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Vermont's delegation playing key role on oil issues

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By Daniel Barlow Vermont Press Bureau

MONTPELIER – Proposals backed by U.S. Rep. Peter Welch and U.S. Sen. Bernard Sanders aimed at reducing the cost of oil and gasoline are gaining new traction in Washington, D.C., this week.

Welch, a Vermont Democrat, is likely to see his proposal to halt shipments of crude oil to the Strategic Petroleum Reserve make it into an energy bill that House Democrats plan to vote on before the Memorial Day break.

A similar provision is included in a Senate energy bill that also includes a proposal backed by Sanders for a windfall tax on oil companies' profits. Meanwhile, U.S. Sen. Patrick Leahy is expected to call oil officials before his Senate Judiciary Committee soon to explain why their earnings are so large when gas prices are so high.

Gas prices continued to climb this week. The lowest price in the state Thursday, according to the Web site VermontGasPrices.com, was \$3.53 a gallon at a Gulf station in West Brattleboro. The highest was \$3.79 at a Mobil station in Killington.

"To bring Vermonters relief at the pumps I have proposed suspending shipments to this reserve," Welch said by phone Thursday. "This is one of the short term options we have to drop the prices this year."

Established after the Arab oil embargo in the mid-1970s, the Strategic Petroleum Reserve was set up as an emergency oil supply in case of disaster. Contained in underground salt mines in four locations along the Gulf of Mexico, that reserve has an estimated 702 million barrels of crude oil in it.

The total capacity of the reserve is 727 million barrels and the U.S. government wants to expand and fill the reserve with 1 billion barrels. The United States ships about 70,000 barrels to the reserve every day.

President Bush, who last lifted shipments to the reserve following Hurricane Katrina, has ignored calls to do so again. Congressional Republicans have unveiled their own energy plan calling for increased oil drilling, including here in the United States.

More than 100 members of the House, from Welch on up to Speaker of the House Nancy Pelosi, signed onto a letter sent to Bush on Wednesday calling on him to suspend the shipments, which he can do without an act of Congress.

During a press conference in Washington this week, Rep. Ed Markey, D-Mass., the chairman of the House Select Committee on Energy Independence and Global Warming, specifically referenced Welch's proposal as key to dropping prices in the short term.



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"If we had more legislators like Peter Welch, our country never would have been in this precarious position," Markey said in a statement released Thursday.

Meanwhile, Senate Democrats are moving forward with their own energy plan that also includes suspending petroleum shipments.

Sanders, who sponsored a bill calling for new taxes on oil industry profits that was unveiled as part of the energy package Wednesday, said suspending these shipments is a "bipartisan proposal that my good friend in the White House doesn't support."

"I have received hundreds and hundreds of letters, e-mails and phone calls from Vermonters worried about the cost of fuel," said Sanders Thursday afternoon, shortly before going on the Senate floor. "They are frustrated and angry about the price of oil."

The Senate bill also includes a provision to close the so-called Enron loophole, which allows the market to buy and sell outside of federal regulation. Many say this has contributed to excessive speculation and price manipulation.

"In the long-term we still need to transfer away from an energy system that relies on fossil fuels," Sanders said.

Matt Cota, the executive director of the Vermont Fuel Dealer's Association, said Thursday that he supports many of these initiatives, including halting the daily shipments to the Strategic Petroleum Reserve.

"It seems the sensible thing to do and it can't hurt," Cota said. "We don't really need to fill up that last 3 percent when prices are hurting everyone."

Bringing more federal regulation into the market will also help to drive down prices, Cota said. The unrestricted trading has led to speculation, manipulation and possible price distortion, he said.

"To borrow a phrase, there is no silver bullet here," he said. "What we need is silver buckshot."

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