

**Kelliher, Joseph**

---

**From:** Anderson, Margot  
**Sent:** Thursday, February 15, 2001 8:23 AM  
**To:** Kelliher, Joseph  
**Subject:** RE: electricity assessment + NEP

Joe,

Margot

-----Original Message-----

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 15, 2001 8:13 AM  
**To:** Anderson, Margot  
**Subject:** RE: electricity assessment + NEP

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Wednesday, February 14, 2001 3:50 PM  
**To:** Kelliher, Joseph  
**Subject:** electricity assessment + NEP

Joe,

Margot

Secretary, The

**From:** Tzeferakos.Steven@ic.gc.ca%internet [Tzeferakos.Steven@ic.gc.ca]  
**Sent:** Monday, February 26, 2001 6:11 PM  
**To:** Secretary, The  
**Subject:** U.S. Energy Policy Development

Hello. My name is Steven Tzeferakos and I am an economist with Industry Canada HQ, (a federal government department here in Ottawa, Canada).

My director has requested that I begin to look into current and future U.S. energy policy developments, (at the moment, primarily in regards to the Cheney Energy Task Force-National Energy Policy Development Group which Mr. Abraham is a member of). There seems to be some material out there but I'm not quite sure how reliable some of it is. Would you be able to provide me with detailed information (reports/briefings) in regards to these initiatives, their aims, current progress/findings and related upcoming developments in this process?

Information on near term anticipated releases &/or upcoming meetings would be of use in ensuring that the Assistant Deputy Minister is up-to-date and doesn't miss anything over the next little while. (For example, I believe that in the near future there will be a House Energy Subcommittee hearing on National Energy Policy this Wednesday, and a 'Problems Report' issued by the Policy Development Group on March the 10th?) Do you have such information or know of the appropriate contacts who could help me in this matter? Your suggestions and assistance would be greatly appreciated.

Sincerely,

Steven A. Tzeferakos  
1030B East Tower  
235 Queen Street, C.D. Howe Building  
Ottawa, Ontario  
K1A-0H5  
CANADA  
TEL (613) 957-4262  
FAX (613) 941-2463

**Kelliher, Joseph**

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**From:** Angulo, Veronica  
**Sent:** Thursday, April 26, 2001 1:13 PM  
**To:** Kelliher, Joseph  
**Cc:** Hudome, Randa; McMonigle, Joe  
**Subject:** Authorizations for Import/Export Natural Gas

**Importance:** High

Joe,

Please let me know if you have any questions or if you would like me to look into this issue further.

– Veronica

2001-016678 7/11 P 2:10

**Secretary, The**

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**From:** Rick Dunnett [rdunnett@advancedequities.com]  
**Sent:** Wednesday, April 18, 2001 2:23 PM  
**To:** Secretary, The  
**Subject:** FW: Energy Conservation

015578

2001 JUL 11 P 2:10

U.S. Secretary of Energy Spencer Abraham,

I received your agencies acknowledgement that my email is being reviewed by the proper department. Could somebody please reply and give me a status for my inquiry?

—Original Message—

**From:** Rick Dunnett [mailto:rdunnett@advancedequities.com]  
**Sent:** Monday, April 16, 2001 10:17 AM  
**To:** The.Secretary@hq.doe.gov  
**Subject:** Energy Conservation

U.S. Secretary of Energy Spencer Abraham,

My name is Rick Dunnett and I work for Advanced Equities (www.advancedequities), a private investment boutique in Chicago. I am writing to you after reading The National Report on America's Energy Crisis, Energy Summit March 19,2001. In the report, you mentioned President Bush's Energy Task Force headed by Vice President Cheney.

I am attempting to find investors for an innovative technology that significantly reduces consumption of stand by power. In most cases an this company delivers a 10 fold efficiency. The product is patented and in production today. Your energy report cites the energy task force mentioned above, and their strategy calling for "our commitment to conservation and energy efficiency...and encourage investment in new technology to further the development of renewable energy resources." Could you please steer me in the proper direction to locate investors in energy related companies.

I appreciate your time for this matter.

Best Regards,

Rick Dunnett  
VP Investments  
Advanced Equities  
(312)377-5339  
(800)474-0900  
rdunnett@advancedequities.com

.....  
Although the statements of facts in this report have been obtained from and are based on sources that we believe to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.





MaryBeth Zimmerman

02/16/2001 12:21 PM

To: Jerry Dion/EE/DOE@DOE  
cc:

Subject: Re: Chapter 4 inputs

Thanks much.  
Jerry Dion



Jerry Dion

02/16/2001 12:15 PM

To: MaryBeth Zimmerman/EE/DOE@DOE  
cc: Mark Ginsberg/EE/DOE@DOE, Barbara Sisson/EE/DOE@DOE

Subject: Re: Chapter 4 inputs

Here is a BTS markup of your file  Chapter 4 – efficiencand a backup markup by PNNL

 Chapter 4 – efficiency PNNL.

I have placed these on the P: drive in the proper subdirectory as well.

Jerry

MaryBeth Zimmerman



MaryBeth Zimmerman

02/16/2001 10:14 AM

To: Kenneth Friedman/EE/DOE@DOE, Ed Wall/EE/DOE@DOE, Jerry Dion/EE/DOE@DOE  
cc: Ellyn Krevitz/EE/DOE@DOE

Subject: Chapter 4 inputs

Because someone is working on the original chapter 4 (good for you!), I have saved my edits from this morning as "chapter 4 – efficiency mbz." This version has questions to the sectors highlighted. I think everything being requested is pretty standard stuff. PLEASE ADD REFERENCES TO SOURCES OF INFORMATION – IT WILL CUT DOWN ON OUR FACT CHECK WORK.

Once again, we need everything in by noon today. Thanks

P://Analysis/calls/external requests/NEP2001/Assessment Chapters/Chapter 4 - efficiency mbz

24251

DOE024-1657



Karen\_Y\_Knutson@ovp.eop.gov on 04/27/2001 04:22:37 PM

To: James Rannels/EE/DOE@DOE  
cc:  
Subject Re: Solar Energy Synopsis  
:



(b) (5)

(Embedded  
image moved James.Rannels@ee.doe.gov  
to file: 04/27/2001 02:54:26 PM  
PIC18845.PCX)

Record Type: Record

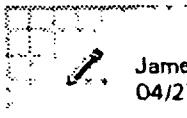
To: Karen Y. Knutson/OVP/EOP  
cc: Robert.Dixon@ee.doe.gov, William.Parks@ee.doe.gov  
Subject: Solar Energy Synopsis

As per your request, attached is a synopsis of solar energy.  
(See attached file: Solar Energy Synopsis.doc)

-  - Solar Energy Synopsis.doc
-  - PIC18845.PCX

24252

DOE024-1658



James Rannels  
04/27/2001 05:19 PM

To: kknutson@ovp.eop.gov  
cc: Robert Dixon, William Parks  
Subject: Solar Homes

(b)(5)

#### 21st Century Townhouse

In 1996, the National Association of Home Builders constructed advanced townhouses featuring energy-efficient materials and systems at the National Research Home Park 21st Century Townhouse, in Bowie, Maryland. The townhouse on the right has an integrated photovoltaic standing-seam roof; the photovoltaic modules look and perform like the standard metal roofing on the other units (on the left), but they also produce electricity. The solar roofing system, developed by United Solar Systems Corporation and Energy Conversion Devices, is designed to serve as a direct replacement for standard architectural metal roofing panels. Photo credit: Tim Ellison, Energy Conversion Devices, Troy, MI

PCD 04473

#### Maine Residence

This house in coastal Maine generates its own electricity from a 4.25-kilowatt photovoltaic system beautifully integrated into the rooftop. The south roof incorporates an integrated array of solar thermal collectors and large-area photovoltaic modules to form a single, uniform glass pane. Through a net-metering arrangement with Central Maine Power, surplus solar electricity is exported to the utility grid, effectively spinning the utility meter backward. Space heating and domestic hot-water are provided by the solar thermal system. Photo credit: Solar Design Associates, Harvard, MA

PCD 04470



Img04473 Img04470

24253

## 21st Century Townhouse

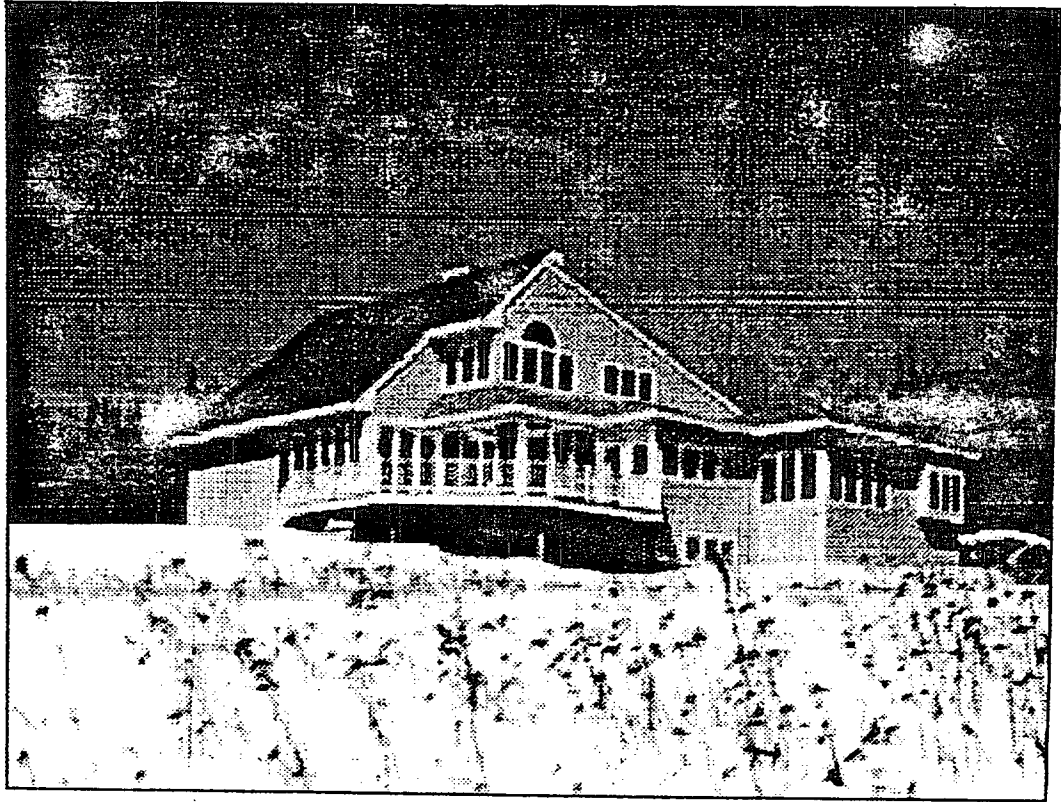


Category:  
**Residential**

PCD 04473

In 1996, the National Association of Home Builders constructed advanced townhouses featuring energy-efficient materials and systems at the National Research Home Park 21st Century Townhouse, in Bowie, Maryland. The townhouse on the right has an integrated photovoltaic standing-seam roof; the photovoltaic modules look and perform like the standard metal roofing on the other units (on the left), but they also produce electricity. The solar roofing system, developed by United Solar Systems Corporation and Energy Conversion Devices, is designed to serve as a direct replacement for standard architectural metal roofing panels. Photo credit: Tim Ellison, Energy Conversion Devices, Troy, MI

## Maine Residence



Category:  
**Residential**

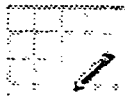
PCD 04470

This house in coastal Maine generates its own electricity from a 4.25-kilowatt photovoltaic system beautifully integrated into the rooftop. The south roof incorporates an integrated array of solar thermal collectors and large-area photovoltaic modules to form a single, uniform glass pane. Through a net-metering arrangement with Central Maine Power, surplus solar electricity is exported to the utility grid, effectively spinning the utility meter backward. Space heating and domestic hot-water are provided by the solar thermal system. Photo credit: Solar Design Associates, Harvard, MA

24255

DOE024-1661

Release



James Rannels  
04/27/2001 05:41 PM

To: kknutson@ovp.eop.gov  
cc: Robert Dixon, William Parks  
Subject: Solar Home

Attached is the cut away picture of the energy efficient home powered by solar that you requested.  
Please let me know if I can provide additional information.



Shea Homes Broc

# UNIQUE

o and San Angelo at Scripps  
nds present a unique opportunity  
ate our community on the many  
ts of energy efficient building  
ques and clean (solar) energy  
ons.

## in it for you

ced dependence on the electrical grid.  
reliance on natural gas.  
r harmful emissions and air pollution.  
red cost of home ownership.  
used comfort of the home.

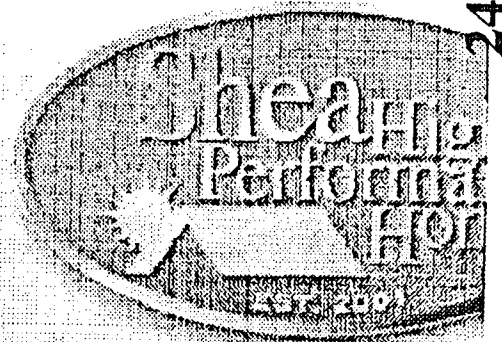
## in it for the environment

er, greener electricity generation.  
red requirement for ongoing fuel usage.  
y conservation.

## SheaHomes

*Caring since 1881*

SheaHomes San Diego, Inc.  
ena Street, Suite 200 San Diego, CA 92131  
900-834-SHEA [www.sheahomes.com](http://www.sheahomes.com)



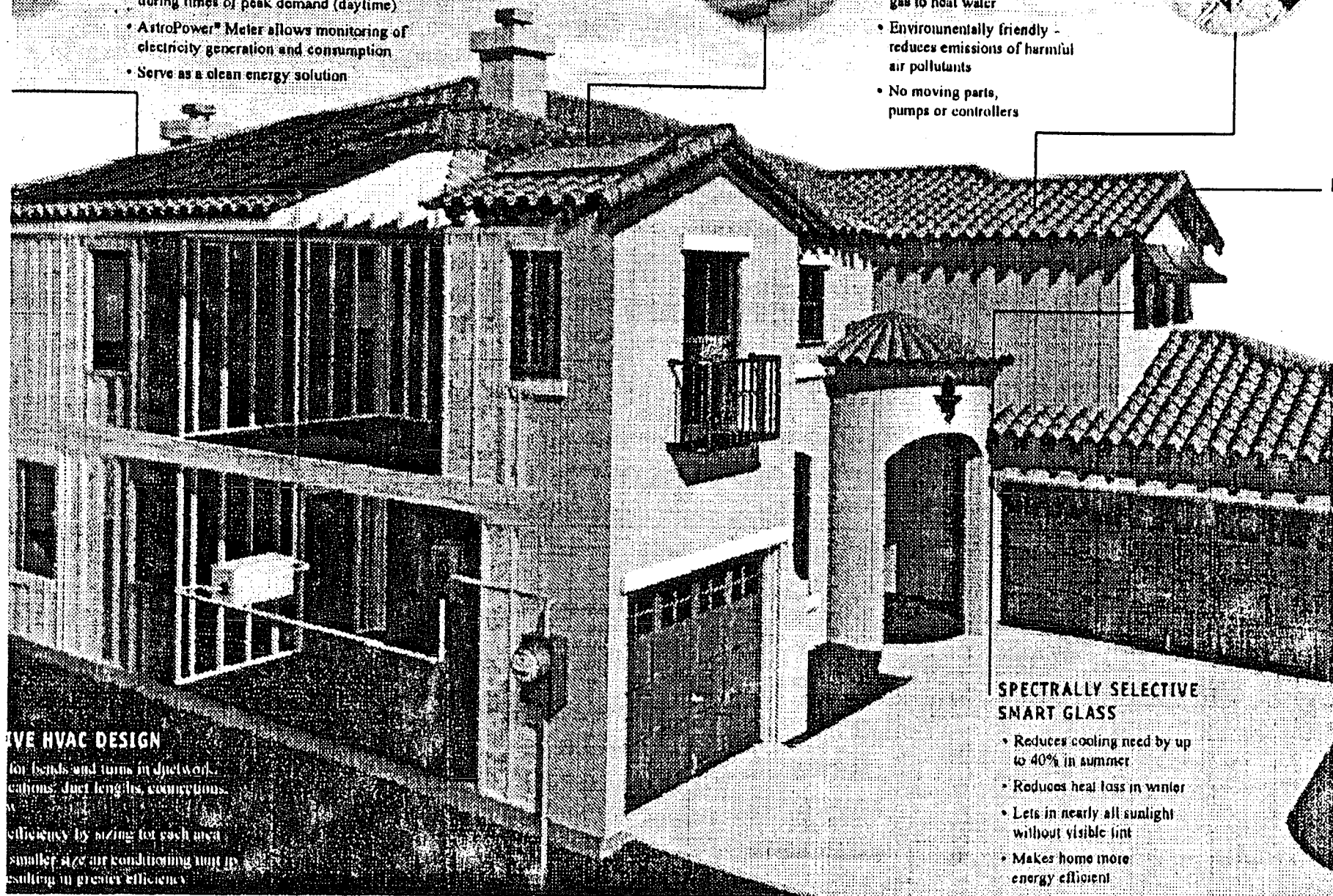
24257

### ROOF MOUNTED SOLAR ELECTRIC POWER PANELS

- Convert sunlight instantly into electric power
- Lower utility bills and spin utility meters backwards
- Increase energy independence by reducing reliance on local utility
- Reduce electric consumption from the utility grid during times of peak demand (daytime)
- AstroPower® Meter allows monitoring of electricity generation and consumption
- Serve as a clean energy solution

### SOLAR HEATED WATER

- Provides 40-70% energy savings for heating water depending on lifestyle
- Decrease the use of natural gas to heat water
- Environmentally friendly - reduces emissions of harmful air pollutants
- No moving parts, pumps or controllers



### OPTIMIZED HVAC DESIGN

for bends and turns in ductwork, reducing duct lengths, connections, and air leakage. This results in greater efficiency by sizing for each area with a smaller size air conditioning unit, resulting in greater efficiency.

### SPECTRALLY SELECTIVE SMART GLASS

- Reduces cooling need by up to 40% in summer
- Reduces heat loss in winter
- Lets in nearly all sunlight without visible tint
- Makes home more energy efficient



James Rannels  
04/27/2001 05:45 PM

To: kknutson@ovp.eop.gov  
cc:  
Subject: Solar Homes

Attached is one of the pictures of a solar home you requested. Please let me know if I can provide additional information.

#### **21st Century Townhouse**

In 1996, the National Association of Home Builders constructed advanced townhouses featuring energy-efficient materials and systems at the National Research Home Park 21st Century Townhouse, in Bowie, Maryland. The townhouse on the right has an integrated photovoltaic standing-seam roof; the photovoltaic modules look and perform like the standard metal roofing on the other units (on the left), but they also produce electricity. The solar roofing system, developed by United Solar Systems Corporation and Energy Conversion Devices, is designed to serve as a direct replacement for standard architectural metal roofing panels. Photo credit: Tim Ellison, Energy Conversion Devices, Troy, MI

PCD 04473



Img04473

## 21st Century Townhouse



Back to  
thumbnail

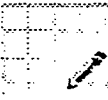
Category:  
**Residential**

PCD 04473

In 1996, the National Association of Home Builders constructed advanced townhouses featuring energy-efficient materials and systems at the National Research Home Park 21st Century Townhouse, in Bowie, Maryland. The townhouse on the right has an integrated photovoltaic standing-seam roof; the photovoltaic modules look and perform like the standard metal roofing on the other units (on the left), but they also produce electricity. The solar roofing system, developed by United Solar Systems Corporation and Energy Conversion Devices, is designed to serve as a direct replacement for standard architectural metal roofing panels. Photo credit: Tim Ellison, Energy Conversion Devices, Troy, MI

24260

DOE024-1666



James Rannels  
04/27/2001 05:47 PM

*Release*

To: kknutson@ovp.eop.gov  
cc:  
Subject: Solar Homes

Attached is one of the pictures of a solar home you requested. Please let me know if I can provide additional information.

**Maine Residence**

This house in coastal Maine generates its own electricity from a 4.25-kilowatt photovoltaic system beautifully integrated into the rooftop. The south roof incorporates an integrated array of solar thermal collectors and large-area photovoltaic modules to form a single, uniform glass pane. Through a net-metering arrangement with Central Maine Power, surplus solar electricity is exported to the utility grid, effectively spinning the utility meter backward. Space heating and domestic hot-water are provided by the solar thermal system. Photo credit: Solar Design Associates, Harvard, MA

PCD 04470



Img04470

## Maine Residence



Category:  
**Residential**

PCD 04470

This house in coastal Maine generates its own electricity from a 4.25-kilowatt photovoltaic system beautifully integrated into the rooftop. The south roof incorporates an integrated array of solar thermal collectors and large-area photovoltaic modules to form a single, uniform glass pane. Through a net-metering arrangement with Central Maine Power, surplus solar electricity is exported to the utility grid, effectively spinning the utility meter backward. Space heating and domestic hot-water are provided by the solar thermal system. Photo credit Solar Design Associates, Harvard, MA

24262

DOE024-1668



MaryBeth Zimmerman

05/21/2001 04:48 PM

To: Margot Anderson@HQMAIL @ HQDOE  
cc:

Subject: RE: Revised NEP list

Yes. Also, you can add Randy Steer to my list (I just an e-mail from him).  
Margot Anderson@HQMAIL on 05/21/2001 04:40:08 PM



Margot Anderson@HQMAIL on 05/21/2001 04:40:08 PM

To: MaryBeth Zimmerman/EE/DOE@DOE@HQMAIL  
cc:

Subject: RE: Revised NEP list

MB,

This is in addition to the names I gave, right?

Margot

-----Original Message-----

From: MaryBeth Zimmerman  
Sent: Monday, May 21, 2001 4:04 PM  
To: Anderson, Margot  
Cc: Garland, Buddy; Haspel, Abe; Sullivan, John  
Subject: Re: Revised NEP list

Here are the people that I heard from in the course of the various NEP assignments. Some of these people provided tangential support on specific questions/data checks. This list does not include people that were on e-mail lists for requests for help, but from whom we did not receive anything. Finally, this list does not include employees to whom these individuals may have forwarded requests.

Joel Rubin  
Michael York  
Darrell Beschen  
Phil Tseng  
Sam Baldwin  
Buddy Garland  
Jerry Dion  
Larry Mansuetti  
David Rodgers  
Phil Patterson  
Dave Bassett  
Judy Odululamy  
Mark Ginsberg (Pulte box)  
Ed Pollock (Pulte box)  
Michael McCabe

24263

DOE024-1669

Michael Raymond (checked refrigerator #s)  
John Talbot (checked various #s)  
Nancy Jeffry (pictures)  
Bill Parks  
Pat Hoffman (text boxes)  
Peggy Podolak  
Tina Kaarsburg  
Tien Nguyen  
Ellyn Krevitz  
Gail McKinley  
Ed Wall  
Ken Freidman  
Phil Overholt

To: Robert Dixon/EE/DOE@DOE  
cc: Lawrence Mansueti/EE/DOE@DOE, William Parks/EE/DOE@DOE, Tina  
Kaarsberg/EE/DOE@DOE, John Millhone/EE/DOE@DOE, Phillip Tseng/EE/DOE@DOE, Michael  
York/EE/DOE@DOE

Subject:

Margot Anderson@HQMAIL on 05/21/2001 12:44:57 PM

To: Abe Haspel/EE/DOE@DOE@HQMAIL, Robert Kripowicz@HQMAIL, WILLIAM  
MAGWOOD@HQMAIL, David Pumphrey@HQMAIL, ANDY KYDES@hq@HQMAIL  
cc: MaryBeth Zimmerman/EE/DOE@DOE@HQMAIL, Jay Braitsch@HQMAIL, Joseph  
Kelliher@HQMAIL, Kevin Kolevar@HQMAIL

Subject: Revised NEP list

All,

I heard from NE and FE. Please let me know if I have the complete list.

Joe K. - did you want me to add Kyle?

Margot

-----Original Message-----

From: Anderson, Margot  
Sent: Friday, May 18, 2001 12:10 PM  
To: Haspel, Abe; Kripowicz, Robert; Magwood, William; KYDES, ANDY; Pumphrey, David  
Cc: Zimmerman, MaryBeth; Braitsch, Jay; Kelliher, Joseph; Kolevar, Kevin  
Subject: who worked on the NEP?

