Summary of H.R. 702

A Bill "To Adapt to Changing Crude Oil Market Conditions"

Committee on Energy and Commerce, Democratic Staff

October 2015

H.R. 702, a bill "to adapt to changing crude oil market conditions" lifts the long-standing prohibition on the export of crude oil from the U.S. The bill's extreme approach not only repeals the current ban on crude exports, but also ensures that no export restrictions – for any reason – could be implemented or enforced in the future. Beyond incenting a major increase in domestic oil production, the vaguely drafted provisions of the bill could have potentially vast consequences for consumers and the economy, the environment and climate change, and national security.

The Bill Picks Winners and Losers, and Big Oil is the Big Winner.

Proponents of the bill – including major oil producers – argue that lifting the crude export ban will lower oil and gasoline prices in the United States. But EIA found that changes to U.S. export policy will have little to no impact on the future price at the pump. In fact, U.S. consumers have actually enjoyed significant discounts on gasoline thanks to the combination of increased production, decreased demand, and export restrictions. Lifting the crude export ban could result in $8.7 billion less investment in U.S. refining capacity over the next decade, and consumers could miss out on the economic benefits of crude discounts, to the tune of over $10 billion annually. That means a loss in good paying middle class jobs in the refining sector and less money in the pockets of consumers. However, if H.R. 702 becomes law, the resulting changes in our crude oil policy will lead to a significant payday for oil producers – with increases in annual profits approaching $30 billion by 2025.

The Bill Would Harm the Environment and Exacerbate Climate Change.

Increasing crude oil exports means increasing domestic production to meet global supply needs. It is estimated that lifting the crude export ban will increase domestic production by an average of 3.3 million barrels per day between 2015 and 2035, the combustion of which will result in over 515 million metric tons of carbon pollution per year. Further, an increase in oil production will also spur an increase in uncontrolled methane emissions from oil and gas wells. An increase in oil production, consistent with unrestricted crude exports, would run counter to U.S. and global efforts to limit greenhouse gas emissions and prevent catastrophic climate change.

The Bill is Unnecessary.

H.R. 702, or any legislation of this nature, is unnecessary since the President currently has the authority to permit crude oil exports under certain circumstances and where appropriate. In fact, the Administration has already taken a number of steps to do so on a gradual basis.

The Bill is an Extreme Approach.

H.R. 702 is a blunt instrument that broadly undermines 40 years of protections for national security, our economy, consumers, and the environment. The bill not only does away with the President's authority to restrict exports of crude oil, but also prevents the federal government from imposing or enforcing any restriction on the export of crude oil under any other authority. What's more, the heavy-handed drafting of the bill appears to impact far more than the export of crude. For instance the term "restriction" is so vague that it would presumably prohibit a host of other "restrictions" like the required use of U.S. flagged ships under the Jones Act, or shutting down a pipeline to protect public safety, human health or the environment. At a minimum, it sets up a series of potential legal challenges by oil companies to federal activities the industry might consider a "restriction" on exports.

Enacting such sweeping legislation would undercut substantial manufacturing investments and threaten jobs, would undo recent gains in energy and economic security, and would erode progress we've made protecting consumers, the environment, and combating climate change.