

### Also Highlights Legislation Recently Approved In Congress

*Binghamton, NY* - With the summer driving season underway, Congressman Maurice Hinchey (D-NY) today unveiled a series of new short, medium, and long-term solutions that will help curtail gas prices now, make a more significant impact over the next several years, and ultimately lead the country away from oil and toward a renewable energy-based economy that includes solar and other clean energy applications for vehicles and buildings.

"We need a wide array of solutions that will help lower the cost of gas right now, but also put the United States on a steady track to become oil-free so that we never have to confront a situation like the one we're facing at the pump right now," Hinchey said, "With gas prices at \$4 per gallon, people are facing very tough economic times all across New York and the country. It's time for elected officials in Washington to start focusing on an energy policy that goes beyond their two, four, or six year terms. Yes, we need to help lower gas prices now, but we also need to stop the talk and enact a real energy policy that will help this country make the much-needed leap away from oil and toward solar and other clean energy solutions. Our economy and our planet don't have time to wait around anymore for real solutions."

In the short term, Hinchey outlined a variety of new legislative steps on which he is working, including a bill that would give the president the authority to cap gas prices at \$2.49 per gallon. The congressman said that having the government step in to control prices of a commodity critical to the U.S. and global economy would provide stability to the economy, ease the financial burden being felt across the country, while still enabling oil corporations to make a profit, just not at the current level of more than \$3.5 billion per month that ExxonMobil is pulling in at the expense of consumers. Hinchey is currently drafting price cap legislation that he intends to introduce within the next two weeks

The congressman also is continuing to work to pass the Eliminate Gas Price Discrimination Act. That measure would end the practice of zone-pricing whereby oil companies control the price individual gas stations charge by allowing stations to purchase gas from only one local wholesale distributor and prevent them from shopping around for lower prices offered by other wholesale distributors not in their local "zone."

Hinchey also continues to address the issue of gas price gouging. The congressman is a cosponsor of the Federal Pricing Gouge Prevention Act, which would provide immediate relief to consumers by giving the FTC the explicit authority to investigate and punish those who artificially inflate the price of energy. That measure passed the House, but has yet to pass the Senate. In response to the work of Hinchey and others, on May 1, 2008, the Federal Trade Commission launched a rulemaking on preventing market manipulation in the petroleum industry. These are preliminary steps to police manipulation of oil and gasoline markets. The commission plans to complete the rulemaking process by the end of the year.

Recently, the House passed several measures to help lower gas prices in the short-term. Hinchey helped pass and get enacted a measure to temporarily suspend purchases of oil for the Strategic Petroleum Reserve (SPR) until the end of the year in order to boost market supply. The congressman also helped pass the Farm Bill, which boosts homegrown biofuel production from non-food crops. Without biofuels, economists estimate that gas prices could be 15 percent higher than they are now. Hinchey also recently helped pass a measure that gives the U.S. Department of Justice the authority to take legal action against OPEC-controlled entities for participating in oil cartels that drive up oil prices.

While recognizing that steps are needed to help curb gas prices now, Hinchey has also turned his attention to increasing vehicle fuel efficiency, which will help reduce demand and lower prices over the span of the next several years, while also reducing greenhouse gas emissions. The congressman is a cosponsor of the Gas Price Spike Act, which would place a windfall profit tax on oil companies and use the revenue to provide a \$6,000 tax credit to Americans who buy cars with a fuel efficiency that rank in the TOP 10 percent out of all cars in the U.S. The purpose of the tax credit would be to encourage the purchase of fuel efficient cars to help lessen the demand for oil and increase supply, which would lower the cost. Funds from the windfall profit tax would also go to help reduce mass transit fares across the country so that more people can take public transportation rather than drive individual cars.

"If we started to replace every car that gets 20 miles per gallon with a car that gets even just 40 miles per gallon, we would cut in half the amount of gas those car owners use. That's an extraordinary step forward in our effort to reduce our dependence on oil and it also significantly benefits the environment," Hinchey said. "Congress must pass and help enact tax incentives that make driving fuel efficient vehicles more affordable right now. If we cut demand for gas then everyone wins, even people who still can't afford to purchase fuel efficient vehicles."

Hinchey also discussed today the various reasons why gas prices have dramatically risen in the United States. The congressman said that the U.S. occupation of Iraq has played a significant

role. Dean Baker, economist and co-director of the Center for Economic and Policy Research recently said in a news report that 20 to 30 percent of ExxonMobil's overall profit can be directly traced to the situation in Iraq. In particular, he reported that the oil company's increased profit is due to the loss of at least 1 million barrels a day of Iraqi oil production and increased uncertainty about supplies created by U.S. operations in Iraq. The cost of oil has also risen as a result of the U.S. military's need for it. As the world's largest consumer of energy in the world, the U.S. military bought more than \$5.6 billion in oil from Shell, \$4.7 billion from BP, and \$4.2 billion from ExxonMobil between Fiscal Year 2003 and 2007.

The weak dollar has also contributed to the soaring cost of oil. As the dollar falls against the euro and other major currencies, oil-exporting states have been demanding more dollars per barrel of oil to protect their ability to meet expenses paid in euros and other currencies. Since January 2000, the dollar has fallen by 37 percent against the euro, with nearly two-thirds of that decline occurring since January 2006. The dollar has fallen 31 percent against the Canadian dollar, and 17 percent against the British pound. This can be most clearly seen in the price of oil as measured in U.S. dollars and euros during the first four years of the current Bush administration. As the dollar weakened, the dollar price of oil increased proportionately. Measured in dollars, oil cost about 28 per-cent more on average in 2004 than it had cost in 2000, but the price remained relatively constant if measured in euros. In fact, Europeans were actually paying about 8 percent less for oil in 2004 than they had paid in 2000. Hinchey said that the Bush administration's economic policies have weakened the dollar and thus contributed to soaring gas prices.

