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CANTWELL CALLS FOR INVESTIGATION OF ANOMALIES IN WEST COAST PETROLEUM MARKETS AT HEARING

CANTWELL CALLS ON FTC TO INVESTIGATE TRADING PRACTICES BEHIND SUSPICIOUS WEST COAST PUMP PRICES

WASHINGTON, D.C. — Today, U.S. Senator Maria Cantwell (D-WA), Chair of the Committee on Commerce, Science, and Transportation, led a hearing that revealed a lack of oversight and visibility into petroleum trades that affect prices at the gas pump. The committee heard from energy expert Robert McCullough, who testified that benchmark indices used to price petroleum contracts across the West Coast market are based on transactions that are not on an exchange, not public, and not well understood.

During the hearing, Senator Cantwell called for the FTC to investigate whether these trades are driving up gas prices for consumers in Washington, Oregon, and California. "Americans have the right to know why one of our most important commodities doesn't have the right amount of proper transparency and oversight. It doesn't seem right to me that we should have more transparency on a product like wheat or corn than we would on oil."

Cantwell continued: "That is why today we are also sending a letter from my West Coast colleagues urging the commission to investigate abnormally high West Coast prices. And we're working on legislation to give the FTC more authority and access to data so that we can properly police these markets."

At Senator Cantwell's invitation, the committee heard testimony from Robert McCullough, principal of the energy consulting firm McCullough Partners. In the 2000s, McCullough participated in efforts to uncover trading anomalies at Enron.

"After Enron's fiasco, we enabled very good transparency rules for electricity and natural gas. Those have largely worked," said McCullough. "There is however, one gaping hole, that gaping hole is spot oil, spot gasoline — those do not have a clear assignment."

In the aftermath of Enron’s energy trading schemes, Cantwell authored an amendment to the Energy Policy Act of 2005 that strengthened the Federal Energy Regulatory Commission’s (FERC) authority to investigate and punish energy market manipulation.

Since then, FERC has built a permanent cadre of internal energy experts that continually monitor and investigate anomalous market trends and suspicious behavior. These policemen on the beat have uncovered numerous exploitive schemes, to date approving 127 settlement agreements and assessing over \$790 million in civil penalties and disgorging over \$521 million in illegal profits.

In an exchange during the hearing, McCullough responded directly to a question about potential trading anomalies affecting West Coast gas prices.

Cantwell: “And you see some anomalies that concern you now about the West Coast market?”

McCullough: “We certainly, when the (gas) price kept rising in California and the oil price was falling. That was a unique circumstance. And that didn't happen just one day that went on for much of March.”

The Senator has sought to get to the bottom of oil market discrepancies that hurt consumers. After years of efforts, in 2007 Cantwell successfully got enacted two milestone new laws to better police energy markets, including making it a federal crime to manipulate wholesale oil markets.

[Senator Cantwell’s letter calling for the FTC to investigate elevated gasoline, diesel, jet fuel, and other petroleum distillate prices is available HERE.](#)

[Video of Senator Cantwell’s opening statement is available HERE, and transcript HERE.](#)

[Video of Senator Cantwell’s Q&A with the witnesses is available HERE, and transcript HERE.](#)

[Video of Senator Cantwell’s closing remarks is available HERE, and transcript HERE.](#)

[Read Witness Statements HERE, and HERE.](#)

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