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ENERGY

Obama Rejecting Pipeline, Pokes Back At GOP

by Amy Harder

Updated: January 18, 2012 | 6:06 p.m.

January 18, 2012 | 12:56 p.m.



SHANNON RAMOS

Keystone pipeline.

In a decision that quickly re-ignited a fierce energy debate, the Obama administration on Wednesday rejected the controversial Keystone XL pipeline because the 60-day deadline imposed by Republicans did not allow adequate time to review an alternate route through an ecologically sensitive area in Nebraska.

Deputy Secretary of State William Burns made the announcement on President Obama's behalf on the project that would carry oil from Canada's carbon-heavy tar sands to refineries on the Gulf Coast. TransCanada, the company seeking to build the \$7 billion, 1,700-mile pipeline, will be able to reapply with a new route avoiding an ecologically sensitive area of Nebraska, sources told *National Journal*.

Put more simply, the Obama administration hit back at Republicans by saying no because of their forcing him to decide on the project in just 60 days. Republicans in Congress and on the campaign trail promptly painted the decision as a rejection of thousands of American jobs purely for political reasons.

A spokesman for House Speaker **John Boehner**, R-Ohio, decried the news. "President Obama is about to destroy tens of thousands of American jobs and sell American energy security to the Chinese," said Brendan Buck. "The president won't stand up to his political base even to create American jobs. This is not the end of this fight."

Texas Gov. Rick Perry also jumped on it. "The president's focused more on the next election than on the next generation."

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The White House has been trying to thread a needle between two segments of the Democratic base split over the pipeline: labor unions that support the project for the jobs it would bring, and environmentalists who oppose it for the adverse impacts that development of tar-sands oil could have on the environment.

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The administration's decision was not a big surprise. White House spokesman Jay Carney and other senior officials have repeatedly said that the Republicans' 60-day deadline, which was included in the payroll-tax deal Obama signed into law last month, did not give the administration enough time to appropriately review the project plans. The State Department announced last fall that it would postpone a decision on the permit while an alternate route was developed to avoid Nebraska's Ogallala Aquifer, which supplies water to millions of people.

The Keystone XL's Route

The Obama administration wants TransCanada to reroute its proposed Keystone XL pipeline to avoid Nebraska's ecologically-sensitive Sand Hills region.



The timing of the announcement was more surprising, since the administration had until Feb. 21 to decide. But a Wednesday announcement does make some political and economic sense. It allows Obama to go on offense before Thursday's debate between Republican presidential candidates in South Carolina and before his own State of the Union address next Tuesday. It also comes before public anger could grow if gasoline prices continue their upward climb in the weeks ahead.

"This is the last day to own this issue on their terms," said Kevin Book, managing director at ClearView Energy Partners, a Washington-based energy consulting firm. "The

administration gets to explain their choice before it gets explained for them."

Now the administration — and Obama's reelection campaign — will seek to do damage control with Republican attacks. It must also submit within 15 days a report to Congress detailing why it rejected the permit.

But the issue will not be dropped by congressional Republicans. GOP leaders in both chambers are already mulling other legislation that could take the decision on the pipeline completely out of Obama's hands. They have also said any such maneuver could likely be included in the longer term payroll-tax deal Congress has indicated it will pass by the end of February.

POLITICO

Keystone XL rallies left and right

By: [Dan Berman](#)

January 18, 2012 03:48 PM EST

President [Barack Obama's rejection](#) of the [Keystone XL pipeline](#) might prove to be one of his most popular decisions in recent memory: both sides get exactly the fight they want.

For liberals, it's another reminder that this White House isn't abandoning the left.

For Republicans on the Hill and on the campaign trail, the proposed 1,700-mile oil pipeline is an [issue from heaven](#): A Democratic president siding with environmentalists and his base against a project that could create thousands of jobs. And did we mention gas prices are on the rise?

"He's going to get beat up the whole year on this," said Rep. John Shimkus (R-Ill.), chairman of the House Energy and Commerce Committee's subcommittee on environment and the economy.

Shortly after [news of the decision](#) went viral Wednesday, Speaker John Boehner and other GOP congressmen met in the Capitol to begin mapping out their response plan. And their press secretaries got busy sending out statements taking, um, liberal shots at the White House.

"President Obama is about to destroy tens of thousands of American jobs and sell American energy security to the Chinese," said Brendan Buck, a spokesman for Boehner. "The president won't stand up to his political base even to create American jobs. This is not the end of this fight."

GOP presidential front-runner Mitt Romney said, "If Americans want to understand why unemployment in the United States has been stuck above 8 percent for the longest stretch since the Great Depression, decisions like this one are the place to begin."

Keystone XL became a household issue in D.C. during the payroll and budget fights late last year. That's when Republicans forced Obama to speed up his timetable and make a call now, rather than in 2013.

