



### Strategas Research Partners

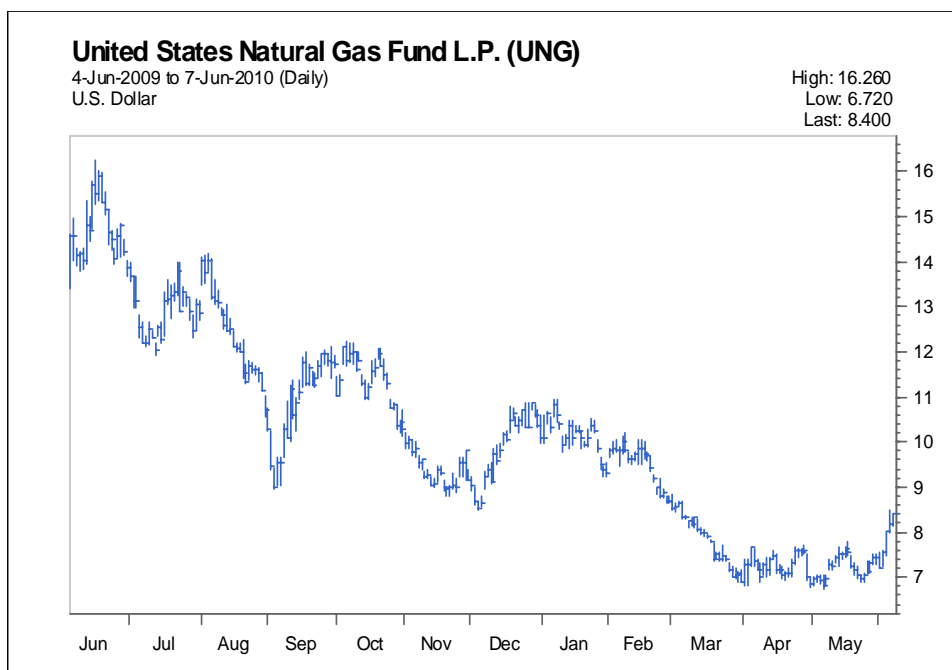
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## DESPITE RECENT EVENTS IN GULF, EXPANDED NAT GAS EXTRACTION STILL FACES MANY POLITICAL HURDLES

In the wake of the offshore Gulf oil spill we noticed a growing bullishness for on-shore natural gas development. In fact, President Obama specifically mentioned nat-gas in a speech he gave last week further building the bull base case. But it is important to note that, while natural gas may be a cleaner burning fuel and have different on-shore drilling techniques than offshore oil drilling, natural gas still faces a number of political hurdles.

Drilling, regardless of whether the development is on-shore or off-shore, oil or gas, faces significant opposition from the environmental community. Less important is the fact that gas is a cleaner burning fuel; more important is the fact that gas extraction has environmental impacts and opponents seek to link water contamination with the fracking process. We have been hearing that the current EPA study on hydraulic fracturing will go beyond studying water contamination to also study the “carbon footprint” generated by the process. To us, this signals the goal is to minimize the argument that nat gas is a “cleaner” fuel.

In recent days, well blowups in Pennsylvania, West Virginia, and Texas have played into the BP media cycle that natural gas extraction poses significant risks and have led advocates to renew their calls for major regulations on the process at both the state and federal levels.



We tend to agree with Boone Pickens that America will be forced into using more gas. But, for the time being, the politics could lead to less extraction and higher prices. Strategas’ technical analyst, Chris Verrone, has been quite bullish on natural gas prices for some time, noting a recent breakout in prices.

## FRACKING REMAINS A CONTROVERSIAL POLITICAL ISSUE AT THE STATE & FEDERAL LEVELS

In September 2009, President Obama pledged to the G-20 Summit in Pittsburgh to remove any tax preferences for fossil fuels, which included gas development. With this backdrop, an explicit point is being made that natural gas extraction is similar to oil extraction and needs to be taken into consideration in the priorities of the Administration.

- **EPA Fracking Study:** Under a 2005 law, the EPA is banned from regulating hydraulic fracturing under the Safe Water Drinking Act. A 2004 EPA study found that fracking does not lead to water contamination. With a change in political parties running Congress and the Administration, last year Congress authorized the EPA to study the fracking process. We believe this study will take another 12 to 18 months as it needs to be watertight against criticism if it is to be used to regulate the process. However, it is quite possible the makeup of Congress will be very different after the midterm elections, and it will be more difficult to get legislation passed authorizing the EPA to regulate the practice. The EPA could take a different route and look at greenhouse gases, rather than water contamination, as a way to regulate the process.
- **New Federal Regulations:** Three natural gas accidents in the past four days have reenergized members of Congress to seek greater regulations on the fracking process. With an energy bill in the pipeline there is now a vehicle to attach provisions. It is likely to get greater chemical disclosure. We still think that granting the EPA the right to regulate the process without the completion of a study is a less than 50 pct. probability, but one that is still worth paying attention to. Disclosure of chemicals will, over time, lead to environmentalists' claiming that the chemicals are directly related to water contamination and other environmental issues.
- **State By State Activity:** The real action is at the state level, and we would expect this to continue in light of the recent accidents playing directly into the BP drilling news cycle. A New York State Assembly committee passed legislation last week that would place a moratorium on new fracking permits until the EPA completes its study. Today a Wyoming Commission will vote on chemical disclosure. Pennsylvania placed a 14 day moratorium on drilling where last week's accident occurred. But, pressure is building for legislation and the governor is pushing tax increases on extraction.

