



March 24, 2015

VIA E-MAIL ONLY

Mr. Jeff Schimpff (EA/7) – DNROEEAComments@wisconsin.gov
Wisconsin Department of Natural Resources
Box 7921
Madison, WI 53707-7921

RE: Draft Environmental Impact Statement – Enbridge Sandpiper and Line 3 Projects

Dear Mr. Schimpff:

Wisconsin Infrastructure Investment Now, Inc. (WIIN) is a nonprofit organization, and its mission is to educate the public, elected officials and regulators on the societal and economic benefits of the responsible investment in, and expansion of, transportation facilities, renewable and traditional energy projects, mining and other infrastructure projects. WIIN has reviewed the Draft Environmental Impact Statement (Draft EIS) for the Sandpiper Pipeline and Line 3 Replacement Projects (Projects) proposed by Enbridge, Inc., its related entities and its partners (collectively, Enbridge). WIIN appreciates the opportunity to submit comments on the Draft EIS.

WIIN's comments relate primarily to the needs and alternatives portions of the Draft EIS. *See* Draft EIS Chs. 2 and 4. While the Draft EIS is thorough and contains an abundance of supporting references for the conclusions reached in Chapters 2 and 4, as set forth below, WIIN has industry knowledge that further supports the Department's findings in several sections of the Draft EIS.

Draft EIS § 4.1.3

WIIN agrees that trucking crude oil from the Bakken region and/or Canada is not an alternative for the Projects for the reasons set forth in the section. Not identified in the section, however, is data on the current condition of Wisconsin's highway infrastructure. A recent study

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released by the U.S. Department of Transportation found that 71% of Wisconsin's roads are in poor or mediocre condition, and 14% of Wisconsin's bridges are structurally deficient or functionally obsolete.¹

It is also widely acknowledged that neither the federal government nor Wisconsin has identified, much less implemented, a long-term funding solution to replace and repair this aging highway infrastructure.² The Center on Budget and Policy Priorities calculated that there is a **\$1.7 trillion** gap in the 2013-2020 spending needed for road, bridge and transit construction, reconstruction and repair in the U.S.³ State and local spending on infrastructure is in sharp decline despite the precarious condition of much of the existing infrastructure.⁴ Wisconsin experienced the seventh largest drop in capital spending when compared to other states even though, as set forth above, 71% of Wisconsin's roads are in poor or mediocre condition.⁵ A recent analysis by the Wisconsin County Highway Association concluded that a mile of county road constructed today will not be reconstructed for another 196 years, given the average number of reconstructed roads over the last five years.⁶

¹U.S. DOT Road and Bridge Data by State, available at <https://www.transportation.gov/policy-initiatives/grow-america/road-and-bridge-data-state> (last visited March 23, 2016). *See also* Wisconsin Taxpayers Alliance 2015 Report Card, available at <http://cdn.p2a.co/49430/HmTowho4iN1452717209QWEZmeJ2G3> (last visited March 23, 2016) (rating highway condition in Wisconsin a "D"); Center on Budget and Policy Priorities, *It's Time for States to Invest in Infrastructure* (Feb. 23, 2016), available at <http://www.cbpp.org/research/state-budget-and-tax/its-time-for-states-to-invest-in-infrastructure> (last visited March 23, 2016) (noting that American Society of Civil Engineers gave U.S. infrastructure a D+ or "poor" rating). The data with respect to other states through which crude oil would likely travel to reach PADD II refineries if the Projects were not constructed is similarly troubling. For Minnesota, 52% of its roads are in poor or mediocre condition and 11.5% of its bridges are structurally deficient or functionally obsolete. For North Dakota, 44% of its roads are in poor or mediocre condition and 21.8% of its bridges are structurally deficient or functionally obsolete. *See* U.S. DOT Road and Bridge Data by State, available at <https://www.transportation.gov/policy-initiatives/grow-america/road-and-bridge-data-state> (last visited March 23, 2016).

² The Wall Street Journal, *Spending on our crumbling infrastructure* (March 10, 2015), available at <http://www.brookings.edu/research/opinions/2015/03/10-spending-crumbling-infrastructure-wessel?rssid=hutchins+center+fiscal+monetary+policy> (last visited March 23, 2016).

³Center on Budget and Policy Priorities, *It's Time for States to Invest in Infrastructure* (Feb. 23, 2016), available at <http://www.cbpp.org/research/state-budget-and-tax/its-time-for-states-to-invest-in-infrastructure> (last visited March 23, 2016) (Figure 1).

⁴ *Id.* (Figure 4).

⁵ *Id.* (Figure 5).

⁶ *See* WCA and WCHA Respond to Wisconsin Department of Transportation Comments on Statewide Road Conditions (March 17, 2016), available at http://www.thewheelerreport.com/wheeler_docs/files/0317wcha.pdf (last visited March 23, 2016).

Given the troubling data on quality of the existing highway infrastructure and the lack of funding for necessary improvements, WIIN agrees that adding the volume of tanker trucks necessary to replace the Projects is not an alternative that should be further considered by the Department.

Draft EIS § 4.1.4

WIIN agrees that rail transport of crude oil from the Bakken region and/or Canada is not an alternative for the Projects for the reasons set forth in the section. Additionally, the Fraser Institute released a report in August 2015 comparing the relative safety of the transportation of oil and gas by pipelines and rail.⁷ The report concluded that, while both methods of transport are safe, taking into account the amount of oil and gas transported, rail is 4.5 times more likely to experience an occurrence than pipelines.⁸ The report noted that the U.S. State Department reached a similar conclusion with respect to rail transport of crude oil for the Keystone XL pipeline project. Specifically, the U.S. State Department concluded that “moving the oil by non-pipeline means would result in more total releases and barrels released per year, while also emitting more CO² emissions during transport.”⁹

Moreover, it is widely acknowledged that U.S. “rail infrastructure was not built to manage large volumes of crude oil and has a limited amount of specially designed rail trucks.”¹⁰ “If large movements of oil by rail are to continue, major investments in infrastructure need to be made alongside significant strengthening of safety regulations such as those proposed by the Department of Transport in July 2014.”¹¹ Whether and when such substantial infrastructure upgrades and safety regulation changes will be made is unknown.

