

FINANCIAL POST

Terence Corcoran: TransCanada CEO Russ Girling's heroic battle with Obama

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Keystone is no longer a pipeline, it's a symbol — a green keystone — for president's interventions agenda

A round of applause, please, for Russ Girling. The man is standing up to the most powerful politician in the world fighting a battle to build a pipeline opposed by some of the most influential green political twisters on the planet. Looks like a lose-lose proposition. Nevertheless, and even though we're barely a month into 2015, I hereby propose Mr. Girling as Canada's Outstanding CEO of the Year — even if his Keystone XL pipeline is not approved.

The 2014 award was given Wednesday night to Donald Walker of Magna International at an event in Toronto. Holding on at the auto parts giant in the same boardroom with co-CEO Frank Stronach would have been no picnic — although it might have been compared with Mr. Girling's long struggle with Barack Obama, the U.S. president whose administration has waged a major war against Mr. Girling's company, TransCanada Corp., for more than six years.

Whether shareholders will applaud TransCanada and Mr. Girling in the years to come remains to be seen. But in the annals of Canadian corporate enterprise, no company has been as widely demonized in the United States as TransCanada, its evil doings spread far and wide by movie stars and other fronts for the anti-fossil fuel brigades. And no Canadian CEO has ever had to take on the direct combat role assumed by Mr. Girling, not only against the president but such climate glitterazzi as Leonardo DiCaprio.

On Wednesday, Mr. Girling came out swinging against the U.S. Environmental Protection Agency, the interventionist and some times extreme vehicle through which Mr. Obama drives his anti-carbon policy initiatives. In a letter to the U.S. State Department, Mr. Girling directly targeted the EPA, responding to the agency's recent claims that Keystone's environmental impact has not been fully reviewed and would lead to higher greenhouse gas emissions.

Canada's ambassador to Washington, Gary Doer, accused the EPA of "significant distortion and omission." Mr. Girling, in his letter, used even stronger language. He rejected and attacked the EPA for various claims that he says are "not supported by the facts" and are inaccurate. Specifically, he charges the EPA with "not accurately reflecting" the findings of the State Department's final supplemental environmental impact statement (FSEIS) on Keystone.

It is clear the EPA, under Mr. Obama, is now fishing for fresh anti-Keystone fodder to spread among the activists. The objective is to produce more bureaucratic delay. The agency appears to think it has a new angle in the change in the price of oil, suggesting that the State Department should revise its environmental assessment now that oil is cheaper.

Mr. Girling's answer is to the point. Fluctuations in the price of oil have no significant impact on oilsands development. "When TransCanada applied for approval... in late 2008, the price of oil closed around \$41 per barrel. Today the price is approximately \$50 per barrel and over that period of time the price of oil has ranged between \$110 per barrel and \$39 per barrel. Over that same period of time, Canadian oil sands production has grown from 1.2 million barrels per day to 2.1 million barrels per day, an increase of 0.9 million barrels per day or 1.2 times the capacity of the Project."

Mr. Girling added: "TransCanada rejects the EPA inference that at lower oil prices the Project will increase the rate of oil sands production growth and accompanying greenhouse gas emissions. These conclusions are not supported by the facts outlined in the Final SEIS or actual observations of the marketplace since TransCanada submitted its first application for the Project in 2008."

On other points, Mr. Girling spelled out the environmental benefits of Keystone that the State Department has already identified, including the conclusion that "not building [Keystone] would lead to increased GH emissions ranging from 28 to 42%."

Facts may not matter much to the EPA or Mr. Obama. As everybody knows, Mr. Obama is driving the EPA's green ideological campaign against Keystone for political reasons, not science. As the [Cato Institute's Paul Knappenberger wrote](#), the pipeline is of little real significance to the U.S. economy — or to the environment.

Rather than being a real issue, Keystone is a galvanizing symbol for activists the Obama administration's sweeping interventions in the energy markets and the economy. Keystone is the keystone of the Obama administration's climate policy regime, regardless of any facts. The president needs Keystone to keep the green ball in the air.

By taking on this symbol, and pushing it to the end — the sunk costs now at \$3 billion, he said Wednesday — Mr. Girling deserves the CEO award for corporate bravery in the face of the formidable political opponents.