**PA Orders Company To Halt Drilling After Well Blowout**

*Philadelphia Inquirer, 6/7/10*

**Vote On New Wyo. Fracking Rules Planned Tuesday**

*AP, 6/7/10*

**Gas Drilling Fire Burns Seven Workers In W. Virginia**

*Reuters, 6/7/10*

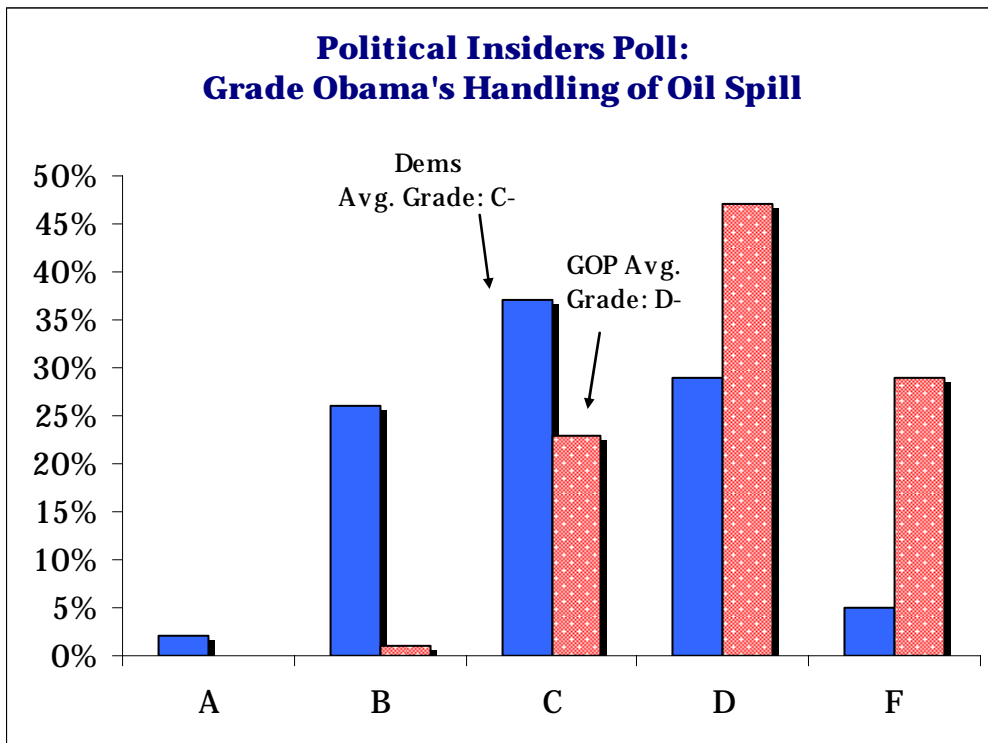
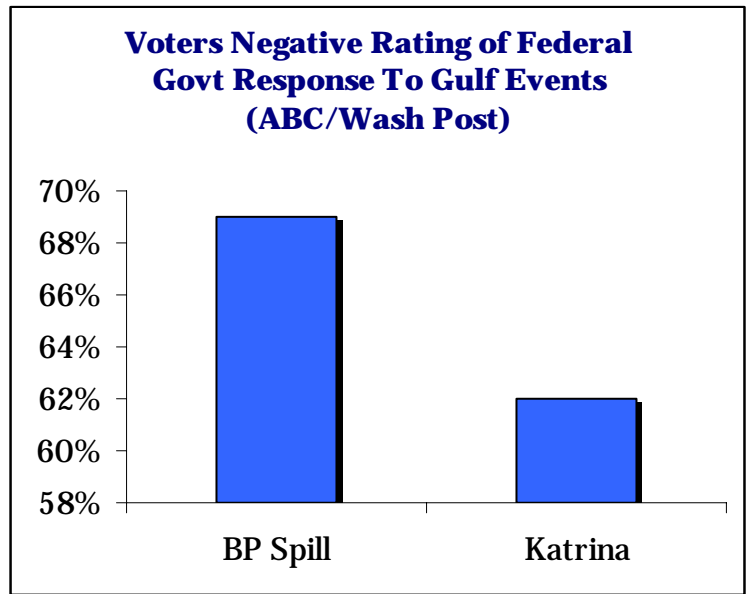
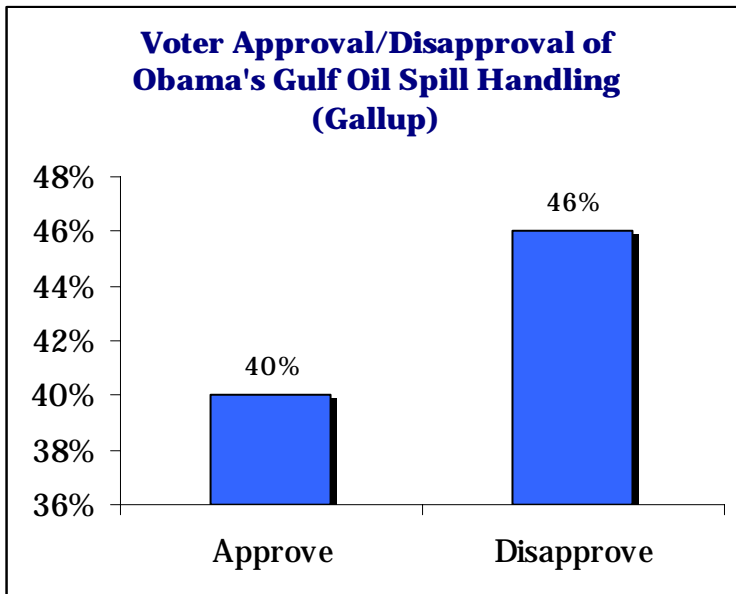
## POTENTIAL OIL & GAS TAX INCREASES CURRENTLY ON THE TABLE