All,

As part of the FOIAs underway on the NEP, I need to submit a list of

24264

DOE024-1670

everyone who worked on it. Please review and edit accordingly. If you could return by Monday, I would appreciate it. Thanks.

Margot

<< File: NEP people.xls >>

24265

DOE024-1671

**Kelliher, Joseph**

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**From:** Anderson, Margot  
**Sent:** Monday, March 26, 2001 11:46 AM  
**To:** 'Poche, Michelle'; Kelliher, Joseph  
**Subject:** RE: New Chapter 9 from DOT

Michelle,

Margot

-----Original Message-----

**From:** Poche, Michelle [mailto:Michelle.Poche@ost.dot.gov]  
**Sent:** Monday, March 26, 2001 9:48 AM  
**To:** Anderson, Margot; Kelliher, Joseph  
**Subject:** RE: New Chapter 9 from DOT

-----Original Message-----

**From:** Anderson, Margot [mailto:Margot.Anderson@hq.doe.gov]  
**Sent:** Monday, March 26, 2001 9:02 AM  
**To:** 'Poche, Michelle'; Kelliher, Joseph  
**Subject:** RE: New Chapter 9 from DOT

Michelle,

Margot

-----Original Message-----

**From:** Poche, Michelle [mailto:Michelle.Poche@ost.dot.gov]  
**Sent:** Monday, March 26, 2001 7:57 AM  
**To:** Anderson, Margot; Kelliher, Joseph  
**Subject:** FW: New Chapter 9 from DOT

Margot/Joe,

Here's the new draft of Chapter 9. Wanted to get it to you ahead of the rest of the crew, since I'm requesting energy info from DOE.

Look for brackets to identify places where I've identified needs for info.

Thanks a million.

--Michelle

-----Original Message-----

**From:** Poche, Michelle  
**Sent:** Monday, March 26, 2001 7:55 AM  
**To:** 'Karen\_Y\_Knutson@ovp.eop.gov'; 'Charles\_M\_Smith@ovp.eop.gov'; John\_Fenzel@ovp.eop.gov  
**Subject:** New Chapter 9 from DOT

Per last week's discussion, here's a new draft of Chapter 9 from DOT. I am still working with DOE to get electricity info and will add that ASAP.

Charlie, since I didn't have a second peer review meeting, would it be possible to distribute this to the full group as soon as possible to solicit edits/comments?

Thanks very much.

--Michelle



<< File: Ch9.03.26.doc >>

”

**Cook, Trevor**

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**From:** Cook, Trevor  
**Sent:** Monday, May 07, 2001 3:30 PM  
**To:** Anderson, Margot  
**Subject:** found an error,...

made a correction in citation No. 58, shown in red and strikethrough.



NE - CitationsCH3.doc

Weinstein  
Bettenberg/PPA/OS/DOI@DOI

To: William

cc:

[Virus checked]  
04/13/2001  
09:41 AM  
Bettenberg)

Subject: Re: chapter 8

(Document link: William

Bill--

I've attached a version with all recommendations and steps stripped out.  
If you need more work done to this, I'll be happy to do it. I have a  
10am  
meeting at Jackson Place and then I'll be back.  
Deborah  
(See attached file: DOI chpt8 without recs.rtf)

From: William Bettenberg on 04/12/2001 06:47 PM

To: Deborah Weinstein/PPA/OS/DOI@DOI  
cc:

Subject: chapter 8

Deborah -- I need a version of chapter 8 with the recommendations  
stripped  
out. Check with me and i'll explain.  
Bill

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Monday, February 26, 2001 1:03 PM  
**To:** Anderson, Margot  
**Subject:** McNally email address

Robert\_C.\_McNally@OPD.EOP.gov

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Monday, February 26, 2001 1:26 PM  
**To:** Anderson, Margot  
**Subject:** new draft

Sorry. I just realized I never sent it to you



sec1.4.doc



secreg3.doc

**Kelliher, Joseph**

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**From:** Anderson, Margot  
**Sent:** Wednesday, April 18, 2001 9:18 AM  
**To:** Kelliher, Joseph  
**Cc:** McNutt, Barry  
**Subject:** RFG side-by-side

Joe,

Barry is in a meeting so I took a look at the two papers:

o/s

Margot

**Williams, Ronald L**

---

**From:** PETTIS, LARRY  
**Sent:** Wednesday, February 14, 2001 7:17 PM  
**To:** Anderson, Margot  
**Subject:** RE: draft NEP instructions

Margo,  
People responsible for sections assigned to EIA are:  
Section 1  
Overview - Susan Holta  
Petroleum and Natural Gas - Jim Kendall  
Electricity and Coal - Scott Sitzer

Section 3 - Ron Earley

—Original Message—  
**From:** Margot Anderson\_at\_HQ-EXCH at X400PO  
**Sent:** Wednesday, February 14, 2001 3:36 PM  
**To:** Pettis, Larry  
**Subject:** FW: draft NEP instructions

Larry, How could I have left you off? So sorry. Attached way below is draft one but I am going to send you draft 2, which I am still editing. Respond as soon as you can - you've got a bigger role! Please confirm receipt.

margot  
—Original Message—  
**From:** Anderson, Margot  
**Sent:** Wednesday, February 14, 2001 12:38 PM  
**To:** Kripowicz, Robert; Haspel, Abe; Sullivan, John; Zimmerman, MaryBeth; Magwood, William; Pumphrey, David; Hart, Carole; Scalingi, Paula; Whatley, Michael  
**Cc:** Kelliher, Joseph  
**Subject:** draft NEP instructions

All,

Please review.

What did I miss from the discussion today?

Note assignments are by office - some of you are asked provide names to Joe, me or other offices to complete tasks.

If only one or two offices are contributing the bulk of the information, I am asking one office to compile the bits prior to sending to me. Saves me some time and I can focus on overall gaps.

Also attached outline Joe was working from.

Please get back to me by 2:30 (if possible) with your comments on the instructions. I will edit and send out "officially" ASAP.

I will also need to know who will be doing one so I don't have to bug you all the time.

Margot

”



**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Monday, February 26, 2001 4:35 PM  
**To:** Anderson, Margot  
**Subject:** RE:

Well, it has stretched out. Our next Working Group meeting is Wed at 4pm. The Principals meet next Tuesday at 10am.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Monday, February 26, 2001 4:32 PM  
**To:** Kelliher, Joseph  
**Subject:**

Joe,

What's the timeline for the next few days on the NEP?

Margot

-----Original Message-----

**From:** Vernet, Jean  
**Sent:** Friday, April 20, 2001 8:55 AM  
**To:** Anderson, Margot  
**Subject:** RE: NSR

See you then.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Friday, April 20, 2001 8:42 AM  
**To:** Vernet, Jean  
**Subject:** RE: NSR

Nope. Just Joe's note.

-----Original Message-----

**From:** Vernet, Jean  
**Sent:** Friday, April 20, 2001 8:37 AM  
**To:** Anderson, Margot  
**Subject:** RE: NSR

Certainly. Do we have any more info?

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Friday, April 20, 2001 8:35 AM  
**To:** Vernet, Jean  
**Subject:** RE: NSR

Can you attend the meeting in Joe's office at 10:00?

-----Original Message-----

**From:** Vernet, Jean  
**Sent:** Friday, April 20, 2001 7:05 AM  
**To:** Anderson, Margot  
**Subject:** RE: NSR  
**Importance:** High

I'm here.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Thursday, April 19, 2001 5:37 PM  
**To:** Vernet, Jean  
**Subject:** FW: NSR  
**Importance:** High

Jean,

You going to be around in the morning?

Margot

-----Original Message-----

**From:** Kelliher, Joseph  
**Sent:** Thursday, April 19, 2001 5:35 PM  
**To:** Anderson, Margot  
**Subject:** NSR  
**Importance:** High

Who is our smartest NSR person? Can you and that person (and it may well be you, be frank and admit it if that is the case) be in my office at 10 tomorrow for a conference call with our brothers at EPA on NSR? Let me know. They just called about this. Thanks.

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Monday, February 26, 2001 4:51 PM  
**To:** Anderson, Margot  
**Subject:** RE:

Sure. Sorry for the quality of the day. Hope I was not responsible.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Monday, February 26, 2001 4:49 PM  
**To:** Kelliher, Joseph  
**Subject:** RE:

Okay. I've had a rotten day and have only been able to focus on this intermittently. My goals for tomorrow will be to edit, fact check and finalize graphics. Does that work for you?

-----Original Message-----

**From:** Kelliher, Joseph  
**Sent:** Monday, February 26, 2001 4:35 PM  
**To:** Anderson, Margot  
**Subject:** RE:

Well, it has stretched out. Our next Working Group meeting is Wed at 4pm. The Principals meet next Tuesday at 10am.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Monday, February 26, 2001 4:32 PM  
**To:** Kelliher, Joseph  
**Subject:**

Joe,

What's the timeline for the next few days on the NEP?

Margot

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 15, 2001 8:13 AM  
**To:** Anderson, Margot  
**Subject:** RE: electricity assessment + NEP

"}  
B-5

Original Message

**From:** Anderson, Margot  
**Sent:** Wednesday, February 14, 2001 3:50 PM  
**To:** Kelliher, Joseph  
**Subject:** electricity assessment + NEP

}  
B-5

Joe,

Margot

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 15, 2001 8:25 AM  
**To:** Anderson, Margot  
**Subject:** RE: electricity assessment + NEP

Good ideas. I will call her shortly.

—Original Message—

**From:** Anderson, Margot  
**Sent:** Thursday, February 15, 2001 8:23 AM  
**To:** Kelliher, Joseph  
**Subject:** RE: electricity assessment + NEP

Joe.

Margot

—Original Message—

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 15, 2001 8:13 AM  
**To:** Anderson, Margot  
**Subject:** RE: electricity assessment + NEP

—Original Message—

**From:** Anderson, Margot  
**Sent:** Wednesday, February 14, 2001 3:50 PM  
**To:** Kelliher, Joseph  
**Subject:** electricity assessment + NEP

Joe.

Margot

**Williams, Ronald L**

---

**From:** Rogers, Cecellia  
**Sent:** Thursday, February 15, 2001 9:12 AM  
**To:** Anderson, Margot  
**Cc:** Scalingi, Paula  
**Subject:** RE: earth to Paula

Margot,

Is the Pope Catholic?

Do bears evacuate in the woods?

Paula is working on the document as I write this message. "Overview" and "Electricity Transmission" for section G, "Infrastructure, Investment...." We don't foresee any problems or delays.

*Cecil Rogers*

*U.S. Department of Energy  
Office of Critical Infrastructure Protection (SO-50)  
1000 Independence Ave, SW  
Washington, DC 20585  
(202) 586-5137*

—Original Message—

**From:** Anderson, Margot  
**Sent:** Thursday, February 15, 2001 8:59 AM  
**To:** Scalingi, Paula  
**Subject:** earth to Paula

Paula,

Know you are busy but we've sent several NEP related items your way (you've been fingered for some input). Just want to make sure you received and can deliver by due date.

Margot

**Williams, Ronald L**

---

**From:** PETTIS, LARRY  
**Sent:** Thursday, February 15, 2001 12:13 PM  
**To:** Anderson, Margot  
**Cc:** Earley, Ronald; HUTZLER, MARY  
**Subject:** Comments on Section 3



SEC3CO~1.WPD



OILECO~2.WPD

Margot,

Attached are some quick comments on Section 3 from Ron Earley. Also attached is a short paper he prepared last week on the oil price impacts on the economy. Don't know who you have working on this in Policy, but they may contact Ron directly if they want to discuss or need additional input.

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 15, 2001 11:57 AM  
**To:** Anderson, Margot  
**Subject:** RE: section 3 - macro impacts of energy

Please send them to me, and I will forward them to Treasury. Thanks.

—Original Message—

**From:** Anderson, Margot  
**Sent:** Thursday, February 15, 2001 11:53 AM  
**To:** Kelliher, Joseph  
**Subject:** section 3 - macro impacts of energy

Joe,

By the end of the day, we will have some materials we want Treasury to consider in their macro section. Should I send them to you for forwarding or directly contact Treasury. If the latter, who?

Margot



**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 15, 2001 1:57 PM  
**To:** Anderson, Margot  
**Subject:** RE: section 3 - macro impacts of energy

single space

—Original Message—

**From:** Anderson, Margot  
**Sent:** Thursday, February 15, 2001 1:53 PM  
**To:** Kelliher, Joseph  
**Subject:** RE: section 3 - macro impacts of energy

Joe,

okay on macro.

Really dumb question but I see it happening already. Are we talking single or double-space drafts? Makes a BIG difference.

Margot

—Original Message—

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 15, 2001 11:57 AM  
**To:** Anderson, Margot  
**Subject:** RE: section 3 - macro impacts of energy

Please send them to me, and I will forward them to Treasury. Thanks.

—Original Message—

**From:** Anderson, Margot  
**Sent:** Thursday, February 15, 2001 11:53 AM  
**To:** Kelliher, Joseph  
**Subject:** section 3 - macro impacts of energy

Joe,

By the end of the day, we will have some materials we want Treasury to consider in their macro section. Should I send them to you for forwarding or directly contact Treasury. If the latter, who?

Margot

**Williams, Ronald L**

---

**From:** Brown.Ellen@epamail.epa.gov%internet [Brown.Ellen@epamail.epa.gov]  
**Sent:** Tuesday, February 27, 2001 4:59 PM  
**To:** Anderson, Margot  
**Subject:** please call me



tmp.htm

Margot, I have tried to call you a few times this afternoon and I can't get through. Once I was put on hold ...for a very long time until I gave up. And otherwise the phone just rang and no one picked up. Ellen  
564-1669

Margot, I have tried to call you a few times this afternoon and I can't get through. Once I was put on hold ...for a very long time until I gave up. And otherwise the phone just rang and no one picked up. Ellen 564-1669

Cook, Trevor

---

**From:** Cook, Trevor  
**Sent:** Monday, May 07, 2001 10:30 AM  
**To:** Anderson, Margot  
**Subject:** RE: Please cc me anything you send to WH on citations

I sent my files to you on Friday, was I supposed to send them to WH?

Trev.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Monday, May 07, 2001 10:24 AM  
**To:** KYDES, ANDY; Zimmerman, MaryBeth; Cook, Trevor; Breed, William; Braitsch, Jay; Carter, Douglas  
**Subject:** Please cc me anything you send to WH on citations

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Wednesday, April 04, 2001 12:35 PM  
**To:** Anderson, Margot  
**Subject:** energy efficiency

(b)(5)

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Tuesday, April 03, 2001 5:43 PM  
**To:** Anderson, Margot  
**Cc:** Conti, John; Whatley, Michael  
**Subject:** RE: Murkowski question

1675  
-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Tuesday, April 03, 2001 4:38 PM  
**To:** Kelliher, Joseph  
**Cc:** Conti, John; Whatley, Michael  
**Subject:** Murkowski question

1675  
Joe,

1675  
Margot

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Monday, April 02, 2001 6:25 PM  
**To:** Anderson, Margot  
**Subject:**

} B =

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Monday, April 02, 2001 6:22 PM  
**To:** Kelliher, Joseph  
**Subject:** Talking Points

Will this do?

<< File: Energy Efficiency talking points.doc >>

**Williams, Ronald L**

---

**From:** Ball, Crystal A - KN-DC [caball@bpa.gov]  
**Sent:** Monday, April 02, 2001 10:38 AM  
**To:** Anderson, Margot  
**Cc:** Carrier, Paul  
**Subject:** Northwest plant closure

(h)151

Georgia-Pacific To Close Bellingham, Wash., Pulp Mill  
Copyright (c) 2001 Dow Jones & Company, Inc.

ATLANTA (Dow Jones)—Georgia-Pacific Corp. (GP) plans to permanently close its already-idled Bellingham, Wash., pulp mill, which was temporarily shuttered in December due to high electric power costs stemming from the West Coast energy crisis.

In a press release Friday, Georgia-Pacific said the closure will affect about 420 employees, many of whom have been laid off since December.

The adjacent tissue paper and converting facilities will continue to be operated with temporary generators, by the remaining work force of about 330, while the company looks for other sources of affordable electric power.

The tissue paper and converting operations have been powered by temporary generators since January.

New York Stock Exchange-listed shares of Georgia-Pacific traded recently at \$29.90, up 99 cents, or 3.4%, on composite volume of 896,800 shares. Average daily volume is 1.85 million shares.

Company Web site: <http://www.gp.com>-Consella A. Lee; Dow Jones Newswires; 201-938-5400

Crystal



Williams, Ronald L

---

**From:** Kelliher, Joseph  
**Sent:** Friday, March 30, 2001 6:31 PM  
**To:** Anderson, Margot; 'Symons.Jeremy@epamail.epa.gov'  
**Cc:** Kolevar, Kevin  
**Subject:** RE: energy efficiency one-pager

(b)(5)

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Friday, March 30, 2001 5:40 PM  
**To:** 'Symons.Jeremy@epamail.epa.gov'  
**Cc:** Kelliher, Joseph; Kolevar, Kevin  
**Subject:** energy efficiency one-pager

<< File: energy efficiency one-pager.wpd >>

Reviewed/edited by EE, PO. Joe and/or Kevin, Problems?

Jeremy, can you let me know if you get this? I am having problems with your e-mail.

Margot

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Friday, March 30, 2001 10:34 AM  
**To:** Anderson, Margot; Kripowicz, Robert  
**Subject:** coal transportation

0/15)

**Williams, Ronald L**

---

**From:** KMurphy@doc.gov%internet [KMurphy@doc.gov]  
**Sent:** Friday, March 30, 2001 10:02 AM  
**To:** Kelliher, Joseph; Anderson, Margot  
**Subject:** FERC recommendations

Joe -

You mentioned in the meeting yesterday that you had a copy of FERC's recommendations for streamlining the hydropower licensing process. Could you email or fax (482-4636) them over? Thanks much.

-Kevin

**Williams, Ronald L**

---

**From:** William\_Bettenberg@ios.doi.gov%internet [William\_Bettenberg@ios.doi.gov]  
**Sent:** Friday, March 30, 2001 8:47 AM  
**To:** Anderson, Margot  
**Cc:** Pryor, John; Baer, Mitchell  
**Subject:** Re: OCS one pager [Virus checked]



en010329.ocs moratorium  
issue....

John and Mitch – Attached is a first cut at the one-pager. It has been not been seen by anyone over here yet, and is not cleared. Please return any comments asap, since I have a noon deadline and many discussions over here before it is submitted. And, hello Mitch.

Bill

(See attached file: en010329.ocs moratorium issue.wpd)

"Anderson, Margot"  
<Margot.Anderson@hq.doe.gov> To: William Bettenberg/PPA/OS/DOI@DOI  
cc: "Pryor, John" <JOHN.PRYOR@HQ.DOE.GOV>,  
"Baer, Mitchell" <Mitchell.Baer@hq.doe.gov>  
03/30/2001 08:35 AM Subject: OCS one pager

Bill,

Both John Pryor and Mitch Baer are available to work with you on the OCS moratoria one-pager that outlines the issues for the principals to consider on Tuesday.

Margot

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Wednesday, February 28, 2001 10:04 PM  
**To:** Anderson, Margot  
**Subject:** status

How are things coming along?

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Wednesday, February 28, 2001 10:22 PM  
**To:** Anderson, Margot  
**Subject:** map

Great – here in input on regional issue map. I only have one item for the South, maybe you can do better.



map1.doc

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Wednesday, February 28, 2001 10:05 PM  
**To:** Kelliher, Joseph  
**Subject:** RE: status

I was just getting ready to send it.

-----Original Message-----

**From:** Kelliher, Joseph  
**Sent:** Wednesday, February 28, 2001 10:04 PM  
**To:** Anderson, Margot  
**Subject:** status

How are things coming along?

**Williams, Ronald L**

---

**From:** Karen\_Y.\_Knutson@ovp.eop.gov%internet [Karen\_Y.\_Knutson@ovp.eop.gov]  
**Sent:** Thursday, March 01, 2001 12:03 PM  
**To:** Anderson, Margot  
**Subject:** Thanks

I just talked to Joe - he promised me a document within 30 minutes. Having your draft is very helpful in cooling the temperature level around here.  
thanks,Karen

**Williams, Ronald L**

---

**From:** Charles\_M.\_Smith@ovp.eop.gov%internet [Charles\_M.\_Smith@ovp.eop.gov]  
**Sent:** Thursday, March 01, 2001 12:12 PM  
**To:** Anderson, Margot  
**Subject:** Re: as you requested

Margot:

Many thanks - my (our) level of panic has subsided somewhat.

Charlie



**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, March 01, 2001 12:54 PM  
**To:** Anderson, Margot  
**Subject:** interim report



sec1.7.doc

## Tripodi, Cathy

---

**From:** Kelliher, Joseph  
**Sent:** Tuesday, July 03, 2001 7:50 PM  
**To:** Tripodi, Cathy  
**Subject:** FW: my edit of Joe's document

Predecisional: draft NEP recommendations

-----Original Message-----

**From:** Cook, Trevor  
**Sent:** Monday, February 19, 2001 2:11 PM  
**To:** Anderson, Margot; Scalingi, Paula; PETTIS, LARRY; KENDELL, JAMES; Zimmerman, MaryBeth; Sullivan, John; 'jkstier@bpa.gov'; Kripowicz, Robert  
**Cc:** Kelliher, Joseph  
**Subject:** my edit of Joe's document

Other than one new paragraph and a few minor changes.... looks good to me.



sec1 1 jk.doc

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Monday, February 19, 2001 11:46 AM  
**To:** Scalingi, Paula; PETTIS, LARRY; KENDELL, JAMES; Cook, Trevor; Zimmerman, MaryBeth; Sullivan, John; 'jkstier@bpa.gov'; Kripowicz, Robert  
**Cc:** Kelliher, Joseph  
**Subject:** NEO files

All,

As we discussed:

Review Joe's revised outline for the energy situation peice.

Review the "regional" twopager. This peice has been edited once (edits are in blue) but will need to be organized by region (currently organized oil, gas, etc. )

Please make it obvious where your edits are so I can cut and paste. Thanks.

<< File: sec1 1 jk.DOC >> << File: regional effects with edits.doc >>

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Wednesday, March 21, 2001 7:42 PM  
**To:** Kripowicz, Robert  
**Cc:** Anderson, Margot  
**Subject:** oil refinery

Did an oil refinery in Illinois close recently?

**Tripodi, Cathy**

---

**From:** Kelliher, Joseph  
**Sent:** Tuesday, July 03, 2001 7:43 PM  
**To:** Tripodi, Cathy  
**Subject:** FW: recommendations



draft energy  
report3 -- interi...



ATTACHMENT.TXT



03\_20\_01\_NEPG  
Study\_R2.doc



epdgshort.wpd



envt  
nmendations 3-15.w

Predecisional: draft NEP

recommendations

-----Original Message-----

From: Charles\_M\_Smith@ovp.eop.gov%internet  
[mailto:Charles\_M\_Smith@ovp.eop.gov]  
Sent: Wednesday, March 21, 2001 5:51 PM  
To: Kelliher, Joseph; Kmurphy@osec.doc.gov%internet;  
Dina.Ellis@do.treas.gov%internet; Joseph.Glauber@USDA.gov%internet;  
Beale.John@EPA.gov%internet; Bruce.Baughman@FEMA.gov%internet;  
commcoll@aol.com%internet  
Subject: recommendations

For your information, attached are recommendations from State, DOI, Agriculture, and EPA. DOI's recommendations were accompanied by a host of maps and graphics that resulted in my e-mail to you being returned because of system capacity limitations. If you find that you need the other DOI material, let me know and I'll send it separately.

(See attached file: 03\_20\_01\_NEPG Study\_R2.doc)  
attached file: epdgshort.wpd)

(See

**Cook, Trevor**

---

**From:** Cook, Trevor  
**Sent:** Monday, May 07, 2001 10:30 AM  
**To:** Anderson, Margot  
**Subject:** RE: Please cc me anything you send to WH on citations

I sent my files to you on Friday, was I supposed to send them to WH?

