

# PRESS UPDATE

U.S. Senate Committee on

**ENVIRONMENT &  
PUBLIC WORKS**



Minority Press Update



## THE GAS PETROLEUM REFINER IMPROVEMENT & COMMUNITY EMPOWERMENT ACT OF 2007 (GAS PRICE ACT)

### HISTORY OF THE GAS PRICE ACT

- As Chairman in 2004, Sen. Inhofe held the first in a series of hearings highlighting that environmental regulations impact energy security, and specifically refining. At that hearing *three years ago*, [Senator Inhofe stated](#):

**“In this constrained market, we must consider the environmental and the economic. More stringent environmental regulations mean that refiners must make environmental upgrades rather than increase capacity to meet consumer demand. But you don’t just have to take my word for it - the Energy Information Administration concluded that tighter product specifications will result in: Increased likelihood of outages; diminished yields of prime fuels; and additional investment hurdles for small refiners.”**

- On May 20, 2005, As Federal Reserve Board Chairman Alan Greenspan stated:

**“Besides feared shortfalls in crude oil capacity, the status of world refining capacity has become worrisome as well. Of special concern is the need to add adequate coking and desulphurization capacity to convert the average gravity and sulphur content of much of the world’s crude oil to the lighter and sweeter needs of product markets, which are increasingly dominated by transportation fuels that must meet ever-more stringent environmental requirements.”**

- Last Congress, Sen. Inhofe [introduced a bill](#) to improve and streamline the permitting process for refineries.
- Democrats [voted down](#) the bill in Committee – their only [alternative](#) was a bill to require the EPA to design, site, and operate refineries.
- Democrats answer to the lack of domestic refining capacity and energy security – anti-market price gouging proposals and higher taxes on US companies. According to Deutsche Bank energy experts Paul Sankey and Rich Volina who [testified May 15, 2007 before the Senate Energy Committee](#):

**“Anybody who blames record high US gasoline prices on “gouging” at the pump simply reveals their total ignorance of global supply and demand fundamentals.”**

## **TITLE I – DOMESTIC FUELS FACILITY PERMITTING PROCESS**

Provides certainty for industry and the public for the construction of new or expansion of existing refineries, coal-to-liquids refineries, and cellulosic ethanol refineries while preserving States' rights by:

- Establishing an opt-in program for state governors requiring the Environmental Protection Agency (EPA) to coordinate all necessary permits for construction or expansion of refineries;
- Providing participating states with technical and financial resources to assist in permitting;
- Establishes deadlines for permit approval.

## **TITLE II - FUTURE FUELS (COAL-TO-LIQUIDS)**

- Requires the EPA to establish a demonstration to assess the use of Fischer-Tropsch (FT) diesel and jet fuel as an emission control strategy. Initial tests have found that FT diesel emits 25% less NOX, nearly 20% less PM10, and approximately 90% less SOX than low sulfur petroleum diesel.

## **TITLE III – DOMESTIC COAL-TO-LIQUID FUEL AND CELLULOSIC BIOMASS ETHANOL**

Provides, through the Economic Development Administration (EDA), three incentives to building coal-to-liquid refineries and commercial scale cellulosic ethanol refineries at Base Closure and Realignment Commission (BRAC) sites and Indian Land:

1. Makes refinery projects within the Defense Economic Adjustment account a priority;
2. Provides a standard federal share of 80 percent (rather than a sliding scale of 50-80 percent) for refinery projects at BRAC sites; and
3. Provides an automatic 10 percent bonus to recipients locating a refinery at a BRAC site. The recipients are given maximum flexibility in using this bonus for economic development purposes.

The Economic Development Administration is the civilian agency that assists BRAC communities who are transitioning to private use. Because refineries provide numerous high paying jobs that benefit the local communities while producing fuels that are in the national interest, the EDA should assist affected communities who consider new refineries.

## **TITLE IV – ALTERNATIVE HYDROCARBON AND RENEWABLE RESERVE CLASSIFICATION SYSTEM**

Requires an assessment of domestic alternative hydrocarbon (such as oil shale, tar sands) and renewable reserves (biomass cellulosic ethanol feedstocks) so that the public and energy companies have a realistic understanding of total US reserves.

One of the incentives for oil companies to invest in exploration is that their stock prices are affected by their declared proved reserves. Creating a definition of renewable reserves would create a similar incentive for them to invest in cellulosic biofuels.

The current system does not consider unconventional sources of oil.

## ADDITIONAL RESOURCES

### EPW COMMITTEE HEARINGS:

- **10/18/2005 – LEGISLATIVE HEARING ON THE GAS PRICE ACT**  
[http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord\\_id=87DE91CE-E541-4B02-B24B-239E3B95603D](http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=87DE91CE-E541-4B02-B24B-239E3B95603D)
- **5/25/05 – OVERSIGHT HEARING TO REVIEW THE PERMITTING OF ENERGY PROJECTS**  
[http://epw.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing\\_ID=73AE41F4-2CA5-48AA-BDFD-0A576252A530](http://epw.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=73AE41F4-2CA5-48AA-BDFD-0A576252A530)
- **5/12/04 – OVERSIGHT HEARING ON ENVIRONMENTAL REGULATIONS IN OIL REFINING**  
[http://epw.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing\\_ID=889C9CC9-CC6D-4B8B-9B27-4AD098F9D7E4FirefoxHTML\Shell\Open\Command](http://epw.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=889C9CC9-CC6D-4B8B-9B27-4AD098F9D7E4FirefoxHTML\Shell\Open\Command)

