

Office of U.S. Congressman David Cicilline

For Immediate Release

Thursday, June 23, 2011

Contact: Jessica Kershaw

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CICILLINE APPLAUDS RELEASE OF STRATEGIC PETROLEUM RESERVE

WASHINGTON, DC – Upon the President’s announcement today to release 30 million barrels of oil from the Strategic Petroleum Reserve, U.S. Congressman David Cicilline (D-RI), who has been calling on the President and Administration for months to take such an action, released the following statement:

“I applaud the President and the Department of Energy for taking action to provide relief at the gas pump for Rhode Island consumers, particularly as we work to sustain our economic recovery. The release from the Strategic Petroleum Reserve, which I have been encouraging for several months, is a responsible and effective step to combat price spikes in fuel as we enter the summer months.

“While this is an important short-term action, we must not lose site of the need for long-term energy policies that close tax loopholes for Big Oil companies, protect consumers from Wall Street speculators, and make the necessary investments in clean-energy technology that will once and for all end our dependence on foreign oil.”

Earlier this year, citing the rising cost of gasoline and unrest in the Middle East, Congressman Cicilline joined with sixteen of his colleagues in the House of Representatives in urging the President to consider a release from the Strategic Petroleum Reserve (SPR). In May, as a result of the same concerns, Cicilline co-sponsored legislation directing the Department of Energy to release at least 30 million barrels of oil from the SPR – with the aim of lowering gas prices and sustaining the economic recovery. Today, Cicilline praised the Administration for their decision to release 30 million barrels of oil from the petroleum reserve.

BACKGROUND:

[Department of Energy to Release Oil from Strategic Petroleum Reserve](#)

[Letter to President – Release SPR – April 12, 2011](#)

[H.R. 1017 - Enhanced SPR Act](#)

[Letter to Leadership – Gas Prices & Release SPR – May 3, 2011](#)

Congress of the United States
Washington, DC 20515

April 12, 2011

The Honorable Barack Obama
President
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Obama:

This month, oil prices have spiked over \$108 per barrel on the New York Mercantile Exchange as unrest in the Mideast has intensified. This price spike is now directly impacting American consumers, with gasoline prices rising 20 cents in just the past two weeks. Markets are incorporating the increased risk of a prolonged conflict in Libya disrupting two percent of global supply for a sustained period as well as spreading regional tension bringing more supplies into question. While the current supply disruptions highlight the need to strengthen our energy independence over the long-term by developing alternatives to oil, we encourage you to consider utilizing the Strategic Petroleum Reserve (SPR) now -- the only tool we possess which can counter supply disruptions and combat crippling price spikes in the short term.

While Saudi Arabia and other OPEC members with available spare production capacity have pledged to raise production for lost Libyan crude, they also profit from oil price spikes and therefore have little incentive to quickly respond with the increased supply needed to calm markets. However, one tool that the United States has at its disposal to protect against the threat of supply disruptions and related speculation in the oil markets is the Strategic Petroleum Reserve. As we approach the summer driving season, we must carefully consider our only immediate option to mitigate the runaway increase in prices that we saw in the summer of 2008. We therefore urge you to consider leveraging the SPR to respond to supply disruptions and combat the rapid price escalations resulting from rampant fear and speculation in the oil markets.

Releasing oil from the SPR has a proven record of driving down prices. When President George H. W. Bush deployed oil from the SPR in 1991, oil prices immediately dropped by more than 33 percent. When President Clinton conducted a timed exchange of oil from the SPR in 2000, it again drove prices down by nearly 19 percent. And when President Bush released oil from the reserve in 2005 following Hurricane Katrina, oil prices fell by more than 9 percent.

Even before this recent spike in oil prices, the Department of Energy was forecasting high gas prices this summer. Earlier this month, the Energy Information Administration (EIA) projected that the nationwide average for regular gasoline would be \$3.20 per gallon during the summer driving season, with a 10 percent chance that prices would exceed \$4.00 per gallon. In addition, consumers are already facing substantially higher home heating costs this winter. Consumers heating with home heating oil are projected to spend more than 23 percent more this winter. Average expenditures on propane are projected to be more than 9 percent more.

