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ONE HUNDRED NINTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515-6115

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May 17, 2006

**COSPONSOR H.R. 5365 TO ESTABLISH
A STRATEGIC REFINERY RESERVE**

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Dear Colleague:

On May 11, 2006, we introduced legislation to enhance the Nation's refinery capacity by establishing a Federal Strategic Refinery Reserve (SRR). Our legislation builds upon the success of the Strategic Petroleum Reserve (SPR) by taking the commonsense step of establishing a reserve that can produce refined petroleum products. The presence of such a reserve will ensure the availability of emergency refinery capacity.

The SRR is designed to help cushion the shock of extreme supply disruptions that could occur as the result of natural disasters, acts of terrorism, or widespread energy infrastructure problems. Last year's catastrophic experience with Hurricanes Katrina and Rita underscored the Nation's vulnerability to supply disruptions and resulting increases in gasoline prices and also illustrated a potential vulnerability in our current SPR system: if the Nation loses significant refinery capacity, crude released from the SPR cannot be easily converted into refined product. The SRR will enhance the SPR by providing the nation with the ability to produce refined product for the country during extreme situations.

Under our legislation, the Secretary of Energy is directed to establish and operate a strategic refinery reserve. In doing so, the Secretary may design and construct new refineries or acquire and reopen previously closed facilities. The SRR is required to be designed to produce 5 percent of daily demand for gasoline. In determining sites for potential SRR refineries, the Secretary is required to consider several factors including potential impacts on local communities, regional vulnerability to natural disasters or terrorists attacks, and access to energy infrastructure, among other things.

During non-emergency times the SRR could provide refined product to the Federal fleet, including the Department of Defense. This provision provides the following benefits: (1) ensures that the Federal fleet and military needs can be met; (2) lessens startup time for SRR refineries to ramp up to full production during emergencies since they will not be starting cold and (3) lessens demand for refined product in the consumer market, thereby freeing additional supply and hopefully decreasing price pressures.

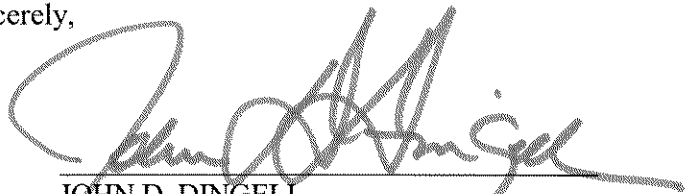
During emergencies the Secretary is authorized to make SRR products available based on two criteria: (1) the same severe supply disruption criteria used to trigger the drawdown of SPR under Section 161 of the Energy Policy and Conservation Act (EPCA); or (2) upon a Presidential determination of a regional petroleum supply shortage.

We urge you to cosponsor our legislation that would ensure additional refinery capacity is available to produce gasoline during times of emergency by building on the existing and successful SPR system. To cosponsor H.R. 5365, or for additional information, please contact Bruce Harris with the Committee on Energy and Commerce Democratic staff at ext. 6-3400 or Laura Vaught with Rep. Boucher's office at ext. 5-3861.

Sincerely,



RICK BOUCHER
RANKING MEMBER
SUBCOMMITTEE ON ENERGY AND
AIR QUALITY



JOHN D. DINGELL
RANKING MEMBER
COMMITTEE ON ENERGY AND
COMMERCE