In the same sentence in which Obama called for more gas development, the president also reiterated his call for taxing the industry, in which some of the taxes will limit production and raise the price of gas. These tax increases were part of a G-20 agreement in Pittsburgh to phase out subsidies for fossil fuels. We assigned a low probability of most of these tax increases going through this year. But the recent events in the Gulf, the president's constant push for these tax increases, and the significant need for tax revenue to fund spending commitments ahead of the election make some of these tax increases more palatable in the wake of the spill.

- **Manufacturing Tax Deduction.** Congress enacted a tax deduction for US manufacturing development in 2004. However, the TARP legislation restricted the manufacturing tax deduction for oil and gas companies in 2008 to the equivalent of a 2 pct corporate tax rate cut instead of the 3 pct equivalent for other US companies. Obama and Congress are pushing to remove the deduction entirely for oil and gas companies. One important point is that there was an effort in 2008 to isolate the tax to just five big oil companies, but it proved to be difficult. There will not be a carve-out for gas companies.
- **Repeal Expensing of Intangible Drilling Costs.** Special expensing rules apply to intangible drilling and development costs (IDCs). IDCs include all expenditures made by an operator for wages, fuel, repairs, hauling, supplies, and other expenses incident to and necessary for the drilling of wells and the preparation of wells for the production of oil and gas. Expensing of intangible drilling costs and a 60-month amortization of capitalized intangible drilling costs would not be allowed. Intangible drilling costs would be capitalized as depreciable or depletable property, depending on the nature of the cost incurred.
- **Repeal Percentage Depletion For Oil & Natural Gas Wells.** Oil and gas companies' properties can qualify for percentage depletion, with the amount of the deduction being a statutory percentage of the gross income from the property, and typically ranges from 15 to 25 pct. for oil and gas properties. Percentage depletion would not be allowed with respect to oil and gas wells. Companies would only be permitted to claim cost depletion on their adjusted basis, if any, in oil and gas wells.
- **Repeal Enhanced Oil Recovery Cost.** The general business credit includes a 15 pct. credit for eligible costs attributable to enhanced oil recovery (EOR) projects. If the credit is claimed with respect to eligible costs, the taxpayer's deduction (or basis increase) with respect to those costs is reduced by the amount of the credit.
- **Other Tax Increases:** Repeal credit for oil and gas produced from marginal wells, repeal deduction for tertiary injectants, repeal exemption to pass loss limitation for working interests in oil and gas properties, and increase the amortization from 2 to 7 years for geological and geophysical expenditures.

## GULF OIL SPILL PUTS ENERGY LEGISLATION ON THE FRONTBURNER

New polling data is streaming out every day and the good news for politicians is that BP's response to the oil spill is rated much more negatively than the federal government's response. But that being said, approval of Obama's handling of the crisis is upside down. More voters view the current response more negatively than they did two weeks after Katrina. This is a "months" process and it is unlikely that the numbers will improve over time. Since politicians can't control the spill, they will move to something they can control and that is legislation.

