

## COMMITTEE ON ENERGY AND COMMERCE

### Questions for the Record Responses from Assistant Secretary for Fossil Energy Steven Winberg DOE Modernization: Legislation to Authorize a Pilot Project to Commercialize the Strategic Petroleum Reserve

July 24, 2018

#### QUESTIONS FROM CHAIRMAN UPTON

- Q1. Does DOE have authority to use Enhanced Use Leasing to lease underutilized SPR storage facilities and related facilities to private sector or a foreign government or its representative?
- A1. DOE does not have an authority called “Enhanced Use Leasing (EUL)” that is the equivalent of the EUL authority held by the Department of Defense.
- Q2. If DOE does not have Enhanced Use Lease authority, would you please identify whether DOE has authority to use any other alternative financing mechanisms and for each such authority, would you provide examples of its use?
- A2. DOE does have authority to lease underutilized SPR storage facilities and related facilities to other entities, such as the private sector or a foreign government. Under the Energy Policy and Conservation Act (EPCA), there are two relevant, but separate, provisions:
1. EPCA section 168, 42 USC 6247a, authorizes the Secretary of Energy to lease underutilized SPR facilities to store petroleum product owned by a foreign government or its representative. Any funds collected from such lease, however, “shall be used by the Secretary...for the purchase of petroleum products for the [SPR].” Currently, there are no leases to foreign governments or their representatives.
  2. EPCA section 159(f), 42 USC 6239(f), authorizes the Secretary, in order “to develop, operate, or maintain the [SPR],” to “use, lease, maintain, sell or otherwise dispose of...storage and related facilities acquired under this part, under such terms and conditions as the Secretary considers necessary or appropriate...” Under current leases of underutilized SPR assets, DOE has deposited funds into Treasury.

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QUESTION FROM JOE BARTON

Q1. What is the authorized capacity currently of the SPR in terms of millions of barrels?

A1. Sec. 154. (a) Of the Energy Policy and Conservation Act authorizes the Strategic Petroleum Reserve to store up to 1 billion barrels of petroleum products. However, currently the designed physical capacity is 713.5 million barrels.

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QUESTION FROM RANKING MEMBER FRANK PALLONE, JR

- Q1. In your testimony you said that the price of gasoline goes back to normal soon after a storm like Sandy or Irma. What is that based on?
- A1. Generally, retail gasoline prices are mainly affected by crude oil prices and the level of gasoline supply relative to demand. Gasoline prices tend to increase when the available supply of gasoline decreases relative to real or expected demand or consumption. Gasoline prices can change rapidly if something disrupts crude oil supplies, refinery operations, or gasoline pipeline deliveries.<sup>1</sup>

The timeframe for Hurricane Sandy was from about October 22 to November 2, 2012. According to the U.S. Energy Information Administration (EIA), the average retail gasoline price during the first week of October 2012 in the U.S. was \$3.866 per gallon. During the first week of December 2012, the average price was \$3.463 per gallon. A year later during the first week of October 2013, the average price was \$3.441.<sup>2</sup>

The timeframe for Hurricane Irma was from about September 10 to September 13, 2017. According to EIA, the average retail gasoline price during the last week of August 2017 was \$2.513. During the last week of September 2017, the average price was \$2.701. A year later during the last week of August 2018, the average price was \$2.906.<sup>3</sup>

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<sup>1</sup> U.S. Energy Information Administration, "Gasoline Explained: Gasoline Price Fluctuations." Accessed October 18, 2018. Available at: [https://www.eia.gov/energyexplained/index.php?page=gasoline\\_fluctuations](https://www.eia.gov/energyexplained/index.php?page=gasoline_fluctuations).

<sup>2</sup> U.S. Energy Information Administration, "Weekly U.S. All Grades All Formulations Retail Gasoline Prices (Dollars per Gallon)." Accessed October 18, 2018. Available at: [https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM\\_EPMO\\_PTE\\_NUS\\_DPG&f=W](https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPMO_PTE_NUS_DPG&f=W).

<sup>3</sup> Ibid.