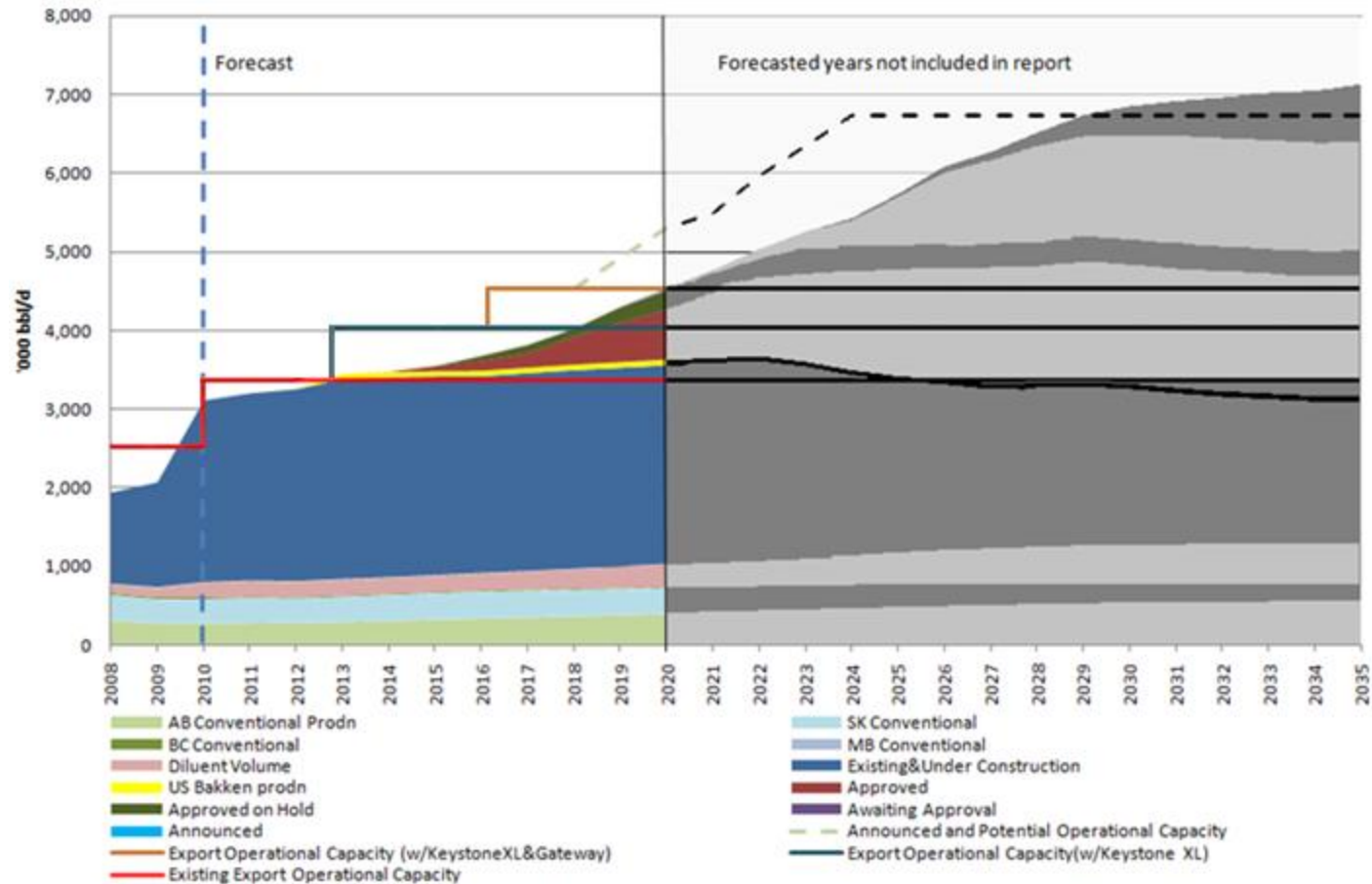
For a technical description of the CERI US–Canada Multi–Regional I/O Model, see Honarvar et al. CERI Report 124 Pp 45–57

<http://www.ceri.ca/images/stories/CERI%20Study%20124.pdf>

Putting it Simply...



