



Opening Statement
Hearing on Strategic Petroleum Reserve and Other Energy Security-Related Issues
Chairman Lisa Murkowski
October 6, 2015

We've got a lot of ground to cover this morning. We've got a couple excellent panels of witnesses so let us begin this morning. We're honored and pleased to once again have before the committee the Secretary of Energy. Dr. Ernest Moniz welcome back. It's always good to see you. I appreciate this.

We have an opportunity here this morning to talk about the Strategic Petroleum Reserve and other energy security related issues.

Back in July, I prepared for the committee a report on the Strategic Petroleum Reserve - A Turbulent World: In Defense of the Strategic Petroleum Reserve. If I must say so myself, it's pretty good and I would commend it to you all if you have not had an opportunity to read it.

We have some pretty unparalleled opportunities here in the United States with regards to our oil and our oil production and well it is good and strong I think it's important that we be ever vigilant in this area. OPEC's spare capacity has fallen, unplanned production outages persist in Iraq, Libya, and elsewhere, and further trouble always seems to lurk just over the horizon.

The Strategic Petroleum Reserve remains critical to our nation's energy security and it is an asset. And you will hear me repeat as often as I possibly can that this is about a national security asset. And I think it's important that we focus on the energy security aspect of it. It is an insurance policy absolutely. It is a source of leverage and stability for us from a geopolitical perspective absolutely. And while I believe it should be modernized, I think the question that many of us have asked is: What exactly does modernization really mean? And I am going to make four brief points this morning in that direction.

The Administration proposes some \$2 billion in new funding for SPR life-extension projects and to improve marine distribution capability. I think that these proposals merit careful consideration by the Committee. I look forward to hearing Secretary Moniz as he makes the case on these. I had an opportunity back in July to tour one of our strategic reserves and I think that ensuring operational effectiveness of the reserve should be a first priority for us. We cannot let these lapse into disrepairs so that they cannot fulfil the purpose which is intended. Again taking us back to energy security.

Second, the Administration is also studying the creation of petroleum product reserves on the West Coast, this is PADD 5, and on the East Coast, PADD 1. Now, I'm not opposed, in principle, to building additional product reserves, but I do have some reservations about them. Petroleum products have a much shorter shelf-life than crude oil, and a much more direct impact on the American consumer. Guarding against the use of SPR for political purposes I think should be an enduring concern for all of us.

And third, I'm also not opposed, in principle, to revising the emergency release authorities as the administration and some my colleagues have proposed. But generally, I am wary of proposals that expand the power and ability of the federal government to intervene in the free market. Any sort of "preemptive release" clause must be very carefully examined. And while the Quadrennial Energy Review briefly discusses this proposal, I don't think that the administration has as this point in time made a convincing case for new authority. So I look forward to the discussion on that as well.

But I think the final point I raised in the white paper that we released in July - the Strategic Petroleum Reserve doesn't necessarily exist in a vacuum. Up in Alaska, the Trans-Alaska Pipeline System is another vital piece of energy infrastructure and it too is vital to our national security. And yet, its throughput has declined at a deeply troubling pace. TAPS must operate for decades to come. We've got the resources in our state to ensure that it does. I think that when we're talking about energy security our focus should be broad in evaluating our energy security - pursuing all of our options, including further increases in domestic production.

So I am going to close my comments again by reiterating that we call it the "Strategic Petroleum Reserve" for a reason and as the name suggests, we hope never to use it. We hope to use it as that strategic reserve - but we keep it around for good reason because in the event that something happens - if there is an event whether it's in the Straits of Hormuz or wherever it may be - in case the world slips and we find ourselves in need, we need to know that the strategic asset, this national energy security asset, is there. And I have said before that it would be a mistake to treat the reserve as anything but a reserve. It is not an ATM for new spending or a vestige of our national energy policy. If we begin to treat it as that I think we risk selling at the wrong time, at the wrong price, and losing its substantial benefits.

So again I am looking forward to good discussion about energy security in this context and look forward to not only the comments from the secretary but our second panel as well.

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