

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4750

To amend the Energy Policy and Conservation Act to manage the Strategic Petroleum Reserve more effectively, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 13, 1994

Mr. SHARP introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To amend the Energy Policy and Conservation Act to manage the Strategic Petroleum Reserve more effectively, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Energy Policy and  
5 Conservation Act Amendments of 1994”.

6 **SEC. 2. TABLE OF CONTENTS AND STATEMENT OF PUR-**  
7 **POSES.**

8 (a) The item in the table of contents of the Energy  
9 Policy and Conservation Act relating to section 159 is  
10 amended to read as follows:

“Sec. 159. Development, operations, and maintenance of the Reserve.”.

1 (b) Section 2 of the Energy Policy and Conservation  
2 Act (42 U.S.C. 6201) is amended—

3 (1) in paragraph (1) by striking “standby au-  
4 thority to the President, subject to congressional re-  
5 view, to impose rationing, to reduce demand for en-  
6 ergy through the implementation of energy conserva-  
7 tion plans, and” and inserting in lieu thereof “au-  
8 thority to the President”; and

9 (2) by striking paragraphs (3) and (6) and re-  
10 designating paragraphs (4), (5), (7), and (8) as  
11 paragraphs (3), (4), (5), and (6), respectively.

12 **SEC. 3. TITLE I AMENDMENTS.**

13 Title I of the Energy Policy and Conservation Act  
14 is amended—

15 (1) by striking section 102 (42 U.S.C. 6211);

16 (2) in section 151 (42 U.S.C. 6231)—

17 (A) in subsection (a) by striking “limited”  
18 and by striking “short-term”; and

19 (B) by amending subsection (b) to read as  
20 follows:

21 “(b) It is the policy of the United States to provide  
22 for the creation of a Strategic Petroleum Reserve for the  
23 storage of up to 1,000,000,000 barrels of petroleum prod-  
24 ucts to reduce the impact of disruptions in supplies of pe-

1 troleum products or to carry out obligations of the United  
2 States under the international energy program.”;

3 (3) in section 152 (42 U.S.C. 6232)—

4 (A) by striking paragraph (1) and redesignig-  
5 nating paragraphs (2) through (11) as para-  
6 graphs (1) through (10), respectively; and

7 (B) in paragraph (10) (as so redesignated  
8 by subparagraph (A) of this paragraph) by  
9 striking “, the Early Storage Reserve”;

10 (4) by striking section 153 (42 U.S.C 6233);

11 (5) in section 154 (42 U.S.C. 6234)—

12 (A) by amending subsection (a)(1) to read  
13 as follows:

14 “(a)(1) A Strategic Petroleum Reserve for the stor-  
15 age of up to 1,000,000,000 barrels of petroleum products  
16 shall be created pursuant to this part.”;

17 (B) in subsection (a)(2)(D), by striking  
18 “160(h)” and inserting in lieu thereof  
19 “160(e)”;

20 (C) by amending subsection (b) to read as  
21 follows:

22 “(b) The Secretary, acting through the Strategic Pe-  
23 troleum Reserve Office and in accordance with this part,  
24 shall exercise authority over the development, operation,  
25 and maintenance of the Reserve.”; and

1 (D) by striking subsections (c), (d), and  
2 (e);

3 (6) by striking section 155 (42 U.S.C. 6235);

4 (7) in section 156(b) (42 U.S.C. 6236(b)) by  
5 striking “To implement the Early Storage Reserve  
6 Plan or the Strategic Petroleum Reserve Plan which  
7 has taken effect pursuant to section 159(a), the”  
8 and inserting in lieu thereof “The”;

9 (8) by amending section 157 (42 U.S.C.  
10 6237)—

11 (A) in subsection (a), by striking “The  
12 Strategic Petroleum Reserve Plan shall provide  
13 for the establishment and maintenance of” and  
14 inserting in lieu thereof “The Secretary shall  
15 establish and maintain as part of the Strategic  
16 Petroleum Reserve”; and