Now that Obama has made his decision — which in effect invites TransCanada to rework the route through Nebraska and try again — the Republicans are ready for bear. The payroll tax extension coming up next month is an obvious target. Some in Congress are also suggesting simply passing a law to override Obama or give control to the quasi-independent FERC, which Republicans view as friendlier to industry.

Already, House Energy and Commerce Committee Chairman Fred Upton said Secretary of State Hillary Clinton has been asked to testify, possibly as early as next week.

"I think Republicans are going to try to make this a live issue all year long and in a lot of ways we'll welcome that," said Sierra Club Executive Director Michael Brune.

"Basically, the Republicans are acting as though Keystone is going to bring down the unemployment rate by 5 percent," said Rep. Peter Welch (D-Vt.). "So it's going to be a political battle that will get played out on the campaign trail and legislatively here in Congress. Obviously, the White House took that into account and is prepared to engage in that battle."

Republican leaders would welcome it too.

"Do they want this to be a continued story all year? I think we win," said Shimkus.

Keystone became a national issue in part because of the efforts of environmentalists like Bill McKibben, who last year led protests at the White House, followed by [threats](#) from campaign bundlers such as Esprit co-founder Susie Tompkins Buell that they would stay away from the president's reelection campaign.

Wednesday's decision is a clear sign to the liberals that the president needs their support. It's also a major rallying cry for the left, along with his recent recess appointments of Richard Cordray to head the Consumer Financial Protection Bureau and three nominees to the National Labor Relations Board.

"The knock on Barack Obama from many quarters has been that he's too conciliatory," McKibben said in a statement Wednesday. "But here, in the face of a naked political threat from Big Oil to exact 'huge political consequences,' he's stood up strong."

In his statement Wednesday afternoon, Obama placed the blame for rejecting the pipeline squarely on House Republicans for inserting a 60-day deadline into the payroll tax legislation at the end of last year.

"This announcement is not a judgment on the merits of the pipeline, but the arbitrary nature of a deadline that prevented the State Department from gathering the information necessary to approve the project and protect the American people," Obama said. "I'm disappointed that Republicans in Congress forced this decision, but it does not change my administration's commitment to American-made energy that creates jobs and reduces our dependence on oil."

The White House also rejects the idea there's any been any politics involved on the administration's side, either now or last year, when the State Department attempted to punt any decision on Keystone until 2013.

"On issues like this there is a nonpolitical, professional process that has been in place, was established long before this administration came to office, and is the proper way to conduct the reviews for applications for permits for these kinds of transnational projects," said White House spokesman Jay Carney at his news briefing early Wednesday afternoon.

Darren Samuelsohn and Bob King contributed to this report.

This article first appeared on [POLITICO Pro](#) at 3:44 p.m. on January 18, 2012.

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Santorum wins Iowa caucus vote count

Obama rejects Keystone pipeline from Canada to Texas

Vid

By Amer Madhani and Susan Davis, USA TODAY

Updated 11h 57m ago

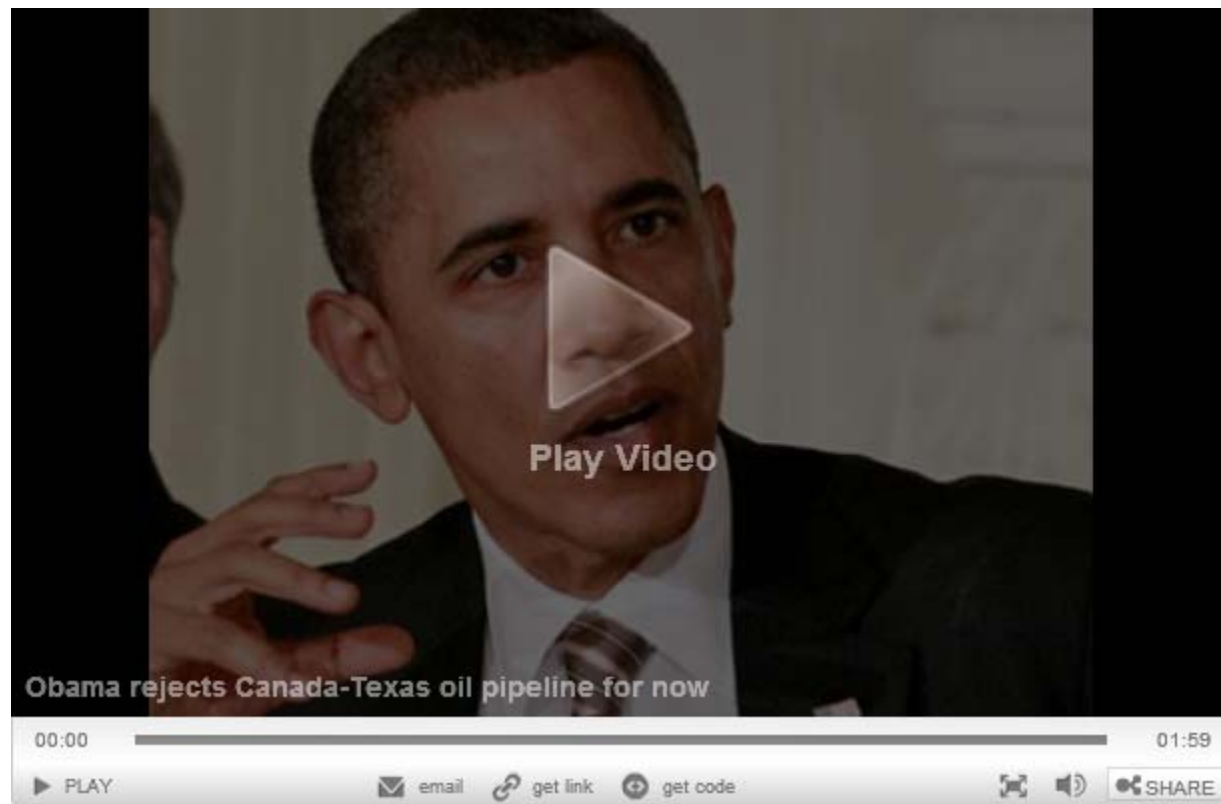
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WASHINGTON – [President Obama](#)'s rejection Wednesday of rapid approval of the [Keystone XL](#) pipeline from Canada to Texas triggered Republican and business

