Tar Sands Exemption from Oil Spill Liability Trust Fund (OSLTF)

	2010	2011	2012	2013	2014	2015	2016	2017	Notes/Sources
I. How much tax does each barrel normally pay into the OSLTF?									
Rate of tax ($/barrel)	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.09	Note 1

II. Are OSLTF balances so high that tar sands would be not need to pay OSLTF fees regardless of their special exemption?

Collection limit ($millions)	2,000	Note 2
Unobligated balance, FY12 ($millions)	130	Note 3

Conclusion: statutory collection cap will not limit the subsidy going to dilbit from being exempted from OSLTF funding.

III. What portion of oil in the Keystone System is exempt from paying the OSLTF tax?

Project mix of flows	% of flows	% of this flow exempt from OSLTF	Note 4
Dilbit	80%	75%	
Syncrude	20%	100%	
Weighted Average exemption		80.0%	

IV. How much exempt oil will the Keystone system carry, and how much taxes will be avoided due to the tar sands exclusion from OSLTF?

	Capacity (Bbls/day)	Est. Exempt Capacity	2010	2011	2012	2013	2014	2015	2016	2017	Total 2010-17	
			$millions									
Keystone Phase 1	435,000	348,000	5.1	10.2	10.2	10.2	10.2	10.2	10.2	11.4	77.5	Commissioning June 2010 (note 5)
Keystone Phase 2 (Cushing Extension)	156,000	124,800	na	na	3.3	3.6	3.6	3.6	3.6	4.1	22.0	Incremental capacity, commissioned February 2011 (note 5)
Keystone XL (phases 3 and 4)	830,000	664,000	na	na	na	na	na	19.4	19.4	21.8	60.6	Incremental capacity, expected commissioning January 2015 (notes 5 and 6)
Total for Keystone system	1,421,000	1,136,800	5.1	10.2	13.5	13.8	13.8	33.2	33.2	37.3	160.1	Total OSTLF subsidies to TransCanada tar sands, post-XL
Current long-term contracted capacity	1,100,000											Note 6

Notes/Sources

(1) Rates per 26 USC 4611. No collections past 31 December 2017 authorized under present law.

(2) Limit based on unobligated balances, per 26 USC 4611(f)(1).

(3) Office of Management and Budget, "Balances for Budget Authority: Budget for Fiscal Year 2012," accessed 16 February 2012.
http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/balances.pdf

(4) The U.S. State Department's Pipeline Temperature Effects Study for Keystone XL states that flows from Canada will be 80/20-dilbit/SCO (page L-2).
http://keystonepipeline-xl.state.gov/documents/organization/182235.pdf
Alberta dilbit is expected to be 25 percent non-exempt diluents, per Dr. Jenny Been, *Comparison of the Corrosivity of Dilbit and Conventional Crude,* analysis prepared for Alberta Innovates Energy and Environment Solutions, September 2011, p. 8.
http://www.ai-ees.ca/media/39178/dilbit-versus-conventional-crude_new_nov28.pdf

(5) TransCanada, "Keystone Pipeline System" brouchure, February 2011, accessed 16 February 2012; since removed.
http://www.transcanada.com/docs/Key_Projects/keystone.pdf
Buddy Ives, "Keystone Pipeline Project Moving Toward Completion," *Pipeline & Gas Journal*, September 2010, accessed April 18, 2012
http://www.pipelineandgasjournal.com/keystone-pipeline-project-moving-toward-completion?page=show
"Keystone's Cushing Extension Begins Deliveries to Oklahoma," *Pipeline & Gas Journal*, February 2011, accessed April 18, 2012

(6) The Houston Exension project, announced in December 2011, boosted XL capacity to 830,000 barrels per day
http://www.transcanada.com/5907.html

Total flows of tar sands oil through US pipelines and the value of the OSLTF exemption.									
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**Total**
Tar Sands Production (bpd)	1,470,000	1,576,000	1,765,000	1,881,000	2,053,000	2,156,000	2,293,000	2,413,000	
Tar Sands moving through US pipelines (bpd)	1,135,920	1,258,049	1,401,395	1,506,125	1,673,983	1,768,345	1,905,273	2,017,979	
OSLTF Exemption	$33,168,856	$36,735,037	$40,920,727	$43,978,861	$48,880,308	$51,635,687	$55,633,972	$66,290,622	$377,244,069
Note 1: Production numbers are raw bitumen so correspond to taxable (exempt) flows.									
Note 2: Tar sands moving through US pipelines includes flows to Ontario via the U.S. based on calculations in the Canadian Consumption sheet.									
Sources									
Canadian Association of Petroleum Producers - Crude Oil: Forecasts, Markets & Pipelines. June 2011									
Canadian National Energy Board Data. See Canadian Consumption tab									

Canadian Refinery Demand for Bitumen and SCO

Growth forecast for Canadian refinery demand for doemstic heavy and light oil

Note that with Canadian conventional oil in decline an increasing proportion of this oil will be derived from tar sands.

Feedstock Sources	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**Growth %**
	Thousands of barrels per day								
Domestic Light	795	798	917	948	950	972	972	991	25
Domestic Heavy	200	197	203	196	242	246	247	248	24
Total	995	995	1,120	1,144	1,192	1,218	1,219	1,239	25

Source: Canadian National Energy Board, *Canada's Energy Future: Energy Supply and Demand Projections to 2035 (Appendices),* "Table A3.3 Refinery Feedstocks and Sources, Canada."
http://www.neb-one.gc.ca/clf-nsi/rnrgynfmtn/nrgyrprt/nrgyftr/2011/nrgsppldmndprjctn2035ppndc-eng.pdf

Forecast figures (f) below based on growth in domestic light and heavy demand as above

Light is a proxy for SCO and Heavy a proxy for Crude Bitumen

Canadian Refinery Bitumen Consumption	**2010**	**2011**	**2012f**	**2013f**	**2014f**	**2015f**	**2016f**	**2017f**
	Barrels per day							
Ontario								
SCO	60,134	68,640	78,867	81,533	81,704	83,592	83,592	85,225
Crude Bitumen Charged	15,328	15,499	15,970	15,419	19,037	19,351	19,428	19,506
Total	75,462	84,139	94,837	96,952	100,741	102,942	103,020	104,731
Alberta								
SCO	310,141	294,835	338,766	350,216	350,952	359,058	359,058	366,074
Crude Bitumen Charged	15,340	14,504	14,945	14,430	17,815	18,109	18,182	18,255
Total	325,481	309,340	353,711	364,646	368,767	377,168	377,240	384,329
British Columbia								
SCO	8,599	8,611	9,894	10,228	10,250	10,487	10,487	10,692
Crude Bitumen Charged	0	0	0	0	0	0	0	0
Total	8,599	8,611	9,894	10,228	10,250	10,487	10,487	10,692
Atlantic Provinces								
SCO	0	0						
Crude Bitumen Charged	0	0						
Quebec								
SCO	0	0						
Crude Bitumen Charged	0	0						
Total Tar Sands not moving through USA (Alberta + BC)	**334,080**	**317,951**	**363,605**	**374,875**	**379,017**	**387,655**	**387,727**	**395,021**

Source: 2010 and 2011 figures from Statistics Canada, *The Supply and Disposition of Refined Petroleum Products in Canada* . February 2010, vol. 67, no. 2.
http://www.statcan.gc.ca/pub/45-004-x/45-004-x2012002-eng.pdf