



**Opening Statement**  
**Senator Maria Cantwell (D-Wash.)**  
**Hearing on the Potential Modernization of the Strategic Petroleum Reserve**  
**October 6, 2015**

“Thank you Madam Chairman, and thank you for holding this hearing on modernization of the Strategic Petroleum Reserve and related energy security issues. And I thank Secretary Moniz and the other witnesses for joining us for this very important discussion. I especially want to thank the secretary for his leadership on the Quadrennial Energy Review, which is an important document that helps frame the discussion of our nation’s energy policy priorities and infrastructure needs.

In July, this committee successfully reported out the Energy Policy Modernization Act on a bipartisan basis. Senator Murkowski and I had many discussions about the pieces of that legislation – but there was one thing that we could easily agree on. And that was the critical importance of the Strategic Petroleum Reserve.

Forty years ago, we created the Strategic Petroleum Reserve (SPR) to prevent economic and security impacts of crude oil supply disruptions. That’s exactly what had happened with the Arab oil embargo in 1973.

The 1975 law that created the SPR specifically authorizes the president to draw down the SPR, if he or she determines there is a “severe energy supply interruption.”

The core policy reason for the reserve hasn’t changed since then – nor should it.

The Strategic Petroleum Reserve is our most important, federal, energy security asset.

We need it just as much today as we did then. Perhaps even more so, given the energy market volatility we have seen over the past decade.

The global oil markets may have changed—but so have the nature of the threats to the infrastructure, which is so key to our economic and national security.

We make commitments to the International Energy Program. And supply interruptions could happen at any time. Whether it’s response to volatility somewhere else in the world or a natural disaster like hurricanes, we are seeing with increasing frequency devastation to our critical energy infrastructure. So you just never know when you may need to use the oil in the SPR.



Even with more U.S. oil being produced today, we need to have emergency crude oil contingency plans.

There are several immediate and medium-term geopolitical risks capable of rendering severe or even catastrophic oil supply losses, such as possible attacks on major Middle East supply nodes or routes, major weather events, or severe disruptions originating in places like Nigeria or Venezuela. Any of these situations could result in major disruptions and trigger an SPR drawdown.

Our colleagues on this committee are quite familiar with the findings of the Quadrennial Energy Review.

The report notes that, "challenges remain in maximizing the energy security benefits of our resources in ways that enhance our competitiveness and minimize the environmental impacts of their use. ... The network of the oil distribution has changed significantly."

The QER explains that the Strategic Petroleum Reserve's ability to protect the U.S. economy from severe economic impacts in the event of a supply emergency or associated price spike has been diminished by infrastructure congestion – literally, the congestion of too much product not being able to get the product to where we want and when we want.

In fact, the Department of Energy did a test sale in 2014 and identified a series of challenges within the SPR distribution system. Investments are needed to modernize the SPR to make sure the infrastructure has the ability to respond.

The SPR is in need of \$2 billion worth of repairs and upgrades. However, it is estimated that the \$2 billion investment to modernize the SPR can help save the U.S. economy approximately \$200 billion in the event of a sustained and large oil supply disruption.

So we'll hear from Secretary Moniz about some of these issues – about the fact that some of the salt caverns were built in the 1930s and that some of them raise issues of their integrity. At least two caverns have been taken offline. Some of the wells are more than 60 years old. We need to invest in above-ground infrastructure like water, brine disposal, power distribution systems and physical security – all the things that will help us respond to an emergency.

And because pipelines have essentially reversed direction of flow since the SPR was built 40 years ago, that's where this issue of congestion comes in and a strategy of how are we going



to deal with that congestion to make sure that we are going to get product to the market, so it would have the intended impact that we would like it to have.

So once again, I thank the Secretary Moniz for his work on the QER – a long process but a good roadmap for telling us what we need to do to improve our infrastructure – not just on the SPR, but on other issues as well. And I thank the chair for holding this important hearing.

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