Trev.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Monday, May 07, 2001 10:24 AM  
**To:** KYDES, ANDY; Zimmerman, MaryBeth; Cook, Trevor; Breed, William; Braitsch, Jay; Carter, Douglas  
**Subject:** Please cc me anything you send to WH on citations

**Williams, Ronald L**

---

**From:** Cook, Trevor  
**Sent:** Thursday, March 22, 2001 8:57 AM  
**To:** Anderson, Margot  
**Subject:** Nuclear Input for Chapter 8

Still working on this, will have it to you by noon. Write back if that is too late or if we can have a couple of more hours, either way!

Trev.

Cook, Trevor

---

**From:** Cook, Trevor  
**Sent:** Tuesday, May 01, 2001 8:58 AM  
**To:** Kelliher, Joseph  
**Subject:** RE: nuclear safety

Just got this email, you will have it in an hour.

Trevor.

-----Original Message-----

**From:** Kelliher, Joseph  
**Sent:** Tuesday, May 01, 2001 8:10 AM  
**To:** Magwood, William; Cook, Trevor  
**Cc:** Anderson, Margot  
**Subject:** nuclear safety

b)(5)

24305

DOE024-1711

## Kelliher, Joseph

---

**From:** Dave Nevius [Dave.Nevius@nerc.net]  
**Sent:** Tuesday, June 05, 2001 1:56 PM  
**To:** Kelliher, Joseph  
**Subject:** AEP Line

Joe

Here's an update on the AEP line, as it was reported in Electric Utility Week yesterday. Of note is that the line, even after all this time, still needs approvals from the U.S. Forest Service, National Park Service, and the Army Corps, exemplifying the serial nature of how these processes work.

Dave

AEP'S CONTROVERSIAL 765-KV LINE IN VA.  
IS APPROVED BY CORPORATION COMMISSION

Virginia's State Corporation Commission late last week approved plans by American Electric Power to build a 57-mile, 765-kV transmission line in southwestern Virginia, from near Tazewell to near Pulaski. The line, which was first proposed by AEP in 1991 and has been the focus of contentious battles between the utility and local opponents and environmentalists, will connect to a 33-mile, 765-kV line in West Virginia already approved by the W. Va. Public Service Commission. Ultimately, the SCC agreed with AEP that the line is needed to reinforce AEP's transmission grid in southwestern Virginia, and agreed with environmentalists that the line should be 43 miles shorter than the 100-mile Virginia line AEP initially proposed. "The AEP-Virginia transmission system currently is not meeting national and regional reliability standards," the commission said in its ruling (Case No. PUE970766). It added that, "over the long term, additional loading will be placed on critical elements of the transmission system, further reducing the system's ability to meet established reliability criteria." The SCC noted that there have been no major reinforcements to AEP's southwestern Virginia grid since 1973, but that in the past 28 years demand on the grid has increased by 136%. Future demand for electricity is forecasted to increase at a 2.2%/year rate. The commission acknowledged that several new merchant projects have been proposed for the region in the past year, which could reduce the need to import power from West Virginia. It added, however, that "it would be unrealistic and risky to rely on any generation alternative that assumes that adequate power supplies will be available when and where the company would need it to relieve critical transmission facilities." To minimize the line's negative impact on residents and the environment, the SCC directed AEP to take advantage, whenever possible, of the contours of the land to mask the line from view. The utility also must use nonreflecting conductors and subdued colors for tower structures, and must offer to purchase any home within 100 feet of the edge of the line's right of way. The \$214-million project, which crosses 11 miles of federal land, still needs approvals from the U.S. Forest Service, the National Park Service, and the Army Corps of Engineers.



**Kelliher, Joseph**

---

**From:** Dave Nevius [Dave.Nevius@nert.net]  
**Sent:** Thursday, May 31, 2001 4:46 PM  
**To:** Kelliher, Joseph  
**Cc:** Linda Stuntz (E-mail); DNC (E-mail)  
**Subject:** FW: Transmission Congestion

Joe

Maybe this is more than you wanted to know about the Minn - Wisc interface, but I thought this added a little more info, especially about the kinds of opposition (Ed Garvey representing SOUL) being encountered, the federal agencies that will be involved (Army Corps and NPS), and a website for more info on the project.

I'm also going back over some of the previous "national grid" studies to refresh my memory on how they were done, their original objectives, participants, conclusions, etc. One thing that came out of Transmission Study 19C (done in 1968) was the conclusion that there is a lot to be gained by relieving constraints and improving coordination WITHIN Interconnections before one looks to capture benefits BETWEEN Interconnections. I'd venture to say that this conclusion would be the same today as it was 30+ years ago.

I'll keep digging.  
Dave

-----Original Message-----

**From:** Terry M Johnson (ALLETE) [mailto:TMJohnson@allete.com]  
**Sent:** Thursday, May 31, 2001 3:03 PM  
**To:** Dave Nevius  
**Subject:** RE: Transmission Congestion

Dave -

It's been real interesting. In Minnesota, we applied for an exemption from the Power Plant Siting Act which requires a full-blown environmental impact study. Reason being - - in Minnesota, the proposed route is on an existing transmission right-of-way and only 12 miles. We started the process in September of 1999 and after several delays, we finally got approval from the Minnesota Environmental Quality Board (MEQB) in March 2001. We were challenged on several fronts by environmental groups and landowners; I must point out these groups and landowners are not even along the route and for that matter, not even Minnesota residents. Overall, I would say the MEQB and staff have been very fair and cooperative; it's the outside parties that make the process lengthy and frustrating.

The majority of the project (approx. 240 miles) is in Wisconsin. Based on what I've heard, the PSCW and staff are also decent to work with. Again, enviro groups and landowners have delayed the process considerably. One grassroots organization, they call themselves SCUL (Save Our Unique Lands) has been very active. They hired Ed Garvey, a high-profile attorney,

who  
unsuccessfully ran for governor against Tommy Thompson in 1998. Garvey  
is  
also the former head of the NFL players association (during the strike  
year!...wanted to ask him where the missing \$1 million from the players  
fund  
is!). In my opinion, Garvey is a grandstander who really hasn't done  
much  
other than keep his name in the paper.

The opposition groups wanted Wisconsin to wait until there was a  
decision in  
Minnesota, but the PSCW allowed the process to move on in Wisconsin  
while  
public hearings were going on in Minnesota. I guess the one thing that  
surprised me about the process (due to my inexperience) is that there  
are  
many hoops that have to be jumped through. As you know, there are many  
permits that must be obtained. Once we get local and state approval, we  
still need permits from the Army Corps of Engineers and the National  
Park  
Service, and either of those bodies could deny us.

If you get a chance, check out [www.powerupwisconsin.com](http://www.powerupwisconsin.com) for more details  
about the project. There are also some links to other sites you may  
find  
helpful.

--terry

## Kelliher, Joseph

---

**From:** Dave Nevius [Dave.Nevius@nerc.net]  
**Sent:** Thursday, May 31, 2001 4:02 PM  
**To:** Kelliher, Joseph  
**Cc:** Linda Stuntz (E-mail); DNC (E-mail); EPV (E-mail)  
**Subject:** FW: Transmission Siting Impediments

Joe

Another "arrow" for the Secretary's quiver. This very complete response supplements and expands on the more cryptic info I sent you earlier on the difficulties folks are encountering in upgrading the Minnesota - Wisconsin interface, which is one of the constantly constrained interfaces in the Eastern Interconnection (and represented by one of the nifty red arrows on the map in your report.)

If someone from DOE wants to follow up on the specifics, I can get you a contact at Minnesota Power.  
dave

In response to your request for examples on siting, our Arrowhead - Weston 345 kV project serves as an excellent example from which the DOE, as well as the federal government in general, can learn. This project crosses state boundaries, tribal lands, and federally protected waterways and lands, as well as many local government jurisdictional areas. Each entity has its own approval process, and few if any of the entities coordinate their process with any other.

This current scenario has two major implications that result in such projects either being delayed years beyond the needed timeframe, or cancelled altogether. The first implication relates to schedule. With no coordination between various government units, the approval process becomes very serial in nature. For example, with respect to our project, two different federal agencies will not even begin to consider the project until the states have given approval. The potential exists with this arrangement to double the length of time for project approval. An obvious solution is to make federal and state approval processes concurrent with each other to dramatically reduce the schedule impact.

The second implication of the current process is that the public emotion and resistance is heightened with each new public hearing. Public input is essential, but no use comes of holding multiple hearings where the issues are largely the same. Each of the government units mentioned above will conduct hearings of some sort, and each hearing will further drain the public of its confidence in our (and in the government's) ability to address infrastructure needs. And so, in addition to making the approval processes concurrent, they also need to be conducted collectively. For any given hearing, the public should be able to simultaneously address all those who

judge the project. Not only is the effort and expense of the government and public reduced substantially, but those sponsoring the project are better able to meet today's needs of meeting new load in a reliable manner.

In conclusion, the difficulty as we see it with siting does not necessarily reside with the states; the difficulty arises out of lack of coordination primarily between the states and the various agencies of the federal government, and between federal agencies themselves.

**Kelliher, Joseph**

---

**From:** Dave Nevius [Dave.Nevius@nerc.net]  
**Sent:** Wednesday, May 23, 2001 1:38 PM  
**To:** Kelliher, Joseph  
**Subject:** One more example

Joe  
One more example.  
dave

APS (Arizona) has a state siting permit for a 230Kv line in central Arizona. With the establishment of the three national monuments in Arizona (by the Clinton Administration at the 11th hour), there is little confidence that APS will be able to develop the transmission corridors they had previously stated a need for as these corridors pass right through two of the monuments. While APS's need was acknowledged in the process, little or nothing was done to take those needs into account in the official establishment of the monuments. This will create significant obstacles to developing future transmission in AZ.

**Williams, Ronald L**

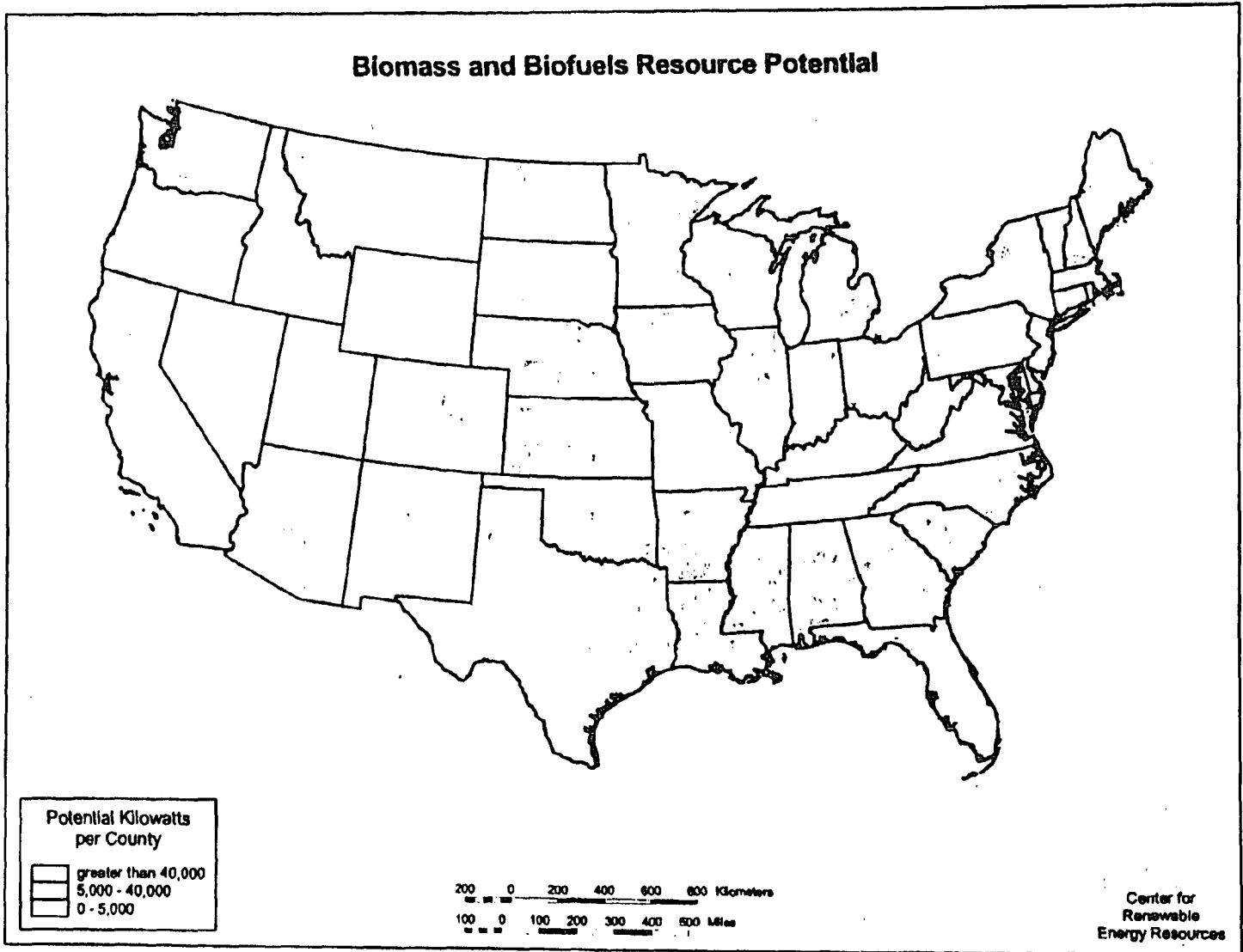
---

**From:** MaryBeth Zimmerman  
**Sent:** Monday, March 26, 2001 9:50 AM  
**To:** Anderson, Margot  
**Cc:** Parks, William; Sullivan, John; Garland, Buddy; Campbell, Lynn; Jeffery, Nancy; York, Michael; Beschen, Darrell; Haspel, Abe  
**Subject:** Renewables maps for NEP



wind, bio, solar, geo.ppt  
(Rec...

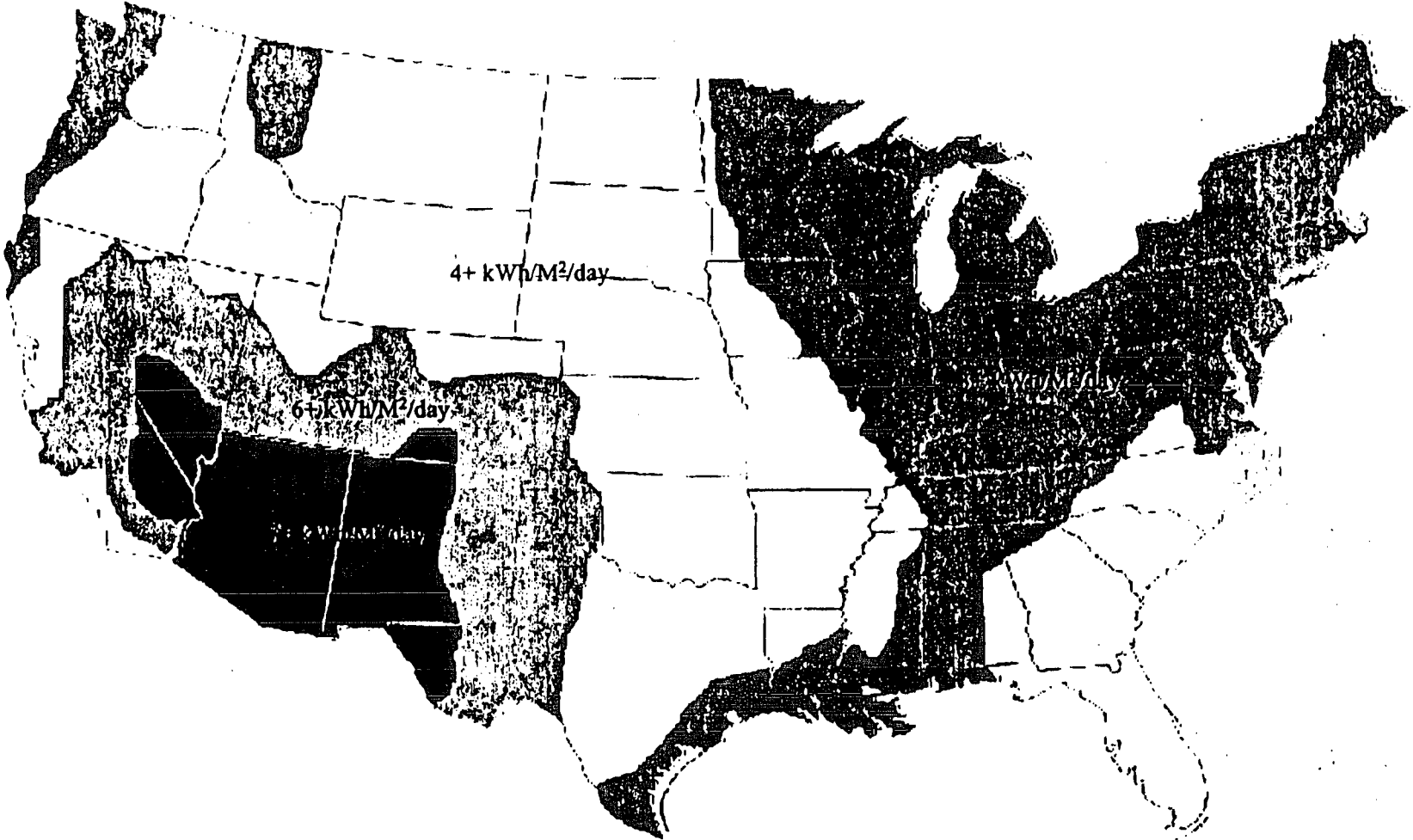
# Biomass and Biofuels Resource Potential



DOE024-1719

24313

# Solar Insolation Resource



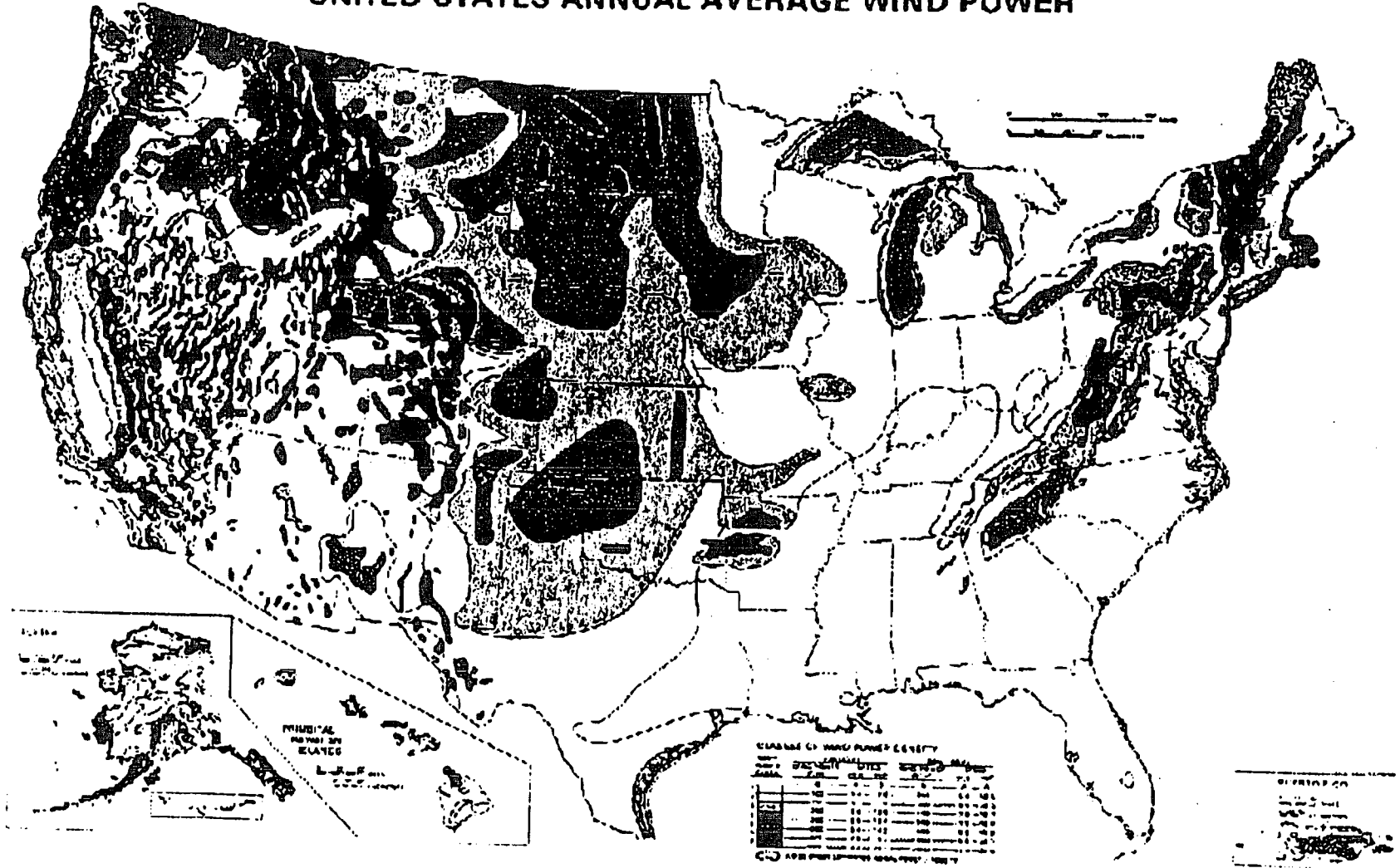
Source: National Renewable Energy Lab Center for Renewable Energy Resources