### PRESS RELEASES

#### **SENATE DEMOCRATS MISUNDERSTAND, CRITICIZE EDA PROCESS**

[http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord\\_id=44F05518-8BA7-4AA9-8581-54660F84990A](http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=44F05518-8BA7-4AA9-8581-54660F84990A)

#### **COMMITTEE MINORITY REJECTS SENSIBLE APPROACH TO EXPAND REFINERY CAPACITY AND LOWER GAS PRICES**

[http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord\\_id=6FCC14C8-ABB9-49B1-8D34-426FFD977D9B](http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=6FCC14C8-ABB9-49B1-8D34-426FFD977D9B)

#### **INHOFE DISMISSES MINORITY'S EFFORT TO SOCIALIZE GAS PRODUCTION**

[http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord\\_id=7B53097E-1145-4B8B-9DD5-62E733D61090](http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=7B53097E-1145-4B8B-9DD5-62E733D61090)

#### **OPENING STATEMENT BY CHAIRMAN INHOFE MARK-UP OF S. 1772**

[http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord\\_id=87DE91CE-E541-4B02-B24B-239E3B95603D](http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.PressReleases&ContentRecord_id=87DE91CE-E541-4B02-B24B-239E3B95603D)

### ADDITIONAL PRESS INFORMATION

#### **IN CASE YOU MISSED IT...POSTURING AT THE PUMPS (BY GEORGE F. WILL, WASHINGTON POST MAY 17, 2007)**

<http://www.washingtonpost.com/wp-dyn/content/article/2007/05/16/AR2007051602429.html>

#### **MOTORISTS PAY THE PRICE AT THE PUMP: *REUTERS: GASOLINE PRICES HIT \$3 AS REFINERS STRAIN***

[http://epw.senate.gov/public/index.cfm?FuseAction=Minority.Blogs&ContentRecord\\_id=58a80c21-802a-23ad-489e-94d5505e2161&Region\\_id=&Issue\\_id=0cc2f398-cfad-4074-9c07-fb38bfdad1f5](http://epw.senate.gov/public/index.cfm?FuseAction=Minority.Blogs&ContentRecord_id=58a80c21-802a-23ad-489e-94d5505e2161&Region_id=&Issue_id=0cc2f398-cfad-4074-9c07-fb38bfdad1f5)

#### **INHOFE OP-ED: IN CASE YOU MISSED IT... "U.S. REFINING CAPACITY REQUIRES A BOOST" (ROLL CALL, OP/ED, JUNE 19, 2006)**

[http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.Facts&ContentRecord\\_id=CF35BEE3-1F1F-4496-B3D5-57E171B96D80](http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.Facts&ContentRecord_id=CF35BEE3-1F1F-4496-B3D5-57E171B96D80)

#### **INHOFE OP-ED: AMERICA, NEEDS A STABLE, DIVERSE AND AFFORDABLE ENERGY SUPPLY (HUMAN EVENTS Jan. 25, 2007)**

[http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.Facts&ContentRecord\\_id=5EF4EAB7-802A-23AD-40D9-44DA10B6C3A6](http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.Facts&ContentRecord_id=5EF4EAB7-802A-23AD-40D9-44DA10B6C3A6)

#### **IN CASE YOU MISSED IT...SEN. CRAIG THOMAS GUEST OPINION: COAL KEY TO AMERICA'S ENERGY FUTURE (BILLINGS GAZETTE, May 16, 2007)**

<http://www.billingsgazette.net/articles/2007/05/16/opinion/guest/50-coal.txt>

#### **IN CASE YOU MISSED IT...INVESTOR'S BUSINESS DAILY EDITORIAL The No-Drill Sergeants (5/24/2007)**

<http://www.investors.com/editorial/editorialcontent.asp?secid=1501&status=article&id=264812750773522>

**IN CASE YOU MISSED IT...INVESTOR'S BUSINESS DAILY CORRECTLY IDENTIFIES SOURCE OF HIGH GAS PRICES**

[http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.Facts&ContentRecord\\_id=77381E3A-802A-23AD-423D-3CC47B3CD346](http://epw.senate.gov/public/index.cfm?FuseAction=PressRoom.Facts&ContentRecord_id=77381E3A-802A-23AD-423D-3CC47B3CD346)

**IN CASE YOU MISSED IT...THE OTHER BLACK GOLD, BY BRIAN SCHWEITZER, GOV. OF MONTANA, NEW YORK TIMES (OCT. 3, 2005)**

<http://www.nytimes.com/2005/10/03/opinion/03schweitzer.html?ei=5090&en=78d405cf5702c912&ex=1285992000&partner=rssuserland&emc=rss&pagewanted=print>

**SENATOR FEINSTEIN ASKS GOVERNOR SCHWARZENEGGER TO STREAMLINE PERMITS FOR OIL REFINERS TO BRING DOWN GAS PRICES (MAY 14, 2004)**

<http://feinstein.senate.gov/04Releases/r-cagov-refinery.htm>

**FEDERAL TRADE COMMISSION ON PRICE CONTROLS ON GASOLINE (MAY 23, 2006)**

<http://www.ftc.gov/os/testimony/0510243CommissionTestimonyConcerningGasolinePrices05232006Senate.pdf>

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