

## 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. All too often, markets that function in secrecy fall victim to manipulation.

In the wake of the Enron scandal, Congress required greater transparency in electricity and natural gas markets and empowered the Federal Energy Regulatory Commission (FERC) to go after bad actors who manipulated markets to exploit consumers. Since 2005, 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 schemes, to date approving 127 settlement agreements, assessing over \$790 million in civil penalties, and disgorging over \$521 million in illegal profits.

In the wake of the 2008 Financial Crisis, Congress gave the Commodities Futures Trading Commission (CFTC) similar anti-market manipulation authority and responsibilities in financially settled energy commodity derivatives markets. Over the last decade, 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.

With additional market data and monitoring the Federal Trade Commission (FTC) could, like FERC and CFTC, provide better energy market oversight and proactively prevent fraud and manipulation using the identical statutory authority Congress provided FTC in 2007.

### 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. Legislation broadens Commission's oversight authority to cover the full range of transportation fuels, including biofuels.

**Ensures Dedicated Market Monitoring.** Establishes a new Transportation Fuel Monitoring and Enforcement Unit at the FTC devoted to protecting the public interest by continuously and comprehensively monitoring and analyzing crude oil, gasoline, diesel, home heating oil, and other petroleum distillate markets in order 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, and advising the full Commission whether to go after the perpetrators and impose relevant penalties.

**Increases Penalties.** Doubles the maximum penalty for manipulating wholesale oil markets to \$2,000,000 a day for each violation.

**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 in order to facilitate price transparency, fair competition, and compliance with relevant international sanctions. This data may also be used to facilitate enhanced FTC efforts to police the transportation fuel markets.