DOE024-1720

24314



# UNITED STATES ANNUAL AVERAGE WIND POWER

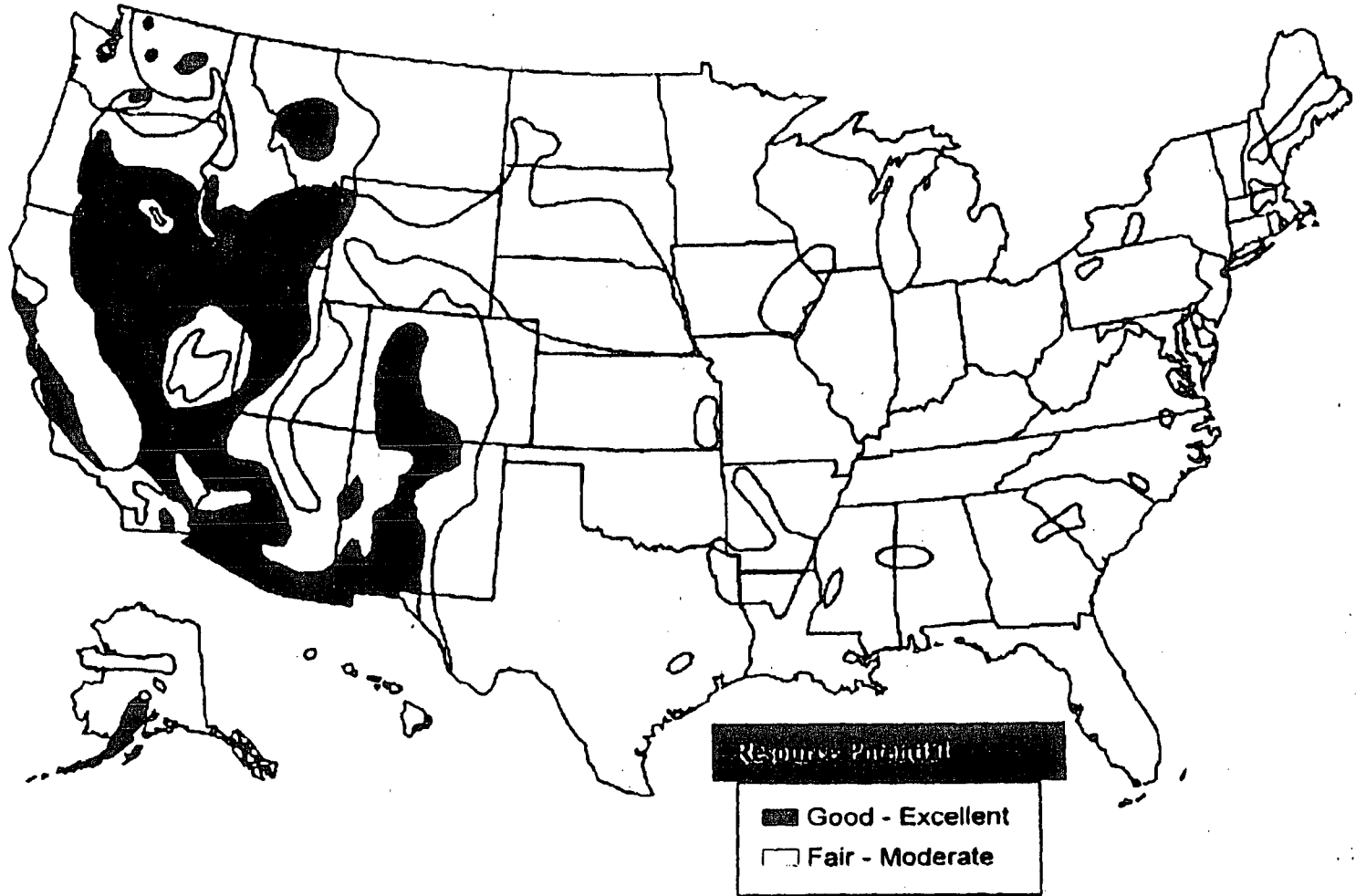


Source: National Renewable Energy Lab Center for Renewable Energy Resources

DOE024-1721

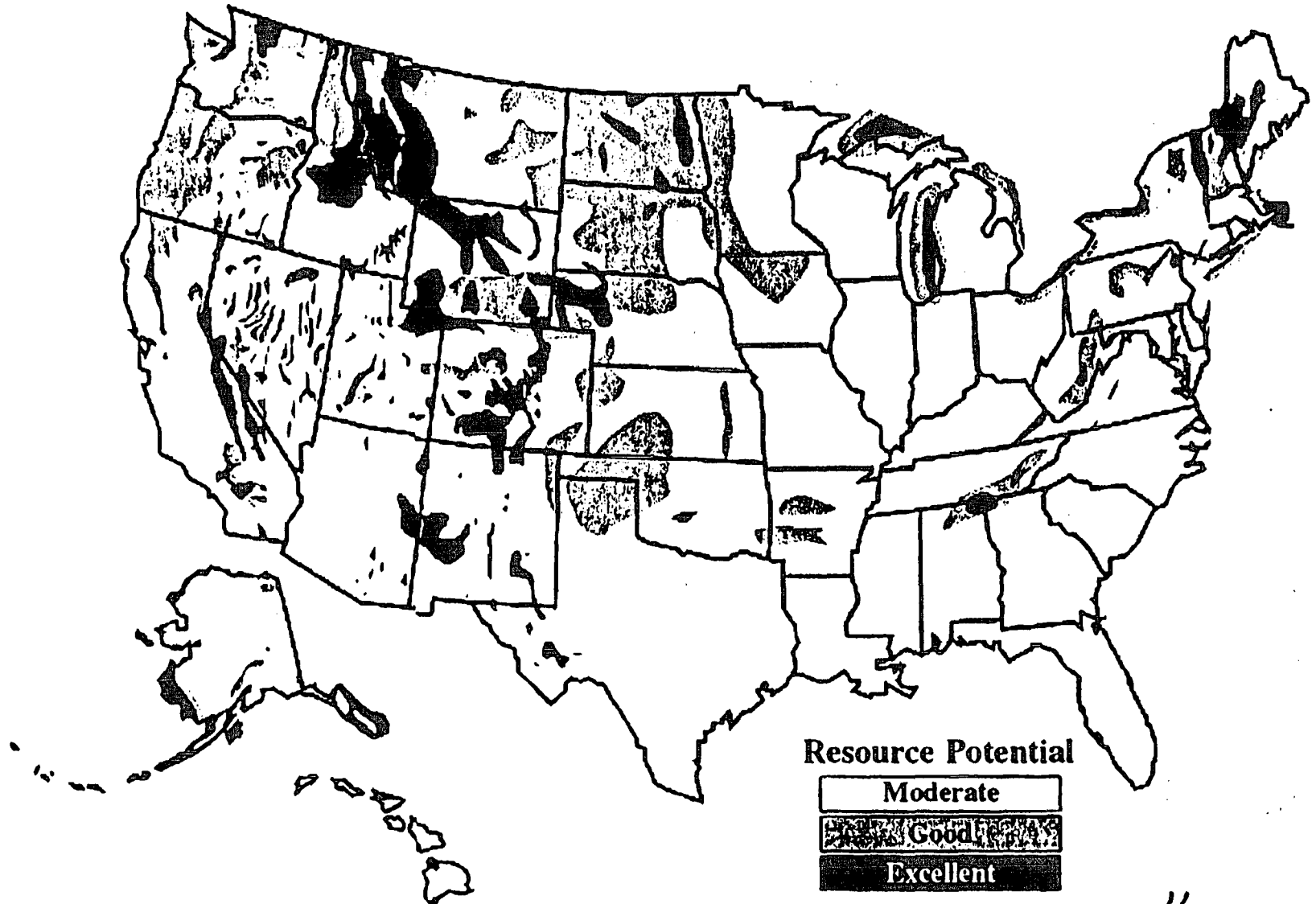
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# Geothermal Resources



Source: National Renewable Energy Lab Center for Renewable Energy Resources

# Wind Resources



### Resource Potential



Source: National Renewable Energy Lab Center for Renewable Energy Resources

DOE024-1723

24317

**Kelliher, Joseph**

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**From:** Linda Stuntz [lstuntz@sdsatty.com]  
**Sent:** Monday, May 21, 2001 9:06 AM  
**To:** Kelliher, Joseph  
**Cc:** Dave Nevius  
**Subject:** Problems with needed transmission project in Southern California



tmp.htm

Hi Joe,

Dave Nevius told me you were looking for some concrete examples of how states have not managed to get transmission sited as needed. Here is a recent article on one fairly famous one: the Rainbow Valley project in Southern California. Sempra has been trying to get this built for a long time. Even hired Jacqueline Howells (used to work with Marcus Faust for Pub. Service of New Mexico here in town) to help them with it.

Will try to get you more. Bill Libro of Minnesota Power here in town can tell you about their efforts to build a line from Minnesota to Wisconsin. And Tony Cavanagh of AEP could tell you lots about AEP's decades old effort to get a line built into Southwest Virginia.

Will also ask Randy.

regards,  
Linda

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Riverside Press-Enterprise  
Tuesday, May 15, 2001

Power line report faulted  
MWD says SDG&E erred in its filing, misstating plans for land near Diamond Valley Lake.  
BY RICH SASKAL

San Diego Gas & Electric erred in its environmental assessment of the effect its proposed high-voltage power line would have on Diamond Valley Lake, according to the owner of the huge drinking-water reservoir.

The Metropolitan Water District made the assertion in a formal response to the San Diego utility's application to the California Public Utilities Commission for permission to build the 31-mile Valley Rainbow Interconnect. That 500,000-volt power line would run from Romoland to San Diego County.

The environmental assessment that SDG&E filed in connection with its application states that no recreation areas are planned on the west side of the 260 billion-gallon reservoir. The MWD, in its response, said the agency indeed plans to develop more than 1,000 acres for recreation on the west and south sides of the dam.

"Their projected power lines seem to either go through or skirt the west recreation area," said Jeff Kightlinger, an assistant general counsel for the district. "Depending on what they are doing, and depending on the final recreation plan, we want to make sure there are not impacts to it." Kightlinger called the MWD's six-page response a "placeholder" to ensure that the agency has the legal status to participate in any

hearings that the PUC holds on the power line.

SDG&E spokeswoman Jacqueline Howells said the confusion over plans for Diamond Valley Lake won't affect the power-line project. "We don't believe power lines are at all incompatible with recreation and open space," she said. "We're going to continue to work with them (MWD) as we move forward with the route." The MWD's response also identifies four other potential conflicts between the power line and MWD projects.

They include San Diego Canal operations, plans for additional water-treatment capacity at Lake Skinner, effects on endangered species at biological reserve areas established to mitigate for impacts created by Diamond Valley Lake and a planned pipeline from Lake Skinner to San Diego.

SDG&E officials say the transmission line is needed to ensure a steady power supply to San Diego County and bolster the overall integrity of Southern California's electric grid. Opponents say the power line, slated to cross sections of Winchester, Menifee, Red Hawk, French Valley and Temecula's wine country, will hurt property values and scenic views without real benefit to Riverside County.

Summary of Recommendations (Chapter 1)

*Taking Stock: Energy Challenges Facing the United States*

- The NEPD Group recommends the President issue an Executive Order to direct all federal agencies to include in any regulatory action that could significantly and adversely affect energy supplies, distribution, or use, a detailed statement on: (1) the energy impact of the proposed action, (2) any adverse energy effects that cannot be avoided should the proposal be implemented, and (3) alternatives to the proposed action. The agencies would be directed to include this statement in all submissions to the Office of Management and Budget of proposed regulations covered by Executive Order 12866, as well as in all notices of proposed regulations published in the Federal Register.
- The NEPD Group recommends the President direct the executive agencies to work closely with Congress to implement the legislative components of a national energy policy.
- The NEPD Group recommends to the President that the NEPD Group continue to work and meet on the implementation of the National Energy Policy and explore other ways to advance dependable, affordable, and environmentally responsible production and distribution of energy.

Summary of Recommendations (Chapter 2)

*Striking Home: The Impacts of High Energy Prices on Families, Communities, and Businesses*

- The NEPD Group recommends that the President direct the Secretary of Energy to explore potential opportunities to develop education programs related to energy development and use. This should include possible legislation to create public education awareness programs about energy. Such programs should be long-term in nature, should be funded and managed by the respective energy industries, and should include information on energy's compatibility with a clean environment.
- The NEPD Group recommends that the President take steps to mitigate impacts of high energy costs on low-income consumers. These steps would include:
  - Strengthening the Low Income Home Energy Assistance Program by making \$1.7 billion available annually. This is an increase of \$300 million over the regular FY 2001 appropriation.
  - Directing the Secretaries of Interior and Health and Human Services to propose legislation to bolster LIHEAP funding by using a portion of oil and gas royalty payments.
  - Redirecting royalties above a set trigger price to LIHEAP, whenever crude oil and natural gas prices exceed that trigger price, as determined by the responsible agencies.
- The NEPD Group recommends that the President increase funding for the Weatherization Assistance Program by \$1.2 billion over ten years. This will roughly double the spending during that period on weatherization. Consistent with that commitment, the FY 2002 Budget includes a \$120 million increase over 2001. The Department of Energy will have the option of using a portion of those funds to test improved implementation approaches for the weatherization program.
- The NEPD Group recommends that the President support legislation to allow funds dedicated for the Weatherization and State Energy Programs to be transferred to LIHEAP if the Department of Energy deems it appropriate.
- The NEPD Group recommends the President recognize unique regional energy concerns by working with the National Governors Association and regional governor associations to determine how to better serve the needs of diverse areas of the country.
- The NEPD Group recommends the President direct FEMA to prepare for potential energy emergencies.

- FEMA should work with states' offices of emergency management as they expand existing emergency operations plans to identify potential problems and address consequences of the power shortages. FEMA should use its current Regional Incident Reporting System to identify any situations that might demand immediate attention.
- Using the structure of the already existing Federal Response Plan, FEMA should conduct Regional interagency Steering Committee (RISC) meetings for states affected by the energy shortfalls. The RISC is a FEMA-led interagency committee comprised of agencies and departments that support the Federal Response Plan. Either an upcoming, scheduled RISC meeting or a special-focus RISC meeting can be held to identify the short-term energy outlook, as well as any expected consequences, in each of the states during the peak summer season.



Summary of Recommendations (Chapter Three)

*Protecting America's Environment: Sustaining the Nation's Health and Environment*

- The NEPD Group recommends that the President direct the Administrator of the Environmental Protection Agency (EPA) to propose multi-pollutant legislation. The NEPD Group recommends that the President direct the EPA Administrator to work with Congress to propose legislation that would establish a flexible, market-based program to significantly reduce and cap emissions of sulfur dioxide, nitrogen oxide, and mercury from electric power generators. Such a program (with appropriate measures to address local concerns) would provide significant public health benefits even as we increase electricity supplies:
  - Establish mandatory reduction targets for emissions of three main pollutants: sulfur dioxide, nitrogen oxide, and mercury.
  - Phase in reductions over a reasonable period of time, similar to the successful acid rain reduction program established by the 1990 amendments to the Clean Air Act.
  - Provide regulatory certainty to allow utilities to make modifications to their plants without fear of new litigation.
  - Provide market-based incentives, such as emissions-trading credits to help achieve the required reductions.
  
- The NEPD Group recommends that the President direct the Secretary of the Interior to work with Congress to create the "Royalties Conservation Fund."
  - This fund will earmark potentially billions of dollars in royalties from new oil and gas production in ANWR to fund land conservation efforts.
  - This fund will also be used to eliminate the maintenance and improvements backlog on federal lands.
  
- The NEPD Group recommends that the President issue an Executive Order to rationalize permitting for energy production in an environmentally sound manner by directing federal agencies to expedite permits and other federal actions necessary for energy-related project approvals on a national basis. This order would establish an interagency task force chaired by the Council on Environmental Quality to ensure that federal agencies responsible for permitting energy-related facilities are coordinating their efforts. The task force will ensure that federal agencies set up appropriate mechanisms to coordinate federal, state, tribal, and local permitting activity in particular regions where increased activity is expected.

## Summary of Recommendations (Chapter 4)

### *Using Energy Wisely: Increasing Energy Conservation and Efficiency*

- The NEPD Group recommends that the President direct the Office of Science and Technology Policy and the President's Council of Advisors on Science and Technology to review and make recommendations on using the nation's energy resources more efficiently.
- The NEPD Group recommends that the President direct the Secretary of Energy to conduct a review of current funding and historic performance of energy efficiency research and development programs in light of the recommendations of this report. Based on this review, the Secretary of Energy is then directed to propose appropriate funding of those research and development programs that are performance-based and are modeled as public-private partnerships.
- The NEPD Group recommends that the President direct the Secretary of Energy to promote greater energy efficiency.
  - Expand the Energy Star program beyond office buildings to include schools, retail buildings, health care facilities, and homes.
  - Extend the Energy Star labeling program to additional products, appliances, and services.
  - Strengthen Department of Energy public education programs relating to energy efficiency.
- The NEPD Group recommends that the President direct the Secretary of Energy to improve the energy efficiency of appliances.
  - Support the appliance standards program for covered products, setting higher standards where technologically feasible and economically justified.
  - Expand the scope of the appliance standards program, setting standards for additional appliances where technologically feasible and economically justified
- The NEPD Group recommends that the President direct heads of executive departments and agencies to take appropriate actions to conserve energy use at their facilities to the maximum extent consistent with the effective discharge of public responsibilities. Agencies located in regions where electricity shortages are possible should conserve especially during periods of peak demand. Agencies should report to the President, through the Secretary of Energy, within 30 days on the conservation actions taken.
- The NEPD Group recommends that the President direct heads to executive departments and agencies to take appropriate actions to conserve energy use at

their facilities to the maximum extent consistent with the effective discharge of public responsibilities. Agencies located in regions where electricity shortages are possible should conserve especially during periods of peak demand. Agencies should report to the President, through the Secretary of Energy, within 30 days on the conservation actions taken.

- The NEPD Group recommends that the President direct the Secretary of the Treasury to work with Congress to encourage increased energy efficiency through combined heat and power (CHP) projects by shortening the depreciation life for CHP projects or providing an investment tax credit.
- The NEPD Group recommends that the President direct the Administrator of the Environment Protection Agency (EPA) to work with local and state governments to promote the use of well-designed CHP and other clean power generation at brownfields sites, consistent with the local communities' interests. EPA will also work to clarify liability issues if they are raised at a particular site.
- The NEPD Group recommends that the President direct the EPA Administrator to promote CHP through flexibility in environmental permitting.
- The NEPD Group recommends that the President direct the EPA Administrator to promote CHP through flexibility in environmental permitting.
- The NEPD Group recommends that the President direct the Secretary of Transportation to:
  - Review and provide recommendations on establishing Corporate Average Fuel Economy (CAFE) standards with due consideration of the National Academy of Sciences study to be released in July 2001. Responsibly crafted CAFE standards should increase efficiency without negatively impacting the U.S. automotive industry. The determination of future fuel economy standards must therefore be addressed analytically and based on sound science.
  - Consider passenger safety, economic concerns, and disparate impact on the U.S. versus foreign fleet of automobiles.
  - Look at other market-based approaches to increasing the national average fuel economy of new motor vehicles.
- The new NEPD Group recommends that the President direct the Secretary of Transportation to review and promote congestion mitigation technologies and strategies and work with Congress on legislation to implement these strategies.

- The NEPD Group recommends that the President direct the Secretary of the Treasury to work with Congress on legislation to increase energy efficiency with a tax credit for fuel-efficient vehicles. The NEPD Group recommends that a temporary, efficiency-based income tax credit be available for purchase of new hybrid or fuel cell vehicles between 2002 and 2007.
- The NEPD Group recommends that the President direct all agencies to use technological advances to better protect our environment.
  - The Administration remains committed to investing in Intelligent Transportation Systems and encourages the private sector to invest in ITS applications. This Department of Transportation (DOT) program funds the development of improved transportation infrastructure that will reduce congestion, such as traveler information/navigation systems, freeway management, and electronic toll collection. ITS applications reduce fuel associated with travel.
  - The Administration remains committed to the DOT's fuel-cell-powered transit bus program, authored by the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21). This program demonstrates the viability of fuel-cell power plants for transit bus applications.
  - The Administration remains committed to the Clean Buses program. TEA-21 establishes a new clean fuel formula grant program, which provides an opportunity to accelerate the introduction of advanced bus propulsion technologies into the mainstream of the nation's transit fleet.
- The NEPD Group recommends that the President direct the EPA and DOT to develop ways to reduce demand for petroleum transportation fuels by working with the trucking industry to establish a program to reduce emissions and fuel consumption from long-haul trucks at truck stops by implementing alternatives to idling, such as electrification and auxiliary power units at truck stops along interstate highways, EPA and DOT will develop partnership agreements with trucking fleets, truck stops, and manufacturers of idle-reducing technologies (e.g., portable auxiliary packs, electrification) to install and use low-emission-idling technologies.
- The NEPD Group recommends that the President direct the Secretary of Energy to establish a national priority for improving energy efficiency. The Priority would be to improve the energy intensity of the U.S. economy as measured by the amount of energy required for each dollar of economic productivity. This increased efficiency should be pursued through the combined efforts of industry, consumers, and federal, state, and local governments.
- The NEPD Group recommends that the President direct the EPA Administrator to develop and implement a strategy to increase public awareness of the sizable savings that energy efficiency offers to homeowners

across the country. Typical homeowners can save about 30 percent (about \$400) a year on their home energy bill by using Energy Star-labeled products.

## Summary of Recommendations (Chapter 5)

### *Energy for a New Century: Increasing Domestic Energy Supplies*

- The NEPD Group recommends that the President direct the Secretaries of Energy and the Interior to promote enhanced oil and gas recovery from existing wells through new technology.
- The NEPD Group recommends that the President direct the Secretary of Energy to improve oil and gas exploration technology through continued partnership with public and private entities.
- The NEPD Group recommends that the President direct the Secretary of the Interior to examine land status and lease stipulation impediments to federal oil and gas leasing, and review and modify those where opportunities exist (consistent with the law, good environmental practice, and balanced use of other resources).
  - Expedite the ongoing Energy Policy and Conservation Act study of impediments to federal oil and gas exploration and development.
  - Review public lands withdrawals and lease stipulations, with full public consultation, especially with the people in the region, to consider modifications where appropriate.
- The NEPD Group recommends that the President direct the Secretary of the Interior to consider economic incentives for environmentally sound offshore oil and gas development where warranted by specific circumstances: explore opportunities for royalty reductions, consistent with ensuring a fair return to the public where warranted for enhanced oil and gas recovery; for reduction of risk associated with production in frontier areas or deep gas formations; and for development of small fields that would otherwise be uneconomic.
- The NEPD Group recommends that the President direct the Secretaries of Commerce and Interior to re-examine the current federal legal and policy regime (statutes, regulations, and Executive Orders) to determine if changes are needed regarding energy-related activities and the siting of energy facilities in the coastal zone and on the Outer Continental Shelf (OCS).
- The NEPD Group recommends that the President direct the Secretary of the Interior continue OCS oil and gas leasing and approval of exploration and development plans on predictable schedules.
- The NEPD Group recommends that the President direct the Secretary of the Interior to consider additional environmentally responsible oil and gas development based on sound science and the best available technology, through further lease sales in the National Petroleum Reserve-Alaska. Such

consideration should include areas not currently leased within the Northeast corner of the Reserve.

- The NEPD Group recommends that the President direct the Secretary of the Interior work with Congress to authorize exploration and, if resources are discovered, development of the 1002 Area of ANWR. Congress should require the use of the best available technology and should require that activities will result in no significant adverse impact to the surrounding environment.
- The NEPD Group recommends that the President direct the Secretary of the Interior to work with Congress and the State of Alaska to put in place the most expeditious process for renewal of the Trans-Alaska Pipeline System rights-of-way to ensure that Alaskan oil continues to flow uninterrupted to the West Coast of the United States.
- The NEPD Group recommends that the President direct the Secretary of Energy to propose comprehensive electricity legislation that promotes competition, protects consumers, enhances reliability, promotes renewable energy, improves efficiency, repeals the Public Utility Holding Company Act, and reforms the Public Utility Regulatory Policies Act
- The NEPD Group recommends that the President encourage FERC to use its existing statutory authority to promote competition and encourage investment in transmission facilities.
- The NEPD Group recognizes the importance of looking to technology to help us meet the goals of increasing electricity generation while protecting our environment. To that end, the NEPD Group recommends that the President direct the Department of Energy to continue to develop advanced clean coal technology by:
  - Investing \$2 billion over 10 years to fund research in clean coal technologies.
  - Supporting a permanent extension of the existing research and development tax credit.
  - Directing federal agencies to explore regulatory approaches that will encourage advancements in environmental technology.
- The NEPD Group recommends that the President direct federal agencies to provide greater regulatory certainty relating to coal electricity generation through clear policies that are easily applied to business decisions.
- The NEPD Group recommends that the President support the expansion of nuclear energy in the United States as a major component of our national energy policy. Following are specific components of the recommendation:

- Encourage the Nuclear Regulatory Commission (NRC) to ensure that safety and environmental protection are high priorities as they prepare to evaluate and expedite applications for licensing new advanced-technology nuclear reactors.
  - Encourage the NRC to facilitate efforts by utilities to expand nuclear energy generation in the United States by upgrading existing nuclear plants safely.
  - Encourage the NRC to relicense existing nuclear plants that meet or exceed safety standards.
  - Direct the Secretary of Energy and the Administrator of the Environmental Protection Agency to assess the potential of nuclear energy to improve air quality.
  - Increase resources as necessary for nuclear safety enforcement in light of the potential increase in generation.
  - Use the best science to provide a deep geologic repository for nuclear waste.
  - Support legislation clarifying that qualified funds set aside by plant owners for eventual decommissioning will not be taxed as part of the transaction. Support legislation to extend the Price-Anderson Act.
  - Support legislation to extend the Price-Anderson Act.
- The NEPD Group recommends that, in the context of developing advanced nuclear fuel cycles and next generation technologies for nuclear energy, the United States should reexamine its policies to allow for research, development and deployment of fuel conditioning methods (such as pyroprocessing) that reduce waste streams and enhance proliferation resistance. In doing so, the United States will continue to discourage the accumulation of separated plutonium, worldwide.
  - The United States should also consider technologies (in collaboration with international partners with highly developed fuel cycles and a record of close cooperation) to develop reprocessing and fuel treatment technologies that are cleaner, more efficient, less waste-intensive, and more proliferation-resistant.
  - The NEPD Group recognizes there is a need to reduce the time and cost of the hydropower licensing process. The NEPD Group recommends that the President encourage the Federal Energy Regulatory Commission (FERC) and direct federal resource agencies to make the licensing process more clear and efficient, while preserving environmental goals. In addition, the NEPD Group recognizes the importance of optimizing the efficiency and reliability of existing hydropower facilities and will encourage the Administration to adopt efforts toward that end.
- Support administrative and legislative reform of the hydropower licensing process.



