

ONE HUNDRED TWELFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
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**Opening Statement of Rep. Henry A. Waxman**  
**Ranking Member, Committee on Energy and Commerce**  
**“The American Energy Initiative - the Discussion Draft of H.R. \_\_\_\_\_, the North American**  
**Made Energy Security Act of 2011”**  
**Subcommittee on Energy and Power**  
**May 23, 2011**

Today we are holding a hearing on legislation to short-circuit an ongoing decision-making process and pressure the Department of State into approving a massive new oil pipeline, called Keystone XL, which would carry a sludge made from tar sands through the middle of America. This project would raise gas prices, endanger water supplies, and increase carbon emissions.

What’s good for oil companies is not always good for America. And that’s especially true of this proposal.

True energy security means reducing our oil dependence and moving to cleaner, safer, domestic energy. That’s not tar sands. Canadian producers must burn vast quantities of natural gas to extract tar sands sludge and then use a lot more energy to process it into something approximating conventional crude. On a lifecycle basis, tar sands may emit almost 40% more carbon pollution than conventional fuel. That’s why this project is such a big step backwards environmentally.

Some will say we have to make trade-offs and sacrifice our air quality for lower gas prices. But with this project, we would be sacrificing our air quality for higher gas prices. And you don’t have to take my word for it – this is what TransCanada told the Canadian government in its official permit application.

TransCanada said that the pipeline will address oversupplies of crude in the Midwest, which produce “price discounting.” Reducing those supplies by moving crude to the Gulf means higher prices for Canadian crude producers and higher gas prices for Midwestern consumers. As a result, TransCanada stated that the pipeline would raise prices for Canadian tar sands by \$2 to \$4 billion in 2013.

In my view, this makes Keystone XL a lose-lose proposition for America.

There is an ongoing process at the State Department for evaluating the pros and cons of the pipeline. That process should be allowed to proceed. But that is not what the legislation we are considering does. It takes the extraordinary step of interfering in the ongoing State Department review. And it pressures the State Department to approve the project on an expedited timeframe.

Congress should not be playing this role. The State Department should evaluate the proposal on its merits, not be ramrodded by Congress into approving a boondoggle for the oil industry.

One question that has arisen about the project is how it would affect Koch Industries, a large privately held oil company run by the Koch brothers. According to press accounts, Koch would be one of the “big winners” if the pipeline is approved.

My staff contacted Koch last week to learn more about its investments in tar sands. Other oil companies, such as Conoco Phillips and Shell, have been willing to discuss their interests in developing tar sands. But Koch refused to answer basic questions. The company’s representatives told my staff that Koch is not an investor in the Keystone XL pipeline and has not taken a public position on the project. But the representatives would not discuss whether Koch would export oil from Canada through the new pipeline, whether Koch holds tar sands leases, or whether Koch has plans to produce oil from tar sands.

These are legitimate questions. Koch is a large political donor and a major backer of the Tea Party. Members and the public are entitled to know whether the company would be a prime beneficiary of this legislation.

Last week, I wrote Chairman Upton and Chairman Whitfield to seek their assistance in getting answers. Today, I learned that they will not make any inquiries. If their objection is that Koch should not be singled out by the Committee, I have no objection to asking other companies about their interests in tar sands. What I do object to is protecting Koch from legitimate scrutiny.

This pipeline, and the legislation that supports it, will enable the oil companies to charge American consumers more for their gasoline, while increasing carbon pollution and endangering precious water supplies. We know who will lose. We also need to find out who will benefit.