



Congressman Dan Lipinski

COMBATING HIGH GAS PRICES WHILE PROMOTING LONG-TERM JOB GROWTH AND SECURITY

The price of gasoline has more than doubled in recent years. In the Chicago region, prices hit an all-time high in March, and a gallon now averages well over \$4.00, significantly above the national average. Even worse, some analysts have raised the specter of gas hitting \$5 this year.

High gas prices are a major burden for middle-class Americans, who continue to struggle in a bad economy. And every dollar we spend on foreign oil is a dollar that cannot help to restore economic growth and job creation here at home.

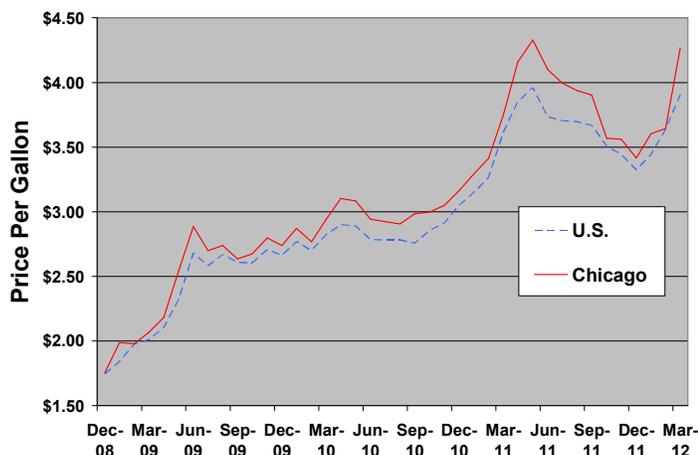
Lowering transportation costs and increasing America's energy independence have always been top priorities for me. My balanced, four-point plan to combat high gas prices focuses on (1) investing in transportation infrastructure to reduce congestion that wastes fuel and drives up costs for all Americans, (2) expanding domestic oil production by increasing safe drilling and building the pipeline infrastructure to support it, (3) increasing fuel efficiency and creating low-cost alternatives to gasoline by developing new technologies that enable vehicles to run on energy sources such as biofuels, electricity, hydrogen, and natural gas, and (4) ensuring that the oil market works fairly and efficiently for consumers.

There is no silver-bullet solution to high gas prices. But that is not an excuse for inaction, or for partisans on both sides to use every price spike to score political points. There are many ways we can combat high prices at the pump, and I am working to ensure we pursue them all as part of an aggressive, balanced, and sensible plan to provide both short-term relief and long-term solutions. While no single measure will produce the result we seek, a broad-spectrum approach will enable our country to build the energy economy of tomorrow, in which abundant, low-cost, clean, domestic sources fuel greater growth, job creation, and prosperity for all Americans.

FOUR STEPS TO LOWER GAS PRICES

- 1. Invest in Transportation Infrastructure**
 - Pass a robust transportation bill to reduce congestion on roads
 - Preserve guaranteed federal funding for mass transit
 - Stimulate private infrastructure investment and continue CREATE & NextGen
- 2. Expand Oil Production**
 - Build the Keystone XL pipeline
 - Expand safe offshore drilling
 - Invest in Arctic exploration
 - Promote drilling safety and effectiveness
- 3. Reduce Oil Demand with Increased Efficiency and Alternative Fuels**
 - Increase vehicle fuel efficiency through new CAFE standards
 - Boost alternative energy research, as authorized in America COMPETES
 - Spur private sector clean energy innovation through prize competitions
 - Promote natural gas vehicles
- 4. Make Markets Work for Consumers**
 - Curb manipulative speculation under the Wall Street Reform and Consumer Protection Act
 - Temporarily suspend required use of reformulated gas during supply shocks
 - Tap the SPR when sustained high prices threaten the economy

Gas Prices Have More than Doubled



INVEST IN INFRASTRUCTURE

Fixing our roads, mass transit, and rail system is critical to reducing congestion that wastes fuel and costs the American people time and money

Chicagoland residents know all too well that our roads, bridges, mass transit, and rail system are in desperate need of investment. In fact, recent studies have shown our region has the worst traffic in America by some measures. Improving our transportation infrastructure will reduce fuel-wasting congestion, saving money and time. With delays for the average commuter having more than doubled in recent decades, congestion now costs our nation \$100 billion and increases fuel consumption by nearly 2 billion gallons annually.

