

Congress of the United States
Washington, DC 20515

December 27, 2011

The Hon. Steven Chu
Secretary
Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Secretary Chu,

Recent decisions by ConocoPhillips and Sunoco to idle three refineries in Pennsylvania could drastically impact consumers in the Northeast. According to an analysis prepared by the Energy Information Administration (EIA), the decisions by these oil companies, in part, “could result in spot shortages with price spikes for different fuels in different locations” and “increase price volatility.” EIA also concluded that “the supply situation for [Ultra-Low Sulfur Diesel] may be particularly problematic in the second half of 2012.” This reduction in refining capacity could lead to home heating oil shortages and higher prices for the nearly 6 million families in the Northeast who use heating oil to heat their homes. We therefore urge you to increase the size of the Northeast Home Heating Oil Reserve to 2 million barrels in order to protect consumers in the region.

The Northeast Home Heating Oil Reserve was established in 2000 at a size of 2 million barrels in order to protect consumers in the event of a supply disruption during severe weather. In February, the Department of Energy (DOE) announced plans to convert the reserve to cleaner burning ultra-low sulfur fuel. As part of the conversion, the size of the Reserve was also reduced by roughly half, to 1 million barrels, split between sites in Connecticut and Massachusetts. According to DOE, “No heating oil would be stored in New York Harbor because the area has abundant commercial stocks and connections to local refineries and a major pipeline for resupply.”

According to the EIA, the three refineries that ConocoPhillips and Sunoco plan to idle comprise over 50 percent of the total refining capacity in the Northeast. Given this significant reduction in refining capacity in the region, we urge you to reconsider DOE’s decision not to store additional heating oil reserves in New York or elsewhere in the Northeast in order to ensure that consumers in the region can be protected from spot shortages.

The EIA projects that average household home heating oil expenditures will increase eight percent and reach record highs this winter. Given the already high prices consumers are facing this winter, DOE must ensure that consumers are safeguarded from spot shortages and higher prices resulting from these oil companies reducing refining capacity.

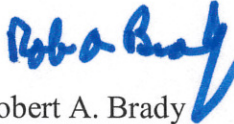
Given the decision by these oil companies to dramatically reduce the refining capacity in the Northeast, we urge you to immediately move to increase the size of the Northeast Home Heating Oil Reserve to ensure that families in the region do not face supply disruptions of this critical heating fuel.

Thank you for your attention to this matter.

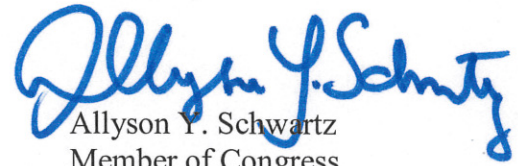
Sincerely,



Edward J. Markey
Member of Congress



Robert A. Brady
Member of Congress



Allyson Y. Schwartz
Member of Congress