United States Department of Energy
Office of the Secretary

***FACT SHEET***
***DEPARTMENT OF ENERGY RESPONSE TO HURRICANE KATRINA***

Secretary Bodman is leading the most comprehensive response effort to a natural disaster in the history of the Department of Energy (DOE). Even before Hurricane Katrina came ashore, the Department began its work to restore the many significant portions of our nation's energy infrastructure affected by the storm.

DOE will continue to work to help bring life-saving and life-sustaining electricity back online, while working with oil companies and refineries to mitigate any disruption in supply of gasoline, diesel, or natural gas.

As with our sister agencies, our thoughts and prayers go out to the families so terribly affected by this storm. DOE stands shoulder-to-shoulder with our fellow Americans in New Orleans and throughout the Gulf region as we work through this difficult time.

**What has the Administration done to address potential fuel shortages?**

The Administration has used every tool at its disposal to mitigate any disruption in fuel supply.

- The Department of Energy worked quickly to approve requests of loans from the Strategic Petroleum Reserve to oil refineries. Within 48 hours of the request, the oil was on its way to the refineries. (as of 09.02.05 – 9.1 million barrels of oil from SPR to refineries).

- To meet our obligations as a member of the IEA, the United States will release 30 million barrels of crude oil from the Strategic Petroleum Reserve. This decision comes in addition to the 8.5 million barrels already released under loan agreements over the past several days. This action, effective immediately, has been taken in close consultation with major producing nations.

- The EPA issued a nationwide waiver that allows use of "winter blend" reformulated gasoline throughout the country in place of the more scarce

"summer blend". This action allowed use of the considerable stock of reformulated gasoline already in storage, and is already helping to increase the supply of fuels to consumers.

- EPA is also allowing the use of diesel fuel which exceeds 500 ppm sulfur content, providing additional fuel for generators used by first responders, aid providers, and essential services.

- The Department of Homeland Security waived the Jones Act restrictions on transportation fuel supplies by tanker. This action will allow additional tankers and barges to transport gasoline into ports around the country that may have seen supply disrupted by pipelines running at lower capacity.

- The member countries of the International Energy Agency (IEA) have announced that it will offer 2 million barrels of crude oil and refined products (including refined gasoline) to the U.S. market.

- The Treasury Department and IRS announced that "dyed diesel fuel" normally limited to off-road use would be permitted for road use. This action will bring more diesel supply into the market, enabling transport of essential relief supplies to the affected areas.

**Why are gasoline prices so high?**

- Even before the storm, gasoline and diesel prices were high as a result of tight crude oil supplies and increased global demand for transportation fuels.

- The rapid pace of global economic growth, particularly in China and the U.S., has led to exceptionally high global demand for oil, increasing prices for oil in the world market.

- As a result of the hurricane, nearly all oil and natural gas production facilities in the Gulf of Mexico had to be evacuated and shut down. Crude oil import facilities in the Gulf stopped receiving oil supplies from overseas, and many refineries were shut down.

- In addition, the pipelines that carry gasoline from the Gulf Coast refineries were affected by the power outages caused by the hurricane. DOE has been working around the clock with oil and power companies and the Department of Transportation to restore power to these refineries in order to get fuel supplies to consumers.

- All of these impacts to our energy infrastructure restricted supply of fuels at a time when demand for fuels surged as a result of the disaster response. The end result is even higher prices than before.

**What are you doing about price gouging?**

- The President has said that this nation will not tolerate price gouging. If you believe you have been a victim of price gouging, report any possible price gouging to state and local authorities. Then, let the Department of Energy know via their web site at www.energy.gov.

- The Secretary of Energy, the Federal Trade Commission, and the Department of Justice will conduct inquiries, where appropriate, into significant price increases, as it did in summer 2003 and will act to prevent any illegal anticompetitive pricing.

**Should we be conserving gasoline?**

- The President has asked all Americans to conserve gasoline during this time of tightened supply. This will enable additional supplies of gasoline to be directed towards the relief effort.

- There are a number of things that you can do to use gasoline more efficiently as you go about your daily activities. The Department of Energy and the EPA provide several fuel-savings tips online at http://www.fueleconomy.gov.

**What about home heating costs? How will those be affected?**

- With an overall increase in the price of heating oil and natural gas, we expect that there may be an increase in home heating costs this winter.

- There are several steps that you can take right now to lower your home heating bills this winter.

    - Weatherize your home now, before the cold weather begins.
    - Make sure that cracks leading to the outside are sealed.
    - Put storm doors and windows up.
    - Make sure that all of your doors and windows fit tightly.

- For more information go to http://www.energysavers.gov