

Fact Sheet: President Bush's Four-Part Plan to Confront High Gasoline Prices

[In Focus: Energy](#)

Today, President Bush Discussed The Four Parts Of His Practical Plan To Confront High Gas Prices. The President's plan includes making sure consumers and taxpayers are treated fairly, promoting greater fuel efficiency, boosting our oil and gasoline supplies, and investing aggressively in alternatives to gasoline, so we can eliminate the root cause of high gas prices by diversifying away from oil in the longer term.

America Is Addicted To Oil, And An Increasing Amount Of The Oil We Need Comes From Foreign Countries. Some of the nations we rely on for oil have unstable governments or agendas hostile to the United States. These countries know we need their oil, and that reduces our influence. We must not allow America to be put at risk by the unfriendly leaders of foreign countries.

It Is Important To Understand Why Gas Prices Are High. The market for oil is global, and America is not the only large consumer. Countries like China and India are consuming more and more oil, so global demand for oil is rising faster than global supply. As a result, oil prices are rising around the world, which leads to higher gas prices in America. America's gasoline demand is projected to increase this summer, and our refining capacity is stretched tight, making it difficult for supply to keep pace with demand. To compound the problem, we are undergoing a rapid change in our fuel mix - a transition from MTBE to ethanol in certain fuel blends, and that transition is temporarily pushing up gas prices even more.

The President's Four-Part Plan To Confront High Gasoline Prices Includes:

1. Ensuring That American Consumers Are Treated Fairly At The Gas Pump.

- **Americans Will Not Accept Fraud Or Manipulation Of The Market, And The President Will Not Tolerate It.** The Federal Trade Commission (FTC) is investigating whether the price of gasoline has been unfairly manipulated since last year's hurricanes. The President is also directing the Department of Justice to work with the FTC and the Department of Energy to conduct inquiries into cheating or illegal manipulation related to current gasoline prices. The FTC and Attorney General are contacting all 50 state attorneys general to offer technical assistance and to urge them to aggressively investigate illegal price manipulation within their jurisdictions.
 - **The President Calls On Congress To Repeal Certain Tax Breaks That Are Unnecessary For Energy Companies.** With oil prices at record levels, energy companies have large cash flows - and energy companies should reinvest their profits into expanding refining capacity, researching alternative energy sources, developing new technologies, and expanding production. Record oil prices and large cash flows also mean that energy companies do not need unnecessary tax breaks like the "geological and geophysical expenditure" depreciation acceleration provision in the Energy Policy Act of 2005. This unnecessary tax break allows energy companies to rapidly depreciate costs related to oil exploration. The President also calls on Congress to repeal the Energy Policy Act provision subsidizing energy companies' research into deepwater drilling. The President is looking forward to Congress taking about \$2 billion of these tax breaks out of the budget over a 10-year period of time.

2. Promoting Greater Fuel Efficiency.

- **The President Calls On Congress To Make All Hybrid And Clean Diesel Vehicles Sold This Year Eligible For Federal Tax Credits.** An immediate way for drivers to get more miles out of each gallon is to choose a highly efficient hybrid or clean diesel vehicle. Hybrid vehicles run on the combination of a traditional engine and an electric battery. These twin sources of power allow hybrid cars and trucks to travel about twice as far on a gallon of fuel as gasoline-only vehicles. Clean diesel vehicles take advantage of advances in diesel technology to run on 30 percent less fuel than gasoline vehicles. More than 200,000 hybrid and clean diesel vehicles were sold in the United States last year - the highest sales in history. The Energy Policy Act President Bush signed into law expanded the tax credit for purchasers of hybrid and clean diesel vehicles to as much as \$3,400, but these tax credits apply to only a limited number of hybrid and clean diesel vehicles for each manufacturer.
- **A Proven Way To Conserve Gasoline Is To Reform Corporate Average Fuel Economy (CAFE) Standards.** The Administration has reformed the way the CAFE program determines standards for light trucks by emphasizing the size of

the vehicle. CAFE standards for light trucks have been increased from 20.7 miles per gallon when the President took office to 24 miles per gallon in 2011. The President's reforms bring CAFE standards for light trucks to the highest level in the history of the program - and they are helping American drivers save money at the pump.