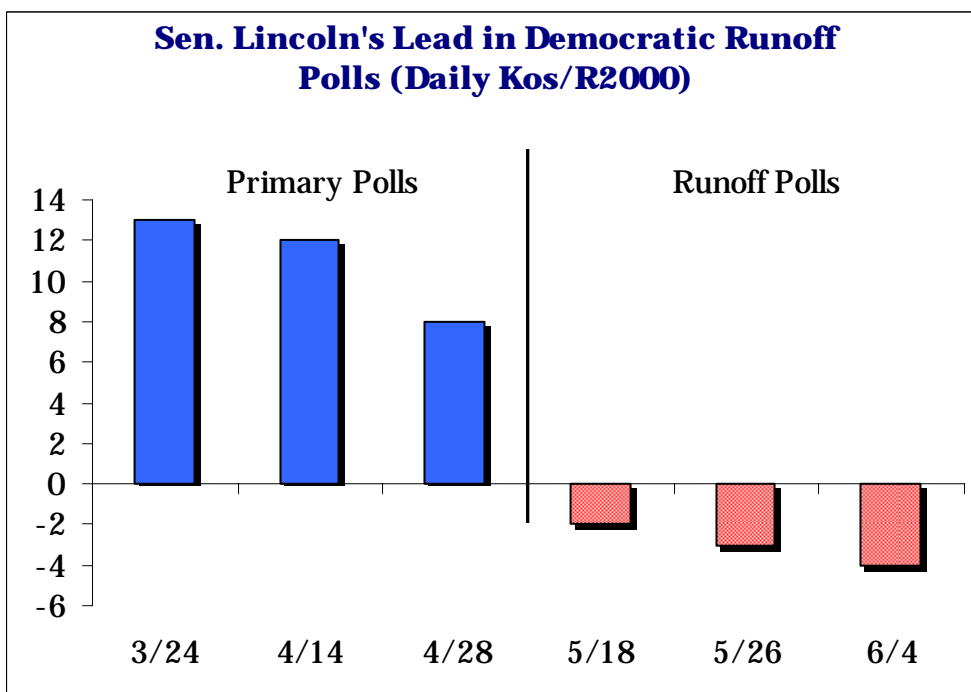
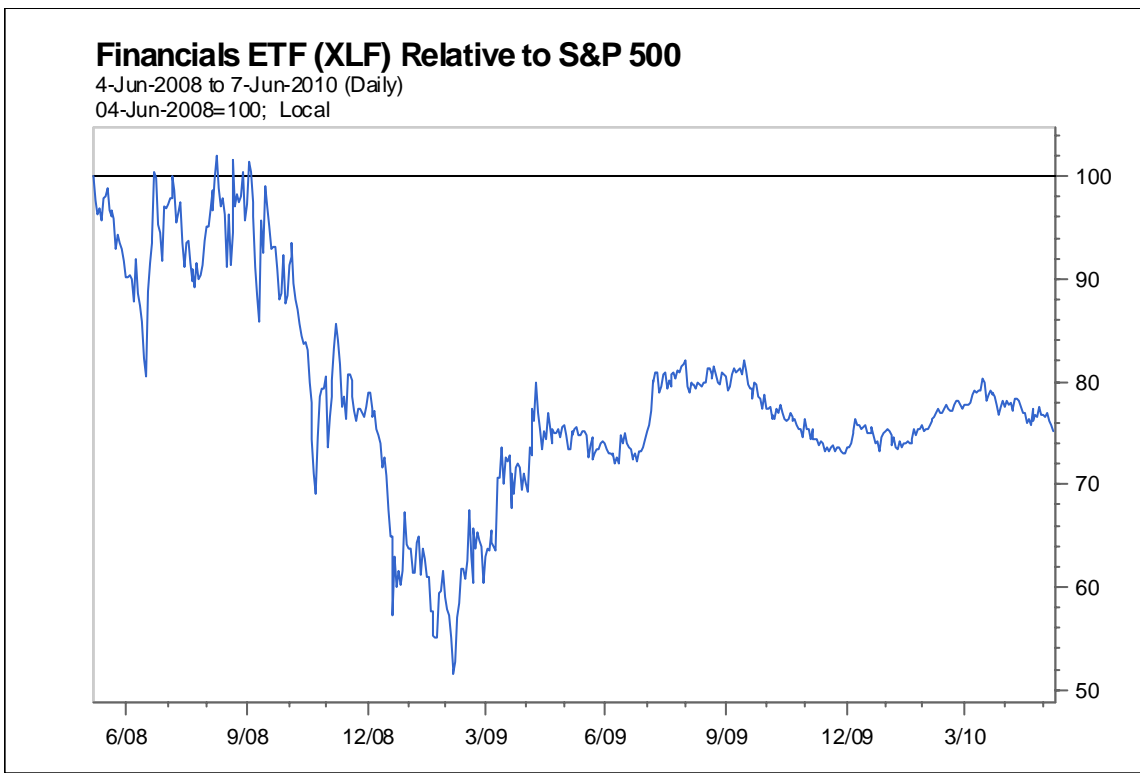


The political professionals, whose jobs it is to get politicians elected, give poor ratings to the Gulf response. Even Dem professionals give Obama a C- rating, which means legislation will be used to overcome these deficiencies.

