

110TH CONGRESS
1ST SESSION

S. 1362

To establish a Strategic Gasoline and Fuel Reserve.

IN THE SENATE OF THE UNITED STATES

MAY 10, 2007

Mr. DURBIN introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To establish a Strategic Gasoline and Fuel Reserve.

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 “Strategic Gasoline and
5 Fuel Reserve Act of 2007”.

6 **SEC. 2. STRATEGIC GASOLINE AND FUEL RESERVE.**

7 (a) IN GENERAL.—Title I of the Energy Policy and
8 Conservation Act (42 U.S.C. 6201 et seq.) is amended by
9 adding at the end the following:

1 **“PART E—STRATEGIC GASOLINE AND FUEL**

2 **RESERVE**

3 **“SEC. 191. DEFINITIONS.**

4 “In this part:

5 “(1) GASOLINE.—The term ‘gasoline’ means
6 regular unleaded gasoline.

7 “(2) RESERVE.—The term ‘Reserve’ means the
8 Strategic Gasoline and Fuel Reserve established
9 under section 192(a).

10 **“SEC. 192. ESTABLISHMENT.**

11 “(a) IN GENERAL.—Notwithstanding any other pro-
12 vision of this Act, the Secretary shall establish, maintain,
13 and operate a Strategic Gasoline and Fuel Reserve.

14 “(b) NOT COMPONENT OF STRATEGIC PETROLEUM
15 RESERVE.—The Reserve is not a component of the Stra-
16 tegic Petroleum Reserve established under part B.

17 “(c) CAPACITY.—The Reserve shall contain not more
18 than—

19 “(1) 45,000,000 barrels of gasoline;

20 “(2) 7,500,000 barrels of jet fuel; and

21 “(3) 21,000,000 barrels of diesel fuel.

22 “(d) RESERVE SITES.—

23 “(1) SITING.—Not later than 1 year after the
24 date of enactment of this Act, the Secretary shall
25 determine not less than 3 Reserve sites, and not

1 more than 5 Reserve sites, throughout the United
2 States that are regionally strategic.

3 “(2) OPERATION.—The Reserve sites described
4 in paragraph (1) shall be operational not later than
5 2 years after the date of enactment of this Act.

6 “(e) SECURITY.—In establishing the Reserve under
7 this section, the Secretary shall obtain the concurrence of
8 the Secretary of Homeland Security with respect to phys-
9 ical design security and operational security.

10 “(f) AUTHORITY.—In carrying out this part, the Sec-
11 retary may—

12 “(1) purchase, contract for, lease, or otherwise
13 acquire, in whole or in part, storage and related fa-
14 cilities and storage services;

15 “(2) use, lease, maintain, sell, or otherwise dis-
16 pose of storage and related facilities acquired under
17 this part;

18 “(3) acquire by purchase, exchange, lease, or
19 other means gasoline and fuel for storage in the Re-
20 serve;

21 “(4) store gasoline and fuel in facilities not
22 owned by the United States; and

23 “(5) sell, exchange, or otherwise dispose of gas-
24 oline and fuel from the Reserve, including to main-
25 tain—

1 “(A) the quality or quantity of the gasoline
2 or fuel in the Reserve; or

3 “(B) the operational capacity of the Re-
4 serve.

5 “(g) FILL DATE.—

6 “(1) IN GENERAL.—Except as provided in para-
7 graph (2), the Secretary shall complete the process
8 of filling the Reserve under this section by March 1,
9 2008.

10 “(2) EXTENSIONS.—The President may extend
11 the deadline established under paragraph (1) if—

12 “(A) the President determines that filling
13 the Reserve within that deadline would cause an
14 undue economic burden on the United States;
15 and

16 “(B) the President receives approval from
17 Congress.

18 **“SEC. 193. RELEASE OF GASOLINE AND FUEL.**

19 “(a) IN GENERAL.—The Secretary shall release gaso-
20 line or fuel from the Reserve only if—

21 “(1) the President finds that there is a severe
22 fuel supply disruption by finding that—

23 “(A) a regional or national supply shortage
24 of gasoline or fuel of significant scope and du-
25 ration has occurred;

1 “(B) a substantial increase in the price of
2 gasoline or fuel has resulted from the shortage;

3 “(C) the price increase is likely to cause a
4 significant adverse impact on the national econ-
5 omy; and

6 “(D) releasing gasoline or fuel from the
7 Reserve would assist directly and significantly
8 in reducing the adverse impact of the shortage;
9 or

10 “(2)(A) the Governor of a State submits to the
11 Secretary a written request for a release from the
12 Reserve that contains a finding that—

13 “(i) a regional or statewide supply short-
14 age of gasoline or fuel of significant scope and
15 duration has occurred;

16 “(ii) a substantial increase in the price of
17 gasoline or fuel has resulted from the shortage;
18 and

19 “(iii) the price increase is likely to cause a
20 significant adverse impact on the economy of
21 the State; and

22 “(B) the Secretary concurs with the findings of
23 the Governor under subparagraph (A) and deter-
24 mines that—

1 “(i) a release from the Reserve would miti-
2 gate gasoline or fuel price volatility in the
3 State;

4 “(ii) a release from the Reserve would not
5 have an adverse effect on the long-term eco-
6 nomic viability of retail gasoline or fuel markets
7 in the State and adjacent States; and

8 “(iii) a release from the Reserve would not
9 suppress prices below long-term market trend
10 levels.

11 “(b) PROCEDURE.—

12 “(1) RESPONSE OF SECRETARY.—The Sec-
13 retary shall respond to a request submitted under
14 subsection (a)(2) not later than 5 days after receipt
15 of the request by—

16 “(A) approving the request;

17 “(B) denying the request; or

18 “(C) requesting additional supporting in-
19 formation.

