



Reed speaks about rising gas prices.

## **Halting Government Purchase of Oil for the Strategic Petroleum Reserve**

With oil and gas prices at record highs, we should not be taking more oil off the market and storing it underground. But while Americans are paying record high gas prices at the pump, the Bush Administration is paying oil companies record high prices to continue placing over 70,000 barrels of oil a day underground in the Strategic Petroleum Reserve (SPR), which is 97 percent full. This doesn't make economic sense for consumers or taxpayers.

Earlier today, I helped pass a bill requiring the Bush Administration to temporarily stop filling the Strategic Petroleum Reserve. This pause will pump more oil into the marketplace and help reduce gas prices nationwide. According to the Department of Energy, the United States already exceeds its International Energy Program commitments to maintain at least 90 days of oil stocks in reserve. Energy officials have stated that by halting purchases for the SPR, the price of gasoline can be reduced by as much as 5 cents per gallon.

## **Closing the Speculation Loophole that is Driving Up Gas Prices**

It is imperative that we crack down on the speculation and manipulation that is pushing energy prices higher. Experts suggest that up to 25% of the cost for petroleum products is a result of speculation and not supply and demand. Senator Carl Levin (D-MI) and I have offered legislation, the Close the Enron Loophole Act, to help prevent price distortions that have led to inflated energy prices. We have also called on President Bush to put together a new federal task force to take a closer look at how the energy commodity markets are being manipulated and ferret out unscrupulous and speculative conduct. The laws of supply and demand result in a market price, but if those principles are being undercut by speculation, then we need to aggressively police that fraud and abuse. With the summer driving season quickly approaching, convening such a task force would not only send a strong signal to speculators, but would also establish a coordinated and timely effort to protect consumers from skyrocketing energy prices.

## **Putting Consumers First and Reinvesting Windfall Profits Back into the U.S. Economy**

Since the start of the Bush Administration, the oil companies have gotten over \$17 billion in tax breaks and the five biggest oil companies have reaped over half a trillion dollars in profit. Record high prices have been a windfall for big oil companies, but they've placed a heavy burden on the average American family. I recently cosponsored the Consumer-First Energy Act, which creates a 25 percent windfall profits tax on energy companies that fail to invest in increased capacity and renewable energy sources. This provision would not apply to the profits of those companies which reinvested in clean, affordable, domestically produced renewable fuels; expand refinery capacity and utilization; or create renewable electricity production. The proceeds of the tax will be invested in consumer price protection, renewable energy development, and energy efficiency technologies through a designated Energy Independence and Security Trust Fund. This legislative effort builds on the bipartisan request that Senator Olympia Snowe (R-ME) and I made

asking big oil companies to reinvest some of their windfall profits back into the American economy and help more families deal with rising energy prices.

## **Increasing Fuel Efficiency Standards and Investing in Renewable Energy**

In an effort to reduce our nation's dependence on foreign oil and support energy efficiency and renewable energy initiatives, I helped pass legislation raising fuel efficiency standards for cars and light trucks to 35 miles per gallon for the first time in thirty-two years. The bipartisan energy bill Congress passed in December also creates incentives for increased efficiency in buildings and homes and improves lighting and appliance efficiency standards. America needs policies that promote renewable energy, energy conservation, and efficiency. We cannot continue relying on unsustainable supplies of foreign oil from unstable regions of the world. Nor can we drill our way to energy independence. Investing in energy efficiency and renewable energy programs can reduce our demand for foreign oil and represents our nation's best means of addressing a secure energy future. We now save more energy each year from energy efficiency than we get from any single energy source, including oil, natural gas, coal, and nuclear power. Increasing our energy efficiency also helps reduce pollution from greenhouse gases that contribute to climate change.

## **Securing Money to Help Low-Income Families Lower Their Energy Bills**

This year, I secured nearly \$18 million in Low Income Home Energy Assistance Program (LIHEAP) funding and an additional \$1.15 million for the Weatherization Assistance Program (WAP) to help Rhode Island families save on their utility bills. WAP helps low-income families, the elderly, and disabled citizens by improving the energy efficiency of their homes. This is a forward-looking program that helps people insulate their homes and allows them to save an average of 31% on their heating bills. The program also makes good environmental sense because it reduces the demand for oil. Since the program began in 1975, WAP has helped save U.S. consumers over 101 million gallons of heating oil. It has also helped weatherize more than 33,000 homes across the state and benefitted over 87,600 Rhode Islanders.

## **Changing Course in Iraq and Standing Up to OPEC**

The Bush Administration's mishandling of the war in Iraq has significantly contributed to a major spike in oil prices. I voted against the war and will continue pressing the Bush Administration to refocus the mission and begin the phased redeployment of U.S. forces from Iraq. We also need to challenge the Organization of the Petroleum Exporting Countries' (OPEC) monopoly over oil prices, which has driven up the cost Americans pay at the pump. The Consumer-First Energy Act I cosponsored allows the U.S. Attorney General to bring enforcement action against any country or any other petroleum product. Enacting this provision will make it clear to nations that participate in the oil cartel that engaging in conduct designed to fix the price of oil is illegal under U.S. law. I have also encouraged President Bush to use his upcoming trip to the Middle East, to convince Saudi Arabia, the most influential member of OPEC and the world's biggest oil producer, to use their spare capacity to pump more oil and help lift the burden on America's economy.