Congestion costs America \$100 billion and increases fuel use by close to 2 billion gallons annually.

As northeastern Illinois' most senior member of the Transportation & Infrastructure Committee, I have helped secure hundreds of millions of dollars for local transportation projects and worked continuously to increase infrastructure investment by passing a robust, multi-year transportation reauthorization bill. **Recently, I helped lead a successful bipartisan effort to defeat the House Republican plan to end guaranteed funding for mass transit from the gas tax.** That plan could have led to deep cuts to public transportation, pushing more cars onto our roads and making it harder to take advantage of

the cost savings offered by fuel-efficient mass transit. In Chicagoland, failure to adequately maintain mass transit could add 90,000 cars to our roads, leading to more congestion and a heavier burden on the pocketbooks of all drivers as they spend more time stuck in traffic jams wasting gas.

In addition to fighting for increased investment in our roads and mass transit, I have been working to untangle our aging rail system. Locally, we can achieve this through the Chicago Region Environmental and Transportation Efficiency (CREATE) program, a public-private partnership. I have helped to secure hundreds of millions of dollars for this initiative, which will save as much as 18 million gallons of fuel annually – the amount consumed by 26,000 vehicles – by preventing wasteful freight and Metra train delays and road congestion. I continue to work to secure funding for CREATE through the Projects of National Significance program, from which I obtained the first \$100 million for CREATE.

I have also been working to improve the fuel efficiency of our aviation system. I helped write and enact the Federal Aviation Administration reauthorization bill earlier this year. This law includes legislation I wrote to speed the deployment of **the NextGen air traffic control system, which will use GPS technology to improve the flow of air traffic and reduce fuel consumption by an estimated 1.4 billion gallons by 2018.** The reauthorization also includes language I wrote to require the FAA to work to develop jet fuels from alternative sources such as biomass and hydrogen.

Because **the most fuel-efficient trip is one that does not involve burning gas or diesel**, I have been a strong supporter of the federal transportation enhancements program, which funds projects that make it easier and safer to walk or bike. I also support new policies included in the Senate transportation reauthorization to promote transit-oriented development and walkable communities.

A better transportation system will mean lower costs for middle class American families, helping them to use less gas and reducing pressure on prices.

Boosting Private Infrastructure Investment

Tight budgets mean new sources of investment are needed to improve transportation infrastructure, which is why I am helping to lead the effort to increase private-sector infrastructure investment. I have urged the creation of a National Infrastructure Bank to provide loans and loan guarantees to finance up to half the cost of major infrastructure projects that provide a clear public benefit. A \$10 billion investment could jumpstart projects worth 20 times that amount. Similarly, I have been working on a bipartisan basis to expand loans and loan guarantees under the Transportation Infrastructure Finance and Innovation Act for projects such as new highways, tunnels, and commuter rail services. CREATE and NextGen are both examples of innovative public-private partnerships.

EXPAND OIL PRODUCTION

Expanding safe domestic oil production will both hold down gas prices and contribute to energy independence

After decades of decline, U.S. oil production has surged by more than 700,000 barrels per day in just four years, cutting imports to 45 percent of consumption from 60 percent. We must build on this growth to free ourselves from dependence on foreign oil and hold down gas prices for the American people.

