

Policy Considerations for the Strategic Petroleum Reserve

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Old Issues are Current and Forced by Changing Production Patterns

- Facilities Size
- Inventory – Absolute Size and Changes
- Refined Products
- Regional
- Use
- Distribution

1975 Energy Policy and Conservation Act

Statement of Purposes:

- 1) Grant specific authority to the President to fulfill obligations of the U.S. under the International Energy Program;
- 2) Creation of an SPR capable of reducing the **impact** of severe energy supply interruptions.

1975 Energy Policy and Conservation Act

- Policy: Substantial Quantities of Petroleum Products will reduce Vulnerability to the Effects of a Severe Energy Supply Interruption.
 - Therefore: An SPR of Up to One Billion Barrels of Petroleum
 - A Plan Detailing the Reserve
 - Regional and Refined Product Reserves

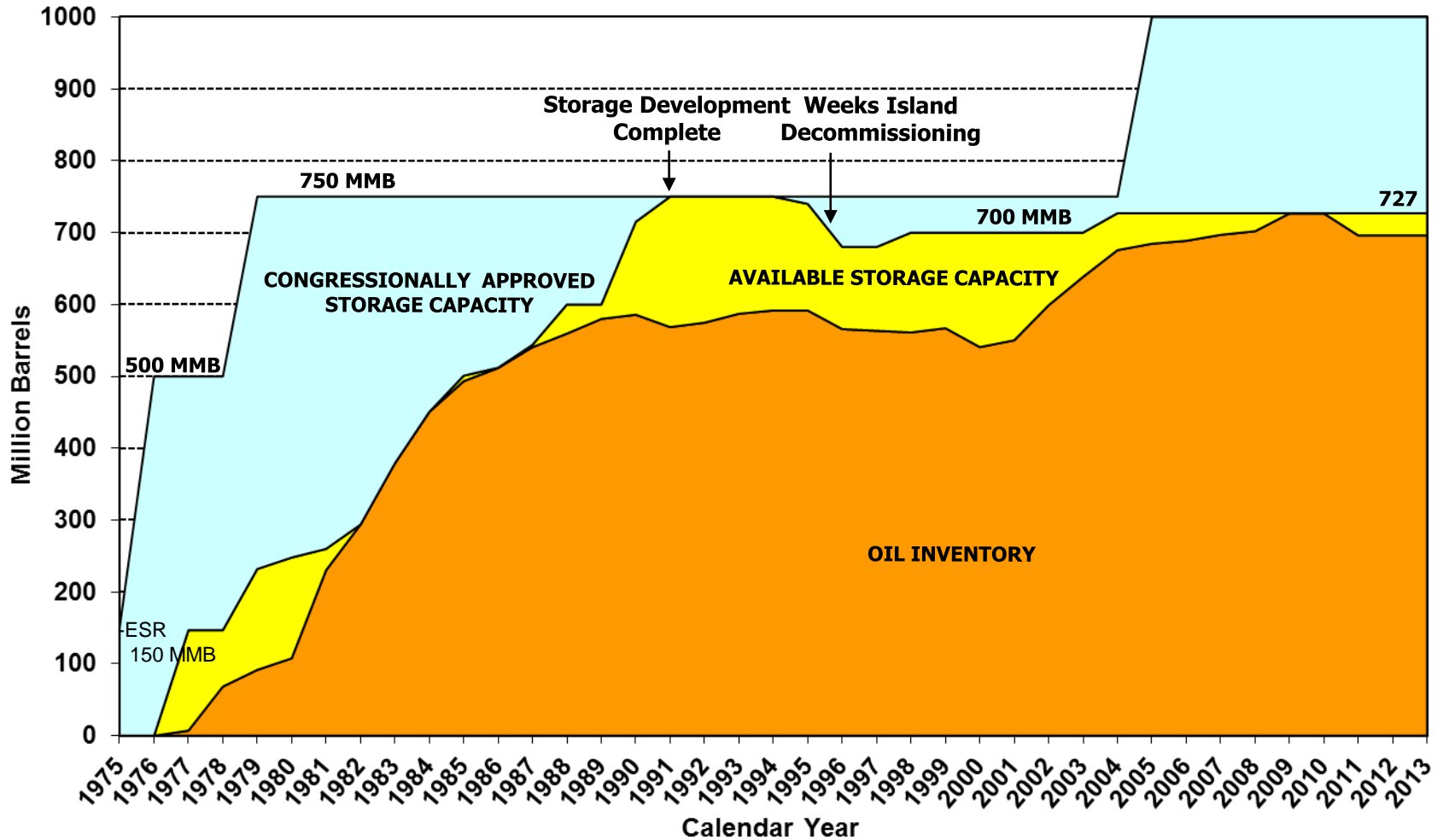
EPCA & The SPR Plan 1977

- EPCA Allowed the Substitution of Crude for Products if Justified by Cost – Plan calls for Crude Only
- EPCA Allowed for Centralized Storage if Availability of Supply was Assured – Plan calls for Gulf Coast Storage Based on Robust Logistics Systems.

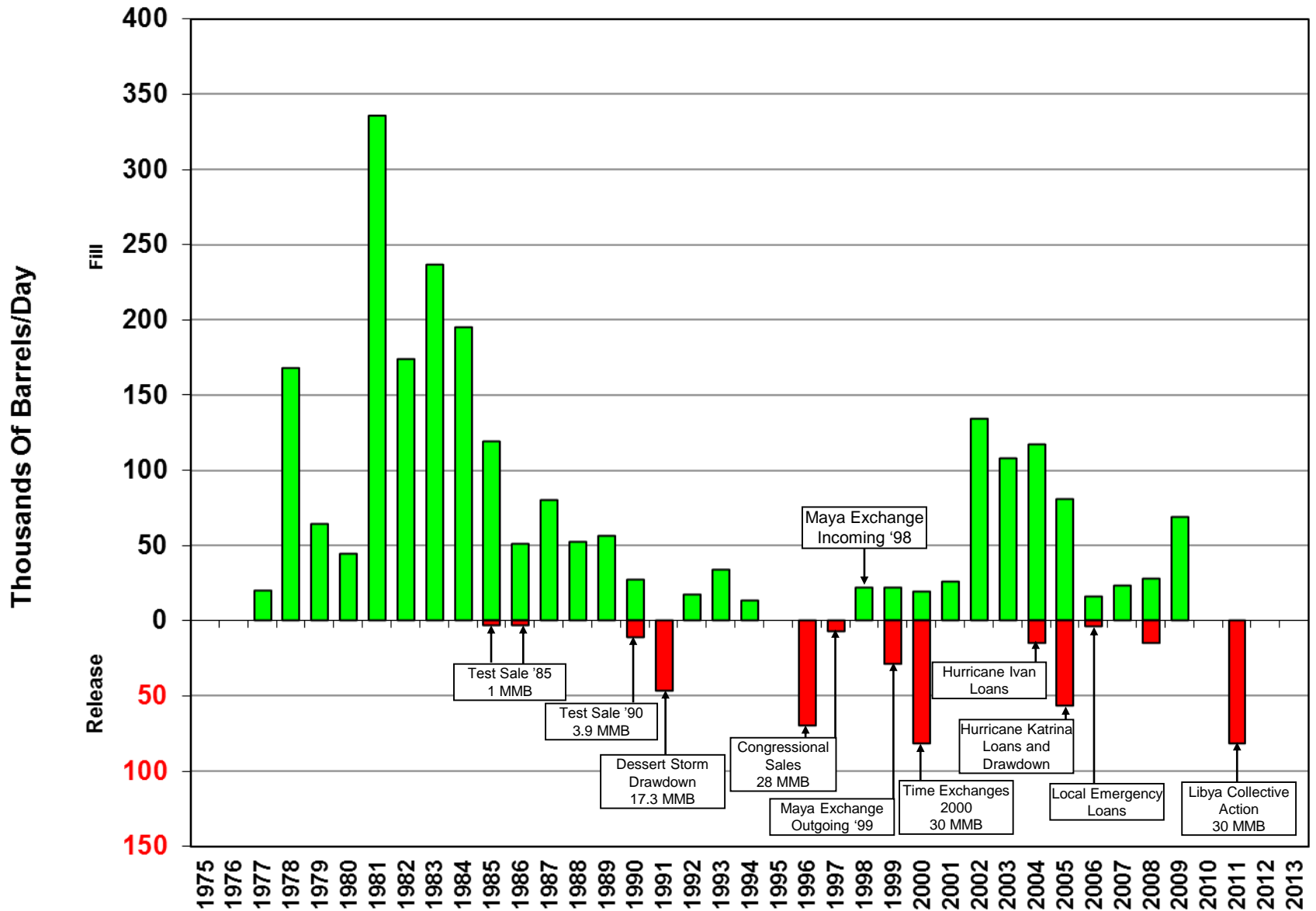
Competing Priorities

- Energy Security – Characterized by Building and Adding Inventory, IEA Obligation
- Market Impacts – Desire either to avoid increasing or decreasing price or to actively influence prices
- Budget – Deficits and Balanced Budget requirements trump other objectives

