

Many people who have studied the issue tell me that the Keystone XL issue is mostly symbolic, because the Alberta oil sands are going to be used one way or another. But I'm having some second thoughts because of arguments made ([here](#)) by Berkeley economist [Max Aufhammer](#). He's a pretty hard-headed analyst, not given to flights of environmentalist fancy. Here's the core of his argument:

My calculations suggest that not permitting Keystone XL will result in a binding transport constraint by 2024 at the very latest. If all planned pipeline projects are significantly delayed, not permitting Keystone XL will very likely reduce production in the short run and continue to do so unless additional pipeline capacity comes online, which is less than certain. While this note does not conduct an oil industry wide equilibrium analysis, it suggests that not permitting Keystone XL to proceed will keep at a minimum one billion barrels of heavy crude from Canadian bitumen in the ground by 2030 - in the absence of additional transport or refining projects. As carbon is a stock pollutant as far as human time frames are concerned, not permitting Keystone buys time" for alternative transportation fuels and climate policies to develop. This would allow all transportation fuels to compete on a level playing field.

The key to the analysis seems to be the time factor. If current market and regulatory conditions continue forever, the Alberta oil would presumably all get used even if transportation capacity is limited. But that amounts to an assumption that we'll never do anything about climate change or that renewable energy won't be cost-competitive even with a carbon tax. It's also possible that additional transportation projects beyond those currently under consideration will get launched by 2030. On the other hand, some of the currently planned projects could get stalled or cancelled for a variety of reasons.

A single paper obviously isn't enough basis for a conclusion about an issue of this significance. But Aufhammer's paper is certainly food for thought.

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