## GULF OIL SPILL PUTS ENERGY LEGISLATION ON THE FRONTBURNER

- **Liability Cap Is Central Legislative Response:** This week there will be a hearing on lifting the current liability cap for oil spills. Democrats are talking about unlimited liability and legislation is being prepared. We are also hearing that other provisions will be introduced – longer permit reviews (currently is 30 days), stricter environmental rules, and greater congressional oversight of the Mineral Management Service.
- **Push For More Expansive Energy Bill:** Then, the question becomes whether the Democrats will seek to get ambitious and place carbon caps or some other climate provisions in the bill. Senate Majority Leader Reid has asked for committee chairs to come up with a plan this week for moving climate legislation. Sen. Schumer has been noting that the proposal calls for placing the Bingaman energy bill (with a renewable portfolio standard as the centerpiece) on the floor and then seeking to amend the legislation with climate provisions (note: full summary of Bingaman plan at the back of the report). Currently, a number of moderate Democrats do not want to vote for the Kerry-Lieberman proposal but the potential inclusion of BP-related items may make it more difficult. **We still believe there is a less than 50 pct. probability that emissions caps can get through the Senate.**
- **Drilling Moratorium:** The current 6 month moratorium for new permits is generating significant debate. Most analysts believe this provision will extend the moratorium through the remainder of President Obama's term. But events will determine how long the moratorium will stay in place. If less production results in higher prices and higher than expected job losses, then there will be pressure to lift the ban. This is evident in the shallow water debate as the Administration is getting set to issue new rules to get the shallow water projects up and running. Conversely, if environmental damage is much greater than expected, then there will be pressure to keep the ban in place.
- **Murkowski EPA Amendment:** On Thursday the Senate will vote on an amendment to remove the EPA's authority to regulate greenhouse gas emissions. Even if the amendment passes (which we expect it will), the provision will not be signed into law. The House will not pass the provision and the president would not sign it into law. But the vote gives us a good proxy for the upcoming climate debates that are sprouting up in response to the spill. **A strong overwhelming vote could be a signal that the Senate does not have the votes for climate change provisions.**

# MONITORING OUR FINANCIAL REGULATION CHECKLIST: SEEING IMPROVING PROGRESS ON KEY ISSUES WEIGHING ON FINANCIAL MARKET'S



The banking industry will be closely watching Sen. Lincoln's primary election runoff tonight. Her numbers have deteriorated through May and into June. Most analysts expect her to lose although she believes heavy turnout in two congressional districts with contested primaries should help her numbers.

## MONITORING OUR FINANCIAL REGULATION CHECKLIST: SEEING IMPROVING PROGRESS ON KEY ISSUES WEIGHING ON FINANCIAL MARKET'S

- **Interchange Fees.** We believe the banks were caught flat-footed when the interchange fee amendment was rushed through and passed, given that 10 Democrats voted against the provision, but 17 Republicans voted for it. Now that two weeks have passed, significant lobbying opposition to the amendment is building. State governments are weighing in against the Durbin amendment; smaller banks, which are exempt, are lobbying against the provision because it would hurt their ability to compete on price, and most of the Republicans who voted for the bill will not vote for the final package; all factors putting pressure on the provision being removed. Even if it does pass, some are suggesting the Fed rules would not be as detrimental for debit purchases given the cost involved in check transactions, which are taken into account on the surface.
- **Lincoln Swaps Legislation.** The current legislation requires banks to spin off their swap desks. Estimates suggest the banks would need to put \$100bn in to capitalize their subsidiaries. Just about everyone in DC supports removing this provision including the regulators, the senators, and even the Obama Administration. But the provision, has had sticking power as the author of the provision, Sen. Blanche Lincoln, is in a tough primary, being challenged by the left flank. Lincoln's primary is tonight and the base case is that if she loses the election it will be easier to remove the provision. But this ignores the idea that other senators want to see this provision pass and are looking for a carrot in support of removing the provision.
- **Proprietary Trading Ban.** Sen. Levin continues to push the fact that he would be open to supporting the removal of the Lincoln swap provision should a more aggressive proprietary trading ban be put into place. The current Volcker Rule language gives the discretion to regulators to implement the ban, but if this amendment were implemented faster, collateral requirements would be higher and banks could not be in conflict with their clients. This latter point has raised serious concerns from clients that this provision could impair the ability for markets to operate. In our view, the existing language will stay, but if it does not, regulators will not let the financial system be impaired by the amendment. Outside events could serve as a catalyst.
- **Collins Capital Requirement Amendment.** The Senate voted 94-0, requiring bank holding companies to adopt the same Tier 1 capital structure as banks. As such, subordinated debt such as preferred trusts would not be included in the Tier 1 capital measurement. The amendment would be implemented immediately and we expect, at the very least, the date will be moved out until 2013, which mirrors Basel III discussions and the focus of Geithner's negotiations. Sen. Collins is key for getting to 60 Senate votes, but given the progress in the negotiations, some of that opposition to watering this provision down can be overcome.
- **Bank Rating Downgrades.** Rating agencies have warned that some banks would face a several notch downgrade should the US government end its implicit support of the banks. Yet, since then, the rating agencies have backed away from these positions, which should prevent immediate downgrades from occurring.