While rail transport of crude oil is a necessary and critical component for short-term relief for transportation constraints and bottlenecks, interstate transportation by pipeline of the crude oil volumes required by the markets to be served by the Projects has fewer associated environmental, health and incident risks than transportation by rail. As a result, rail transportation is not an alternative for the Projects that should be further considered.

⁷ Fraser Institute, *Safety in the Transportation of Oil and Gas: Pipelines or Rail?* (Aug. 2015), available at <https://www.fraserinstitute.org/sites/default/files/safety-in-the-transportation-of-oil-and-gas-pipelines-or-rail-rev2.pdf> (last visited March 23, 2016).

⁸ *Id.* (pp. 5 & 7 and Table 6).

⁹ *Id.* (p. 8).

¹⁰ International Energy Agency (IEA), *Energy Policies of IEA Countries, The United States 2014 Review*, available at https://www.iea.org/publications/freepublications/publication/USA_2014.pdf (last visited March 23, 2016), Executive Summary, pp. 13 & 185-86.

¹¹ *Id.*, p. 13.

Draft EIS §§ 4.4.1, 4.4.2 and Ch. 2

As indicated in Figure 2-2, Draft EIS § 2.3.2, Wisconsin is in PADD II. PADD II refineries utilize almost exclusively Canadian and U.S. crude oil, whereas other PADDs rely heavily (in some cases almost 50%) on non-Canadian foreign imports. Supply diversity and North American supply sourcing will have a positive economic impact on the U.S. and Wisconsin.¹²

There is a substantial risk that if Bakken and Canadian crude oil cannot be brought to market in PADD II, producers will find alternative markets, including Asian markets, to sell their products.¹³ Lack of available pipeline capacity to safely transport crude oil from the Bakken region, specifically, has been identified as a critical weakness in the U.S. energy policy by the International Energy Agency.¹⁴ Furthermore, lack of energy infrastructure and transportation bottlenecks causes U.S. domestic oil prices to fall below international benchmarks.¹⁵

The Line 3 Replacement Project will not increase the capacity of crude oil pipeline transported from Canada. Instead, it will replace the existing, aging pipeline with a new, safer means of transportation of crude oil to PADD II refineries. The Sandpiper Pipeline will ensure

¹² Wis. Stat. § 1.11(2)(c)6. (Consideration of economic advantages and disadvantages of the Projects is a required aspect of any Wisconsin Environmental Protection Act (WEPA) review).

¹³ See KLJ, Inc., at the request of the North Dakota Legislative Management, *North Dakota Oil and Gas Industry Impacts 2014-2019* (Sept. 2014), available at https://www.researchgate.net/profile/Matt_Burton-Kelly/publication/267749575_Evaluation_of_near-term_%285-year%29_potential_for_carbon_dioxide_enhanced_oil_recovery_in_conventional_oil_fields_in_North_Dakota_In_KLJ_2014_North_Dakota_Oil_and_Gas_Industry_Impacts_Study_2014-2019/links/545904b90cf2bccc4912b30d.pdf (last visited March 23, 2016) (base, validated assumption that Bakken crude most likely to be transported to east and west coast refineries given current transportation options); Northern Gateway, About the Project, available at <http://www.gatewayfacts.ca/About-The-Project/Project-Overview.aspx> (last visited March 23, 2016) (pipeline to provide crude oil producers access to Pacific rim markets being considered by Canada); Pimco, *Energy Face Off: North American Energy Independence vs. Canada's Export Plans* (Dec. 2012), available at <https://canada.pimco.com/EN/Insights/Pages/Energy-Face-Off-North-American-Energy-Independence-vs-Canadas-Export-Plans.aspx> (last visited March 23, 2016) (noting shift in Canadian energy policy with focus on Asian exports).

¹⁴ IEA, *Energy Policies of IEA Countries, The United States 2014 Review*, available at https://www.iea.org/publications/freepublications/publication/USA_2014.pdf (last visited March 23, 2016), Executive Summary, p. 13.

¹⁵ Economic Report of the President (Feb. 2015), available at http://www.presidency.ucsb.edu/economic_reports/2015.pdf (last visited March 23, 2016), Ch. 6, *The Energy Revolution: Economic Benefits and the Foundation for a Low-Carbon Energy Future*, p. 265.

that Bakken crude oil has a reliable means to reach PADD II refineries. Domestic sourcing of crude oil and construction of transportation infrastructure, such as the Projects, improve energy security, lower the U.S. trade deficit, help keep gas prices lower, and create tens of thousands of domestic jobs.¹⁶ In short, the U.S. economy, as a whole, and Wisconsin economy, specifically, are benefitted by the Projects.

WIIN appreciates the opportunity to provide comments on the Draft EIS. If the Department has any questions concerning WIIN's submission, please contact me at your convenience.

Sincerely yours,

/s/ Terry McGowan

Terry McGowan
President

¹⁶ Economic Report of the President (Feb. 2015), available at http://www.presidency.ucsb.edu/economic_reports/2015.pdf (last visited March 23, 2016), Ch. 6, *The Energy Revolution: Economic Benefits and the Foundation for a Low-Carbon Energy Future*, pp. 243-272.