Western Canada Pipeline Capacity & Crude Exports

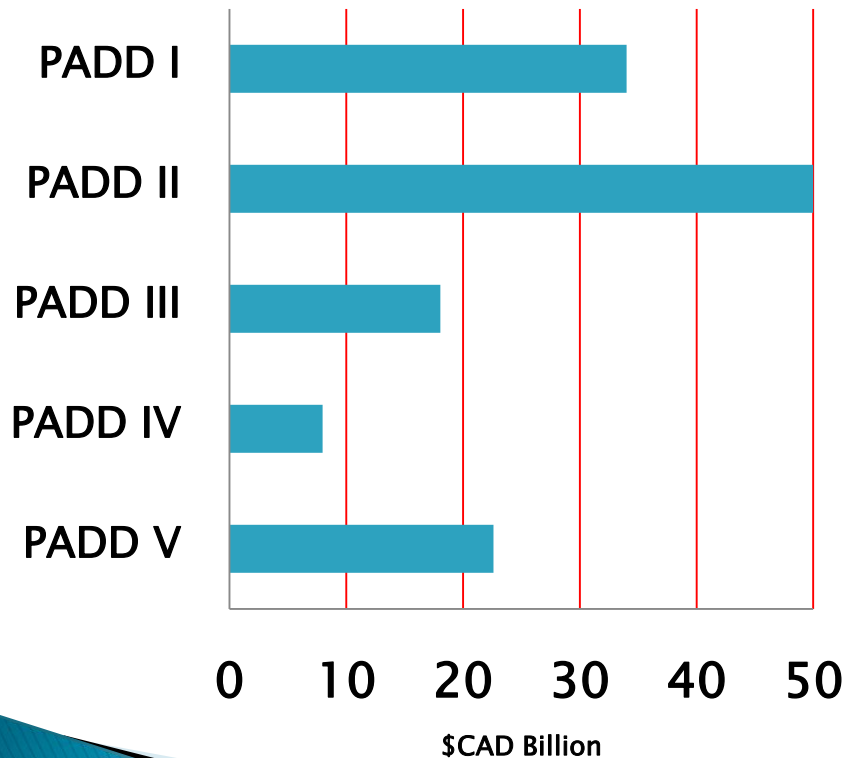


Note(s): 1) Operational Capacity is 90% of total design capacity. 2) The AB and SK conventional volumes are net production volumes available for export (i.e., domestic demand in AB and SK has been subtracted from total production). Similarly, bitumen volumes are net bitumen volumes and SCO.