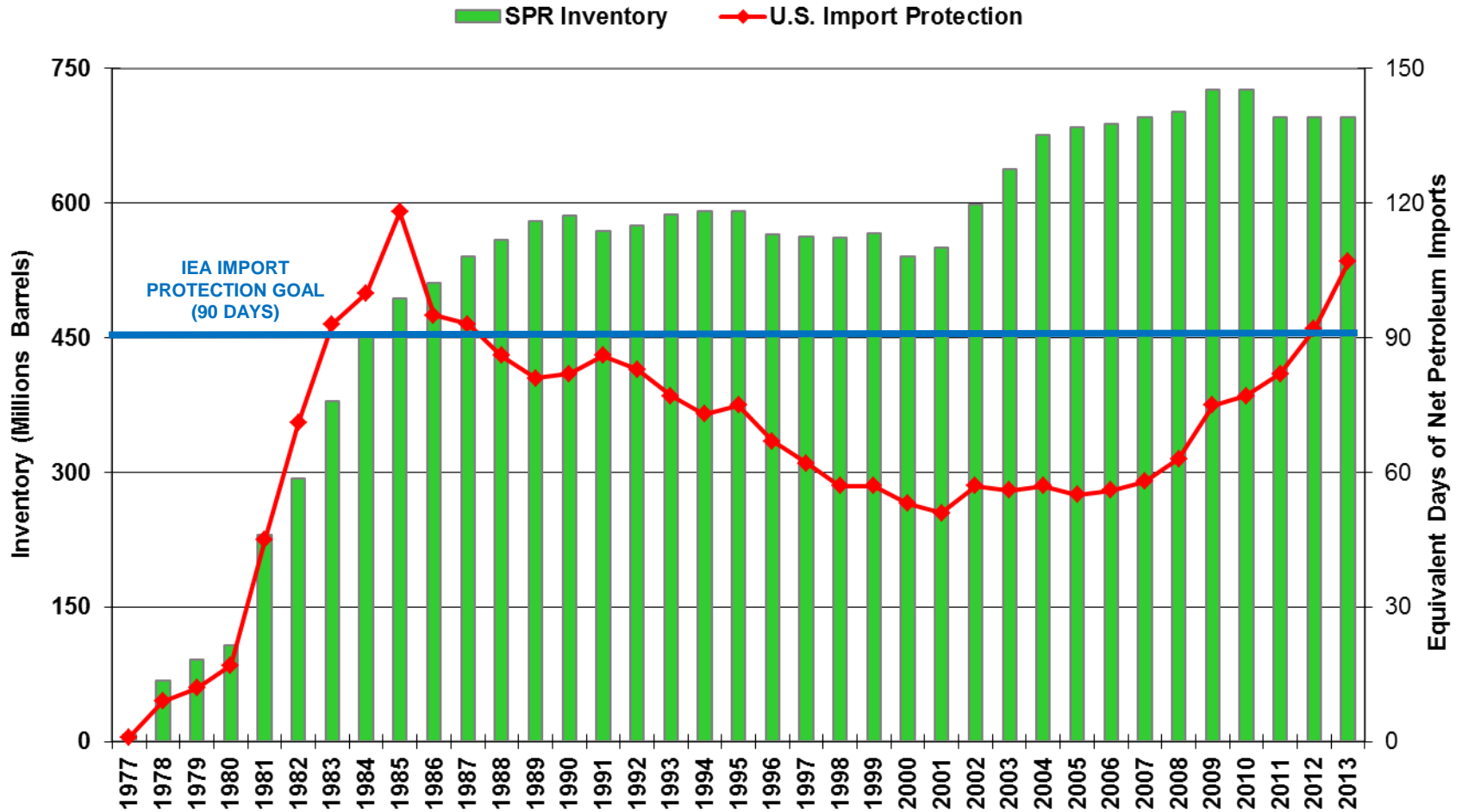
SPR Storage Capacity History



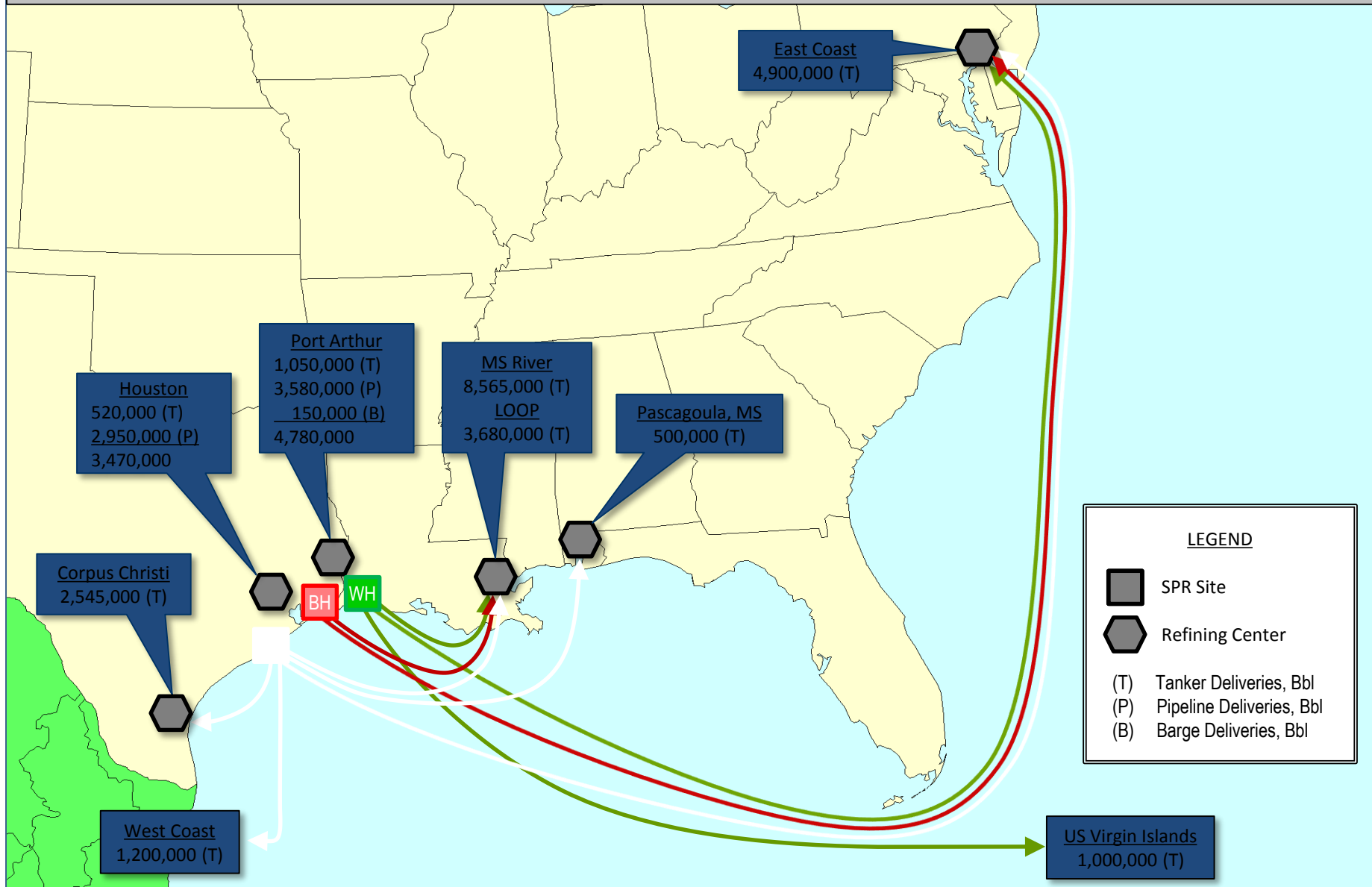
Oil Fill & Drawdown Activities



SPR Inventory & U.S. Import Protection



SPR Drawdown 2011



SPR Distribution Capability Disruption Scenarios

