

THE TRANSPORTATION FUEL MARKET TRANSPARENCY ACT

Elevated and volatile gasoline and diesel pump prices have exposed how little is known about how petroleum market prices are set despite their profound impact on the U.S. economy and household budgets. Markets that function in secrecy, particularly during times of shortage like we are currently experiencing, are often subject to manipulation and profiteering.

Following the Enron scandal, Congress required greater transparency in electricity and natural gas markets and empowered the Federal Energy Regulatory Commission (FERC) with the authority and responsibility to go after bad actors who manipulate markets to exploit and harm consumers. Since 2005, FERC has built a permanent cadre of internal energy experts that continually monitor and investigate anomalous market trends and potentially anticompetitive behavior. These policemen on the beat have uncovered numerous energy market manipulation schemes, assessing over \$905 million in civil penalties, and disgorging over \$665 million in illegal profits.

In the wake of the 2008 Financial Crisis, Congress gave the Commodity Futures Trading Commission (CFTC) similar anti-market manipulation authority and responsibilities in derivatives markets. Since then, the Commission has used their anti-fraud and anti-market manipulation authority to prosecute more than 50 actions which have collectively imposed more than \$4.5 billion in monetary relief.

In 2007, Congress gave the Federal Trade Commission (FTC) authority to prevent fraud and manipulation in wholesale crude oil and petroleum markets. However, the FTC has not used this authority. Unlike FERC and the CFTC, the FTC does not have a dedicated team focused on monitoring wholesale oil and petroleum markets. Access to more detailed price data would also help the FTC police these markets that are so impactful on family budgets.

BILL SUMMARY

Strengthens Oversight. Enhances the FTC's 2007 authority to go after false market information designed to artificially inflate retail prices at the consumers' expense, including data submitted to private-sector price reporting agencies. Broadens the FTC's oversight authority to cover the full range of transportation fuels, including biofuels. Doubles the maximum penalty for manipulating wholesale oil markets to \$2 million a day.

Ensures Dedicated Market Monitoring. Establishes a new Transportation Fuel Monitoring and Enforcement Unit at the FTC dedicated to continuously and comprehensively monitoring and analyzing crude oil, gasoline, diesel, home heating oil, and other transportation fuel markets to facilitate transparent and competitive market practices.

Targets Bad Actors. The new unit at the FTC is also charged with identifying any manipulation, reporting of false information, use of market power or any other unfair method of competition employed to distort transportation fuel markets to accrue illegal profits.

Improves Market Transparency and Competition. Directs the Energy Information Administration to collect, analyze, and publish more detailed information related to the quantity and pricing of transportation fuels to facilitate price transparency, fair competition, and compliance with relevant international sanctions. This data may also be used to facilitate FTC efforts to police the transportation fuel markets.