

115TH CONGRESS
1ST SESSION

H. R. 3788

To amend the Energy Policy and Conservation Act to provide for a Northeast Gasoline Supply Reserve, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 2017

Mr. PALLONE (for himself, Mr. KENNEDY, Mr. ENGEL, Mr. TONKO, Mr. WELCH, Ms. SHEA-PORTER, Mr. MOULTON, Mr. CAPUANO, Mr. SIRES, Mr. KEATING, Mr. MICHAEL F. DOYLE of Pennsylvania, Ms. KUSTER of New Hampshire, Mr. PASCRELL, Mr. NORCROSS, Mrs. WATSON COLEMAN, Mr. PAYNE, and Mr. MCGOVERN) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend the Energy Policy and Conservation Act to provide for a Northeast Gasoline Supply Reserve, 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 “Northeast Gasoline
5 Supply Reserve Act”.

6 **SEC. 2. NORTHEAST GASOLINE SUPPLY RESERVE.**

7 (a) NORTHEAST GASOLINE SUPPLY RESERVE.—Title
8 I of the Energy Policy and Conservation Act (42 U.S.C.

1 6201 et seq.) is amended by adding at the end the fol-
2 lowing:

3 **“PART E—NORTHEAST GASOLINE SUPPLY**

4 **RESERVE**

5 **“SEC. 191. DEFINITIONS.**

6 “In this part, the following definitions apply:

7 “(1) REFINED PETROLEUM PRODUCT.—The
8 term ‘refined petroleum product’ means gasoline and
9 such other products as the Secretary determines, by
10 rule, appropriate.

11 “(2) RESERVE.—The term ‘Reserve’ means the
12 Northeast Gasoline Supply Reserve established
13 under this part.

14 “(3) NORTHEAST.—The term ‘Northeast’
15 means the States of New Jersey, New York,
16 Vermont, Pennsylvania, Connecticut, Rhode Island,
17 Massachusetts, Maine, New Hampshire, and any
18 other contiguous State that the Secretary determines
19 appropriate.

20 **“SEC. 192. ESTABLISHMENT.**

21 “(a) IN GENERAL.—The Secretary shall establish,
22 maintain, and operate in the Northeast a Northeast Gaso-
23 line Supply Reserve, which shall be a component of the
24 Strategic Petroleum Reserve established under part B of
25 this title.

1 “(b) LIMITATION.—A Reserve established under this
2 part shall contain no more than 1 million barrels of refined
3 petroleum products.

4 “(c) APPLICATION OF PROVISIONS.—Except as oth-
5 erwise provided in this part, the authorities and require-
6 ments of part B of this title shall apply to the Reserve.

7 **“SEC. 193. CONDITIONS FOR RELEASE; PLAN.**

8 “(a) SALE OF PRODUCTS.—The Secretary may sell
9 refined petroleum products from the Reserve upon a find-
10 ing by the President that there exists, or is likely to exist
11 within the next 30 days, a severe energy supply interrup-
12 tion. Such a finding may be made only if the President
13 determines that—

14 “(1) a dislocation in the refined petroleum
15 product market has resulted or is likely to result
16 from such interruption; or

17 “(2) a circumstance, other than that described
18 in paragraph (1), exists that constitutes a regional
19 supply shortage of significant scope and duration
20 and that action taken under this section would assist
21 directly and significantly in reducing the adverse im-
22 pact of such shortage.

