



TransCanada Corporation: 3 Reasons Hillary Clinton Opposes Keystone XL

Description

On Tuesday, Hillary Clinton announced during a town hall meeting in Iowa that she is opposed to the Keystone XL pipeline, which **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) hopes to eventually build.

The development may be surprising to TransCanada and its shareholders, but it shouldn't be. Below are three reasons why.

1. It's no longer needed

TransCanada initially filed its Keystone application seven years ago at a time when oil was trading above US\$100 per barrel. Consumers were feeling the pain at the gas pump, paying nearly US\$4 per gallon. Barack Obama and John McCain were questioned repeatedly on the campaign trail how they would lower gas prices. It seemed like the United States needed Canada's oil more than ever, so TransCanada thought the application process would be a mere formality.

But since then, oil production in the United States has surged, and gasoline price are much lower. Thus, there's much less need for Canadian oil, and this diminishes the economic benefits of the pipeline.

2. The environmental impacts are larger

At the beginning of last year, the environmental impacts of the pipeline seemed minimal, at least according to a report commissioned by the U.S. State Department. As the study argued, the oil sands would be developed with or without the pipeline. This report is still cited by Keystone XL supporters, including TransCanada.

But once again, that report came out with oil prices close to US\$100 per barrel. And that was why the oil sands would be developed either way; the paper argued that these projects would only become marginal when oil fell below US\$70 per barrel.

That is exactly what has happened, and as a result we're seeing spending cuts left and right in the oil

sands. So, by rejecting Keystone, President Obama could make a real dent in oil sands development, which would bolster his climate change agenda.

3. The politics don't work

Polls generally show that most Americans are in favour of Keystone's approval. So, you'd think the politics work in Keystone's favour. But that's not the case at all.

For starters, those opposed to the pipeline have much stronger opinions, and are even willing to organize massive protests to make themselves heard. These opponents are also an important part of the Democrats' base, and include some wealthy donors.

For Mrs. Clinton, the politics are especially unfavourable for Keystone. Her biggest political threat right now is Bernie Sanders, a left-wing U.S. Senator. And if she were to support Keystone, that would give Mr. Sanders—who, of course, is opposed to the pipeline—even more ammunition against her.

Now that Mrs. Clinton has come out against the pipeline, it would be even more surprising for President Obama to grant its approval. So, if you're counting on Keystone getting the green light, you'll almost certainly be disappointed.

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