17 (B) in subsection (b), by striking “To im-  
18 plement the Strategic Petroleum Reserve Plan,  
19 the Secretary shall accumulate and maintain”  
20 and inserting in lieu thereof “The Secretary  
21 shall establish and maintain as part of the  
22 Strategic Petroleum Reserve”;

23 (9) by striking section 158 (42 U.S.C 6238);

24 (10) in section 159 (42 U.S.C. 6239)—

1 (A) by amending the section head to read  
2 as follows:

3 “DEVELOPMENT, OPERATIONS, AND MAINTENANCE OF  
4 THE RESERVE”;

5 (B) by striking subsections (a), (b), (c),  
6 (d), (e), (h), and (i), and redesignating sub-  
7 sections (f), (g), (j), (k), and (l) as subsections  
8 (a), (b), (c), (d), and (e), respectively;

9 (C) by amending subsection (a) (as so re-  
10 designated by subparagraph (B) of this para-  
11 graph) to read as follows:

12 “(a) In order to develop, operate, or maintain the  
13 Strategic Petroleum Reserve, the Secretary may—

14 “(1) issue rules, regulations, or orders;

15 “(2) acquire by purchase, condemnation, or oth-  
16 erwise, land or interests in land for the location of  
17 storage and related facilities;

18 “(3) construct, purchase, lease, or otherwise ac-  
19 quire storage and related facilities;

20 “(4) use, lease, maintain, sell, or otherwise dis-  
21 pose of storage and related facilities acquired under  
22 this part, under such terms and conditions as the  
23 Secretary considers necessary and appropriate;

24 “(5) acquire, subject to the provisions of section  
25 160, by purchase, exchange, or otherwise, petroleum

1 products for storage in the Strategic Petroleum Re-  
2 serve, including the Regional Petroleum Reserve;

3 “(6) store petroleum products in storage facili-  
4 ties owned and controlled by the United States or in  
5 storage facilities owned by others if those facilities  
6 are subject to audit by the United States;

7 “(7) execute any contracts necessary to develop,  
8 operate, or maintain the Strategic Petroleum  
9 Reserve;

10 “(8) require an importer of petroleum products  
11 or refiner to acquire and to store and maintain, in  
12 readily available inventories, petroleum products in  
13 the Industrial Petroleum Reserve, under section 156;

14 “(9) require the storage of petroleum products  
15 in the Industrial Petroleum Reserve, under section  
16 156, on such reasonable terms as the Secretary may  
17 specify, in storage facilities owned and controlled by  
18 the United States or in storage facilities other than  
19 those owned by the United States if those facilities  
20 are subject to audit by the United States;

21 “(10) require the maintenance of the Industrial  
22 Petroleum Reserve; and

23 “(11) bring an action, when the Secretary con-  
24 siders it necessary, in any court having jurisdiction  
25 over the proceedings, to acquire by condemnation

1 any real or personal property, including facilities,  
2 temporary use of facilities, or other interests in land,  
3 together with any personal property located on or  
4 used with the land.”;

5 (D) in subsection (g)—

6 (i) by striking “implementation” and  
7 inserting in lieu thereof “development”;  
8 and

9 (ii) by striking “Plan”;

10 (E) by amending subsection (c) (as so re-  
11 designated by subparagraph (B) of this para-  
12 graph) to read as follows:

13 “(c) When the Secretary determines that a  
14 750,000,000 barrel inventory can reasonably be expected  
15 to be reached in the Reserve within 5 years, the Secretary  
16 shall submit to the Congress a plan for expansion of the  
17 Strategic Petroleum Reserve to a capacity of  
18 1,000,000,000 barrels.”; and

19 (F) by amending subsection (e) (as so re-  
20 designated by subparagraph (B) of this para-  
21 graph) to read as follows:

22 “(e) During any period in which drawdown and dis-  
23 tribution are being implemented, the Secretary may issue  
24 rules, regulations, or orders to implement the drawdown  
25 and distribution of the Strategic Petroleum Reserve, with-