3. Boosting Our Supplies Of Crude Oil And Gasoline.

- **The President Supports Halting Deposits To The Strategic Petroleum Reserve For A Short Period Of Time.** The President has directed the Department of Energy to defer filling the Reserve this summer. Our Strategic Reserve is sufficiently large to guard against any major supply disruption over the next few months. Deferring deposits until the fall will leave a little more oil on the market - and when supplies are tight, every little bit counts.
- **The President Is Directing EPA Administrator Steve Johnson To Use All His Available Authority To Grant Waivers That Would Relieve Critical Fuel Supply Shortages - As He Did After Last Year's Hurricanes.** Under Federal air quality laws, some areas of the country are required to use a fuel blend called reformulated gasoline. This year, we are undergoing a rapid transition in the primary ingredient in reformulated gas - from MTBE to ethanol. State and local officials in the Northeast and in Texas worry that supplies could run low. To ensure that there are not needless restrictions to get gasoline to the pump, the EPA should be able to meet the request of officials seeking to waive local fuel requirements on a temporary basis. If Administrator Johnson finds he needs more authority to relieve the problem, the Administration will work with Congress to obtain the authority he needs.
- **The President Is Also Directing Administrator Johnson To Bring Together Governors To Form A New Task Force To Confront The Larger Problem Of Too Many Localized Fuel Blends (Boutique Fuels).** America's uncoordinated and overly complex set of fuel mixes raises the risk of painful local price increases, even during only minor supply disruptions.
- **The President Calls On Congress To Allow Refiners To Make Minor Modifications To Their Refineries Without Having To Endure Years Of Delays In The Approval Process, And The President Also Calls On Congress To Simplify And Speed Up The Permitting Process For Refinery Construction And Expansion.** The President asks Congress to cut through the red tape and guarantee that refinery construction permits will be processed within a single year. To boost America's gasoline supply on a large scale, we need to expand our oil refining capacity. There has not been a new refinery built in America in 30 years. As a result, America now imports about a million barrels of gasoline every day - that means that about one of every ten gallons of gas Americans get at the pump is refined in a foreign country. Part of the reason for this is that the refinery permitting process in the United States is extremely complicated.
- **Congress Needs To Send The President A Bill This Year Authorizing Arctic National Wildlife Refuge (ANWR) Exploration.** America has the ability to explore for oil in environmentally responsible ways, and we should make use of the ability. The Administration has taken steps to increase access to offshore oil, and Congress should allow environmentally sensitive oil exploration in ANWR.

4. Investing In Alternatives To Oil, So That We Can Dramatically Reduce Our Demand For Gasoline.

- **The President Calls On Congress To Support His Advanced Energy Initiative (AEI).** The AEI is focused on three of the most promising ways to reduce gas consumption: increasing our use of ethanol, improving hybrid vehicles, and developing hydrogen technology. The AEI will strengthen our economy, our energy supply, and our national security.
 - **Renewable Fuels Producers Are Using One Of The World's Oldest Industries - Agriculture - To Power Some Of The World's Newest Technology.** While the price of oil continues to go up, advances in technology are bringing the price of alternative fuels down. Years of investment in fuels like ethanol have put us on the threshold of major breakthroughs. With a bold investment in alternative energy technologies, we can reduce our dependence on foreign oil.
- **Increasing Our Use Of Ethanol.**
 - **Ethanol Has Tremendous Potential For Growth As An Alternative To Gasoline.** Any vehicle on the road can run on a fuel blend that includes 10 percent ethanol. And with minor modifications, cars and trucks can become "flex fuel vehicles" that run on a fuel blend called E85 - a mix of 85 percent ethanol and 15 percent gasoline. About 40 percent of America's gasoline now includes some amount of ethanol - and that number is going to keep growing in the years ahead.
 - **Ethanol Is A Versatile Fuel Delivering A Wide Variety Of Benefits.** Ethanol is good for farmers because it provides a new market for their products. Ethanol is good for rural communities because new biorefinery construction creates jobs and local tax revenue. Ethanol is good for the environment because it burns cleaner than gasoline and produces less air pollution and greenhouse gas emissions. Ethanol is good for drivers because it

replaces gasoline consumption. And ethanol is good for our whole Nation because every time we use homegrown ethanol, we support American farmers and refiners - not foreign oil producers.

- **The Ethanol Industry Is Booming.** Last year, America used a record 4 billion gallons of ethanol - more than double the level when the President took office. There are now 97 ethanol refineries in our country. Nine of those are expanding, and 35 more are under construction.
- **President Bush Has Supported Ethanol More Strongly Than Any President Before Him.** Since the President took office, we have extended the 51-cent-per-gallon tax credit for ethanol suppliers; created a new 10-cent-per-gallon tax credit to provide extra help to small ethanol producers and farmers; provided about \$85 million in loans or grants for ethanol business ventures; and signed into law a Renewable Fuels Standard that will nearly double the amount of ethanol in our fuel supply over the next six years.
- **Promoting Other Alternatives To Regular Gasoline.**
 - **Researchers Are Pioneering Ways To Make A New Form Of "Cellulosic Ethanol" From Natural Materials Like Wood Chips, Stalks, And Switch Grass.** The President has proposed \$150 million in next year's budget for research into advanced forms of ethanol - a 65-percent increase over current levels. Our goal is to make cellulosic ethanol affordable within six years - and allow millions more drivers to put ethanol in the tank.
 - **Biodiesel Fuel Can Substitute For Regular Diesel In Cars, Trucks, Buses, And Farm Equipment.** Like ethanol, biodiesel is renewable, fully domestic, and a good way to support farmers and the rural economy. The President signed into law the first-ever Federal tax credit for biodiesel producers. Biodiesel refiners now receive 50 cents for every gallon of biodiesel they blend.
 - **Engineers Are Designing A New Type Of "Plug-In Hybrid" That Can Be Recharged Through A Standard Electrical Outlet.** These hybrids will have fully charged batteries as soon as you start the car, which will allow them to travel much farther on electricity alone. Plug-in hybrids could make it possible to drive 40 miles on electricity alone - and that means millions of Americans could make their daily commute without a drop of gasoline. The President's budget for next year provides \$31 million to speed up research into advanced battery technologies - a 27-percent increase over current levels.

Since 2003, The Administration Has Made Hydrogen And Fuel Cell Technology A High Priority. When hydrogen is used in a device called a fuel cell, it can deliver enough electricity to power a car that emits pure water instead of exhaust fumes. The Administration has dedicated \$1.2 billion over five years to the research and development needed to get hydrogen cars into the showroom.

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