House Republicans' Energy Bill Would Do Nothing to Reduce High Gas Prices

Democrats Offer Effective Plan to Protect Consumers, Lower Prices

THE REPUBLICAN BILL –

- **Does Nothing to Reduce Gas Prices.** The only provision in the bill that purports to deal with high gasoline prices is a rollback of existing Federal Trade Commission (FTC) authority. The bill's so-called price-gouging provision gives the FTC authority to go after price gouging by sellers of gasoline or diesel fuel only in those areas where the natural disaster has occurred, and applies primarily to retail establishments.
- **Limits FTC Penalties for Price Gouging.** For the first time ever, this bill would limit the FTC's ability to calculate civil penalties under the FTC Act. It limits penalties to $11,000 per day, rather than $11,000 per incident per day, as penalties are calculated under current enforcement authority.
- **Is Unlikely to Increase Refining Capacity.** The bill provides a new fast-track authority for permitting refineries that removes court decisions from state or local district courts to the exclusive jurisdiction of the U.S. Court of Appeals for the District of Columbia. However, oil refineries are not being built because the industry has chosen not to build them. From 1975 and 2000, the U.S. Environmental Protection Agency received only one permit request for a new refinery. In fact, the oil industry has closed 30 refineries in the last three decades.
- **Creates a Taxpayer Subsidy for Oil Companies.** The bill provides an open-ended taxpayer subsidy to cover all the costs that an oil company may incur due to a delay in the initial operation of a new or upgraded oil refinery, including delays due to compliance with state or federal laws or regulations. The bill even has a provision requiring litigants, such as states or localities, to pay for an oil company's litigation costs should the company prevail in a lawsuit, but would not provide for the company to pay the opponents of a refinery their costs even if they successfully prove that the refinery siting violates Federal law.

- **Provides a Giveaway of Federal Lands.** The bill would give away Federal lands and closed military bases to oil companies to build refineries, without allowing any public input.
- **Needless Clean Air Rollback.** This bill essentially would repeal the Clean Air Act's New Source Review provisions requiring owners of aging power plants and industrial facilities to modernize pollution controls when they upgrade their facilities and increase emissions. Regardless of one's position on New Source Review, these provisions have nothing to do with reducing gasoline prices.

IN CONTRAST, THE DEMOCRATIC PLAN –

- **Puts Bite in the FTC's Bark.** Democrats would give explicit authority to the FTC to define, for the first time, price gouging and market manipulation, and establishes factors the FTC must use in its determination. The Democratic substitute provides for enhanced penalties equal to three times the amount of unjust profits or up to $3 million. And, it authorizes states to bring civil actions on behalf of their citizens, unless the FTC has already begun enforcement action.
- **Covers Everyone in the Supply Chain and Home Heating Fuels.** While the Republicans' price-gouging measure primarily covers retailers, the Democratic substitute would apply to any entity in the chain of gasoline production or distribution, including refineries. It also covers gasoline, national gas, home heating oil, crude oil, and propane.
- **Establishes a Strategic Refinery Reserve.** The Democratic substitute would increase our nation's refinery capacity by establishing a federal Strategic Refinery Reserve (SRR). The Secretary of Energy would establish refineries with capacity equaling 5 percent of the U.S. demand for gasoline, home heating oil and other refined petroleum products. During times of non-emergency, the SRR would produce gasoline for use by the federal government, including the Department of Defense.