# **American Clean Energy Leadership Act of 2009 (Bingaman Energy Bill)**

## **Clean Energy Technology Deployment**

Reforms the existing Dept. of Energy loan guarantee program, including establishing a "Clean Energy Investment Fund"

### **CEDA**

Creates a new Dept. of Energy entity: the Clean Energy Deployment Administration (CEDA)

CEDA would be an independent administration within DOE, like the Federal Energy Regulatory Commission. It would be governed by a board of directors and an administrator, all of whom would be appointed with the advice and consent of the Senate. CEDA will also have a permanent Technology Advisory Council to advise on the technical aspects of new technologies and to help set goals for the administration.

The agency would provide various types of credit to support deployment of clean energy technologies, including loans, loan guarantees and other credit enhancements as well as secondary market support, to develop products such as clean energy-backed bonds that would allow less expensive lending in the private sector. The agency would also seek to accommodate riskier debt and thus would provide a mechanism for deployment of the most innovative technologies.

CEDA's mission would be to encourage deployment of technologies that are perceived as too risky by commercial lenders; thus, the agency is encouraged to back riskier technologies with a higher potential to address our climate and energy security needs. The agency is to use a portfolio investment approach in order to mitigate risk and is to try and become self-sustaining over the long term by balancing riskier investments with revenues from other services and less risky investments.

CEDA would be an autonomous entity with strong guidance and aggressive goals for technology deployment set by an independent advisory council, in consultation with the Secretary of Energy. The bill sets out a process for goal-setting in the various areas and then mandates numerical targets for achieving the goals, against which the performance of CEDA may be judged. There would be various levels of financial oversight, including audits by the comptroller general and unfettered access to the books of CEDA by the Energy Secretary.

## **Renewable Electricity Standard**

Sets a national Renewable Electricity Standard (RES) requiring sellers of electricity to obtain the following percentages of their electricity from renewable sources or from efficiency improvements: 2011-12: 3%, 2014-16: 6%, 2017-18: 9%, 2019-20: 12%, 2021-39: 15%

Utilities selling less than 4 million megawatt hours per year are exempt.

Qualifying Renewables are: wind, solar, ocean, geothermal, biomass, landfill gas, incremental hydropower, hydrokinetic, new hydropower at existing dams with no generation.

Ways of meeting the standard are: Produce the specified amount of electricity or efficiency savings itself; purchase renewable energy or efficiency savings; Purchase renewable energy credits or energy efficiency credits from entities who have excess; Make alternative compliance payments to the Secretary at a rate of 2.1 cents per kilowatt hour. Payments are made directly to states whose utilities have paid into the fund, for development of renewable resources, or to offset increases in customer's bills

## **Transmission Grid**

Requires FERC to coordinate development of an interconnection-wide plan that achieves the policy goals, from plans developed by current planning entities; FERC must promulgate a rule to embody the policy goals and develop a schedule to implement those policies within one year of enactment

Transmission planning entities shall develop regional plans and submit them to FERC within 24 months. The Commission will encourage joint submissions and submission of interconnectionwide plans. FERC may require modification of submitted plans to ensure conformance to planning principles and to reconcile inconsistencies

FERC shall periodically evaluate whether projects in the interconnection-wide plan are being developed, and if not take actions, in accordance with other provisions of law, to address identified obstacles.

Make recommendations to Congress for further actions or authority needed to ensure development of timely projects and update the plan every three years.

Allows States one year from time of filing of a proposal to site a high priority national transmission project

Gives FERC jurisdiction over siting when states have either been unable to site the facility or have denied the application. Jurisdiction is over facilities 345 kilovolts and above that are included in the transmission plan

Gives the Department of the Interior lead agency status for development of records of decision on public lands

FERC must establish, by rule, appropriate methodologies for allocation of costs of high priority national transmission projects. Such methodologies derived from the cost allocation must be just and reasonable and not unduly discriminatory or preferential

## **Energy & Water**

National Academy Energy-Water Study – requires the National Academy of Sciences to assess the water use associated with developing fuels in the transportation sector, and the water consumed in different types of electricity-generation.

