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For more information contact:
Sherri Cabrera, Petroleum Marketers Association of America
scabrera@pmaa.org
Tel: (703) 351-8000

Petroleum Marketers Welcome Passage of H.R. 6604

Legislation Approved by House of Representatives Would Provide Federal Oversight Agency with New Tools to Regulate an Energy Market Dominated by Speculators

September 18, 2008 (Arlington, VA) – Energy retailers across the country today welcomed the passage of legislation in the House of Representatives that would restore a degree of oversight to a commodities market now dominated by speculators and profiteers.

“PMAA has led the effort to rid the oil industry of excessive speculation in the marketplace and to lower gas and heating oil prices,” said Gerry Ramm, the PMAA’s Futures Market Reform Task Force leader. “Final passage of this legislation is important but because of our industry efforts the CFTC has already begun to increase regulations and oversight of the energy futures market. Furthermore, the threat of this legislation created a mass liquidation which led to lower fuel prices in the past two months.”

The legislation, H.R. 6604, passed by a vote of 283 to 133. The legislation will impose critical position limits on non-commercial traders, increase rules and regulations on foreign boards of trade (FBOTs), increase transparency on over-the-counter (OTC) markets, require studies on pension fund investment in commodity markets, and restore the fundamentals of supply and demand to energy commodity markets.

PMAA President Dan Gilligan said the bill includes a Position Limit Energy Group, which will be made up with two-thirds commercial players and one-third non-commercial traders. The composition of this group is vital in ending excess speculation because the group will advise the CFTC on setting appropriate position limits for traders.

The bill must now be approved by the Senate and signed by the President, who has already indicated that he would veto the bill should it be presented to him.

“This is a huge victory for the free market,” Gilligan said, “but let’s keep in mind that this is only the first step. We have a long, tough fight ahead of us because the President has already said he will veto this bill. We have a lot of work to do.”

PMAA is a national federation of 46 state and regional associations representing over 8,000 independent fuel marketers that collectively account for approximately half of the gasoline and nearly all of the distillate fuel consumed by motor vehicles and heating equipment in the United States.

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