23 “(b) RELEASE OF PETROLEUM.—After consultation
24 with potentially affected parties, the Secretary shall deter-
25 mine procedures governing the release of refined petro-

1 leum products from the Reserve. The procedures shall pro-
2 vide that—

3 “(1) the Secretary may—

4 “(A) sell refined petroleum products from
5 the Reserve through a competitive process; or

6 “(B) enter into exchange agreements for
7 the refined petroleum products that results in
8 the Secretary receiving a greater volume of such
9 products as repayment than the volume pro-
10 vided to the acquirer;

11 “(2) in all sales or exchanges described in para-
12 graph (1), the Secretary shall receive revenue or its
13 equivalent in refined petroleum products that pro-
14 vides the Department with fair market value;

15 “(3) at no time may refined petroleum products
16 be sold or exchanged resulting in a loss of revenue
17 or value to the United States; and

18 “(4) the Secretary shall only sell or dispose of
19 refined petroleum products in the Reserve to entities
20 customarily engaged in the sale and distribution of
21 such products.

22 “(c) PLAN.—Not later than 60 days after the date
23 of the enactment of this section, the Secretary shall trans-
24 mit to the President and, if the President approves, to
25 Congress a plan describing—

1 “(1) the proposed acquisition of storage and re-
2 lated facilities or storage services for the Reserve, in-
3 cluding the potential use of storage facilities not cur-
4 rently in use;

5 “(2) the proposed acquisition of refined petro-
6 leum products for storage in the Reserve;

7 “(3) the anticipated methods of disposition of
8 refined petroleum products from the Reserve;

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

11 “(5) efforts the Department will take to mini-
12 mize any potential need for future drawdowns and
13 ensure that distributors and importers are not dis-
14 couraged from maintaining and increasing supplies
15 to the Northeast; and

16 “(6) actions to be taken to ensure quality of the
17 refined petroleum products in the Reserve.

18 **“SEC. 194. PRODUCTS FOR STORAGE IN THE RESERVE.**

19 “(a) IN GENERAL.—The Secretary may acquire,
20 place in storage, transport, or exchange refined petroleum
21 products acquired by purchase or exchange.

22 “(b) OBJECTIVES.—The Secretary shall, to the great-
23 est extent practicable, acquire refined petroleum products
24 for the Reserve in a manner consonant with the following
25 objectives:

1 “(1) Minimization of the cost of the Reserve.

2 “(2) Minimization of the Nation’s vulnerability
3 to a severe energy supply interruption.

4 “(3) Minimization of the impact of an acqui-
5 sition of refined petroleum products on supply levels
6 and market forces.

7 “(4) Encouragement of competition in the pe-
8 troleum industry.

9 “(c) PROCEDURES.—The Secretary shall develop,
10 with public notice and opportunity for comment, proce-
11 dures consistent with the objectives of this section to ac-
12 quire refined petroleum products for the Reserve. Such
13 procedures shall take into account the need to—

14 “(1) maximize overall domestic supply of re-
15 fined petroleum products (including quantities stored
16 in private sector inventories);

17 “(2) avoid incurring excessive cost or appre-
18 ciably affecting the price of refined petroleum prod-
19 ucts to consumers;

20 “(3) minimize the costs to the Department of
21 Energy in acquiring such refined petroleum prod-
22 ucts;

23 “(4) protect national security;

1 “(5) avoid adversely affecting current and fu-
2 tures prices, supplies, and inventories of refined pe-
3 troleum products; and

4 “(6) address such other factors that the Sec-
5 retary determines to be appropriate.

6 “(d) SEVERE ENERGY SUPPLY DISRUPTION.—If the
7 Secretary finds that a severe energy supply interruption
8 may be imminent, the Secretary may suspend the acquisi-
9 tion of refined petroleum products for the Reserve and
10 may sell any refined petroleum product acquired for, and
11 in transit to, the Reserve.”.

12 (b) TECHNICAL AND CONFORMING AMENDMENT.—
13 The table of sections for title I of the Energy Policy and
14 Conservation Act is amended by striking the items relating
15 to the second part D, including section 181 of such part,
16 and inserting the following:

“PART E—NORTHEAST GASOLINE SUPPLY RESERVE

“Sec. 191. Definitions.

“Sec. 192. Establishment.

“Sec. 193. Conditions for release; plan.

“Sec. 194. Products for storage in the Reserve.”.

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