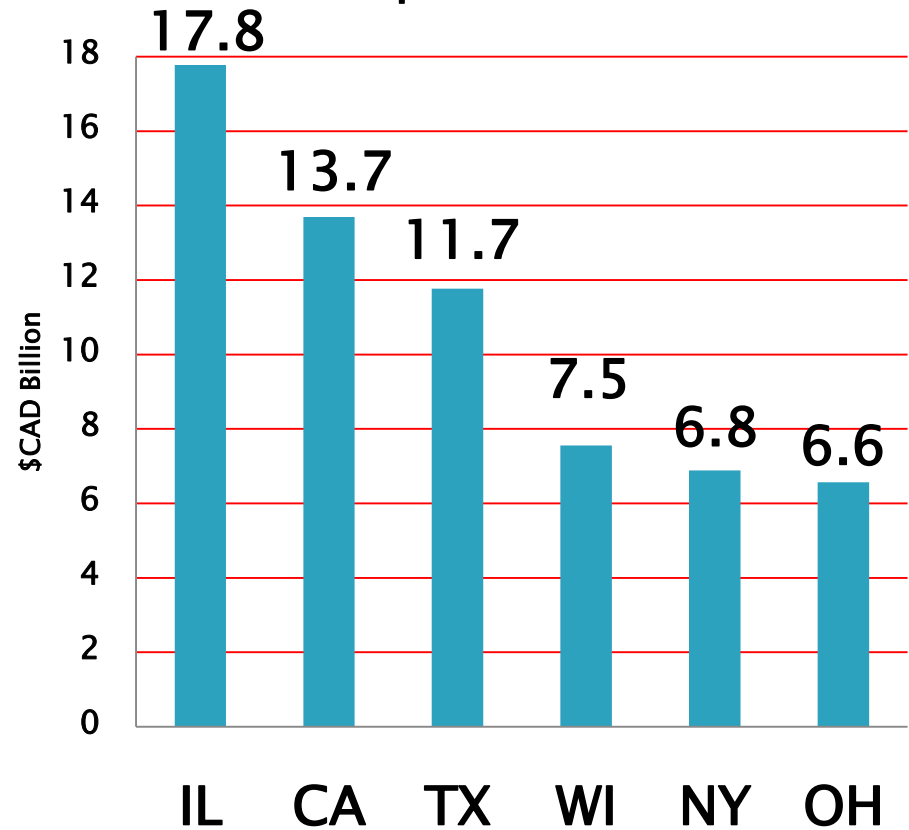
June 22, 2011

US GDP Impact 2010-2020

Total US GDP Impact \$CAD
133.57 billion



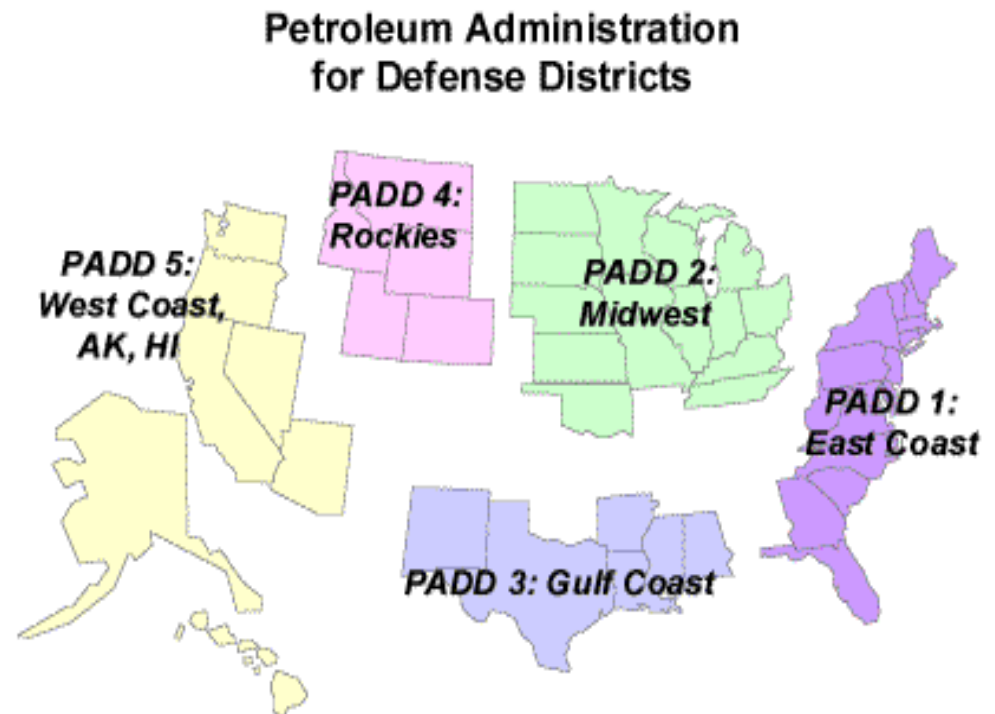
Most Impacted States



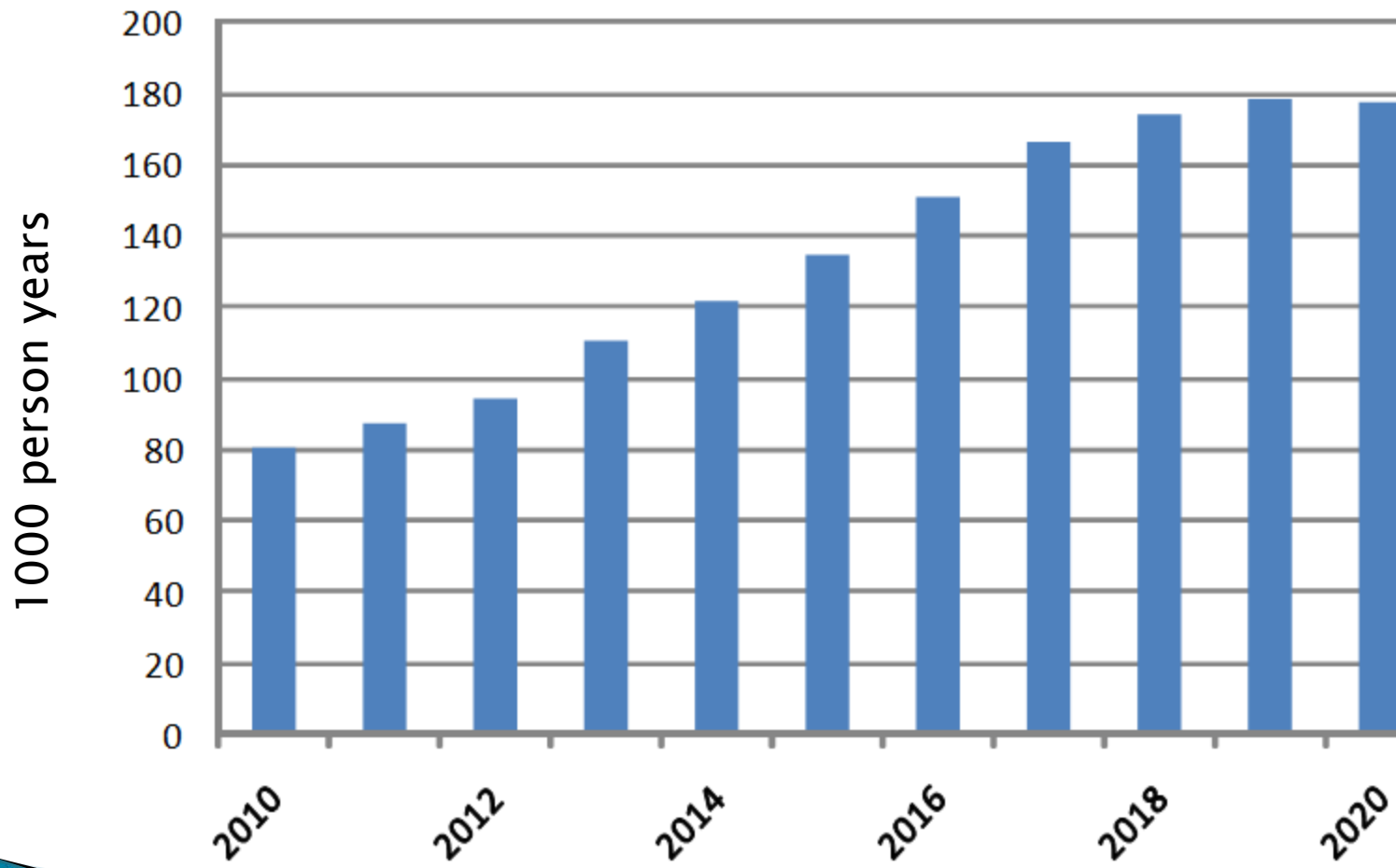
US GDP Foregone if Keystone XL cancelled

\$CAD 46 billion over 10 years

- ▶ 43% lost to PADD II
- ▶ 22% lost to PADD I
- ▶ 16% lost to PADD V
- ▶ 12% lost to PADD III
- ▶ 7% lost to PADD IV