1 out regard to the requirements of section 553 of title 5,  
2 United States Code, and section 501 of the Department  
3 of Energy Organization Act (42 U.S.C. 7191).”;

4 (11) in section 160 (42 U.S.C. 6240)—

5 (A) in subsection (a), by striking “The  
6 Secretary” and all that follows through “trans-  
7 port, or exchange” and inserting in lieu thereof  
8 “For the purpose of implementing the Strategic  
9 Petroleum Reserve, the Secretary may acquire,  
10 place in storage, transport, or exchange”;

11 (B) in subsection (b)—

12 (i) by striking “, including the Early  
13 Storage Reserve”; and

14 (ii) by striking paragraph (2) and re-  
15 designating paragraphs (3) through (5) as  
16 paragraphs (2) through (4), respectively;  
17 and

18 (C) by striking subsections (c), (d), and (e)  
19 and redesignating subsections (f), (g), and (h)  
20 as subsections (c), (d), and (e), respectively;

21 (12) in section 161 (42 U.S.C. 6241)—

22 (A) by striking subsections (b) and (c) and  
23 redesignating subsections (d) through (i) as  
24 subsections (b) through (g), respectively;

1 (B) by amending subsection (b)(1) (as so  
2 redesignated by subparagraph (A) of this para-  
3 graph) to read as follows:

4 “(b)(1) No drawdown and distribution of the Strate-  
5 gic Petroleum Reserve may be made unless the President  
6 has found drawdown and distribution is required by a se-  
7 vere energy supply interruption or by obligations of the  
8 United States under the international energy program.”;

9 (C) by amending subsection (c) (as so re-  
10 designated by subparagraph (A) of this para-  
11 graph) to read as follows:

12 “(c)(1) The Secretary shall sell any petroleum prod-  
13 uct withdrawn from the Strategic Petroleum Reserve at  
14 public sale to the highest qualified bidder in the amounts  
15 and for the period the Secretary considers appropriate,  
16 and after a notice of sale the Secretary considers appro-  
17 priate.

18 “(2) The Secretary may cancel in whole or in part  
19 any offer to sell petroleum products as part of any  
20 drawdown and distribution under this section.”; and

21 (D) in subsection (e) (as so redesignated  
22 by subparagraph (A) of this paragraph)—

23 (i) in paragraph (1), by striking “Dis-  
24 tribution Plan” and inserting in lieu there-  
25 of “distribution procedures”;

1 (ii) by striking paragraphs (2) and (6)  
2 and redesignating paragraphs (3), (4), (5),  
3 (7), and (8) as paragraphs (2), (3), (4),  
4 (5), and (6), respectively; and

5 (iii) in subsection (f)(1)(A) (as so re-  
6 designated by subparagraph (A) of this  
7 paragraph) by striking “subsection (d)”  
8 and inserting in lieu thereof “subsection  
9 (b)”;

10 (13) by striking section 164 (42 U.S.C. 6244);

11 (14) by amending section 165 (42 U.S.C. 6245)

12 to read as follows:

13 “ANNUAL REPORTS

14 “SEC. 165. (a) The Secretary shall report annually  
15 to the President and the Congress on actions taken to im-  
16 plement this part. Each such report shall include—

17 “(1) a detailed statement of the status of the  
18 Strategic Petroleum Reserve, including—

19 “(A) the capacity of the Reserve and the  
20 scheduled annual fill rate for achieving this ca-  
21 pacity;

22 “(B) the type and quality of crude oil to  
23 be acquired for the Reserve under the schedule  
24 described in subparagraph (A);

25 “(C) the schedule of construction of any  
26 facilities, including a description of the type and

1 location of the facilities, and of enhancements  
2 and improvements to existing facilities;

3 “(D) a description of the method of  
4 drawdown and distribution to be utilized; and

5 “(E) an explanation of any changes made  
6 in the matters described in subparagraphs (A)  
7 through (D) since the transmittal of the pre-  
8 vious report under this subsection;

9 “(2) a summary of actions taken to develop, op-  
10 erate, or maintain the Strategic Petroleum Reserve;

11 “(3) a summary of the financial transactions in  
12 the Strategic Petroleum Reserve and SPR Petro-  
13 leum Account;

14 “(4) a summary of existing problems with re-  
15 spect to operation or maintenance of the Strategic  
16 Petroleum Reserve; and

17 “(5) any recommendations for supplemental  
18 legislation the Secretary considers necessary or ap-  
19 propriate to implement this part.