20 “(2) RELEASE.—The Secretary shall establish
21 procedures governing the release of gasoline or fuel
22 from the Reserve in accordance with this subsection.

23 “(3) REQUIREMENTS.—

24 “(A) ELIGIBLE ENTITY.—In this para-
25 graph, the term ‘eligible entity’ means an entity

1 that is customarily engaged in the sale or dis-
2 tribution of gasoline or fuel.

3 “(B) SALE OR DISPOSAL FROM RE-
4 SERVE.—The procedures established under this
5 subsection shall provide that the Secretary
6 may—

7 “(i) sell gasoline or fuel from the Re-
8 serve to an eligible entity through a com-
9 petitive process; or

10 “(ii) enter into an exchange agree-
11 ment with an eligible entity under which
12 the Secretary receives a greater volume of
13 gasoline or fuel as repayment from the eli-
14 gible entity than the volume provided to
15 the eligible entity.

16 “(c) CONTINUING EVALUATION.—The Secretary
17 shall conduct a continuing evaluation of the drawdown and
18 sales procedures established under this section.

19 **“SEC. 194. REPORTS.**

20 “(a) GASOLINE AND FUEL.—Not later than 45 days
21 after the date of enactment of this section, the Secretary
22 shall submit to Congress and the President a plan describ-
23 ing—

24 “(1) the acquisition of storage and related fa-
25 cilities or storage services for the Reserve, including

1 the use of storage facilities not currently in use or
2 not currently used to capacity;

3 “(2) the acquisition of gasoline and fuel for
4 storage in the Reserve;

5 “(3) the anticipated methods of disposition of
6 gasoline and fuel from the Reserve;

7 “(4) the estimated costs of establishment, main-
8 tenance, and operation of the Reserve;

9 “(5) efforts that the Department will take to
10 minimize any potential need for future drawdowns
11 from the Reserve; and

12 “(6) actions to ensure the quality of the gaso-
13 line and fuel in the Reserve are maintained.

14 “(b) NATURAL GAS AND DIESEL.—Not later than 90
15 days after the date of enactment of this section, the Sec-
16 retary shall submit to Congress a report describing the
17 feasibility of creating a natural gas and diesel reserve
18 similar to the Reserve under this part.

19 **“SEC. 195. STRATEGIC GASOLINE AND FUEL RESERVE**
20 **FUND.**

21 “(a) ESTABLISHMENT.—There is established in the
22 Treasury of the United States a revolving fund, to be
23 known as the ‘Strategic Gasoline and Fuel Reserve Fund’
24 (referred to in this section as the ‘Fund’), consisting of—

1 “(1) such amounts as are appropriated to the
2 Fund under subsection (b);

3 “(2) such amounts as are appropriated to the
4 Fund under section 196; and

5 “(3) any interest earned on investment of
6 amounts in the Fund under subsection (d).

7 “(b) TRANSFERS TO FUND.—There are appropriated
8 to the Fund amounts equivalent to amounts collected as
9 receipts and received in the Treasury from the sale, ex-
10 change, or other disposition of gasoline or fuel from the
11 Reserve.

12 “(c) EXPENDITURES FROM FUND.—On request by
13 the Secretary and without the need for further appropria-
14 tion, the Secretary of the Treasury shall transfer from the
15 Fund to the Secretary such amounts as the Secretary de-
16 termines are necessary to carry out activities under this
17 part, to remain available until expended.

18 “(d) INVESTMENT OF AMOUNTS.—

19 “(1) IN GENERAL.—The Secretary of the
20 Treasury shall invest such portion of the Fund as is
21 not, in the judgment of the Secretary of the Treas-
22 ury, required to meet current withdrawals.

23 “(2) INTEREST-BEARING OBLIGATIONS.—In-
24 vestments may be made only in interest-bearing obli-
25 gations of the United States.

1 “(3) ACQUISITION OF OBLIGATIONS.—For the
2 purpose of investments under paragraph (1), obliga-
3 tions may be acquired—

4 “(A) on original issue at the issue price; or

5 “(B) by purchase of outstanding obliga-
6 tions at the market price.

7 “(4) SALE OF OBLIGATIONS.—Any obligation
8 acquired by the Fund may be sold by the Secretary
9 of the Treasury at the market price.

10 “(5) CREDITS TO FUND.—The interest on, and
11 the proceeds from the sale or redemption of, any ob-
12 ligations held in the Fund shall be credited to and
13 form a part of the Fund.

14 “(e) TRANSFERS OF AMOUNTS.—

15 “(1) IN GENERAL.—The amounts required to
16 be transferred to the Fund under this section shall
17 be transferred at least monthly from the general
18 fund of the Treasury to the Fund on the basis of es-
19 timates made by the Secretary of the Treasury.

20 “(2) ADJUSTMENTS.—Proper adjustment shall
21 be made in amounts subsequently transferred to the
22 extent prior estimates were in excess of or less than
23 the amounts required to be transferred.

1 **“SEC. 196. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated such sums
3 as are necessary to carry out this part, to remain available
4 until expended.”.

5 **SEC. 3. CONFORMING AMENDMENTS.**

6 The table of contents for title I of the Energy Policy
7 and Conservation Act (42 U.S.C. 6201 note) is amended
8 by striking the matter relating to part D (relating to expi-
9 ration) inserting the following:

“PART E—STRATEGIC GASOLINE AND FUEL RESERVE

“Sec. 191. Definitions.

“Sec. 192. Establishment.

“Sec. 193. Release of gasoline and fuel.

“Sec. 194. Reports.

“Sec. 195. Strategic Gasoline and Fuel Reserve Fund.

“Sec. 196. Authorization of appropriations.”.

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