Power Plant Water Use Study – directs the Secretary of Energy to identify the best available technologies and develop other strategies to maximize water and energy use efficiencies in producing electricity.

Reclamation Water Conservation & Energy Savings Study – directs the Bureau of Reclamation (BOR) to evaluate energy use in storing and delivering water from Reclamation projects, and identify ways to reduce such use through conservation, improved operations, and renewable energy integration.

BOR Brackish Groundwater Desalination Facility (Alamogordo, NM) – establishes research priorities for the Facility, including a requirement to develop renewable energy technologies that will integrate with desalination technologies.

Energy Information Administration Energy for Water Use Assessment – requires the Energy Information Administration to analyze the energy consumption associated with the acquisition, treatment and delivery of water for a variety of uses.

Energy-Water Roadmap – directs the Secretary of Energy to develop an Energy-Water Research and Development Roadmap to define the future efforts necessary to address water-related challenges relating to sustainable energy generation and production

Energy-Water Clean Technology Grant Program – establishes a grant program for development of technologies that reduce the consumption or conservation of energy supplies and promote water conservation activities.

Rural Water Utilities Energy and Water Efficiency Program - requires the Secretary of Energy to provide technical assistance to rural water utilities relating to the development of alternative and renewable energy supplies and water conservation.

Comprehensive Water Use and Energy Savings Study – directs the Secretary of Energy to study the interrelated nature of water and energy use and identify opportunities to reduce energy consumption and associated costs through the use of water conservation and water management strategies such as water reuse and the development of nonpotable water sources.

## **Production of Renewable Energy on Public Lands**

Seeks to improve permit coordination by establishing permit processing offices.

Requires BLM to undertake a programmatic environmental impact statement on solar development and the Forest Service to do the same for wind, solar and geothermal development.

Requires the Secretary to establish pilot projects and authorizes the establishment of a leasing program if warranted by the results of those projects for wind or solar energy on public lands.

## **Manufacturing Energy Efficiency**

Establishing financing mechanisms for both small and large manufacturers to adopt advanced energy efficient production technologies and processes.

Establishes industry-led partnerships to develop industry-specific roadmaps to identify the breakthrough technologies necessary to reduce energy intensity and greenhouse gas emissions. It also stimulates, through competitive grants to industry and small businesses, the development, deployment and commercialization of innovative energy efficient technologies and processes.

Expanding the number and expertise of the Industrial Research and Assessment Centers to better meet the needs of small and medium manufacturers. The bill also provides for workforce training through paid internships at the centers for students to work with industries and manufacturers to implement energy efficiency technologies.

Establishing a Clean Tech Supply Chain Study that directs the Secretary of Energy to enter into an arrangement with the National Academy of Sciences to develop a report on developing the critical elements of and capabilities for the clean tech supply chain in the U.S.

## **Energy Efficient Products**

Establishes initial minimum energy efficiency for portable light fixtures (table and floor lamps) and directs DOE to establish standards for commercial furnaces and certain light bulbs.

Establishes a rebate program to purchase and install new large electric motors.

In terms of the existing DOE standards and Energy Star programs, establishes processes for stakeholders to petition to revise program test procedures and standards, and requires the agencies to provide a timely response.

Directs DOE to complete studies on: 1) compliance with the DOE appliance energy standards; 2) the costs and benefits of requiring direct-current electricity in buildings; and 3) assessing the use of electric motors and the electric motor market .

### **Building Efficiency**

Directs the DOE to set energy savings improvement targets for residential and commercial national model building energy codes at 30% in 2010 and 50% after 2016. The Secretary may, before 2013, adjust the 50% target date for one or both codes if he determines that a 50% target cannot be met in 2016.

The Secretary is authorized to set further energy savings targets at the maximum level of energy efficiency that is technologically feasible and life cycle cost effective and is on a path to achieving net-zero-energy or "carbon neutral" buildings.

The Secretary is directed to work with the national model codes bodies (ASHRAE and the International Code Council) to assist them in meeting these targets. Within one year after the new codes are updated, DOE is required to determine whether the IECC or ASHRAE 90.1 codes meet the efficiency targets; if not, DOE is required to propose modifications to the codes to meet the targets.

Increases DOE funding assistance to the States for code compliance, technical analysis, training, and financial assistance.

### **State Retrofit Programs**

Authorizes competitive grants to states to carry out retrofit programs for residential and commercial buildings. The programs, modeled on the current EPA/DOE program "Home Performance with Energy Star," address many of the barriers to energy efficiency retrofits. Building owners would be eligible for financial incentives to help finance up to 50% of most retrofits, and would have access to certified contractors. Energy savings would be documented through a HERS rating or other approved ratings programs.