- c Direct federal resource agencies to reach interagency agreement on conflicting mandatory license conditions before they submit their conditions to FERC for inclusion in a license.
- o Encourage FERC to adopt appropriate deadlines for its own actions during the licensing process.

## Summary of Recommendations (Chapter 6)

### *Nature's Power: Increasing America's Use of Renewable and Alternative Energy*

- The NEPD Group recommends that the President direct the Secretaries of the Interior and Energy to re-evaluate access limitations to federal lands in order to increase renewable energy production, such as biomass, wind, geothermal, and solar.
- The NEPD Group supports the increase of \$39.2 million in the FY 2002 budget amendment for the Department of Energy's Supply account that would provide increased support for research and development of renewable energy resources.
- The NEPD Group recommends that the President direct the Secretary of Energy to conduct a review of current funding and historic performance of renewable energy and alternative energy research and development programs in light of the recommendations of this report. Based on this review, the Secretary of Energy is then directed to propose appropriate funding of those research and development programs that are performance-based and are modeled as public-private partnerships.
- The NEPD Group recommends that the President direct the Secretary of the Treasury, to work with Congress on legislation to expand the section 29 tax credit to make it available for new landfill methane projects. The credit could be tiered, depending on whether a landfill is already required by federal law to collect and flare its methane emissions due to local air pollution concerns.
- The NEPD Group recommends that the President direct the Secretary of the Interior to determine ways to reduce the delays in geothermal lease processing as part of the permitting review process.
- The NEPD Group recommends that the President direct the Administrator of the Environmental Protection Agency to develop a new renewable energy partnership program to help companies more easily buy renewable energy, as well as receive recognition for the environmental benefits of their purchase, and help consumers by promoting consumer choice programs that increase their knowledge about the environmental benefits of purchasing renewable energy.
- The NEPD Group recommends that the President direct the Secretary of the Treasury to work with Congress on legislation to extend and expand tax credits for electricity produced using renewable technology, such as wind and biomass. The President's budget request extends the present 1.7 cents per kilowatt hour tax credit for electricity produced from wind and biomass; expands eligible biomass sources to include forest-related sources, agricultural sources, and certain urban sources; and allows a credit for electricity produced from biomass co-fired with coal.

- The NEPD Group recommends that the President direct the Secretary of the Treasury to work with Congress on legislation to provide a new 15 percent tax credit for residential solar energy property, up to a maximum credit of \$2,000.
- The NEPD Group recommends that the President direct the Secretaries of the Interior and Energy to work with Congress on legislation to use an estimated \$1.2 billion of bid bonuses from the environmentally responsible leasing of ANWR for funding research into alternative and renewable energy resources, including wind, solar, geothermal, and biomass.
- The NEPD Group recommends that the President direct the Secretary of the Treasury to work with Congress to continue the ethanol excise tax exemption.
- The NEPD Group recommends that the President direct the Secretary of Energy to develop next-generation technology – including hydrogen and fusion.
  - Develop an education campaign that communicates the benefits of alternative forms of energy, including hydrogen and fusion.
  - Focus research and development efforts on integrating current programs regarding hydrogen, fuel cells, and distributed energy.
  - Support legislation reauthorizing the Hydrogen Energy Act.
- The NEPD Group recommends that the President direct the Secretary of the Treasury to work with Congress to develop legislation to provide for a temporary income tax credit available for the purchase of new hybrid or fuel-cell vehicles.
- The NEPD Group recommends that the President direct the Administrator of the Environmental Protection Agency to issue guidance to encourage the development of well-designed combined heat and power (CHP) units that are both highly efficient and have low emissions. The goal of this guidance would be to shorten the time needed to obtain each permit, provide certainty to industry by ensuring consistent implementation across the country, and encourage the use of these cleaner, more efficient technologies.

Summary of Recommendations (Chapter 7)

*America's Energy Infrastructure: A Comprehensive Deliver System*

- The NEPD Group recommends that the President direct the Secretary of Energy to work with the Federal Energy Regulatory Commission (FERC) to improve the reliability of the interstate transmission system and to develop legislation providing for enforcement by a self-regulatory organization subject to FERC oversight.
- The NEPD Group recommends that the President direct the Secretary of Energy to expand the Department's research and development on transmission reliability and superconductivity.
- The NEPD Group recommends that the President direct the Secretary of Energy to authorize the Western Energy Power Administration to explore relieving the "Path 15" bottleneck through transmission expansion financed by nonfederal contributions.
- The NEPD Group recommends that the President direct the appropriate federal agencies to take actions to remove constraints on the interstate transmission grid and allow our nation's electricity supply to meet the growing needs of our economy.
  - Direct the Secretary of Energy, by December 31, 2001, to examine the benefits of establishing a national grid, identify transmission bottlenecks, and identify measures to remove transmission bottlenecks.
  - Direct the Secretary of Energy to work with FERC to relieve transmission constraints by encouraging the use of incentive rate-making proposals.
  - Direct the federal utilities to determine whether transmission expansions are necessary to remove constraints. The Administration should review the Bonneville Power Administration's (BPA's) capital and financing requirements in the context of its membership in a regional RTO, and if additional Treasury financing appears warranted or necessary in the future, the Administration should seek an increase in BPA's borrowing authority at that time.
  - Direct the Secretary of Energy, in consultation with appropriate federal agencies and state and local government officials, to develop legislation to grant authority to obtain rights-of-way for electricity transmission lines, with the goal of creating a reliable national transmission grid. Similar authority already exists for natural gas pipelines in recognition of their role in interstate commerce.
- The NEPD Group recommends that the President direct the Secretary of the Interior to work with Congress and the State of Alaska to put in place the most expeditious process for renewal of the Trans-Alaskan Pipeline System lease to ensure that Alaska oil continues to flow uninterrupted to the West Coast of the United States.
- The NEPD Group recommends that the President direct the Secretary of Energy, coordinating with the Secretary of the Interior and the Federal Energy Regulatory Commission, to work closely with Canada, the State of Alaska, and all other

interested parties to expedite the construction of a pipeline to deliver natural gas to the lower 48 states. This should include proposing to Congress any changes or waivers of law pursuant to the Alaska Natural Gas Transportation Act of 1976 that may be required.

- The NEPD Group recommends that the President support legislation to improve the safety of natural gas pipelines, protect the environment, strengthen emergency preparedness and inspections and bolster enforcement.
- The NEPD Group recommends that the President direct agencies to continue their interagency efforts to improve pipeline safety and expedite pipeline permitting in an environmentally sound manner and encourage FERC to consider improvements in the regulatory process governing approval of interstate natural gas pipeline projects.
- The NEPD Group recommends that the President direct the Administrator of the EPA to study opportunities to maintain or improve the environmental benefits of state and local "boutique" clean fuel programs while exploring ways to increase the flexibility of the fuels distribution infrastructure, improve fungibility, and provide added gasoline market liquidity. In concluding this study, the Administrator shall consult with the Departments of Energy and Agriculture, and other agencies as needed.
- The NEPD Group recommends that the President direct the Administrator of the Environmental Protection Agency and the Secretary of Energy to take steps to ensure America has adequate refining capacity to meet the needs of consumers.
  - Provide more regulatory certainty to refinery owners and streamline the permitting process where possible to ensure that regulatory overlap is limited.
  - Adopt comprehensive regulations (covering more than one pollutant and requirement) and consider the rules' cumulative impacts and benefits.
- The NEPD Group recommends the President direct the Administrator of the Environmental Protection Agency, in consultation with the Secretary of Energy and other relevant agencies, to review New Source Review regulations, including administrative interpretation and implementation, and report to the President within 90 days on the impact of the regulations on investment in new utility and refinery generation capacity, energy efficiency, and environmental protection.
- The NEPD Group further recommends the President direct the Attorney General to review existing enforcement actions regarding New Source Review to ensure the enforcement actions are consistent with the Clean Air Act and its regulations.
- The NEPD Group supports the President's budget proposal to provide \$8 million to maintain the two-million-barrel Northeast Heating Oil Reserve. Operated by the private sector, the Reserve helps ensure adequate supplies of heating oil in the event that colder than normal winters occur in the Northeast United States.

Summary of Recommendations (Chapter 8)

*Strengthening Global Alliances: Enhancing National Energy Security and International Relationships*

- The NEPD Group recommends that the President make energy security a priority of our trade and foreign policy.
- The NEPD Group recommends the President support initiatives by Saudi Arabia, Kuwait, Algeria, Qatar, the UAE, and other suppliers to open up areas of their energy sectors to foreign investment.
- The NEPD Group recommends that the President direct the Secretaries of State, Energy and Commerce work to improve dialogue among energy-producing and consuming nations.
- The NEPD Group recommends that the President direct the Secretaries of State, Commerce and Energy to continue supporting American energy firms competing in markets abroad and use of membership in multilateral organizations, such as the Asia-Pacific Economic Cooperation (APEC) forum, the Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO) Energy Services Negotiations, the Free Trade Area of the Americas (FTAA), and our bilateral relationships to implement a system of clear, open, and transparent rules and procedures governing foreign investment; to level the playing field for U.S. companies overseas; and to reduce barriers to trade and investment.
- The NEPD Group recommends that the President direct the Secretaries of Commerce and Energy, and the U.S. Trade Representative, to support a sectoral trade initiative to expand investment and trade in energy-related goods and services that will enhance exploration, production, and refining, as well as the development of new technologies.
- The NEPD Group recommends that the President direct the Secretaries of State, Treasury, and Commerce to initiate a comprehensive review of sanctions. Energy security should be one of the factors considered in such a review.
- The NEPD Group recommends that the President direct the Secretaries of State, Commerce, and Energy to engage in a dialogue through the North American Energy Working Group to develop closer energy integration among Canada, Mexico, and the United States and identify areas of cooperation, fully consistent with the countries' respective sovereignties.
- The NEPD Group recommends that the President direct the Secretaries of Energy and State, in consultation with the Federal Energy Regulatory Commission, to review their respective oil, natural gas, and electricity cross-boundary "Presidential Permitting" authorities, and to propose reforms as necessary in order to make their own regulatory regimes more compatible for cross-border trade.

- The NEPD Group recommends that the President direct the Secretary of Energy and State, coordinating with the Secretary of the Interior and Federal Energy Regulatory Commission, to work closely with Canada, the State of Alaska, and all other interested parties to expedite the construction of a pipeline to deliver natural gas to the lower 48 states. This should include proposing to Congress any changes or waivers of law pursuant to the Alaska Natural Gas Transportation Act of 1976 that may be required.
- The NEPD Group recommends that the President direct the Secretaries of State and Commerce to conclude negotiations with Venezuela on a Bilateral Investment Treaty, and propose formal energy consultations with Brazil, to improve the energy investment climate for the growing level of energy investment flows between the United States and each of these countries
- The NEPD Group recommends that the President direct the Secretaries of Energy, Commerce, and State to work through the Summit of the Americas Hemispheric Energy Initiative to develop effective and stable regulatory frameworks and foster reliable supply sources of all fuels within the region
- The NEPD Group recommends that the President direct the Secretaries of State, Energy, and Commerce to reinvigorate the U.S.-Africa Trade and Economic Cooperation Forum and the U.S.-African Energy Ministerial process; deepen bilateral and multilateral engagement to promote a more receptive environment for U.S. oil and gas trade, investment, and operations; and promote geographic diversification of energy supplies, addressing such issues as transparency, sanctity of contracts, and security.
- The NEPD Group recommends that the President direct the Secretaries of State, Commerce, and Energy to deepen the focus of the discussion and direct the Secretaries of State, Energy, and Commerce to support more transparent, accountable, and responsible use of oil resources in African producer countries to enhance the stability and security of trade and investment environments.
- The NEPD Group recommends that the President direct the Secretaries of State, Commerce, and Energy to support the BTC oil pipeline as it demonstrates its commercial viability.
- The NEPD Group recommends that the President direct the Secretaries of Commerce, State, and Energy to continue working with relevant companies and countries to establish the commercial conditions that will allow oil companies operating in Kazakhstan the option of exporting their oil via the BTC pipeline.
- The NEPD Group recommends that the President direct the Secretaries of State, Commerce, and Energy to support the efforts of private investors and regional governments to develop the Shah Deniz gas pipeline as a way to help Turkey and

Georgia diversify their natural gas supplies and help Azerbaijan export its gas via a pipeline that will continue diversification and secure energy supply routes.

- The NEPD Group recommends that the President direct appropriate federal agencies to complete the current cycle of oil spill response readiness workshops and to consider further appropriate steps to ensure the implementation of the workshops' recommendations.
- The NEPD Group recommends that the President direct the Secretary of State to encourage Greece and Turkey to link their gas pipeline system to allow European consumers to diversify their gas supplies by purchasing Caspian gas.
- The NEPD Group recommends that the President direct the Secretaries of Commerce, Energy, and State to deepen their commercial dialogue with Kazakhstan, Azerbaijan, and other Caspian states to provide a strong, transparent, and stable trade climate for energy and related infrastructure projects.
- The NEPD Group recommends that the President direct the Secretaries of State, Commerce, and Energy to deepen the focus of the discussions with Russia on energy and investment climate.
- The NEPD Group recommends that the President direct the Secretaries of Commerce, State, and Energy to assist U.S. companies in their dialogue on the investment and trade climate with Russian officials, to encourage reform of the PSA law and other regulations and related tax provisions, as well as general improvements in the overall investment climate. This will help expand private investment opportunities in Russia and will increase the international role of Russian firms.
- The NEPD Group recommends that the President direct the Secretaries of State, Commerce, and Energy to continue to work in the APEC Energy Working Group to examine oil market data transparency issues and the variety of ways petroleum stocks can be used as an option to address oil market disruptions.
- The NEPD Group recommends that the President direct the Secretaries of State and Energy to work with India's Ministry of Petroleum and Natural Gas to help India maximize its domestic oil and gas production.
- The NEPD Group recommends that the President direct the Secretaries of Commerce, State, and Energy to promote market-based solutions to environmental concerns; support exports of U.S. clean energy technologies and encourage their overseas development; engage bilaterally and multilaterally to promote best practices; explore collaborative international basic research and development in energy alternatives and energy-efficient technologies; and explore innovative programs to support the global adoption of these technologies.



- The NEPD Group recommends that the President direct federal agencies to support continued research into global climate change; continue efforts to identify environmentally and cost-effective ways to use market mechanisms and incentives; continue development of new technologies; and cooperate with allies, including through international processes, to develop technologies, market-based incentives, and other innovative approaches to address the issues of global climate change.
- The NEPD Group recommends that the President seek to increase international cooperation on finding alternatives to oil, especially for the transportation sector.
- The NEPD Group recommends that the President direct the Secretary of State to reinvigorate its dialogue with the European Union on energy issues, and resume the consultative process this year in Washington.
- The NEPD Group recommends that the President promote a coordinated approach to energy security by calling for an annual meeting of G-8 Ministers or their equivalents.
- The NEPD Group recommends that the President reaffirm that the SPR is designed for addressing an imminent or actual disruption in oil supplies, and not for managing prices.
- The NEPD Group recommends that the President direct the Secretary of Energy work within the International Energy Agency (IEA) to ensure that member states fulfill their stockholding.
- The NEPD Group recommends that the President direct the Secretary of Energy to encourage major oil-consuming countries that are not IEA members to consider strategic stocks as an option for addressing potential supply disruptions. In this regard, we should work closely with Asian economies, especially through APEC.
- The NEPD Group recommends that the President direct the Secretary of Energy offer to lease excess SPR storage facilities to countries (both IEA and non-IEA members) that might not otherwise build storage facilities or hold sufficient strategic stocks, consistent with statutory authorities.
- The NEPD Group recommends that the President, at such time that exchanged SPR barrels are returned to the SPR, should determine whether offshore Gulf of Mexico royalty oil deposits to the SPR should be resumed, thereby increasing the size of our reserve.
- The NEPD Group recommends that the President direct the Secretary of Energy to work closely with Congress to ensure that our SPR protection is maintained.
- The NEPD Group recommends that the President direct the Secretary of Energy to work with producer and consumer country allies and the IEA to craft a more comprehensive and timely world oil data reporting system.

**Williams, Ronald L**

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**From:** MaryBeth Zimmerman  
**Sent:** Monday, March 26, 2001 9:44 AM  
**To:** Anderson, Margot  
**Cc:** Sullivan, John; Baldwin, Sam; Garland, Buddy; Haspel, Abe; Jeffery, Nancy  
**Subject:** Additional NEP graphics from EE



EERE Program pictures.ppt

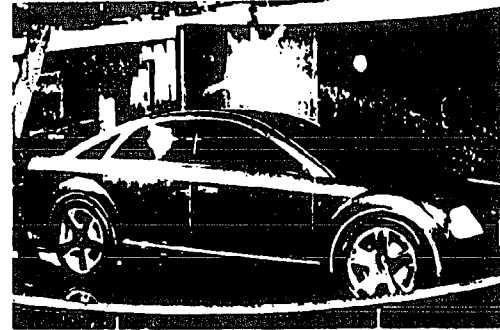
*2000 Washington DC*



**Dodge ESX3**

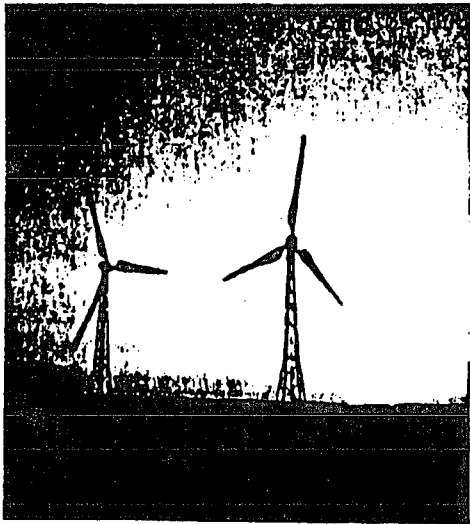
- Body system weighs 46% less\*
- Efficient diesel engine, motor and battery achieve 72 mpg\*
- Incremental cost penalty halved

*2000 Detroit Auto Show*



**Ford Prodigy**

- Better than 70 mpg
- Lightweight materials reduce vehicle weight 30% \*
- Integrated starter/alternator \*
- 33% reduction in aerodynamic drag
- Advanced diesel engine with 35% efficiency improvement \*
- High power battery \*



*2000 Detroit Auto Show*



**GM Precept**

- Vehicle mass reduced 45% \*
- Eliminates need for power steering
- Lowest drag coefficient ever recorded for a 5-p sedan
- Fuel cell version projected to get 108 mpg \*



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24345

DOE024-1751



DOE024-1752

24346

24346

**Williams, Ronald L**

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**From:** Poche, Michelle [Michelle.Poche@ost.dot.gov]  
**Sent:** Monday, March 26, 2001 9:48 AM  
**To:** Anderson, Margot; Kelliher, Joseph  
**Subject:** RE: New Chapter 9 from DOT

-----Original Message-----

**From:** Anderson, Margot [mailto:Margot.Anderson@hq.doe.gov]  
**Sent:** Monday, March 26, 2001 9:02 AM  
**To:** 'Poche, Michelle'; Kelliher, Joseph  
**Subject:** RE: New Chapter 9 from DOT

Michelle,

Margot

-----Original Message-----

**From:** Poche, Michelle [mailto:Michelle.Poche@ost.dot.gov]  
**Sent:** Monday, March 26, 2001 7:57 AM  
**To:** Anderson, Margot; Kelliher, Joseph  
**Subject:** FW: New Chapter 9 from DOT

Margot/Joe,

Here's the new draft of Chapter 9. Wanted to get it to you ahead of the rest of the crew, since I'm requesting energy info from DOE.

Look for brackets to identify places where I've identified needs for info.

Thanks a million.

--Michelle

-----Original Message-----

**From:** Poche, Michelle  
**Sent:** Monday, March 26, 2001 7:55 AM  
**To:** 'Karen\_Y.\_Knutson@ovp.eop.gov'; 'Charles\_M.\_Smith@ovp.eop.gov'; John\_Fenzel@ovp.eop.gov  
**Subject:** New Chapter 9 from DOT

Per last week's discussion, here's a new draft of Chapter 9 from DOT. I am still working with DOE to get electricity info and will add that ASAP.

Charlie, since I didn't have a second peer review meeting, would it be possible to distribute this to the full group as soon as possible to solicit edits/comments?

Thanks very much.

--Michelle

<< File: Ch9.03.26.doc >>

2001-009096 4/3/01 2:31

009096

Secretary, The

**From:** bluehoucelady@YAHOO.COM%internet [bluehoucelady@YAHOO.COM]  
**Sent:** Monday, April 02, 2001 5:36 PM  
**To:** Secretary, The  
**Subject:** Environmental Quality

**FROM:** bluehoucelady@yahoo.com  
**NAME:** Laura Blue  
**SUBJECT:** Environmental Quality  
**ZIP:** 56241  
**CITY:** Granite Falls  
**PARM.1:** TO:the.secretary@hq.doe.gov  
**STATE:** MN  
**TOPIC:** renewable energy resources  
**SUBMIT:** Send Comments  
**CONTACT:** email  
**COUNTRY:** USA

**MESSAGE:** I'm disappointed that our president isn't considering any form of renewable energy as long term planning. Building new power plants seem to be just a quick fix for the problems in CA. Solar energy is unlimited and there must be a way to use the domestic & industrial waste generated by our society for our benefit. Respectfully, Laura  
**MAILADDR:** 10489 810th Ave.

1

24348

DOE024-1754





Raymond Costello on 04/26/2001 11:27:20 AM

To: bluehouselady@yahoo.com  
cc:

Subject: Your email to Secretary Abraham

Ms. Laura Blue  
10489 810th Avenue  
Granite Falls, MN 56241

Dear Ms. Blue:

Thank you for your email message to Secretary Abraham dated April 2, 2001 expressing your views regarding renewable energy resources. Your message has been forwarded to my office, the Office of Biopower and Hydropower Technologies, for a response.

In your message, you suggest that the President is not considering any form of renewable energy as long term planning. As you may already be aware, President Bush has created an Energy Task Force headed by Vice President Cheney. The purpose of this task force is to "define a clear strategy that will allow environmentally responsible exploration and recovery of our domestic resources, enhance our commitment to conservation and energy efficiency, and encourage investment in new technology to further the development of renewable energy sources." At this point, the task force is still developing an energy plan and is considering all options.

You also mention in your message that there must be a way to use the domestic and industrial waste generated by our society. Currently, there are more than 130 Waste-to-Energy Facilities in operation in the United States. These facilities utilize municipal solid waste (MSW) to produce electricity. In addition, there are approximately 270 landfills in commercial operation in the U.S. that convert landfill gas to energy. Furthermore, the Biopower Program is looking at agricultural waste and other forms of biomass as fuel sources in biomass-fired power plants.

The Department of Energy's Energy Efficiency and Renewable Energy web page can provide you with additional information on biopower, solar power, and other renewable energy technologies, and can be located at <http://www.eren.doe.gov/>. Thank you for your interest in renewable energy resources.

Sincerely,

Dr. Raymond Costello  
Program Manager  
Office of Biopower and Hydropower Technologies

24349

2001-005451

**From:** Friedrichs, Mark  
**Sent:** Thursday, May 10, 2001 12:59 PM  
**To:** Tzeferakos.steven@ic.gc.ca  
**Subject:** Response to your e-mail of February 26 concerning U.S. Energy Policy Development

Dear Mr. Tzeferakos:

First, I would like to apologize for the long delay in responding. The Department of Energy has been receiving thousands of e-mails in recent months, and we are still trying to catch up.

I suspect that you have been following the work of Vice President Cheney's Energy Policy Development Group through the media. The only statements released regarding the Administration's new energy policy have been well reported in the press. The most detailed was Vice President Cheney's recent speech in Toronto.

It is our understanding there will be a substantial document released shortly, almost certainly during May. I am sure that the media and various U.S. government webpages, including the Department of Energy's ([energy.gov](http://energy.gov)), will immediately disseminate this document and any related announcements, as well as summary information.

I hope this is helpful.

