

110TH CONGRESS  
2D SESSION

# S. 3205

To direct the Commodity Futures Trading Commission to utilize all its authority, including its emergency powers, to curb immediately the role of excessive speculation in any contract market within the jurisdiction and control of the Commodity Futures Trading Commission, on or through which energy futures or swaps are traded, and to eliminate excessive speculation, price distortion, sudden or unreasonable fluctuations or unwarranted changes in prices, or other unlawful activity that is causing major market disturbances that prevent the market from accurately reflecting the forces of supply and demand for energy commodities.

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IN THE SENATE OF THE UNITED STATES

JUNE 26, 2008

Ms. CANTWELL introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To direct the Commodity Futures Trading Commission to utilize all its authority, including its emergency powers, to curb immediately the role of excessive speculation in any contract market within the jurisdiction and control of the Commodity Futures Trading Commission, on or through which energy futures or swaps are traded, and to eliminate excessive speculation, price distortion, sudden or unreasonable fluctuations or unwarranted changes in prices, or other unlawful activity that is causing major market disturbances that prevent the market

from accurately reflecting the forces of supply and demand for energy commodities.

1       *Be it enacted by the Senate and House of Representa-*  
 2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Energy Markets Emer-  
 5       gency Act of 2008”.

6       **SEC. 2. ENERGY MARKETS.**

7       (a) FINDINGS.—The Congress finds as follows:

8               (1) The Commodity Futures Trading Commis-  
 9               sion was created as an independent agency, in 1974,  
 10              with the mandate to enforce and administer the  
 11              Commodity Exchange Act, to ensure market integ-  
 12              rity, to protect market users from fraud and abusive  
 13              trading practices, and to prevent and prosecute ma-  
 14              nipulation of the price of any commodity in inter-  
 15              state commerce.

16             (2) Congress has given the Commodity Futures  
 17             Trading Commission authority under the Commodity  
 18             Exchange Act to take necessary actions to address  
 19             market emergencies.

20             (3) The Commodity Futures Trading Commis-  
 21             sion may use its emergency authority with respect to  
 22             any major market disturbance which prevents the  
 23             market from accurately reflecting the forces of sup-  
 24             ply and demand for a commodity.

1           (4) Congress has declared, in section 4a of the  
2           Commodity Exchange Act, that excessive speculation  
3           imposes an undue and unnecessary burden on inter-  
4           state commerce.

5           (5) On June 6, 2008, the price of crude oil  
6           traded on the New York Mercantile Exchange hit an  
7           all-time record of \$139.12 per barrel.

8           (6) The average price of a barrel of crude oil  
9           in 2007 was \$72, and the average price of a barrel  
10          of crude oil to date in 2008 is \$109.

11          (7) Heating oil futures contracts have risen in  
12          price from \$2.97 to \$3.81 during the March through  
13          May contract months.

14          (8) United States airlines are forecast to spend  
15          \$61,200,000,000 on jet fuel in 2008, which is  
16          \$20,000,000,000 more than they spent for jet fuel  
17          in 2007.

18          (9) According to the American Automobile As-  
19          sociation—

20                (A) families and businesses are paying an  
21                average of \$4.07 per gallon for regular gasoline,  
22                which is near the all-time high and is more  
23                than double the price in 2001; and

24                (B) truckers and farmers are paying an  
25                average of \$4.77 per gallon for diesel fuel,

1           which is near the all-time high and triple the  
2           price in 2001.

3           (10) During this decade, energy demand has  
4           been steadily on the rise in nations such as China  
5           and other Asian exporting nations.

6           (11) In a May 2008 report, the International  
7           Monetary Fund raised the possibility that specula-  
8           tion has played a significant role in the run-up of oil  
9           prices, and stated “It is hard to explain current oil  
10          prices in terms of fundamentals alone. The recent  
11          surge in the oil price seems to go well beyond what  
12          would be indicated by the growth of the world econ-  
13          omy.”.

14          (b) DIRECTION FROM CONGRESS.—The Commodity  
15          Futures Trading Commission shall utilize all its authority,  
16          including its emergency powers, to—

17                (1) curb immediately the role of excessive spec-  
18                ulation in any contract market within the jurisdic-  
19                tion and control of the Commodity Futures Trading  
20                Commission, on or through which energy futures or  
21                swaps are traded; and

22                (2) eliminate excessive speculation, price distor-  
23                tion, sudden or unreasonable fluctuations or unwar-  
24                ranted changes in prices, or other unlawful activity  
25                that is causing major market disturbances that pre-

- 1 vent the market from accurately reflecting the forces
- 2 of supply and demand for energy commodities.

