

Appendix A

Request for Analysis



The Secretary of Energy

Washington, DC 20585

March 21, 2000

MEMORANDUM FOR ADMINISTRATOR, ENERGY INFORMATION
ADMINISTRATION
DIRECTOR, OFFICE OF POLICY

FROM:

BILL RICHARDSON

Handwritten signature of Bill Richardson in black ink.

SUBJECT:

Requests 60-day Study on Home Heating Oil and Diesel
Fuel Price Spikes in the Northeast

On February 16, 2000, President Clinton tasked the Department of Energy (DOE) to undertake a study of one facet of the recent home heating oil and diesel fuel price spikes in the Northeast. His charge to us was stated as:

"I've asked Secretary Richardson to conduct a 60-day study on converting factories and major users from oil to other fuels, which will help to free up future oil supplies for use in heating homes."

I am aware that work on this study is well underway; however, this is to formally record my request that you undertake jointly a study that covers the following issues:

- A short description of the causes of the Northeast fuel oil price spikes this winter;
- The role of industrial and other large users of fuel oil in the Northeast market;
- The existing and expected near-term patterns, through 2005, of fuel use by business, commercial, and residential consumers;
- Alternatives for greater fuel diversity or reduced distillate fuel oil use by these large users; and
- Obstacles to and incentives for conversion or reduced peak demand by distillate fuel oil users.

The Office of Policy will have lead responsibility for the following issue:

- Federal policies that could promote conversion by various classes of users and greater energy diversity in the region (either on an annual basis or during critical demand periods). These should include policies focused on:
 - (1) adding to gas supply in the region,
 - (2) removing disincentives for provision of natural gas, and
 - (3) supporting changes in electricity generation practices.

The study should be completed by April 14, 2000, so that we can meet the 60-day deadline for delivery to the President. At this time, the Department of Energy will send copies of the report to stakeholders such as elected officials, trade groups, and consumer organizations in the Northeast. Because of the tight deadlines, I urge you to reach out to the Federal Energy Regulatory Commission and DOE program offices, including the Office of Fossil Energy and the Office of Energy Efficiency and Renewable Energy, for their expertise.

cc: Bob Gee
Dan Reicher
James Hoecker