Enhancing Drilling Safety and Effectiveness

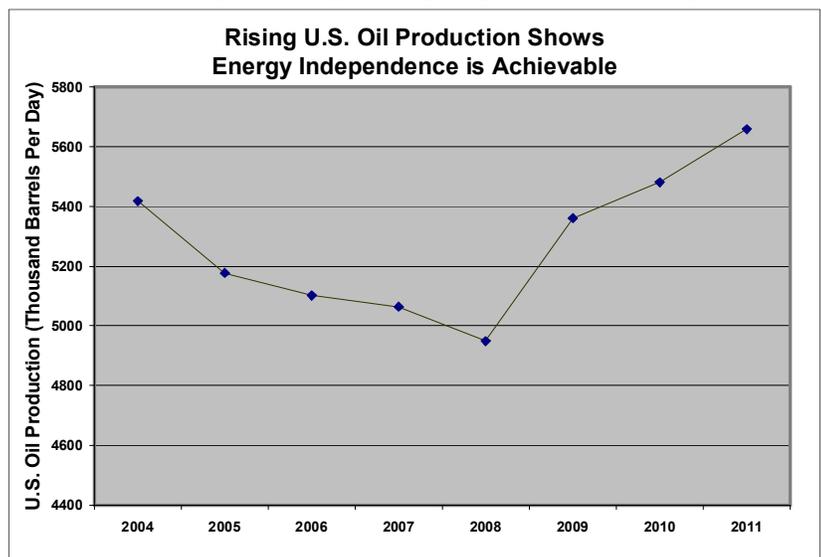
Hydraulic fracturing has been a boon to America's quest for energy independence, enabling oil and natural gas extraction from previously inaccessible formations. However, concerns exist about the potential impact on groundwater supplies and other possible environmental issues. To protect the public and the environment, I am cosponsoring the FRAC Act, H.R. 1084, to allow the EPA to regulate hydraulic fracturing. This will protect health and safety and prevent accidents that could derail progress as we work to end our dependence on foreign oil. At the same time, I have also cosponsored legislation to require research that reduces water use in hydraulic fracturing, benefiting both the environment and energy production, as water supplies limit drilling productivity in some high-potential areas. I also support recently announced regulations requiring drillers to disclose the composition of the fluids used in fracturing.

I have supported building the Keystone XL pipeline between Canada and American Gulf Coast refineries. This pipeline will allow us to replace oil from unfriendly and unstable nations with oil from Canada, while increasing production in the Bakken oil formation underlying North Dakota and Montana. The Bakken is a major new domestic oil resource, capable of producing 700,000 barrels per day in the near future. However, a lack of pipeline capacity is restraining growth. Keystone would help solve this problem. Moreover, should we fail to approve Keystone, Canada could redirect the oil to its own west coast and send it to Asia.

Increasing offshore drilling while incorporating the lessons learned from the Deepwater Horizon oil spill is critical. The Administration's proposed five-year offshore leasing program includes 15 lease sales and makes more than 75 percent of offshore oil and gas resources available for exploration. I strongly support this effort to safely increase domestic offshore drilling. To ensure that this program achieves its goal, we should adopt a sensible permitting process that allows safe drilling projects to get underway in a timely fashion.

In a similar vein, we should promote drilling on federal land that has already been leased to oil companies but where no drilling is occurring. Currently, well over half of federal land leased for drilling is sitting idle. "Use it or lose it" legislation such as H.R. 927 would encourage energy companies to start drilling or make land available to someone who will.

Expanding domestic oil production involves seeking out new deposits. **The U.S. Geological Survey estimates oil deposits in the Arctic Circle at 90 billion barrels, calling it the "largest unexplored prospective area for petroleum remaining on Earth."** Warming temperatures are expected to continue to reduce ice coverage in the Arctic Sea, expanding access to resources. Even as disputes over sovereignty in this vast area continue, other nations have been developing the infrastructure needed to further exploration. Yet the U.S. – an Arctic nation by virtue of Alaska – has lagged far behind. Leaving Russia and other nations less concerned about protecting the environment to forge ahead will only increase the risk of accidents. Instead, the United States should put in place the infrastructure – such as new icebreakers – to safely assess the Arctic opportunity. At the same time, we must protect the regional environment from degradation, as I have done steadfastly.