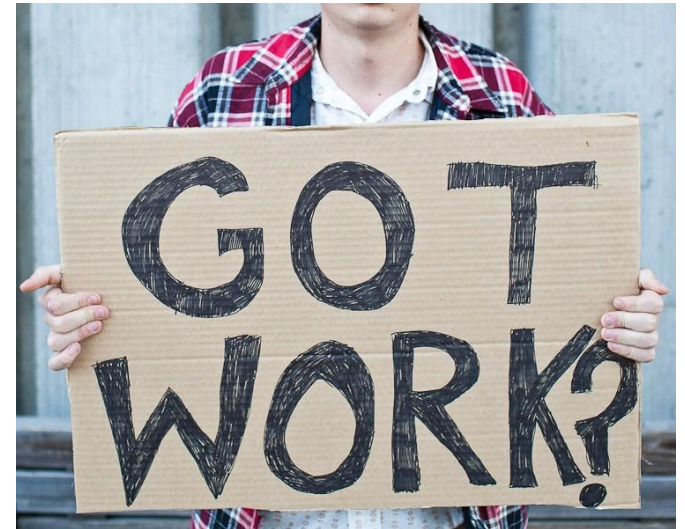
US Employment Impact 2010-2020



US Jobs Foregone if Keystone XL Cancelled

500,000 person years over 10 years

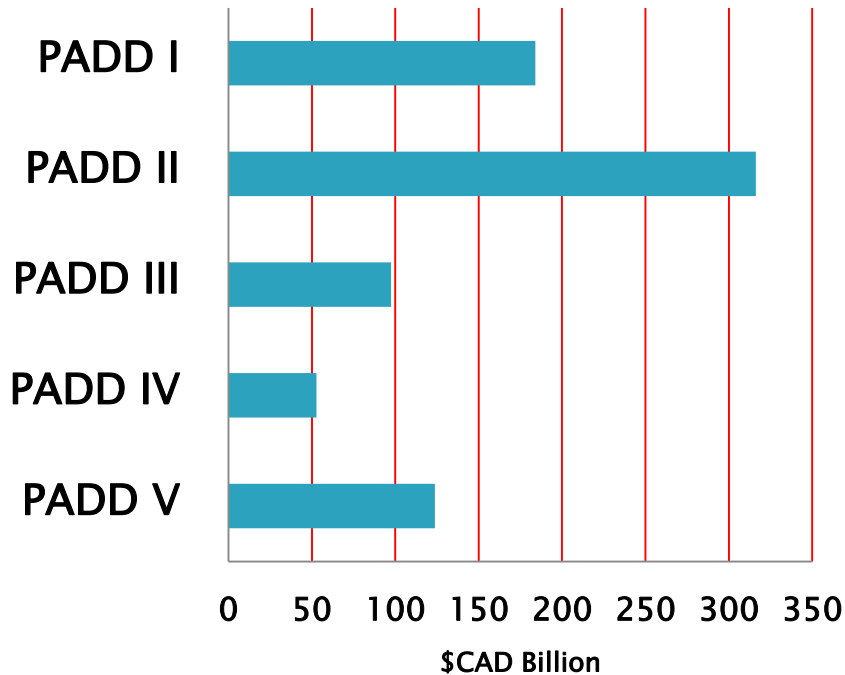
- ▶ 215,000 person years PADD II
- ▶ 115,000 person years PADD I
- ▶ 75,000 person years PADD V
- ▶ 60,000 person years PADD III
- ▶ 30,800 person years PADD IV



