

## **New Direction on Energy: Record Gas Prices Demand Temporary Suspension of Oil Purchases for the Strategic Petroleum Reserve**

### **Key Points:**

- **The New Direction Congress is fighting to reduce our dependence on foreign oil and bring down record gas prices, and launch a cleaner, smarter energy future for America that lowers costs and creates hundreds of thousands of green jobs.**
- **To combat record gas prices, which today climbed to \$3.72 a gallon, we are taking up legislation to temporarily suspend the fill of the Strategic Petroleum Reserve (SPR) until the end of the year, as President Bush has rejected bipartisan calls to do so voluntarily.**
- **Filling of the SPR takes 70,000 barrels of oil off the market each day and a temporary suspension could reduce gas prices from 5 to 24 cents a gallon, which would be a critical first step for America's families, businesses, and the economy. [EIA, 4/08; Testimony by Philip Verleger, Petroleum Economist, 12/07]**
- **In addition to repeated Democratic calls, 16 Senate Republicans have sent a letter to President Bush calling to halt deposits of oil into the SPR. But to no avail.**
- **The Strategic Petroleum Reserve is roughly 97 percent full – the highest level ever – with enough oil to meet our national security needs. We have more in SPR, than we did in 2006 (702 million barrels vs. 688 million in 2006) when the President deferred deliveries stating, “Our Strategic Reserve is sufficiently large enough to guard against any major supply disruption over the next few months.” [President Bush at the Renewable Fuels Association, 4/25/06] The current inventory exceeds our International Energy Program commitment to maintain at least 90 days of oil stocks in reserve (when you include private and public stocks, as other countries do).**
- **The SPR has been tapped or suspended before by President Bush, President Clinton, and the first President Bush. In 2000, after such action, the price of oil dropped down by one-third – from \$30 to \$20 per barrel.**
- **This is an opportunity for Republicans to side with the American people, over President Bush and the same failed energy policies of drill and veto that have brought us record gas prices.**

Today, the House will take up H.R. 6022, the Strategic Petroleum Reserve Fill Suspension and Consumer Protection Act, sponsored by Reps. Welch, Lampson and Markey. The measure suspends the fill of the Strategic Petroleum Reserve through the end of the year, as long as the price of crude oil remains above \$75 per barrel.

- Last week, President Bush said he doesn't "think it would affect price," but in 2006, as he was about to stop the addition of 1.7 million barrels of royalty-in-kind (RIK) oil to the SPR to combat rising gas prices, President Bush said, "One way to ease price is to increase supply.... I've directed the Department of Energy to defer filling the reserve this summer. ... So by deferring deposits until the fall, we'll leave a little more oil on the market." [President Bush at the Renewable Fuels Association, 4/25/06]
- By law, the Bush Administration has the authority to suspend the fill. The Energy Policy Act of 2005 permanently authorized the SPR and permits fill only if it can be established that adding to the SPR is not placing upward pressure on prices.
- This legislation temporarily suspends the Energy Department's (DOE) ability to directly purchase oil for the SPR or to enter into new contracts to obtain it through the Department of Interior's royalty-in-kind program through the end of the year. To address existing contracts, the legislation gives DOE flexibility to negotiate deferred delivery of oil for the SPR wherever practicable, and requires DOE to take contracted royalty-in-kind oil already on its way to the SPR.
- The bill is supported by the American Truckers Association, Air Transport Association, Public Citizen, Sierra Club and the Center for American Progress.

### **Other Democratic Action on Energy**

- Before Memorial Day, the House will consider additional legislation and take action on gas prices to:
  - ✓ hold OPEC – controlled entities and oil companies accountable for oil price fixing;
  - ✓ invest in renewable energy and efficiency;
  - ✓ boost biofuel production from non-food crops in the Farm Bill; and
  - ✓ continue to conduct oversight on rising gas prices.
- The New Direction Congress enacted the Energy Independence and Security Act in 2007, with provisions to combat oil market manipulation, make cars and trucks more fuel efficient, and promote the use of more affordable American biofuels. The House has also passed legislation to crack down on price gouging, hold OPEC controlled entities accountable for oil price fixing, and repeal subsidies for profit-rich Big Oil so we can invest in a renewable energy future. However, President Bush and most of his Republican allies in Congress have opposed these efforts. Today, American consumers face more pain at the pump -- paying a record \$3.72 a gallon.