community objections but also signs from Obama and the pipeline company that the issue was far from over.

[Russ Girling](#), president of TransCanada, the pipeline's builder, said the company would reapply for permitting and asked for the application to be processed in time to get the pipeline online by 2014.

Obama said House Republicans forced his decision by including a provision in last month's legislation for a short-term extension to the payroll tax cut that required him to either issue a permit to allow the 1,700-mile pipeline to be built or explain why it was not in the national interest by Feb. 21.

By Chip Somodevilla, Getty Images

President Obama talks to the media after a meeting with Jordan's King Abdullah II on Tuesday.

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"This announcement is not a judgment on the merits of the pipeline, but the arbitrary nature of a deadline that prevented the [State Department](#) from gathering the information necessary to approve the project and protect the American people," Obama said in a statement. "I'm disappointed that Republicans in Congress forced this decision, but it does not change my administration's commitment to American-made energy that creates jobs and reduces our dependence on oil."

Obama said he rejected the permit application now based on the State Department's recommendation, which concluded there wasn't enough time to vet alternate pipeline routes.

Obama was putting politics ahead of jobs and the nation's energy security by rejecting the pipeline now, Republicans and oil industry leaders said. The president faced fierce pressure from environmentalists who said they would be less likely to campaign for him in November if he didn't block the project to move carbon-heavy oil from the tar sands of northwest Canada.

The State Department announced in November that it would explore a new route for the pipeline and pushed a final decision on the controversial project past the 2012 election.

Business leaders and Republicans say approving the project now would create as many as 20,000 jobs for an ailing [U.S.](#) economy and lessen dependence on foreign oil.

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"This political decision offers hard evidence that creating jobs is not a high priority for this administration," said [Tom Donohue](#), the president of the [U.S. Chamber of Commerce](#).

However, TransCanada told the State Department the pipeline would create just 4,650 temporary direct construction jobs for two years, according to a study by the Cornell University Global Labor Institute. Domestic oil production was up in the United States in 2011, while imports of foreign oil are down, according to the [Energy Information Administration](#).

STORY: Oil boomlet sweeps U.S.

Republicans are determined to keep the Keystone pipeline in the national debate. Energy and Commerce Committee Chairman Fred Upton, R-Mich., said he called on Secretary of State Hillary Rodham Clinton to face his panel next week on the decision to reject the permit.

House Speaker John Boehner said Republicans would continue to look for other legislative vehicles for the pipeline in 2012, but with [White House](#) opposition it is unlikely the project will move forward this year, if at all. Still, Republicans made clear that they would make this an election-year issue.

"This is not the end of the fight," Boehner said.

In November, the State Department said it needed time to consider routes that avoided the [Ogallala Aquifer](#), the giant underground body of water that provides Nebraska with much of its water. Elected officials from both parties in Nebraska had expressed concerns a leak in the pipeline could endanger the aquifer.

More recently, Nebraska Republicans, including Sen. [Mike Johanns](#) and Rep. [Lee Terry](#), called for granting the permit for the overall project while a new route was

determined. The administration said no.

"It's important for us to look at the whole pipeline and not to really move forward on such a major infrastructure project that will be a part of the country and landscape for many years

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in pieces like that," said Kerri-Ann Jones, the assistant secretary of State for Oceans and International Environmental and Scientific Affairs.

Obama now has 15 days to tell Congress why Keystone is not in the national interest, according to the legislation.

While Obama will certainly continue to face criticism, environmentalists and many Democrats cheered the decision.

"The knock on [Barack Obama](#) from many quarters has been that he's too conciliatory," said [Bill McKibben](#), who heads the anti-pipeline group 350.com. "But here, in the face of a naked political threat from [Big Oil](#) to exact huge political consequences, he's stood up strong."

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