Hinchey is also focusing his attention on unregulated traders of oil and speculators who are artificially driving the price of oil up. To address this, Hinchey has cosponsored the PUMP ACT, which requires the Commodities Futures Trading Commission to regulate over-the-counter trading. He is also a cosponsor of the Close the Enron Loophole Act to provide better oversight of electronic trading of energy commodities, which will prevent price manipulation and excessive speculation. The congressman is also working to outlaw hedge funds from purchasing oil contracts if they have no ability to actually take in oil inventory and are simply purchasing oil contracts in order to flip them and make a profit, rather than actually bring more oil to the market. Hinchey is also pressing the Bush administration to enforce anti-trust laws to deal with consolidation in the oil industry, which is causing supply pinching that in turn leads to shortages and higher prices.

Additionally, to counter claims by those who want the U.S. to permit drilling in ANWR and other environmentally sensitive parts of the country, Hinchey is drawing attention to the fact that approximately 30 million acres of land that the U.S. owns and has leased to oil companies have yet to be drilled. The congressman said that oil companies need to begin producing on the tens of millions of acres they already control before the U.S. even needs to consider leasing more

land for drilling. Hinchey said oil companies purposefully don't want to drill now because they want to keep supply down in order to raise prices and are waiting to drill until oil hits \$300 per barrel when they can make even larger profits.

The congressman is working on a measure that would create a production incentive fee for oil companies. The measure would simply collect \$5 annually for every acre that oil companies currently lease from the U.S. on which they have yet to produce any oil. If enacted, the measure would either generate up to \$150 million in new revenue for the U.S. to invest in renewable energy or it would actually get oil companies to increase domestic production. As part of a long-term solution, the congressman also talked about the possibility of creating a refined oil reserve, similar to the Strategic Petroleum Reserve that already exists. Hinchey said that doing so could potentially add more refined product to the market in times of need in order to quickly reduce the price of gas at the pump.

"Big Oil wants to control all of the oil reserves in the U.S., but that doesn't mean those companies actually want to drill for oil in those areas," Hinchey said. "By controlling the oil reserves and not producing oil, Big Oil continues to artificially keep production low, which contributes to higher prices. The real victims here are the American people who are continuing to pay extraordinary prices at the pump. Yes, we need to wean ourselves off oil, but in the interim we need to ensure that oil companies and oil traders are not artificially keeping prices high in order to make huge profits at the expense of the rest of us."

Hinchey also discussed plans for dramatic investments in solar energy and other renewable sources of power in order to eventually phase out oil and other fossil fuels as sources of energy in the long-term. The House recently took an important step in this direction by passing a bill before Memorial Day whose effects will be felt over the next six years. The Renewable Energy and Job Creation Act makes new investments that will help reduce the United States' dependence on foreign oil, increase renewable electricity production, create jobs and protect the environment. The bill extends and expands tax incentives for renewable electricity, energy and fuel, as well as for plug-in hybrid cars, and energy efficient homes, buildings, and appliances. The bill focuses aggressively on helping to boost solar energy research and development while also making it more affordable for consumers to purchase solar panels for their homes. The bill extends a 30 percent tax credit on solar products purchased by consumers and doubles the annual cap to \$4,000. The measure also extends the business solar energy tax credit at a level of 30 percent for six years, a long-term action that will spur investments and in turn make solar equipment more competitive and less costly.

Last year, Hinchey helped organize and create The Solar Energy Consortium (TSEC) in upstate

New York, which is a new industry-driven, non-profit organization that provides leadership, organization, resources, and support for the establishment of a major solar energy industry cluster in New York. TSEC is the first organization of its kind for the photovoltaic industry, encompassing research and development, manufacturing facilities, industry promotion and market development. Earlier this year, TSEC partnered with its first major manufacturing partner, Prism Solar Technologies, which plans to bring more than 400 new jobs to Ulster County within 4-5 years. TSEC has also partnered with six research universities throughout New York to work on the research needed to improve solar technology.

In order to advance TSEC, Hinchey helped secure \$1.476 million in federal funds to help bring companies such as Prism Solar Technologies into the consortium. The congressman also secured final approval of \$3.2 million for C9 Corporation to conduct solar research and development in conjunction with TSEC. Additionally, Hinchey helped convince Empire State Development to contribute a \$1.5 million grant to attract solar energy companies to TSEC. Subsequently, the recently approved New York State budget includes \$6.5 million for TSEC. Ulster County has also committed \$200,000 to the consortium.

In the long-term, Hinchey highlighted the need for the U.S. to stop investing just seed money in renewable energy research and development and to instead devote the vast majority of its energy funding in solar and other clean sources of energy.

"We will continue to work to find ways to bring costs down now and increase efficiency, but the ultimate solution to the oil crisis is to rid ourselves of the need for oil overall," Hinchey said. "Oil is a finite product and its use is detrimental to the well-being of our planet. By transitioning to solar and other forms of renewable energy, we will create much more affordable and environmentally-friendly ways of obtaining energy."

Hinchey said he will make future public announcement as he introduces new pieces of legislation to help address the cost of oil.