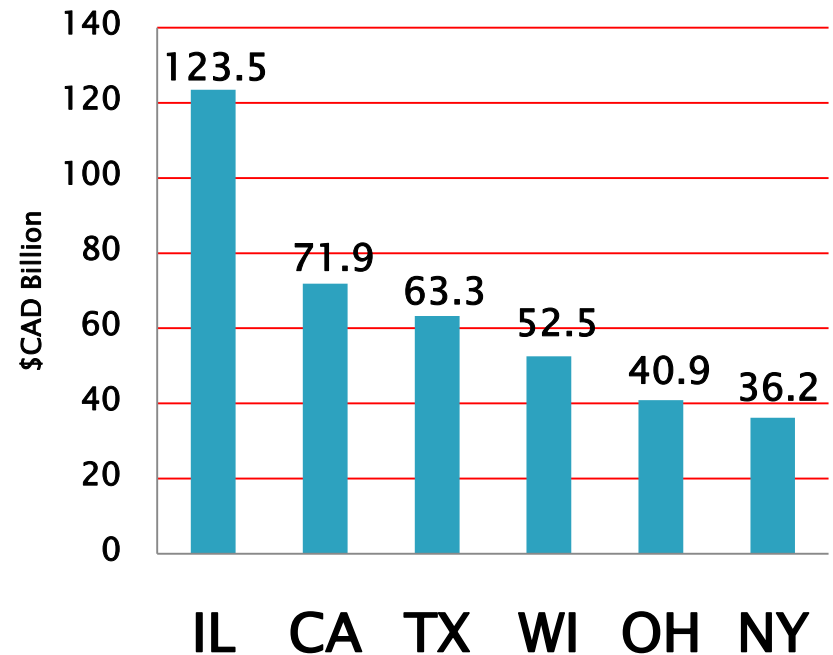
Geoff Lister/ The Ubyssy

Unconstrained Production over 25 Years – US GDP impact

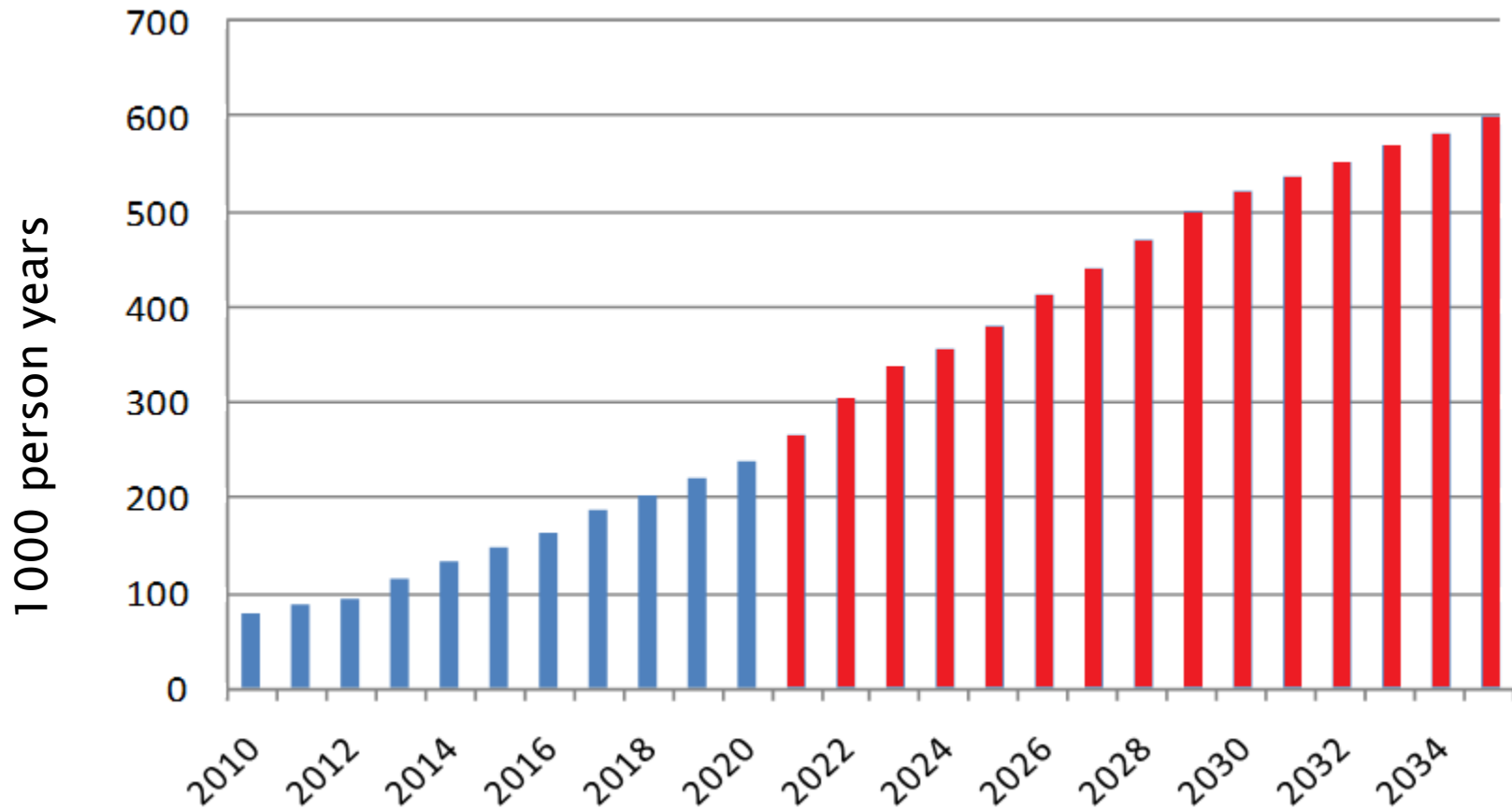
Total US GDP Impact
\$CAD 774 billion