PROMOTE EFFICIENCY/ALTERNATIVES

We must develop and deploy alternative energy technologies through research, new fuel standards, federal leadership, incentives, and prizes

Increasing the fuel economy of our cars and trucks and replacing gas with lower-cost and renewable energy sources is critical. **As a senior member of the House Science, Space, and Technology Committee, I have helped lead the effort to develop alternative energy technologies to drastically reduce the need for oil.** The federal investment in research has paid enormous dividends, advancing hybrid, electric, and hydrogen vehicles, biofuels, and a variety of fuel-efficient technologies. But much work remains to be done.

More fuel-efficient vehicles blunt the impact of high gas prices while cutting usage and reducing upward pressure on prices at the pump.

Innovations as the Internet and stealth technology, this innovative program pursues breakthrough energy technologies that can wean us off of fossil fuels. I am dedicated to increasing investment in clean-energy research, opposing short-sighted cuts, and promoting legislation such as the Advanced Vehicle Technology Act to develop commercially viable new technologies to reduce petroleum usage.

In 2007, I contributed to and helped enact the historic Energy Independence and Security Act (EISA), which raised fuel economy standards by 40 percent – the first time Congress mandated higher standards since 1975. (Average fuel economy in the U.S. actually declined between 1988 and 2008.) The EISA also established an ambitious new Renewable Fuel Standard to more than double the amount of biofuel blended with gasoline. Meeting this standard will require the development of cellulosic biofuels, which I am supporting through increased research.

I strongly support the new fuel economy standard of 54.5 mpg by 2025 announced by President Obama. In November, I joined more than 100 of my colleagues in sending a letter to the President supporting these standards, which will save consumers an estimated \$1.7 trillion in fuel costs. We should not allow other countries – including China, which is considering a 53 mpg standard for 2020 – to outpace us on fuel efficiency.

I believe federal policy should encourage the near-term deployment of existing alternatives. Natural gas vehicles are one example. The U.S. now produces huge quantities of cheap natural gas, which causes less pollution than gasoline, and yields average fuel savings in the Midwest of around \$700 annually at current prices. **Government should expand its use of natural gas vehicles to save tax dollars and lower the demand for gasoline.** Congress should also pass H.R. 1380, which would provide tax credits and other incentives to promote natural gas vehicles.

Pushing for Federal Leadership

As the nation's largest energy consumer, the federal government should lead the effort to reduce fossil fuel dependence. President Obama has set a goal of having the federal government purchase alternative-fuel vehicles exclusively by 2015. Yet the government has not done enough to achieve this goal. Last year, less than 5 percent of federal vehicle purchases were hybrids, electric, or hydrogen vehicles. And while 32,000 vehicles purchased last year can use ethanol-based E85, federal employees received waivers to use gasoline in a majority. Numerous American-made hybrid and electric vehicles are available, and if E85 vehicles are to be purchased, they should be used as intended.

Promoting Private R&D with Prizes

Cash prizes are a cost-effective way to advance clean energy technologies. My bipartisan H-Prize Act, which is now law, authorizes \$50 million in prizes for breakthroughs that improve hydrogen-powered vehicles. Zero-emissions hydrogen vehicles are already on the road, and more models are due by 2015. Yet technical obstacles remain to boosting vehicle range, reducing cost, and expanding refueling infrastructure. The H-Prize Act will stimulate research to overcome these obstacles, issuing awards only for discoveries that meet specific scientific criteria. This is a unique and low-cost way to incentivize private research and development.

