

Existing loophole costs average Vermont household over \$800 per year

Washington, DC - Rep. Peter Welch introduced legislation today cracking down on an unregulated energy market which is driving up the cost of heating fuel for Vermonters and Vermont businesses.

In 2000, Enron and several large energy companies successfully lobbied the Republican-led Congress to exempt energy markets from government regulation. This lack of oversight has resulted in multi-billion dollar price manipulation and excessive speculation by traders.

"This special interest loophole is allowing energy traders to rip off Vermonters who are already struggling every winter to heat their homes. It's time to end this rip off," said Welch.

This market manipulation costs the average Vermont household \$800 to \$1,000 more each year, estimates Sean Cota, president of Cota and Cota in Bellow Falls and member of the Vermont Fuel Dealers Association executive board.

Welch added, "Vermont families shouldn't be forced to choose between putting food on the table and keeping their house warm as energy traders continue to line their pockets."

Welch's legislation, which requires government oversight of the trading of unregulated energy commodities to prevent price manipulation and excessive speculation, mirrors a Senate bill by Sen. Carl Levin (D-MI). It also establishes limits on traders. Rep. Robert Andrews (D-NJ) joined Welch on the legislation.

"Vermonters are again facing record high bills to heat their homes. Congressman Welch's effort to crack down on this price distortion is an extremely hopeful initiative," said Tim Searles, executive director of the Champlain Valley Office of Economic Opportunity, who joined by conference call.

"Congressman Welch's bill is critical to bringing the necessary oversight to the energy markets that Vermont consumers deserve. This Enron Loophole allows for excessive speculation and manipulation in the energy markets at the direct expense of consumers," said Cota, who also joined the call.

The "Close the Enron Loophole Act" would give the federal Commodity Futures Trading Commission monitoring and enforcement authority.

The average U.S. heating oil bill is expected to be a record \$1,834 for the winter, up 28 percent from a year ago and double the cost seen four winters ago. Average prices are expected to top \$3 a gallon, up from \$2.48 last winter, according to reports this fall.

To see a recent Government Accountability Office (GAO) report documenting the "Enron Loophole's" contribution to market speculation and inflated oil and gasoline prices, click here: <http://www.gao.gov/new.items/d08174t.pdf>

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To download the text of the new bill, click here: http://www.welch.house.gov/images//welch_043_xml.pdf