Sincerely,

*Mark D. Friedrichs (PO-2)  
Policy Office  
U.S. Department of Energy  
Washington, D.C. 20585  
202-586-0124  
Fax: 202-586-3047*

24350

DOE024-1756

**Martin, Adrienne**

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**From:** Kelliher, Joseph  
**Sent:** Friday, May 04, 2001 12:32 PM  
**To:** Terry, Tracy  
**Cc:** Anderson, Margot; Conti, John  
**Subject:** RE: DAVIS conservation plan

-----Original Message-----

**From:** Terry, Tracy  
**Sent:** Monday, April 30, 2001 9:34 AM  
**To:** Kelliher, Joseph  
**Cc:** Anderson, Margot; Conti, John  
**Subject:** RE: DAVIS conservation plan

Joe,

Please let us know what your timeline is on this.

Tracy

-----Original Message-----

**From:** Kelliher, Joseph  
**Sent:** Saturday, April 28, 2001 3:16 PM  
**To:** Anderson, Margot; Conti, John; Terry, Tracy  
**Subject:** DAVIS conservation plan

[http://www.governor.ca.gov/state/govsite/gov\\_htmlprint.jsp?BV\\_SessionID=@@@@1360845885.0988485257@@@@&BV\\_EngineID=calkkfjfmgbemfcfkmcncng.0&sFilePath=%2fgovsite%2fpress\\_release%2f2001\\_04%2f20010427\\_PR01176\\_fivepointPlan.html&sTitle=GOVERNOR+DAVIS+ANNOUNCES+STATE'S+SUCCESS+IN+SAVING+ENERGY&sCatTitle=Press+Release&sSubCat=null&iOID=14525](http://www.governor.ca.gov/state/govsite/gov_htmlprint.jsp?BV_SessionID=@@@@1360845885.0988485257@@@@&BV_EngineID=calkkfjfmgbemfcfkmcncng.0&sFilePath=%2fgovsite%2fpress_release%2f2001_04%2f20010427_PR01176_fivepointPlan.html&sTitle=GOVERNOR+DAVIS+ANNOUNCES+STATE'S+SUCCESS+IN+SAVING+ENERGY&sCatTitle=Press+Release&sSubCat=null&iOID=14525)

**Martin, Adrienne**

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**From:** Kelliher, Joseph  
**Sent:** Friday, May 04, 2001 12:09 PM  
**To:** Fygi, Eric; Whatley, Michael; Angulo, Veronica; Conti, John  
**Cc:** Anderson, Margot  
**Subject:** CPUC order

The CPUC yesterday reportedly announced that it will take up an order on 5/14 to address the concerns of QFs about the new low rates. I would like to get a copy of the order, if available, and any kind of summary information.

**Martin, Adrienne**

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**From:** Kelliher, Joseph  
**Sent:** Wednesday, May 02, 2001 8:43 AM  
**To:** Anderson, Margot; Conti, John  
**Subject:** SCE letter

**Importance:** High

Margot, can I borrow John Conti to help on an urgent project for S1? It  
down if Margot has no objections. Thanks.

B-S  
John, please come

**Martin, Adrienne**

---

**From:** Carter, Douglas  
**Sent:** Wednesday, May 02, 2001 8:24 AM  
**To:** Anderson, Margot  
**Subject:** PD-13

Margot -

In case Trevor never responded, PD-13 is really PDD-13 (Presidential Decision Directive).

The Federation of American Scientists says:

"The Presidential Review Directive (PRD) series is the mechanism used by the Clinton Administration to direct that specific reviews and analyses be undertaken by the departments and agencies. The Presidential Decision Directive (PDD) series is used to promulgate Presidential decisions on national security matters."

PDD 13 is Non-Proliferation and Export Control Policy

Doug Carter (FE-26)  
US DOE  
Washington, DC 20585  
202-586-9684

[This email uses 100% recycled electrons.]

**Kelliher, Joseph**

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**From:** Kelliher, Joseph  
**Sent:** Tuesday, June 26, 2001 9:52 AM  
**To:** Anderson, Margot  
**Subject:** meetings

Hopefully, my last question. Was there a working group meeting on 3/6? I have a email from John Fenzel to that effect, but nothing on my calender.

**Kelliher, Joseph**

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**From:** Kelliher, Joseph  
**Sent:** Tuesday, June 26, 2001 10:57 AM  
**To:** Anderson, Margot  
**Subject:** meetings

A few more -- was there a meeting on March 9? I have it on my schedule but don't think I went -- it was the day I went to Mexico with the Secy.

How about 4/3? It is not on my schedule, but I have a 3/22 email from Fenzel indicating there was such a meeting.

How about 4/23 and 4/24? On both days I have a 4:30 meeting scheduled at the OEOB titled "Energy Task Force Report." Do you have meetings listed on those days?



**Kelliher, Joseph**

---

**From:** Anderson, Margot  
**Sent:** Tuesday, June 26, 2001 11:12 AM  
**To:** Kelliher, Joseph  
**Subject:** RE: meetings

Joe,

March 9. Nothing NEP on my calendar.

April 3: Principals meeting at 3:00, followed by NEPDG meeting at 4:00. No e-mail about cancellation.

April 23: Nothing on my calendar.

April 24: No NEP meeting on my calendar.

Margot

-----Original Message-----

**From:** Kelliher, Joseph  
**Sent:** Tuesday, June 26, 2001 10:57 AM  
**To:** Anderson, Margot  
**Subject:** meetings

A few more -- was there a meeting on March 9? I have it on my schedule but don't think I went -- it was the day I went to Mexico with the Secy.

How about 4/3? It is not on my schedule, but I have a 3/22 email from Fenzel indicating there was such a meeting.

How about 4/23 and 4/24? On both days I have a 4:30 meeting scheduled at the OEOB titled "Energy Task Force Report." Do you have meetings listed on those days?

**Williams, Ronald L**

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**From:** KYDES, ANDY  
**Sent:** Thursday, March 22, 2001 7:59 PM  
**To:** Anderson, Margot  
**Subject:** RE: Any luck on my natural gas para?

Margot

How much time do we have on comments for chapters 6,9, and 10? Can we have to COB Monday?

Andy

—Original Message—

**From:** Margot Anderson\_at\_HQ-EXCH at X400PO  
**Sent:** Thursday, March 22, 2001 4:34 PM  
**To:** Kydes, Andy  
**Subject:** Any luck on my natural gas para?

**Williams, Ronald L**

---

**From:** Symons.Jeremy@epamail.epa.gov%internet [Symons.Jeremy@epamail.epa.gov]  
**Sent:** Thursday, March 29, 2001 4:05 PM  
**To:** Anderson, Margot  
**Cc:** Vernet, Jean; Terry, Tracy  
**Subject:** RE: URGENT: 1-pagers for NEPD

Will do.

---

Jeremy Symons  
EPA, Office of Air and Radiation  
(202) 564-9301  
Fax: (202) 501-0394

"Anderson, Margot" <Margot.Anderson@hq.doe.gov>  
03/29/2001 03:53 PM

To: Jeremy Symons/DC/USEPA/US@EPA  
cc: "Terry, Tracy" <Tracy.Terry@hq.doe.gov>, "Vernet, Jean"  
<Jean.Vernet@hq.doe.gov>  
Subject: RE: URGENT: 1-pagers for NEPD  
Jeremy,

Please put Tracy Terry and Jean Vernet on the 3-pollutant one-pager assignment.

Tracy can be reached at 586-3383  
Jean at 586-4755.

Their e-mails are on the cc line.

Thanks

-----Original Message-----

**From:** Symons.Jeremy@epamail.epa.gov%internet [mailto:Symons.Jeremy@epamail.epa.gov]  
**Sent:** Thursday, March 29, 2001 3:12 PM  
**To:** Anderson, Margot  
**Cc:** Wynn.Lynda@epamail.epa.gov%internet  
**Subject:** RE: URGENT: 1-pagers for NEPD

I believe the issue is safe drinking water act as it applies to hydraulic fracturing. I have no idea who might work on it at DOE. Do you, Lynda?

---

Jeremy Symons  
EPA, Office of Air and Radiation  
(202) 564-9301  
Fax: (202) 501-0394

**Kelliher, Joseph**

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**From:** Kripowicz, Robert  
**Sent:** Tuesday, June 26, 2001 10:04 AM  
**To:** Kelliher, Joseph  
**Subject:** Federal Inspector

**Importance:** High

Attached is information on the Federal Inspector, including the reorganization plan you requested. If you need hard copy, I can provide it.



kelliher-reorg

Bob

**Kelliher, Joseph**

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**From:** Vernet, Jean  
**Sent:** Thursday, June 14, 2001 3:50 PM  
**To:** Otis, Lee; Carter, Douglas  
**Cc:** Anderson, Margot; Conti, John; O'Donovan, Kevin; SHORE, JOANNE; Kolevar, Kevin; Ferguson, Steven; Kelliher, Joseph  
**Subject:** Today's NEP NSR Review Update

Lee, Doug,

Per EPA staff at RTP this afternoon:

1.) They are unlikely to forward the draft background piece before late Monday afternoon. The deadline for comments will remain

COB Wednesday.

In order to have time for any necessary consolidation and clearance of DOE comments, staff could have less than 36 hours to comment. "Forewarned is forearmed."

2.) They understood that Stephanie Delgado on Tom Gibson's staff is in the process of sending some written material (scheduling, etc. ?) to Lee.

Lee, I would appreciate receiving copies of whatever they send.

Jean

**Martin, Adrienne**

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**From:** Anderson, Margot  
**Sent:** Friday, February 09, 2001 6:39 PM  
**To:** Kelliher, Joseph  
**Subject:** National Energy Strategy

Joe,

Please don't forget to send your outline before you take off this evening. I'll get it around to the group.

Margot

-----Original Message-----

**From:** Kelliher, Joseph  
**Sent:** Friday, February 09, 2001 4:35 PM  
**To:** Anderson, Margot  
**Subject:** RE: Summer Electricity Assessment meeting

I invited Abe Haspel and FE to our meeting, since they will have to be involved in our new project for the Vice President's task force. Abe will be there, but not FE.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Friday, February 09, 2001 12:43 PM  
**To:** Carrier, Paul; 'JKStier@bpa.gov'; Conti, John; SCHNAPP, ROBERT; 'CAball@bpa.gov'; Scalingi, Paula; PETTIS, LARRY; GEIDL, JOHN  
**Cc:** Kelliher, Joseph; Whatley, Michael  
**Subject:** RE: Summer Electricity Assessment meeting

All,

Today's meeting will be in 7B-138. CI's conference room. We will circulate a draft prior to the meeting.

Margot

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Friday, February 09, 2001 11:42 AM  
**To:** Anderson, Margot; Carrier, Paul; 'JKStier@bpa.gov'; Conti, John; SCHNAPP, ROBERT; 'CAball@bpa.gov'; Scalingi, Paula; PETTIS, LARRY; GEIDL, JOHN  
**Cc:** Kelliher, Joseph; Whatley, Michael  
**Subject:** RE: Summer Electricity Assessment meeting

All,

Due to scheduling conflicts, our meeting will be held at 5:00 today instead of 3:30. Thanks. I confirm a room number.

Margot

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Friday, February 09, 2001 11:29 AM  
**To:** Carrier, Paul; 'JKStier@bpa.gov'; Conti, John; SCHNAPP, ROBERT; 'CAball@bpa.gov'; Scalingi, Paula; PETTIS, LARRY; GEIDL, JOHN  
**Cc:** Kelliher, Joseph; Whatley, Michael  
**Subject:** Summer Electricity Assessment meeting

All,

At the request of Joe Kelliher, we will be meeting at 3:30 today to go over the status of the summer electricity assessment report. PO will have a draft ready based on your contributions. As you are the points of contact and major contributors, it would be helpful to have you attend the meeting. I will confirm a meeting room later today.

Margot Anderson  
Acting Director, Office of Policy  
6,2589

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Jeremy Symons  
EPA, Office of Air and Radiation  
(202) 564-9301  
Fax: (202) 501-0394

— Forwarded by Jeremy Symons/DC/USEPA/US on 04/17/2001 09:13 AM —

Lorie Schmidt

To: Joseph.Kelliher@hq.doe.gov  
04/16/2001 cc: Jeremy Symons/DC/USEPA/US@EPA, Jacob  
07:14 PM Moss/DC/USEPA/US@EPA, Tom Gibson/DC/USEPA/US@EPA,  
Susan Spencer/DC/USEPA/US@EPA  
Subject: For Review

For review by USDA and DOE, here is the piece on RFG and boutique fuels:  
(See attached file: boutique 4 16 01.wpd)

For review by DOE, here's the additional background piece on NSR:  
(See attached file: nsr back 4-16.wpd)  
(See attached file: attsx68p.dat)

Martin, Adrienne

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From: Anderson, Margot  
Sent: Wednesday, May 02, 2001 6:01 PM  
To: 'Charles Smith (E-mail)'  
Subject: see if this does the trick

233

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Rebseries.ppt



Martin, Adrienne

WF

From: Anderson, Margot  
Sent: Thursday, May 03, 2001 2:37 PM  
To: Bratsch, Jay; KYDES, ANDY; Zimmerman, MaryBeth; Cook, Trevor; Whatley, Michael  
Cc: Kelliher, Joseph  
Subject: FW: How many copies of the NEP do you need?

225

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All,

This is a note from the WH asking how many copies of the NEP we would like (no cost). They will put it on the WEB as well. Can you give me a ballpark?

Margot

-----Original Message-----

From: Charles\_M\_Smith@ovp.eop.gov%internet  
[mailto:Charles\_M\_Smith@ovp.eop.gov]  
Sent: Thursday, May 03, 2001 12:52 PM  
To: Kelliher, Joseph; Anderson, Margot; Kmurphy@osec.doc.gov%internet;  
Dina.Ellis@do.treas.gov%internet; Keith.Collins@USDA.gov%internet;  
Joseph.Glauber@USDA.gov%internet; Galloglysj@State.gov%internet;  
McManusmt@State.gov%internet; Michelle.Poche@OST.DOT.Gov%internet;  
Patricia.Stahlschmidt@FEMA.gov%internet;  
William\_bettenberg@ios.doi.gov%internet;  
Tom\_fulton@ios.doi.gov%internet; Bruce.Baughman@FEMA.gov%internet;  
Charles.m.Hess@USACE.army.mil%internet; moss.jacob@epa.gov%internet  
Cc: Andrew\_D\_Lundquist@ovp.eop.gov%internet;  
Karen\_Y\_Knutson@ovp.eop.gov%internet  
Subject: How many copies of the report do you need?

As we get closer to printing this thing, I need to know how many copies of the report each agency needs and to whom you want them to go and where (address including room #).

Let me know by COB Thursday, May 3, 2001.

Thanks

Charlie

**Martin, Adrienne**

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**From:** Anderson, Margot  
**Sent:** Friday, May 04, 2001 2:47 PM  
**To:** York, Michael; Beschen, Darrell  
**Subject:** FW: Urgent , Read me

226

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-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Friday, May 04, 2001 2:25 PM  
**To:** Braitsch, Jay; Carter, Douglas; Cook, Trevor; Magwood, William; Zimmerman, MaryBeth; KYDES, ANDY; Breed, William; Conti, John  
**Cc:** Kripowicz, Robert; Haspel, Abe; PETTIS, LARRY; Kelliher, Joseph; McStarow, Kyle  
**Subject:** Urgent , Read me

All,

DOE just received a request from the WH to provide sources for over 450 facts in the NEP (yes, I know - we argued to include references on day 1). By 5:00 today. I have just asked the WH to reconsider the deadline and to send the most recent drafts (all I have are the fact-checked versions I sent in this week, which I know have been revised at the WH). WH will not be sending us the latest draft so we have to use the latest version I have. We need a brief coordination meeting at 3:00 today to figure out where we are going to do this. I'll photocopy everything I'll have and hand it out then.

Let me know if you can attend this meeting.

WFA  
**Martin, Adrienne**

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**From:** Anderson, Margot  
**Sent:** Thursday, April 05, 2001 4:52 PM  
**To:** 'Charles\_M\_Smith@ovp.eop.gov%internet'; Kelliher, Joseph  
**Cc:** 'WheelerE@state.gov%internet'  
**Subject:** RE: IA comments on State's Chapter

215

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Charlie,

I do not recall seeing Veronica's unless they were contained within the set IA sent me (comments + an Asia insert) Both were in response to the version State sent out last week, so they are new comments. I sent these to you on Monday along with FE and EIA comments, which I also saw. I sent nothing directly to State. I only send to you. I do not know if Veronica was working through IA or not.

Margot

—Original Message—

**From:** Charles\_M\_Smith@ovp.eop.gov%internet  
[mailto:Charles\_M\_Smith@ovp.eop.gov]  
**Sent:** Thursday, April 05, 2001 4:43 PM  
**To:** Kelliher, Joseph; Anderson, Margot  
**Cc:** WheelerE@state.gov%internet  
**Subject:** IA comments on State's Chapter

Joe  
Margot

I just received a fax from Veronica that she had sent to Bob McNally (don't know why) that had relatively extensive comments on an old version of Chapter 10. Veronica commented on a draft dated 3/22 - that one is pretty much OBE'd. I don't know why McNally took 10 days to get it too us, but he did.

Did you, by chance see Veronica's comments? Do you, if you did see them, from DOE's corporate perspective, agree with them? State has also gotten comments from EIA and FE. Did they run them by you?

If IA's comments are going to be considered, it would be a good idea if they were working from the latest draft and commented on a line by line basis with the comments submitted that way.

Charlie

Charlie

**Martin, Adrienne**

**From:** Anderson, Margot  
**Sent:** Wednesday, April 04, 2001 12:32 PM  
**To:** Braitsch, Jay  
**Subject:** RE: Photographs for NEPD Report

211

Jay,

I am editing as we speak. If you want to get started you could redline where you want to add photos and I could just combine when you are finished.

Margot

-----Original Message-----

**From:** Braitsch, Jay  
**Sent:** Wednesday, April 04, 2001 12:31 PM  
**To:** Anderson, Margot  
**Subject:** RE: Photographs for NEPD Report

Is there a more recent version of Chapter 8 beyond March 24? I am looking for photos, and want to make sure I know what I am sticking them in.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Wednesday, April 04, 2001 12:16 PM  
**To:** Braitsch, Jay; Zimmerman, MaryBeth  
**Cc:** 'Charles\_M\_Smith@ovp.eop.gov%internet'; Kelliher, Joseph; Kolevar, Kevin; 'commcoll@aol.com%internet'  
**Subject:** RE: Photographs for NEPD Report

Jay and MaryBeth,

Please make sure you coordinate with me on the NEP photographs as I have the most recent copies of the chapters (I edit them every day when I get comments from other agencies.

Charlie

Can you press the other agencies for comments? Otherwise, should we plan on closing the books for substantive comments by Friday? We have more comments for chapter 10, which I will be sending shortly.

Margot

-----Original Message-----

**From:** Charles\_M\_Smith@ovp.eop.gov%internet  
[mailto:Charles\_M\_Smith@ovp.eop.gov]  
**Sent:** Wednesday, April 04, 2001 12:01 PM  
**To:** Kelliher, Joseph; Kolevar, Kevin; Anderson, Margot;  
commcoll@aol.com%internet  
**Cc:** Andrew\_D\_Lundquist@ovp.eop.gov%internet;  
Karen\_Y\_Knutson@ovp.eop.gov%internet; John\_fenzel@ovp.eop.gov%internet;  
commcoll@aol.com%internet  
**Subject:** Photographs for NEPD Report

Margot  
Joe  
Kevin

I met with FE and EE this morning to discuss photographs for chapters 3, 6, 7, & 8. Commerce (Kevin Murphy) may be able to help on Chapter 3 material. I've given EE staff Kevin's number. I gave them a deadline of having the proposal (which pictures where) to me by noon Friday, April 6, 2001. The proposed photographs are going to have to have the imprimatur of the Department. The text of the Chapters should also be updated to

indicate where the photograph(s) should appear. I don't have a problem of giving us suggestions, without a selection, with regard to the proposed photographs.

As an aside, Dean McGrath, the VP's Deputy Chief of Staff, has taken a direct and personal interest in the photographs.

Charlie

WM  
**Martin, Adrienne**

---

**From:** Anderson, Margot  
**Sent:** Wednesday, April 04, 2001 12:16 PM  
**To:** Braitsch, Jay; Zimmerman, MaryBeth  
**Cc:** 'Charles\_M\_Smith@ovp.eop.gov%internet'; Kelliher, Joseph; Kolevar, Kevin; 'commcoll@aol.com%internet'  
**Subject:** RE: Photographs for NEPD Report

210

=

Jay and MaryBeth,

Please make sure you coordinate with me on the NEP photographs as I have the most recent copies of the chapters (I edit them every day when I get comments from other agencies.

Charlie

Can you press the other agencies for comments? Otherwise, should we plan on closing the books for substantive comments by Friday? We have more comments for chapter 10, which I will be sending shortly.

Margot

-----Original Message-----

**From:** Charles\_M\_Smith@ovp.eop.gov%internet  
[mailto:Charles\_M\_Smith@ovp.eop.gov]  
**Sent:** Wednesday, April 04, 2001 12:01 PM  
**To:** Kelliher, Joseph; Kolevar, Kevin; Anderson, Margot; commcoll@aol.com%internet  
**Cc:** Andrew\_D\_Lundquist@ovp.eop.gov%internet; Karen\_Y\_Knutson@ovp.eop.gov%internet; John\_fenzel@ovp.eop.gov%internet; commcoll@aol.com%internet  
**Subject:** Photographs for NEPD Report

Margot  
Joe  
Kevin

I met with FE and EE this morning to discuss photographs for chapters 3, 6, 7, & 8. Commerce (Kevin Murphy) may be able to help on Chapter 3 material. I've given EE staff Kevin's number. I gave them a deadline of having the proposal (which pictures where) to me by noon Friday, April 6, 2001. The proposed photographs are going to have to have the imprimatur of the Department. The text of the Chapters should also be updated to indicate where the photograph(s) should appear. I don't have a problem of giving us suggestions, without a selection, with regard to the proposed photographs.

As an aside, Dean McGrath, the VP's Deputy Chief of Staff, has taken a direct and personal interest in the photographs.

Charlie

**Martin, Adrienne**

---

**From:** Anderson, Margot  
**Sent:** Friday, March 30, 2001 3:13 PM  
**To:** Braitsch, Jay  
**Subject:** RE: Hydraulic Fracturing: Status and Background Information

209

Jay,

I reading Jeremy's note, it does look like he intends to hold a meeting next week. So yes, send him a name. Muchas.

Margot

-----Original Message-----

**From:** Braitsch, Jay  
**Sent:** Friday, March 30, 2001 3:13 PM  
**To:** Anderson, Margot  
**Subject:** RE: Hydraulic Fracturing: Status and Background Information

We didn't. Do you still want a FE POC on this?

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Friday, March 30, 2001 3:03 PM  
**To:** Braitsch, Jay  
**Subject:** FW: Hydraulic Fracturing: Status and Background Information

Jay, Not sure you or your FE guys got this.

Margot

-----Original Message-----

**From:** Symons.Jeremy@epamail.epa.gov%internet  
[mailto:Symons.Jeremy@epamail.epa.gov]  
**Sent:** Friday, March 30, 2001 2:41 PM  
**To:** Anderson, Margot; Terry, Tracy;  
Karen\_Y\_Knutson@OVP.EOP.Gov%internet;  
Gibson.Tom@epamail.epa.gov%internet;  
Brenner.Rob@epamail.epa.gov%internet;  
Osinski.Michael@epamail.epa.gov%internet  
**Subject:** Hydraulic Fracturing: Status and Background Information

b(5)

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Jeremy Symons  
EPA, Office of Air and Radiation  
(202) 564-9301  
Fax: (202) 501-0394

**Martin, Adrienne**

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**From:** Anderson, Margot  
**Sent:** Friday, March 30, 2001 8:35 AM  
**To:** 'william\_bettenberg@ios.doi.gov'  
**Cc:** Pryor, John; Baer, Mitchell  
**Subject:** OCS one pager

205

=

Bill,

Both John Prydol and Mitch Baer are available to work with you on the OCS moratoria one-pager that outlines the issues for the principals to consider on Tuesday.

Margot



**Martin, Adrienne**

---

**From:** Anderson, Margot  
**Sent:** Thursday, March 29, 2001 1:47 PM  
**To:** Zimmerman, MaryBeth  
**Subject:** RE: chapter 7

201

=

No, I just sent it out to all DOE working on the NEP and the Task Force.