20 “(b) Once every calendar quarter, the Secretary shall  
21 report to the Congress on activities undertaken with re-  
22 spect to the Strategic Petroleum Reserve under the  
23 amendments made by the Strategic Petroleum Reserve  
24 Amendments Act of 1981, including—

1           “(1) the amounts of petroleum products stored  
2           in the Reserve, under contract and in transit at the  
3           end of the previous calendar quarter;

4           “(2) the projected fill rate for the Strategic Pe-  
5           troleum Reserve for the then current calendar quar-  
6           ter and the provision calendar quarter;

7           “(3) the average price of the petroleum prod-  
8           ucts acquired during the previous calendar quarter;

9           “(4) existing and projected Strategic Petroleum  
10          Reserve storage capacity and plans to accelerate the  
11          acquisition or construction of such capacity;

12          “(5) an analysis of any existing or anticipated  
13          problems associated with acquisition, transportation,  
14          and storage of petroleum products in the Reserve  
15          and with the expansion of storage capacity for the  
16          Reserve; and

17          “(6) the amount of funds obligated by the Sec-  
18          retary from the SPR Petroleum Account, as well as  
19          other funds available for the Reserve, during the  
20          previous calendar quarter and in total under the  
21          amendments made by such Act.”;

22                 (15) by amending section 166 (42 U.S.C. 6246)  
23          to read as follows:

24                 “AUTHORIZATION OF APPROPRIATIONS

25                 “SEC. 166. There are authorized to be appropriated  
26          such sums as may be necessary to implement this part.”;

1 (16) in section 167 (42 U.S.C. 6247)—

2 (A) in subsection (b)—

3 (i) by inserting “test sales of petro-  
4 leum products from the Reserve,” after  
5 “Strategic Petroleum Reserve.”;

6 (ii) by striking paragraph (1) and re-  
7 designating paragraphs (2) and (3) as  
8 paragraphs (1) and (2), respectively;

9 (iii) in paragraph (1) (as so redesi-  
10 gnated by clause (ii) of this subsection) by  
11 striking “after fiscal year 1982”; and

12 (iv) in paragraph (2) (as so redesi-  
13 gnated by clause (ii) of this subsection) by  
14 striking “160(f)” and inserting in lieu  
15 thereof “160(c)”;

16 (B) in subsection (d), by striking “160(f)”  
17 and inserting in lieu thereof “160(c)”;

18 (C) by amending subsection (e) to read as  
19 follows:

20 “(e) The Impoundment Control Act of 1974 (2  
21 U.S.C. 681–688) shall apply to funds made available  
22 under subsection (b).”;

23 (17) in section 171(b)(2)(B) (42 U.S.C.  
24 6249(b)(2)(B)) by inserting “, as such section was  
25 in effect before the date of enactment of the Energy

1 Policy and Conservation Act Amendments of 1994,”  
2 after “section 154(e)”;

3 (18) in section 172 (42 U.S.C. 6249a) by strik-  
4 ing subsections (a) and (b) and redesignating sub-  
5 sections (c) and (d) as subsections (a) and (b), re-  
6 spectively; and

7 (19) in section 181 (42 U.S.C. 6251) by strik-  
8 ing “1994” both places it appears and inserting in  
9 lieu thereof “1999”.