FAIR MARKETS FOR CONSUMERS

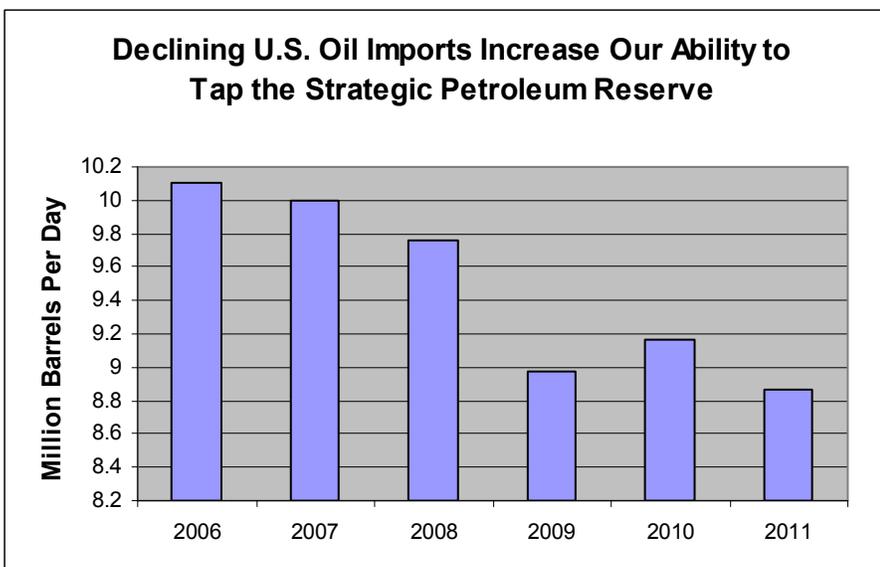
We need to make markets work for the benefit of consumers, not speculators

Soaring gas prices reflect more than the forces of fundamental supply and demand. Speculation by Wall Street banks and hedge funds that have no intention of ever taking delivery of a single barrel of oil contribute to high prices at the pump. I believe we must take action to combat the speculative frenzy that has imposed huge costs on consumers and businesses in recent years and held back the economic recovery.

With some estimating that speculation could add as much as 56 cents to the price of a gallon of gas, **I voted for the Wall Street Reform and Consumer Protection Act to help curb speculative activity.** As called for under the law, the Commodity Futures Trading Commission has issued new rules expected to take effect later this year to prevent excessive speculation and market manipulation by limiting the amount of oil futures that any single trader can control and closing loopholes that allow speculators to be treated as legitimate hedgers such as airlines or trucking companies. My backing for this legislation is in line with my longstanding support for bills to eliminate the Enron loophole that exempted oil traders from CFTC oversight and to crack down on oil price fixing and gouging.

Speculation by Wall Street banks and hedge funds drives up oil and gasoline prices for business and consumers, hurting the economic recovery.

In northeastern Illinois, we can help consumers by preventing local supply shocks from causing price spikes. As a strong advocate of Clean Air laws, I support the required use in the Chicago region of specially formulated gasoline to cut down on air pollution. However, because only a few area refineries make the required blend, local supply disruptions can cause major price spikes, as the federal Energy Information Administration has stated. In fact, a local supply problem leading to a 20-cent gas price increase could cost Northeastern Illinois consumers \$25 million in just two weeks. That is money that could help fuel our local economy, rather than going overseas. The U.S. Environmental Protection Agency has the authority to temporarily suspend the required use of reformulated gas in case of supply problems. **With every spike coming on top of record-setting prices, the EPA should keep a close eye on supply issues in the Chicago region and act quickly when necessary to aid consumers.**



At the global level, concerns about Iran have been driving speculation and pushing oil prices to historic highs. In this context, full consideration should be given to tapping the Strategic Petroleum Reserve while maintaining the reserves necessary to combat a sudden, severe supply contraction. The SPR is now exceptionally large relative to U.S. oil imports from countries other than Canada and Mexico. Moreover, domestic oil production is expected to increase by as much as one-fifth by 2020, further cutting imports. A coordinated release that includes other nations can enhance the impact of the SPR. **Tapping the reserve is warranted**

when sustained record prices threaten the economy. However, this should only be done in limited instances, when truly needed, and care must be taken to ensure that we maintain the reserves necessary to deal with a crisis such as a war.