-----Original Message-----

**From:** MaryBeth Zimmerman  
**Sent:** Thursday, March 29, 2001 11:37 AM  
**To:** Anderson, Margot  
**Subject:** Re: chapter 7

Has any of this changed from what I sent you yesterday?



Margot Anderson@HQMAIL on 03/28/2001 07:09:24 PM

**To:** Abe Haspel/EE/DOE@DOE@HQMAIL, MaryBeth Zimmerman/EE/DOE@DOE@HQMAIL, Michael York/EE/DOE@DOE@HQMAIL, John Conti@HQMAIL, Andrea Lockwood@HQMAIL, William Breed@HQMAIL, Michael Whatley@HQMAIL, Douglas Carter@HQMAIL, Jay Braitsch@HQMAIL, Elena Melchert@HQMAIL, TREVOR COOK@HQMAIL, 'jkstier@bpa.gov'@internet@HQMAIL, Christopher Freitas@HQMAIL, Mark FRIEDRICHS@HQMAIL, David Pumphrey@HQMAIL, Kevin Kolevar@HQMAIL, ANDY KYDES@HQMAIL  
**cc:** Joseph Kelliher@HQMAIL

**Subject:** chapter 7

**Task Force Charlie,**

Please circulate for review. This is a revised chapter 7 with graphics (we'll print out for hand delivery).

-----  
**DOE -**

Chapter 7 on renewables. Incorporates comments from interagency process. Please review.

<< File: Graphics Captions Ch7.doc >> << File: Renewable chapter graphics(ch 7).ppt >> << File: Renewables Chapter Edited32701.DOC >> << File: wind, bio, solar, geo.ppt [Recovered].ppt >>

Martin, Adrienne

WH

From: Anderson, Margot  
Sent: Wednesday, March 28, 2001 7:18 PM  
To: 'Charles\_M\_Smith@ovp.eop.gov%internet'  
Subject: RE: Chapter 9 from DOT

303

Margot

-----Original Message-----

From: Charles\_M\_Smith@ovp.eop.gov%internet  
[mailto:Charles\_M\_Smith@ovp.eop.gov]  
Sent: Wednesday, March 28, 2001 7:07 PM  
To: Anderson, Margot  
Subject: RE: Chapter 9 from DOT

**Williams, Ronald L**

---

**From:** Breed, William  
**Sent:** Thursday, March 22, 2001 11:56 AM  
**To:** Anderson, Margot; Freitas, Christopher  
**Subject:** pics for NEP papers

Margot, Chris:

NREL has a nice collection of energy-related photos at:

<http://www.nrel.gov/data/pix/>

Bill

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Friday, March 23, 2001 5:47 PM  
**To:** Anderson, Margot  
**Subject:** policy optinos

**Importance:** High

Can I get an electronic version of the document? It will be easier to work with that way. Also, we are not meeting with the Secy this weekend, so we have time to get it in shape.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Friday, March 23, 2001 2:36 PM  
**To:** Conti, John; Haspel, Abe; Zimmerman, MaryBeth; Lockwood, Andrea; Breed, William; KYDES, ANDY; Whatley, Michael; Carter, Douglas; Braitsch, Jay; Melchert, Elena; Cook, Trevor; Breed, William; 'jkstier@bpa.gov'; York, Michael; Freitas, Christopher; Friedrichs, Mark; Pumphrey, David; Kolevar, Kevin  
**Cc:** Kelliher, Joseph  
**Subject:** New NEP chapter

All,

This is the environment chapter (reflecting one round of interagency comments. I am unclear about the process on this one. I do know the topic was added in late. Not sure DOE commented on an initial draft). Please take a look and get comments back (sooner is always good, as in Monday COB). You will note that the authors (EPA) put in recommendations. Feel free to comment on them - they duplicate many of the ones you put forward. Recall that DOE is not putting in their proposals until S1 has had an opportunity to review (see last night's note). I'll send out another note before I go today updating you on progress from my end. Thank you everybody who have been crashing on this.

Margot

<< File: env't chapter 2-21.wpd >>

**Williams, Ronald L**

---

**From:** PETTIS, LARRY  
**Sent:** Thursday, February 22, 2001 8:45 PM  
**To:** Anderson, Margot  
**Subject:** NEP

I'm going to be out of the office through next Wednesday. Mary Hutzler will be acting for me. Andy Kydes will have the lead on dealing with anything needed on NEP. My staff will be following my e-mail but you may want to contact them directly if you need something quickly.

Good luck.

**Williams, Ronald L**

---

**From:** KONDIS, PAUL  
**Sent:** Thursday, February 22, 2001 7:26 PM  
**To:** Anderson, Margot  
**Subject:** RE: The first three changes

I must apologize at this point, because I haven't been able to start on the other three graphs at this point, and I'm not sure when I will be able to.

-----Original Message-----

**From:** Margot Anderson\_at\_HQ-EXCH at X400PO  
**Sent:** Thursday, February 22, 2001 4:09 PM  
**To:** Kondis, Paul  
**Subject:** RE: The first three changes

Thanks, they look good.

-----Original Message-----

**From:** KONDIS, PAUL  
**Sent:** Thursday, February 22, 2001 6:14 PM  
**To:** Anderson, Margot  
**Subject:** The first three changes

i.e., the quick ones:

(I am assuming that what we sent earlier was a Powerpoint file.)

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 22, 2001 11:28 AM  
**To:** Anderson, Margot  
**Subject:** Friday

We have a meeting tomorrow from 10 to 12 or so (may run longer) to discuss chapters 1, 2 and regional. Can you make it? The other agency folks will be giving us feedback on those sections.

—Original Message—

**From:** John\_Fenzel@ovp.eop.gov%internet [mailto:John\_Fenzel@ovp.eop.gov]  
**Sent:** Thursday, February 22, 2001 9:01 AM  
**To:** Kelliher, Joseph  
**Subject:** RE: Meeting Schedule

Joe, will you be bringing Margot on Friday as well?

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 22, 2001 10:41 AM  
**To:** Anderson, Margot  
**Subject:** RE: more names for Charlie

I would appreciate it if you would do it

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Thursday, February 22, 2001 10:37 AM  
**To:** Kelliher, Joseph  
**Subject:** RE: more names for Charlie

-----Original Message-----

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 22, 2001 10:29 AM  
**To:** Anderson, Margot  
**Subject:** RE: more names for Charlie

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Thursday, February 22, 2001 10:17 AM  
**To:** Kelliher, Joseph  
**Subject:** more names for Charlie



**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 22, 2001 10:29 AM  
**To:** Anderson, Margot  
**Subject:** RE: more names for Charlie

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Thursday, February 22, 2001 10:17 AM  
**To:** Kelliher, Joseph  
**Subject:** more names for Charlie

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 22, 2001 10:07 AM  
**To:** Anderson, Margot  
**Subject:** RE: Meeting Schedule

This is in lieu of the Monday meeting. I will work on the smart guy list. Sure, let's go over graphics at 1:00. I have a 2:00.

—Original Message—

**From:** Anderson, Margot  
**Sent:** Thursday, February 22, 2001 9:50 AM  
**To:** Kelliher, Joseph  
**Subject:** RE: Meeting Schedule

Joe,

Sure on Tuesday. Does this negate the Monday meeting at 11:00? Also, the list for Charlie. Are you handling? I don't want to him to think I forgot. Want to go over the figures at 1:00?

Margot

—Original Message—

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 22, 2001 8:36 AM  
**To:** Anderson, Margot  
**Subject:** FW: Meeting Schedule

—Original Message—

**From:** John\_Fenzel@ovp.eop.gov%internet [mailto:John\_Fenzel@ovp.eop.gov]  
**Sent:** Wednesday, February 21, 2001 9:07 PM  
**To:** Kelliher, Joseph  
**Subject:** Re: Meeting Schedule

Joe, I have you scheduled for 11:00am to 12:30 pm on Tuesday.

Many Thanks,

John

(Embedded  
image moved "Kelliher, Joseph" <Joseph.Kelliher@hq.doe.gov>  
to file: 02/21/2001 06:28:51 PM  
PIC26926.PCX)

Record Type: Record

To: John Fenzel/OVP/EOP

CC:

Subject: Meeting Schedule

John, how about 11 to 12 or 12:30 on Monday or Tuesday? If we go through ch. 1 and 2 on Friday, we will have less to do on Monday.

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 22, 2001 8:36 AM  
**To:** Anderson, Margot  
**Subject:** FW: Meeting Schedule



PIC26926.PCX

—Original Message—

**From:** John\_Fenzel@ovp.eop.gov%internet [mailto:John\_Fenzel@ovp.eop.gov]  
**Sent:** Wednesday, February 21, 2001 9:07 PM  
**To:** Kelliher, Joseph  
**Subject:** Re: Meeting Schedule

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Many Thanks,

John

(Embedded  
image moved "Kelliher, Joseph" <Joseph.Kelliher@hq.doe.gov>  
to file: 02/21/2001 06:28:51 PM  
PIC26926.PCX)

Record Type: Record

To: John Fenzel/OVP/EOP

cc:  
Subject: Meeting Schedule

**From:** Kelliher, Joseph  
**Sent:** Wednesday, February 21, 2001 6:48 PM  
**To:** Anderson, Margot  
**Cc:** Kripowicz, Robert; PETTIS, LARRY  
**Subject:** RE: Unocal patent, summertime gasoline prices

Thanks, this is perfect.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Wednesday, February 21, 2001 4:52 PM  
**To:** Kelliher, Joseph  
**Cc:** Kripowicz, Robert; PETTIS, LARRY  
**Subject:** RE: Unocal patent, summertime gasoline prices

Joe,

This was put together based on PO and EIA inputs. Let us know if you need more.

Margot

-----Original Message-----

**From:** Kelliher, Joseph  
**Sent:** Wednesday, February 21, 2001 7:23 AM  
**To:** Kripowicz, Robert; PETTIS, LARRY  
**Cc:** Anderson, Margot  
**Subject:** FW: Unocal patent, summertime gasoline prices

-----Original Message-----

**From:** Robert\_C.\_McNally@opd.eop.gov%internet  
[mailto:Robert\_C.\_McNally@opd.eop.gov]  
**Sent:** Wednesday, February 21, 2001 7:12 AM  
**To:** Kelliher, Joseph  
**Cc:** McSarrow, Kyle; Andrew\_D.\_Lundquist@ovp.eop.gov%internet;  
Karen\_Y.\_Knutson@ovp.eop.gov%internet  
**Subject:** Unocal patent, summertime gasoline prices

Joe,

Thanks,

Bob

Unocal: Gas patent won't boost prices  
Tuesday, 20 February 2001 21:27 (ET)

Unocal: Gas patent won't boost prices  
By HIL ANDERSON, UPI Chief Energy Correspondent

LOS ANGELES, Feb. 20 (UPI) -- Unocal Corp. downplayed fears that Tuesday's U.S. Supreme Court decision not to hear the case against the patents on its reformulated gasoline formulas would lead to another summer of soaring prices at the pump.

The high court decided Tuesday it would not hear an appeal from five of Unocal's fellow oil companies and let stand a lower court ruling that upheld Unocal's patents and the company's right to seek royalty payments of 5.75 cents per gallon from companies that use its formula.

The uncertainty over the Unocal case last summer was looked at by some analysts as playing a role in the hefty nationwide spike in pump prices that sullied an otherwise banner year for summer vacation travel.

Unocal executives were elated at Tuesday's news from Washington. Officials said the back royalties could produce annual royalty revenues of \$75-\$150 million, however they insisted that consumers would not bear the brunt.

"We believe that our patented formulations provide refiners and blenders with a cost-effective way of meeting California and federal standards for cleaner-burning gasoline," said Charles R. Williamson, Unocal's chief executive officer. "We estimate that licenses for our patents would add less than 1 cent per gallon to the cost of reformulated gasoline nationwide."

The patent challenge case primarily involved formulas for gasoline used only in California, however refiners nationwide were reluctant to produce fuel that might place them in a position to eventually be sued by Unocal. That reluctance was accompanied by warnings that an overall shortage of RFG could result if refiners could not find a way to blend RFG without stepping on Unocal's toes.

Pump prices nationwide jumped last summer with the increase largely the result of higher crude prices, although shortages of RFG drove retail prices in the Chicago and Milwaukee areas to \$2 per gallon.

Unocal, however, said that RFG can be made with formulas that differ from theirs, and that the gasoline covered by the five patents in question applied to "summer" RFG gasoline that has a lower so-called Reid Vapor Pressure -- which indicates a slower rate of evaporation -- and accounts for less than half of all RFG varieties.

Nevertheless, Williamson said that the time had come for the nation's refiners to meet with Unocal to work out an accommodation.

"Lost in this long dispute is the simple fact that utilizing the formulations in our cleaner-burning gasoline patents can save refiners and consumers millions of dollars while improving air quality," he said. "We think it's time for all of the parties to sit down and negotiate fair and reasonable licensing agreements."

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**Williams, Ronald L**

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**From:** Kelliher, Joseph  
**Sent:** Wednesday, February 21, 2001 4:13 PM  
**To:** Anderson, Margot  
**Subject:** RE: status of sutff you need

Great. Let's try to get reactions to the other agency pieces. I have hard copies and will get them to you, and forward electronic versions as I get them.

Also, let's cobble together our graphics by Noon Friday. I will try to get mine together by COB tomorrow, maybe earlier.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Wednesday, February 21, 2001 4:07 PM  
**To:** Kelliher, Joseph  
**Subject:** status of sutff you need

1) NEP: EIA fact checking. I said Thursday COB (it'll probably take that long). I'll also read. I'm gathering figures. Sent you DOB and SSN earlier for 11:00 tomorrow.

2) We are putting 1-pagers together on co-generation and pricing (to you by Thursday noon)

3) Finalizing Unocal request (by end of day).

Margot

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Wednesday, February 21, 2001 1:49 PM  
**To:** Anderson, Margot  
**Subject:** FW: backgrounders for secretary

Can someone down there take first crack at these 2 one-pagers? I would like to see them before they go to the Secretary. He needs them by COB tomorrow, so I would like to see them by Noon tomorrow. Let me know if you can't do this, otherwise I will assume it is in hand. Thanks.

-----Original Message-----

**From:** McMonigle, Joe  
**Sent:** Tuesday, February 20, 2001 1:16 PM  
**To:** Kelliher, Joseph  
**Subject:** backgrounders for secretary

Not sure if you have time to do it. If not, can you recommend someone in policy or elsewhere who could tackle it?

Need by COB Thursday. Thanks. JOE



**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Wednesday, February 21, 2001 4:12 PM  
**To:** Anderson, Margot  
**Subject:** RE: one more thing

Let me see what you come up with before you give it to Charlie. Thanks.

Also, the 11 to 1 meeting has been pushed back from Thursday to next Monday. Same bat place.

-----Original Message-----

**From:** Anderson, Margot  
**Sent:** Wednesday, February 21, 2001 4:10 PM  
**To:** Kelliher, Joseph  
**Subject:** one more thing

Charlie Smith called and wanted a list of innovative thinkers on energy issues. We are working on that, too.

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Tuesday, February 20, 2001 1:35 PM  
**To:** Anderson, Margot  
**Subject:** sit-down

When can we sit down and go through a draft? If it is just the two of us, I think we can go through it pretty quickly. Curious how the 11:30 went and what kind of comments you got. In the meantime, I will continue to work on section 1, to highlight problems. The Secretary gave me guidance that we have to work in as well.

**Williams, Ronald L**

---

**From:** Kelliher, Joseph  
**Sent:** Thursday, February 08, 2001 8:28 PM  
**To:** Conti, John; Carrier, Paul; Anderson, Margot  
**Subject:** NES

**Williams, Ronald L**

---

**From:** Charles\_M\_Smith@ovp.eop.gov%internet [Charles\_M\_Smith@ovp.eop.gov].  
**Sent:** Thursday, March 29, 2001 9:34 AM  
**To:** Kelliher, Joseph; Kolevar, Kevin; Anderson, Margot; Juleanna\_R\_Glover@ovp.eop.gov%internet; Kmurphy@osec.doc.gov%internet; Dina.Ellis@do.treas.gov%internet; Sue\_Ellen\_Wooldridge@IOS.DOI.gov%internet; Joel\_D\_Kaplan@who.eop.gov%internet; Keith.Collins@USDA.gov%internet; Joseph.Glauber@USDA.gov%internet; Galloglysj@State.gov%internet; McManusmt@State.gov%internet; Michelle.Poche@OST.DOT.Gov%internet; Patricia.Stahlschmidt@FEMA.gov%internet; Brenner.Rob@EPA.gov%internet; Symons.Jeremy@EPA.gov%internet; Beale.John@EPA.gov%internet; MPeacock@omb.eop.gov%internet; Mark\_A.\_Weatherly@omb.eop.gov%internet; Robert\_C\_McNally@opd.eop.gov%internet; Jhowardj@ceq.eop.gov%internet; William\_bettenberg@IOS.DOI.gov%internet; Tom\_fulton@IOS.DOI.gov%internet; Kjersten\_drager@ovp.eop.gov%internet; Mleblanc@ceq.eop.gov%internet; Bruce.Baughman@FEMA.gov%internet; Charles.m.Hess@USACE.army.mil%internet; commcoll@aol.com%internet; Carol\_J.\_Thompson@who.eop.gov%internet; Sandra\_L\_Via@omb.eop.gov%internet; Megan\_D.\_Moran@ovp.eop.gov%internet; Ronald\_L\_Silberman@omb.eop.gov%internet; Lori\_A.\_Krauss@omb.eop.gov%internet; WheelerE@State.gov%internet  
**Cc:** Andrew\_D\_Lundquist@ovp.eop.gov%internet; Karen\_Y\_Knutson@ovp.eop.gov%internet; John\_fenzel@ovp.eop.gov%internet  
**Subject:** Chapter 10



03\_29\_01\_NEPG  
Study\_R4.doc

FYI. State's latest draft

(See attached file: 03\_29\_01\_NEPG Study\_R4.doc)



MaryBeth Zimmerman

03/01/2001 06:35 PM

---

To: Buddy Garland/EE/DOE@DOE  
cc:

Subject: TMS for Energy Plan

PO would like to borrow TMS on Friday to help format & make copies of the National Energy Plan. Can you contact Keller ASAP to find out if he can arrange this?

**24394**

DOE024-1800

**U.S. DEPARTMENT OF ENERGY  
TASK ASSIGNMENT MODIFICATION**

<b>CONTRACTOR NAME AND ADDRESS:</b>  Technology and Management Services, Inc. 18757 North Frederick Road Gaithersburg, Maryland 20879	<b>CONTRACT NUMBER:</b> DE-AC01-87CE35050
	<b>CONTROL NUMBER:</b>
	<b>TASK ASSIGNMENT NUMBER:</b> 138 <sup>9001</sup> <sub>13C</sub>

<b>CONTRACTING OFFICER'S</b> REP <i>Richard H. Smith</i> Richard H. Smith	<b>TECHNICAL MONITOR</b> <i>John Sullivan</i> John Sullivan	<b>CONTRACT SPECIALIST &amp; B/C</b>  F. Bernard Watts
<b>ORG. CODE &amp; PHONE</b> EE-10, (202) 586-9244	<b>ORG. CODE &amp; PHONE</b> EE-60, (202) 586-5380	<b>ORG. CODE &amp; PHONE</b> MA-542 (202) 428-0082

**TITLE OF TASK ASSIGNMENT:** Technical and Analytical Assistance to the Office of Energy Efficiency and Renewable Energy

**DESCRIPTION OF MODIFICATION:**

**A. DESCRIPTION OF WORK TO BE PERFORMED** remains unchanged.

**B. SCHEDULE OF PERFORMANCE/DELIVERABLES LIST AND DUE DATES** is modified as follows:

EERE Strategic Management System Budget Hut:

Tutorial and Training - DUE November 30, 2000

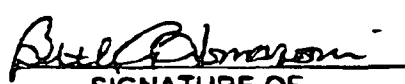
Monthly Updates of SMS Budget Hut - DUE 20<sup>th</sup> of each month

Monthly Updates of NAPA Action Status - DUE 20<sup>th</sup> of each month

**PERIOD OF PERFORMANCE:**

The period of performance for this Task Assignment shall be from October 6, 1999 through July 28, 2001..

**THIS TASK ASSIGNMENT IS ISSUED PURSUANT TO THE ORDERING PROCEDURES CLAUSE OF THE SUBJECT CONTRACT.**

 SIGNATURE OF CONTRACTING OFFICER	10/31/00 DATE	Beth A. Tomasoni TYPED NAME OF CONTRACTING OFFICER
--	------------------	--

24395

**U.S. DEPARTMENT OF ENERGY  
TASK ASSIGNMENT MODIFICATION**

<b>CONTRACTOR NAME AND ADDRESS:</b> Technology and Management Services, Inc. 18757 North Frederick Road Gaithersburg, Maryland 20879		<b>CONTRACT NUMBER:</b> DE-AC01-97CE35050
		<b>CONTROL NUMBER:</b>
		<b>TASK ASSIGNMENT NUMBER:</b> 13B
<b>CONTRACTING OFFICER'S</b> REP <i>Richard H. Smith</i> Richard H. Smith	<b>TECHNICAL MONITOR</b> <i>John Sullivan</i> John Sullivan	<b>CONTRACT SPECIALIST &amp; B/NC</b>  F. Bernard Watts
<b>ORG. CODE &amp; PHONE</b> EE-10, (202) 586-9244	<b>ORG. CODE &amp; PHONE</b> EE-80, (202) 586-5390	<b>ORG. CODE &amp; PHONE</b> MA-542 (202)426-0082
<b>TITLE OF TASK ASSIGNMENT:</b> Technical and Analytical Assistance to the Office of Energy Efficiency and Renewable Energy		
<b>DESCRIPTION OF MODIFICATION:</b>		
<p><b>A. DESCRIPTION OF WORK TO BE PERFORMED</b> remains unchanged.</p> <p><b>B. SCHEDULE OF PERFORMANCE/DELIVERABLES LIST AND DUE DATES</b> is modified as follows:</p> <p>Recommendations for Near-term Business Management Systems and Progress Improvements - DUE September 30, 2000</p>		
<b>PERIOD OF PERFORMANCE:</b>		
The period of performance for this Task Assignment shall be from October 6, 1999 through October 31, 2000.		
THIS TASK ASSIGNMENT IS ISSUED PURSUANT TO THE ORDERING PROCEDURES CLAUSE OF THE SUBJECT CONTRACT.		
<i>Beth A. Tomasoni</i> SIGNATURE OF CONTRACTING OFFICER	7/31/00 DATE	Beth A. Tomasoni TYPED NAME OF CONTRACTING OFFICER

24396

**U.S DEPARTMENT OF ENERGY  
TASK ASSIGNMENT**

**CONTRACTOR NAME AND ADDRESS:**

Technology and Management Services, Inc.  
18757 North Frederick Road  
Gaithersburg, MD 20879

**CONTRACT NUMBER:** DE-AC01-97CE35050

**CONTROL NUMBER:**

**TASK ASSIGNMENT NUMBER:** 13

**CONTRACTING OFFICER'S**

REP  
*Richard H. Smith*  
Richard H. Smith

**TECHNICAL MONITOR**

*John R. Sullivan*  
John R. Sullivan

**CONTRACT SPECIALIST & B/N/C**

F. Bernard Watts

**ORG. CODE & PHONE**  
EE-10 (202) 586-9244

**ORG. CODE & PHONE**  
CR-70 (202) 586-5390

**ORG. CODE & PHONE**  
MA-542 (202)426-0082

**TITLE OF TASK ASSIGNMENT:** Technical and Analytical Assistance to the Office of Energy Efficiency and Renewable Energy

**DESCRIPTION OF WORK TO BE PERFORMED:** See Attached

**SCHEDULE OF PERFORMANCE/DELIVERABLES LIST AND DUE DATES:**

**NOTE:** For each deliverable required by this Task Assignment, the Contractor shall submit to the Contracting Officer (CO), and to the Contracting Officer's Representative (COR), a copy of the transmittal letter which evidences timely receipt of the deliverable by the Department of Energy. A separate deliverable entitled "Final Task Status Report" shall provide totals of the cost, fee, and hours expended under this Task Assignment, and shall be provided to the CO, COR, and Technical Monitor, within three months after the completion of this Task Assignment.

