



Keystone XL's Ship May Have Sailed

Description

[An article](#) appeared in this morning's Wall Street Journal that spins **TransCanada's** (TSX:TRP,NYSE:TRP) much maligned Keystone XL pipeline in a rather negative light, for something other than its potential environmental impact.

It turns out that as we all await the final thumbs-up or thumbs-down from the U.S. State Department, the world is moving on. The WSJ points to three pieces of evidence that indicate the business case for the Keystone XL pipeline may not be as sound as it once was.

These points were:

1. Railways are carrying way more crude oil than they have in the past. The Journal indicates that nearly 200,000 rail cars in Canada carried crude oil in the first 7 months of 2013 – a 20% increase from the year before.
2. The collection of refineries on the U.S. Gulf Coast that at one time were ready to welcome the heavy crude oil from Alberta's oil sands that the Keystone XL pipeline would bring, are now finding other ways to satiate their appetite for unrefined oil. **Valero Energy** ([NYSE:VLO](#)) is cited in the article as a one-time potential client that's now relying more heavily on rail shipments into 3 of its North American refineries.
3. TransCanada's primary Canadian rival, **Enbridge** (TSX:ENB,NYSE:ENB) is investing \$2.4 billion to expand several of its western Canadian pipelines. These pipelines are already in place and therefore not subject to the same regulatory scrutiny as the Keystone XL project. When complete, Enbridge's expansion will allow 1.2 million more barrels/day to flow out of Canada's west, and North Dakota, and into the U.S. Midwest. From there, it can be transported via the Seaway pipeline to the Gulf of Mexico refinery complex. This is a significant bump in capacity as the Keystone XL pipeline is only expected to move 830,000 bbls/day out of western Canada.

Foolish Takeaway

As a Valero spokesman is quoted as saying in the article, "If we just sat around and waited for Washington, we'd never get anything done." Clearly, as Washington stalls on this project, the world is

shifting, to the detriment of TransCanada. One has to think that if a decision out of Washington doesn't come soon, this may become a project that TransCanada will just let die on the vine.

Should the Keystone XL pipeline ever be approved, it's not a stretch to think that oil from Canada could one day make its way to China. But what many don't realize is that Canada is already helping to power China by way of uranium – the key ingredient for nuclear power. That's why The Motley Fool has prepared a Special **FREE** Report that will clue you into the two best uranium companies in Canada. It's called "[Fuel Your Portfolio With This Energetic Commodity](#)," and you can receive a copy at [no charge](#), by simply [clicking here](#)!

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Fool contributor Iain Butler does not own shares in any of the companies mentioned. The Motley Fool does not own shares in any of the companies mentioned.

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