### **Home Energy Retrofit Finance Program**

Authorizes grants to states to capitalize state revolving finance funds. Funds could be used for building retrofit programs, including municipal programs that allow owners to finance energy improvements through property tax bill payback, and energy utility programs that offer "on-bill" financing, as well as traditional financing.

### **Building Energy Performance Information Program**

Authorizes the creation of model energy performance labels for commercial and residential buildings and encourages voluntary implementation of building labeling programs. The purpose of the labeling program is to provide information on building energy performance that would allow consumers and building owners to identify needed efficiency improvements and to compare similar buildings.

### **National Energy Efficiency Goals**

Establishes goal to achieve an improvement of the nation's energy productivity of at least 2.5% annually by 2012.

### **Distributed Generation**

Directs FERC to establish a national interconnection standard for small power production facilities (15 kW or less) which would cover nearly all residential-sized distributed generation.

### **Energy Security**

FERC must promulgate rules or orders necessary to protect against cybersecurity vulnerabilities. FERC may issue such rules without prior notice or hearing if it determines that the rule or order must be promulgated immediately to protect against cybersecurity vulnerability.

### **Nuclear Waste Management**

Establishes a Federal advisory commission to conduct a comprehensive study of alternative means of safely managing or disposing of spent nuclear fuel and high-level radioactive waste. Also authorizes additional research on recycling of spent nuclear fuel.

### **U.S. Strategic Reserves**

Requires the Dept. of Energy to hold at least 30 million barrels of the total 1 billion barrel SPR inventory in refined petroleum products, such as gasoline and diesel fuel. Authorizes the Secretary of Energy to make decisions regarding the drawdown of the SPR.

### **Island Energy**

Directs DOE to establish a team of experts to assist the U.S.-affiliated islands in developing and implementing an Action Plan to evaluate the feasibility and implement the most promising projects.

### **Additional FERC Market Authority**

Grants the FERC cease-and-desist authority to stop improper market behavior as soon as it is detected. FERC also gains authority to prevent the dissipation of assets.

### **Domestic Marine Resources**

Requires the first complete inventory and analysis of marine resources in the Atlantic, Gulf and Alaska regions, including seismic exploration of oil and gas in the outer continental shelf, and provides direct spending and authorizes appropriations to get this done. The report must also provide data on other marine resources, including the potential for alternative energy development, navigation uses, fisheries, aquaculture uses, habitat, conservation and military uses.

### **Domestic Production of Offshore Oil and Gas**

Opens new areas in the Eastern Gulf of Mexico to oil and gas production, including Destin Dome and the Eastern Gulf planning area. In the Eastern Gulf area, no development can occur within 45 miles of the coastline.

### **Efficiency in Energy Production Permitting**

Extends the current pilot offices for permit processing for oil and gas development for an additional five years, through 2020; and requires the Secretary of Interior to establish a regional joint Outer Continental Shelf lease and permit processing office for the Alaska region to ensure efficient and coordinated permit processing by all relevant federal agencies. Provides for expedited leasing for geothermal development in areas in which production is already occurring under an existing federal oil and gas lease and in which co-production is possible.

### **Natural Gas Pipeline Expansion**

Increases the amount of federal guarantee available for financing of an Alaska natural gas pipeline to \$30 billion, extends the time period for issuance of guarantee instruments, and makes other changes.

Authorizes the Secretary of the Interior to issue rights-of-way for a high-pressure natural gas transmission pipeline in non-wilderness areas within the boundary of Denali National Park near the current road through the park, and sets forth terms and conditions required to ensure that it complies with applicable existing laws.

### **Royalties**

Repeals the 2005 law that prevents the Secretary from collecting royalties for certain offshore energy development, and returns to the usual approach of giving the Secretary the discretion to provide royalty relief in certain circumstances.

Requires that the Director of the Minerals Management Service, the component of the Department of the Interior that manages the collection of revenues from energy development on public lands and waters, be appointed by the President with the advice and consent of the Senate. Currently this position does not require Senate confirmation.

### **Research and Development**

Proposes to double the authorization level of Department of Energy's energy R&D program from \$3.28Bn in fiscal year 2009 to \$6.56Bn in fiscal year 2013.

### **Carbon Capture, Transportation and Storage**

Establishes a national indemnity program through the Department of Energy for up to 10 commercial-scale carbon capture and sequestration projects.

### **Energy Market Information**

Directs the Energy Information Agency (EIA) to collect new data identifying all physical petroleum holdings of the fifty largest oil traders, as determined by the CFTC.

Establishes a new Financial Market Analysis Office created within EIA.

Creates a working group on energy markets, and requires that group to report to Congress both its assessment of the factors influencing oil prices, and also its recommendations for regulatory changes that might make markets function more smoothly in the future.