10 **SEC. 4. TITLE II AMENDMENTS.**

11 Title II of the Energy Policy and Conservation Act  
12 is amended—

13 (1) by striking part A (42 U.S.C. 6261 through  
14 6264);

15 (2) in section 251(e)(1) (42 U.S.C. 6271(e)(1))  
16 by striking “252(l)(1)” and inserting in lieu thereof  
17 “252(k)(1)”;

18 (3) in section 252 (42 U.S.C. 6272)—

19 (A) in subsections (a)(1) and (b), by strik-  
20 ing “allocation and information provisions of  
21 the international energy program” and insert-  
22 ing in lieu thereof “international emergency re-  
23 sponse provisions”;

24 (B) in subsection (d)(3), by striking  
25 “known circumstances” and inserting in lieu

1           thereof “circumstances known at the time of  
2           approval”;

3           (C) in subsection (f)(2) by inserting “vol-  
4           untary agreement or” after “approved”;

5           (D) in subsection (i) by inserting “annu-  
6           ally, and at least” after “least” and by insert-  
7           ing “during an international energy supply  
8           emergency” after “months”;

9           (E) in subsection (k) by amending para-  
10          graph (2) to read as follows:

11          “(2) The term ‘international emergency re-  
12          sponse provisions’ means—

13                 “(A) the provisions of the international en-  
14                 ergy program which relate to international allo-  
15                 cation of petroleum products and to the infor-  
16                 mation system provided in the program; and

17                 “(B) the emergency response measures  
18                 adopted by the Governing Board of the Inter-  
19                 national Energy Agency (including the July 11,  
20                 1984, decision by the Governing Board on  
21                 ‘Stocks and Supply Disruptions’) for—

22                         “(i) the coordinated drawdown of  
23                         stocks of petroleum products held or con-  
24                         trolled by governments; and

1                   “(ii) complementary actions taken by  
2                   governments,  
3                   during an existing or impending international  
4                   oil supply disruption.”; and

5                   (F) by amending subsection (l) to read as  
6                   follows:

7                   “(l) The antitrust defense under subsection (f) shall  
8                   not extend to the international allocation of petroleum  
9                   products unless allocation is required by chapters III and  
10                  IV of the international energy program during an inter-  
11                  national energy supply emergency.”;

12                  (4) by adding at the end of section 256(h) (42  
13                  U.S.C. 6276(h)) “There are authorized to be appro-  
14                  priated for fiscal years 1996 through 1999 such  
15                  sums as may be necessary to carry out this part.”;

16                  (5) by striking part C (42 U.S.C. 6281 through  
17                  6282); and

18                  (6) in section 281 (42 U.S.C. 6285), by striking  
19                  “1994” each place it appears and inserting in lieu  
20                  thereof “1999”.

21 **SEC. 5. MISCELLANEOUS ADDITIONAL AMENDMENTS.**

22                  (a) Title III of the Energy Policy and Conservation  
23                  Act is amended—

24                  (1) in section 365(f) (42 U.S.C. 6325(f)) by  
25                  amending paragraph (1) to read as follows:

1       “(1) Except as provided in paragraph (2), for the  
2 purpose of carrying out this part, there are authorized to  
3 be appropriated for fiscal years 1995 through 1999 such  
4 sums as may be necessary.”; and

5           (2) by amending section 397 (42 U.S.C. 6371f)  
6 to read as follows:

7           “AUTHORIZATION OF APPROPRIATIONS

8       “SEC. 397. For the purpose of carrying out this part,  
9 there are authorized to be appropriated for fiscal years  
10 1995 through 1999 such sums as may be necessary.”.

11       (b) Section 422 of the Energy Conservation and Pro-  
12 duction Act (42 U.S.C. 6872) is amended to read as fol-  
13 lows:

14           “AUTHORIZATION OF APPROPRIATIONS

15       “SEC. 422. For the purposes of carrying out the  
16 weatherization program under this part, there are author-  
17 ized to be appropriated for fiscal years 1995 through 1999  
18 such sums as may be necessary.”.

19       (c) Section 507 of the Energy Policy and Conserva-  
20 tion Act (42 U.S.C. 6385) is amended by striking “, which  
21 was collected” and all that follows through “Information  
22 Administration”.

○

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