Right now, the Strategic Petroleum Reserve holds 727 million barrels and is filled to capacity. Releasing even a small fraction of that oil could have a significant impact on speculation in the marketplace and on prices. It would also remind the world that the U.S. is ready, willing and able to use the SPR aggressively and effectively if needed. The FY2012 budget request already proposes a "\$500 million non-emergency sale of SPR oil." On March 6, 2011, White House Chief of Staff William Daley stated on *Meet the Press* that "the issue of the reserves is one we're considering." We applaud the fact that your Administration is considering utilizing this tool and we encourage you to do so.

One issue deserving further examination would be whether the United States should deploy oil from the SPR now and replace it with refined petroleum product, such as gasoline and diesel fuel, in the longer term. Replacing a small percentage of the oil in the SPR with refined product would not only put downward pressure on prices in the short term but could also protect more adequately against future disruptions in domestic refining capacity or supply disruptions of heavy crude from countries like Venezuela. We therefore encourage you to analyze the impacts of a swap of oil in the SPR for refined product.

American consumers are already suffering from high energy prices and the effects of the economic downturn. In the long term, we need to develop clean energy alternatives that can reduce our dependence on oil and insulate us from supply shocks. Clean energy, fuel economy and innovation are American made solutions that will end our dangerous reliance on foreign oil and OPEC. However, in the short term, considering releasing oil from the SPR as we approach the summer driving season could help prevent oil prices from escalating as they did in 2008.

Thank you for your consideration of this request.

Sincerely,


REP. EDWARD J. MARKEY


REP. ROSA DELAURO


REP. PETER WELCH

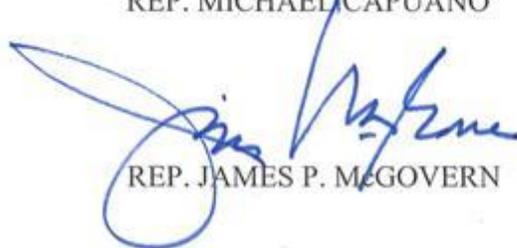

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May 3, 2011

The Honorable John A. Boehner
Speaker, House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader, House of Representatives
H-204, The Capitol
Washington, DC 20515

Dear Speaker Boehner and Leader Pelosi,

Over the past several weeks, the price of gas in Rhode Island has been steadily increasing, much like gas prices all across the country. And just last week, according to the Rhode Island Office of Energy Resources, the average price for a gallon of regular unleaded gasoline surpassed the \$4.00 mark. This news underscores the concerns voiced by hundreds of men, women, and families throughout Rhode Island – they can no longer afford the price of gasoline and urgent help is needed.

For a state that continues to struggle with high unemployment and the enduring impact of the Great Recession, the steadily rising cost of gasoline places many hard working families in financial peril. Until our nation makes the necessary and sustained investments in clean-energy technology that will once and for all end our dependence on foreign energy imports and big oil, we will continue to be held at the mercy of Wall Street speculators artificially driving up fuel prices. However, in order to protect the mobility of workers and goods that bolster our economic recovery, Congress must act now to rein in the costs of gasoline in the near-term.

I am encouraged by recent indications that Congress may finally act to close tax loopholes for the oil companies enjoying record profits while consumers are left to feel the pain at the pump. However, more immediate action is needed to help the many Rhode Islanders and Americans who cannot afford another financial burden during these challenging times.

There are two measures that have been introduced in the House of Representatives, which I have co-sponsored, that will provide the immediate relief Americans need and deserve now. H.R. 1017, the Enhanced Strategic Petroleum Reserve (SPR) Act, introduced by Ranking Member Markey would, in part, direct the Department of Energy to release at least 30 million barrels of oil from the SPR in order to provide immediate, short term relief from the rising cost of gasoline. In addition, H.R. 964, the Federal Price Gouging Prevention Act, introduced by Representative Timothy Bishop, would prevent oil companies from taking unfair advantage of anomalies in the market by imposing excessive price increases.

These are just two of a number of measures that have been introduced in the House of Representatives to provide immediate relief to consumers from the rising price of gasoline that threatens our economy and the well-being of hard-working, middle class Americans throughout the country. I strongly urge you to take all necessary action to ensure that these urgent measures are brought to a vote in the House. This body will soon have before it three measures to promote offshore drilling, which experts indicate will have no immediate or near-term impact on the price of gas at the pump. It should instead be a priority of Congress to enact common sense consumer safeguards and price relief now.

I thank you for your immediate attention to this matter of utmost importance to our economy and millions of hard-working Americans.

Warm Regards,

A handwritten signature in black ink that reads "David N. Cicilline". The signature is written in a cursive, flowing style.

David N. Cicilline
Member of Congress