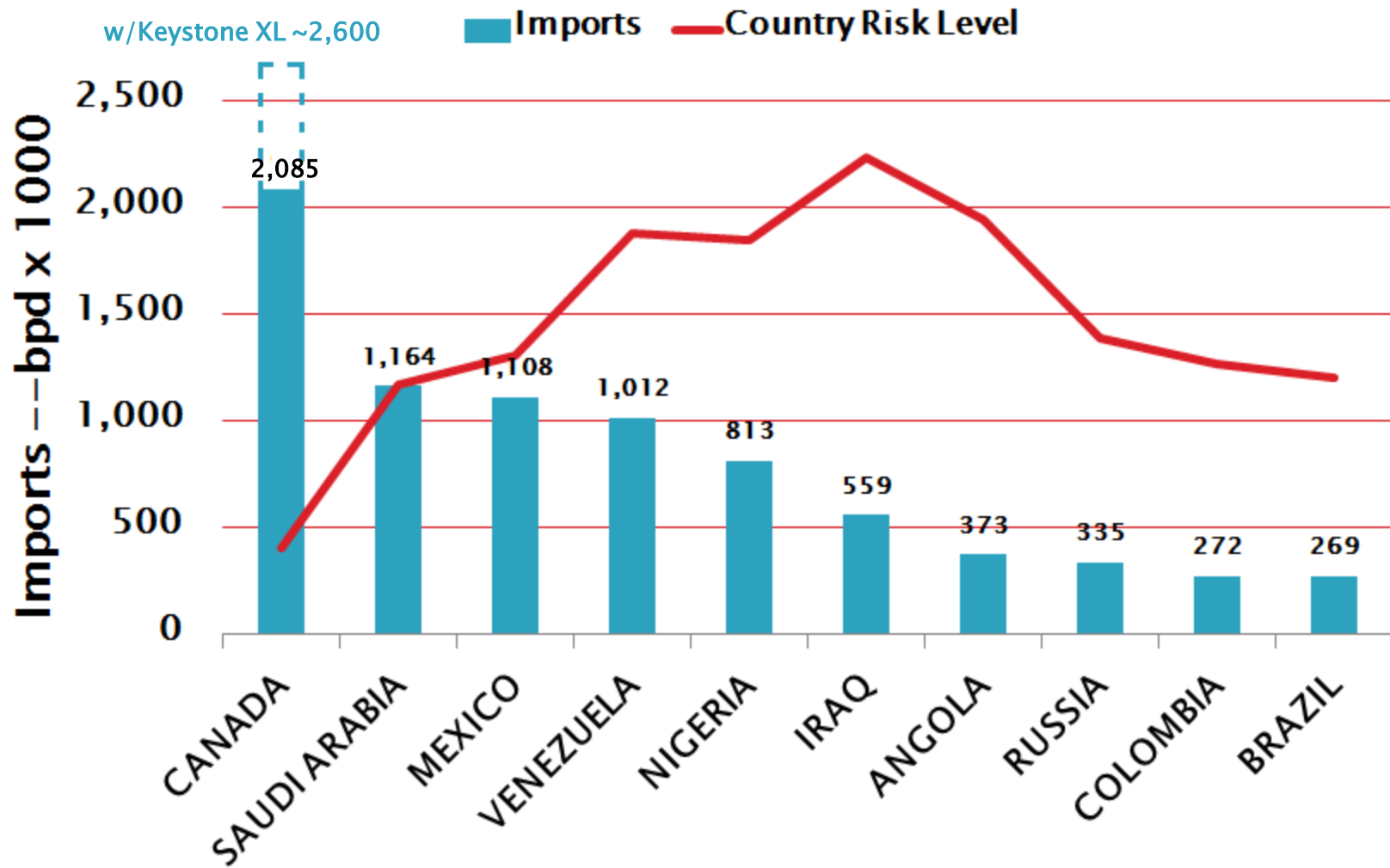
Most Impacted States



Unconstrained Production over 25 years – US Job creation



US Crude Imports/Country Risk 2011



Sources: EIA; Euromoney