**PERIOD OF PERFORMANCE:**

The period of performance for this Task Assignment shall be from the date signed by the Contracting Officer through July 28, 2000.

THIS TASK ASSIGNMENT IS ISSUED PURSUANT TO THE ORDERING PROCEDURES CLAUSE OF THE SUBJECT CONTRACT.

THE CONTRACTOR SHALL NOT BE PAID FOR WORK PERFORMED OR COSTS INCURRED UNDER THIS TASK ASSIGNMENT, PRIOR TO THE DATE THIS TASK ASSIGNMENT WAS SIGNED BY THE CONTRACTING OFFICER. IN ADDITION, THE CONTRACTOR IS NOT AUTHORIZED TO PROCEED BEYOND THE PERFORMANCE PERIOD OF THIS TASK ASSIGNMENT, NOR WILL THE CONTRACTOR BE PAID FOR ANY COSTS INCURRED BEYOND THAT PERIOD, UNLESS THIS TASK ASSIGNMENT IS MODIFIED BY THE CONTRACTING OFFICER TO AUTHORIZE ADDITIONAL PERFORMANCE AND PAYMENT.

*Beth A. Tomasoni*  
SIGNATURE OF  
CONTRACTING OFFICER

*10/6/99*  
DATE

Beth A. Tomasoni  
TYPED NAME OF  
CONTRACTING OFFICER

**24397**



**A. DESCRIPTION OF WORK TO BE PERFORMED:****I. Background**

The Office of the Assistant Secretary for Energy Efficiency and Renewable Energy (EERE) and each of its Deputy Assistant Secretary (DAS) offices use and / or maintain several Departmental, EERE, and office-specific business processes and systems. These processes and systems include, among others: the processing and tracking of Work Authorizations (WAs), Procurement Requests (PRs), and Interagency Agreements (IAs); the development and use of "spend plan" systems to assist the planning and tracking of "spending"; the use of these systems to report data to meet the wide range of information requests from sources inside and outside the Department; tracking obligations, costs, and "uncosteds"; integrating and tracking plans, goals, performance measures, milestones, project schedules, and budgets; travel budgeting and tracking; and using Departmental systems such as the Financial Information System (FIS), the Departmental Procurement and Acquisition Data System (PADS), and the Departmental Integrated Core Accounting System (DISCAS).

EE has begun to review and possibly re-engineer several of these business processes and systems.

**II. Scope**

The contractor shall provide technical and analytical assistance to the Office of Planning, Budget and Management (OPBM) and management throughout EE. Such assistance may require direct assistance to other EE DAS organizations.

The assistance to OPBM involves using EE and Departmental processes and systems to assist EE to meet its wide range of periodic and ad hoc business and budget reporting and management requirements. It also involves reviewing, re-engineering, implementing, documenting, maintaining, providing training, and other functions related to establishing the systems and processes required to improve the efficiency and effectiveness of the EE business management infrastructure.

The scope includes the following subtasks.

**1. Document Review and Evaluation**

OPBM will have a requirement for assistance in the review, analysis and/or evaluation of documents such as programmatic and technical reports, articles relating to policy and other issues affecting EE, as well as memoranda, regulations and notices to be used in the evaluation of current programs, in the planning of the future program directions, and in responding

**A. DESCRIPTION OF WORK TO BE PERFORMED: (Continued)**

to requests for comments on such documents. Upon request by the DAS organization staff, the contractor shall review and provide written summaries and/or comments on reports provided to the contractor.

**2. Preparation of Briefings and Presentations**

OPBM requires analysis and graphics support in preparing and assembling materials for briefings and presentations on EE program activities and plans. As requested, the contractor shall provide support by assisting the DAS organization in preparation and production.

Development of the briefings and presentation materials may require extensive research on nonrecurring issues, and may require support in one or more of the following areas: developing an appropriate outline for the briefing; gathering available information and performing research and analyses that may be necessary to develop any additional information required; and drafting text and preparing appropriate graphics to illustrate the salient points of the presentation and providing these in the appropriate format. Briefing graphics shall be provided as view graphs for overhead projector and/or as 35-mm slides, as required for each presentation.

**3. Budget Development and Tracking Support**

There is need for a wide range of support associated with EE budget systems and processes. Such support requires review and synthesis of extensive technical and programmatic documentation, analysis of historical budget trends, development of issue analysis papers and development of characterizations of the industry sector to clarify the timing and potential application of the output of EE programs. The contractor shall provide support to OPBM in these activities by:

- Reviewing, and as appropriate, reengineering budget / business systems and processes;
- Assembling budget and program data into briefing books; and
- Preparing fact sheets, tables, graphics and other support materials as requested.

**4. Legislative Support**

The contractor, upon request by OPBM, shall provide summaries of and concise and timely assessments of the implications of various legislative proposals on both current statutes and current departmental initiatives; side-by-side comparisons of Senate and House

**A. DESCRIPTION OF WORK TO BE PERFORMED: (Continued)**

versions of important legislation impacting EE programs; and prepare other materials, on request, to assist in following and analyzing the impact of this legislation.

**5. Program Planning and Evaluation Support**

The contractor shall prepare background and reference materials, as requested, for use in planning, administering and providing technical direction to EE programs.

The contractor shall assist EE in its response to GPRA requirements. This may include development of an organizational strategy to support EE-1 in keeping compliant with performance-level management/contracting in EE technology area, and the development of corresponding performance criteria consistent with established DOE GPRA methodology.

**6. Document Preparation Support**

The contractor shall provide assistance (including the assembling of information, graphics production, typing and editing) in the preparation of forms, reports, issue papers, memoranda and other documents, as requested by OPBM.

**7. Meetings Support**

The contractor shall:

- Provide technical and logistical support, as required, for planning and review meetings, and for committees, working groups and task forces in which EE is involved;
- Participate in committees, working groups, and task forces, as requested; and
- Attend conferences and other meetings, when requested, and provide meeting summaries or such other reports or analyses of the meetings as requested by EE.

**8. File Maintenance Support**

The contractor shall:

- Maintain files of reports, regulations, memoranda and other documents to be provided by EE for use as reference materials in accomplishing the above tasks. The files are to be organized so that a specific document can be readily retrieved and an inventory of these reference files shall be provide quarterly;

**A. DESCRIPTION OF WORK TO BE PERFORMED: (Continued)**

- Assist in other file maintenance as requested.

**B. SCHEDULE OF PERFORMANCE/DELIVERABLES LIST AND DUE DATES:**

- |   |                    |
|---|--------------------|
| 1. FIS Downloads to Excel and Analyses - DUE -  | Monthly            |
| 2. Recommendations for Near-term Business Management Systems and Process Improvements - DUE - | November 1, 1999   |
| 3. Monthly Task Status Report - DUE -   | 20th of each month |

*11/12/2001  
Summer man*

 **Calendar Entry**

Appointment  Invitation  Event  Reminder  Anniversary

Brief description:  
NEP

Date: 02/12/2001 Time: 09:00 AM - 10:00 AM Pencil in  Not for public viewing

Detailed description:

**24402**

 **Calendar Entry**

Appointment  Invitation  Event  Reminder  Anniversary

Brief description:

NEP draft due to PO

Date:

02/16/2001

Time:

03:00 PM - 04:00 PM

Pencil in

Not for public viewing

Detailed description:

24403

DOE024-1809

 **Calendar Entry**

Appointment  Invitation  Event  Reminder  Anniversary

Brief description:

NEP meeting

Date:

02/20/2001

Time:

11:30 AM - 12:30 PM

Pencil in

Not for public viewing

Detailed description:

24404

DOE024-1810

 **Calendar Entry**

Appointment    Invitation    Event    Reminder    Anniversary

Brief description:

Meet to discuss WH comments NEP 7H-040

Date:

02/21/2001

Time:

03:30 PM - 04:30 PM

Pencil in

Not for public viewing

Detailed description:

24405



 **Calendar Entry**

Appointment  Invitation  Event  Reminder  Anniversary

Brief description:

Charlie Smith

Date:

02/26/2001

Time:

10:00 AM - 11:00 AM

Pencil in

Not for public viewing

Detailed description:

24406

 **Calendar Entry**

Appointment  Invitation  Event  Reminder  Anniversary

Brief description:

Po nep mtg.

Date:

03/05/2001

Time:

01:00 PM - 02:00 PM

Pencil in

Not for public viewing

Detailed description:

**24407**

DOE024-1813

 **Calendar Entry**

Appointment  Invitation  Event  Reminder  Anniversary

Brief description:

\_\_\_\_\_  
Nep ee conference room

Date:

03/05/2001

Time:

02:30 PM - 03:30 PM

Pencil in

Not for public viewing

Detailed description:

24408

 **Calendar Entry**

Appointment  Invitation  Event  Reminder  Anniversary

Brief description:

1st eere nep policy list due

Date:  Duration (days):

03/08/2001

1

Pencil in  Not for public viewing

Detailed description:

24409

DOE024-1815

 **Calendar Entry**

Appointment  Invitation  Event  Reminder  Anniversary

Brief description:

NEP meeting

Date:

03/12/2001

Time:

03:00 PM - 04:00 PM

Pencil in

Not for public viewing

Detailed description:

24410

 **Calendar Entry**

Appointment  Invitation  Event  Reminder  Anniversary

Brief description:

Inep abes office

Date:

03/30/2001

Time:

10:00 AM - 11:00 AM

Pencil in

Not for public viewing

Detailed description:

**24411**

DOE024-1817

**Kydes, Andy**

---

**From:** Margot Anderson\_at\_HQ-EXCH at X400PO  
**Sent:** Monday, March 12, 2001 8:43 AM  
**To:** Kydes, Andy; O'Donovan, Kevin; Andrea Lockwood\_at\_HQ-EXCH at X400PO; William Breed\_at\_HQ-EXCH at X400PO; Michael Whatley\_at\_HQ-EXCH at X400PO; Douglas Carter\_at\_HQ-EXCH at X400PO; Jay Braitsch\_at\_HQ-EXCH at X400PO; Elena Melchert\_at\_HQ-EXCH at X400PO; TREVOR COOK\_at\_HQ-EXCH at X400PO; jkstier@bpa.gov\_at\_internet at X400PO; Kevin Kolevar\_at\_HQ-EXCH at X400PO; Paula Scalingi\_at\_HQ-EXCH at X400PO; Abe Haspel\_at\_HQ-NOTES at X400PO; MaryBeth Zimmerman\_at\_HQ-NOTES at X400PO  
**Cc:** Joseph Kelliher\_at\_HQ-EXCH at X400PO  
**Subject:** NEP Policy Options

  
SHORTTTT.DOC

All,

As of Friday, I received about 65 policy options. I put together the summaries for each (attached) and will have the whole set photocopied to bring to today's 3:00 meeting (7B-040). I need to rearrange these by topic (not everybody identified which policy goal (from the list we put together) the option went with. Right now it is just a listing in the order received. Our goal for today will be to get a sense of what is most important and which ones we might want to go forward with for the WH group on Wednesday.

## **Wisconsin Import Capability**

Some years ago, the WI PSC had blocked utility efforts to reinforce the Minnesota – Wisconsin interface by adding additional 345 kV transmission. Utilities did what they could to reinforce underlying 138 kV transmission, but the interface continued to be a bottleneck. In 1997 and 1998, several near disaster incidents occurred with respect to the Eau Claire – Arpin 345 kV line which connects Minnesota and Wisconsin (system separation, voltage excursions which affected a nearby nuclear plant, inability to reclose the line, etc.), so the WI legislature ordered a study be done of how to increase WI's import capability. The results, which were developed by a broad group of utilities, with state commission liaison, supported the need for a new 345 kV line from Arrowhead (in MN) to Weston (in WI). Coupled with this integrated plan was the addition of a new 345 kV line in Illinois that would improve WI's ability to import power from the south. Taken together, these projects would increase WI's import capability by 3,000 MW.

The Arrowhead-Weston line is in the final stages of hearings, and if everything goes well, will receive final approvals this July, and be in service as soon as Summer 2004. The other 345 kV line in Illinois has lagged behind because, as the the Illinois Commerce Commission stated, it didn't think it had the authority to approve a line that had no overt benefit to Illinois consumers.

## **Valley-Rainbow 500 kV Interconnect Project**

This project is planned to meet growing load requirements in San Diego by 2004. A Certificate of Public Convenience and Necessity was filed with and accepted by the CAPUC in March. Interventions have been received and responded to. Lot of opposition north of SD (Save Southwest Riverside County). Opponents are saying the line is not needed for SD; don't want to see it installed just to help generators in the south transfer power to the north. (This is a classic example of local and very parochial opposition that having a Federal agency in charge could overcome.) If all the generation develops in SD and Mexico, this project would be a key in making that generation available to others in the state. The CAPUC Office of Ratepayer Advocate is said to be taking dim view of the project.



## **Excerpts from NERC Reliability Assessment Reports on AEP's Wyoming-Cloverdale 765 kV Project Delays**

### **2000-2009 RAS**

Included in these planned additions is the American Electric Power (AEP) 765 kV transmission line between West Virginia and Virginia. This project, originally scheduled for service in May 1998, continues to encounter certification difficulties, although some progress has been made during the past year. The earliest date that this project can be completed is June 2004. A tri-regional assessment of the reliability impacts of this project concluded that a reliability risk exists due to the delay of this project. Although operating procedures can minimize the risk of widespread interruptions, the likelihood of such power outages will increase until the project can be completed.

### **1999-2008 RAS**

This project, originally scheduled for service in May 1998, has encountered certification difficulties, although some progress has been made during the past year. In May 1999, AEP filed information on an alternative 765 kV line from the Wyoming Station to the Jacksons Ferry Station, as requested by the Virginia State Corporation Commission hearing examiner. Public hearings on this alternative were held this summer, and evidentiary hearings will be held later this year to consider both the original Wyoming-Cloverdale 765 kV Project and the Wyoming- Jacksons Ferry 765 kV Alternative Project. The earliest date either of these projects can be completed is June 2004, increasing the potential for widespread interruptions in southeastern ECAR. A tri-regional assessment of the reliability impacts of this project concluded that a reliability risk exists due to the delay of this project. Although operating procedures can minimize the risk of widespread interruptions, the likelihood of such power outages will increase until the project can be completed.

### **1998-2007 RAS**

Included in these planned additions is the American Electric Power (AEP) Wyoming- to-Cloverdale 765 kV transmission project. This project, originally scheduled for service in May 1998, continues to encounter certification difficulties, although some progress has been made during the past year. The earliest date that this project can be completed is December 2002, increasing the potential for widespread interruptions in southeastern ECAR. Last year, a tri-regional assessment of the reliability impacts of this project concluded that a reliability risk exists due to the delay of this project. Although operating procedures can minimize the risk of widespread interruptions, the likelihood of such power outages will increase until the project can be completed.

## **Policy: Public Benefit Trust Fund as Part of Electric Utility Restructuring**

### **Background**

Electric utilities historically have funded programs to encourage more efficient energy use, assist low-income families with home weatherization and energy bill payment, promote the development of renewable energy sources, and undertake research and development. However, increasing competition and restructuring have led to a decline in these "public benefit expenditures" over the past five years. Total utility spending on all demand side management programs (i.e., energy efficiency and peak load reduction) fell by nearly 50% from a high of \$3.0 billion in 1993 to \$1.6 billion in 1998 (1998 dollars).

### **Proposal**

In order to ensure that public benefits activities continue following restructuring, 15 states have established public benefits funds through a small charge on all kilowatt-hours (kWhs) flowing through the transmission and distribution grid. This policy would create a national public benefits trust fund, similar in concept to the public benefits fund included in the Clinton Administration's federal utility restructuring proposal. The federal trust fund would provide matching funds to states for eligible public benefits expenditures. This policy would encourage states and utilities to continue or in some cases expand energy efficiency and other public benefits activities. The size of the public benefits trust fund we recommend is based on a non-bypassable wires charge of two-tenths of a cent per kWh.

Once a public benefits fund is adopted, utilities, state agencies, or some other state-designated "fund manager" would carry out energy efficiency programs. In a more competitive, "restructured" utility market, these programs typically focus on assisting consumers unlikely to receive energy efficiency services by the private sector (i.e., low-income households or small businesses), expanding the private energy services industry, and encouraging market transformation. The programs lead to efficiency improvements in appliances, lighting, HVAC systems, motor systems, etc.—areas where there is still enormous cost-effective energy efficiency potential.

### **Precedents**

As noted above, 15 states including California, New York, New Jersey, Wisconsin, and various New England states already have enacted state public benefit funds to support energy efficiency and other programs. The Clinton Administration has proposed a nation public benefits trust fund based on a charge of one-tenth of a cent per kWh, half the level proposed here. Our recommendation is included in utility restructuring bills sponsored by Senator Jeffords' (S. 1369) and Rep. Pallone's (H.R. 2569).

### **Impacts**

Our analysis estimates the incremental investment in and savings from energy efficiency measures as a result of the federal public benefits trust fund. We do not include savings from

public benefit programs already underway or likely to occur in the absence of a federal fund. In particular, we assume that states gradually expand their eligible programs, using 90 percent of the maximum funds available by 2005 and thereafter. Based on historical trends, we assume that energy efficiency programs represent 59 percent of the public benefits expenditures and that energy savings typically cost \$0.03/kWh on a levelized basis. We also assume that 20 percent of all participants are "free riders" (i.e., consumers who would invest in efficiency measures in the absence of state/utility programs).

These assumptions result in incremental end-use electricity savings of 131 TWh (3.6%) in 2005, 343 TWh (8.8%) in 2010, and 756 TWh (17.4%) in 2020, according to the ACEEE. Most of these savings are likely to be in the residential and commercial sectors since they are the main focus of state/utility efficiency programs using public benefits funds. The total investment in efficiency measures stimulated by the federal public benefits fund is estimated to be \$106 billion while the energy bill savings are expected to reach \$238 billion (net present value through 2020), meaning net benefits of \$132 billion. Furthermore, ACEEE estimates that this policy will reduce CO2 emissions by 103 MMT of carbon by 2010 and 207 MMT by 2020, when implemented together with other energy efficiency and renewable energy initiatives.



American Council for an  
Energy-Efficient Economy

Joe,

Here's our current set of  
energy efficiency policy recs.  
(we are working now on a  
few others). Also, here's a  
new ACEE<sup>3</sup> report on how  
energy eff. programs (which  
would be expanded if we ~~to~~  
adopt a public benefits trust  
fund) could reduce peak  
demand. Hope you put this  
to good use.

Howard Geller

24417

DOE024-1823

## Clean Coal Technologies - NMA

**Issue Description:** Coal currently provides the basis for over 50% of the electricity generated in the United States and, as the demand for electricity grows, has the potential to play an even greater role in the future as coal is the most abundant and lowest cost domestic fossil fuel available. However, there has been virtually no change in total coal fired capacity over the last decade with new capacity coming on line barely sufficient to replace retiring capacity. This is because power generators are concerned about ever-increasing stringency of regulation of criteria pollutants, while at the same time they are concerned about investment risk in a rapidly de-regulated marketplace. These concerns can be answered in part by new technologies that have been developed under DOE's Clean Coal technology Program. This program, which was established in 1984 to demonstrate the commercial feasibility of coal-based generation technologies to control emissions of criteria pollutants, is now focused on demonstrating advanced, more efficient coal combustion technologies. While several of these technologies have been successfully demonstrated, they have not yet achieved widespread commercial deployment. The CCT program currently consists of 40 projects, 30 of which are expected to be completed by the end of FY 2000. The combined commitment of the federal government and the private sector totals \$5.4 billion, 66% of which has come from the private sector. It is important to note that industry participants are required to submit a plan to repay the government for its share when the project is successfully commercialized.

The Bush Administration has proposed spending of \$2 billion over the next ten years for clean coal. To have the greatest impact these funds should be directed to two areas: 1) incentives for the deployment of the already developed technologies in the marketplace and 2) expansion of the program dollars to address technologies that reduce emissions of the criteria pollutants to an even greater extent while also addressing the need to improve combustion efficiencies in coal based units.

**Status:** Incentives (tax credits) to encourage early commercial applications of advanced coal-based generation technologies, along with incentives for installation of more efficient control technologies in existing plants were included in legislation introduced as S. 3253 in the 106<sup>th</sup> Congress. These provisions will be reintroduced in 2001 and support for these tax credit incentives will move commercialization of new coal fired generating technologies forward at a rapid rate. Additional information is included at an attachment.

The budget request for Clean Coal Technologies should be included in the DOE budget requests submitted to the Congress in February, 2001.

**Key Issues/Decisions:** Should the Administration support incentives to encourage early commercial applications of advanced coal based generation?

What existing clean coal research programs should be expanded or contracted and what new programs should be proposed during the upcoming budget process?

**Recommendations:** Support legislation that provides a 10% investment tax credit for investments in systems of continuous emissions controls retrofitted to existing coal-based electricity generation units; establishes the same ITC for investment for advanced coal based generating technologies that meet new efficiency standards for both new and repowered units. This would result in significant capacity additions to the electricity generating fleet, additions that are needed to meet current and growing electricity demands, and additions that would allow greater use of coal with lower emissions and greater efficiencies. To meet demands over the longer term, additional research is required. The current DOE program "Vision 21" a program to develop power plants with near zero emissions, should be accelerated. Research should be focused on supercritical and ultra supercritical plants, advanced gasification/combustion hybrid systems, and on CO<sub>2</sub> sequestration options. This research should address the three criteria pollutants (SO<sub>2</sub>, NO<sub>x</sub>, Mercury) and should be designed to reduce greenhouse gas emissions as well.

**Timing:** The Budget goes to Congress in February, appropriations hearings follow with initial decisions in late spring. Comprehensive energy legislation, including S. 3253, is expected to be actively considered in the first session. The legislation will be introduced by Sen. Murkowski (R-AK) and others in the Senate and Rep Joe Barton (R-TX) and others in the House.

24418

**OUTLINE**  
**The National Electricity and Environmental Technology Act**

**Title I Accelerated technology research and development program for new and existing coal-based generation facilities**

- Authorizes the Secretary, in consultation with the private sector, to establish R&D cost and performance goals that can be achieved by 2007, 2015 and 2020 by existing and new coal-based generating facilities.
- Authorizes the Secretary to study the technologies capable of achieving the performance goals and make recommendations for the programs required to develop those technologies.
- Authorizes the appropriations necessary to carry out the RD&D program to advance the technologies identified in the study as being capable of achieving the cost and performance goals.
- Authorizes the Secretary to carry out a power plant improvement initiative that will demonstrate commercial applications to new and existing plants of coal-based technologies that will advance the efficiency, environmental performance and cost competitiveness beyond that of facilities in service or demonstrated to date.
- Authorizes 50% private sector cost sharing along with the use of uncommitted Clean Coal Technology program funds to provide the federal share of the demonstration projects.

**Title II Tax credits for emission reductions and efficiency improvements in existing coal-based generating facilities**

- Establishes a 10% investment tax credit for investments in systems of continuous emissions controls retrofitted to existing coal-based electricity generating units.
- Establishes a production tax credit (0.34 cents/kWh) for the first 10 years of electricity output from existing coal-based generation units that are repowered with qualifying clean coal technologies.

**Title III Tax credits for early commercial applications of advanced coal-based generating technologies**

- Establishes a 10% investment tax credit for investment in qualifying advanced coal-based generating technologies for use in new or repowered units.
- Establishes an efficiency-based production tax credit for electricity generated during the first 10 years of operation of a new or repowered unit using qualified advanced coal-based generation technologies. In subsequent years, eligible technologies must achieve increasingly higher levels of efficiency to qualify for the credits.
- Establishes a risk pool amounting to 5% of the cost of the new technologies to help defray the cost of any modifications necessary to achieve design performance levels.

**Title IV Refundable or offset credits for electric cooperatives, publicly owned electric utilities and the Tennessee Valley Authority**

- Establishes refundable or offset tax credits for electric cooperatives and publicly owned electric utilities.
- Establishes an offset against payments required as an annual return on appropriations by the Tennessee Valley Authority.

Tom A.

TO: Julie Moore  
Director, Energy Department Advisory Committee

FROM: Jack Gerard  
President & CEO, National Mining Association

SUBJECT: Answers to Questions Dated 01/05/01

I. Are there any critical issues that you think rise to the Presidential level for decision in the first year of the new Administration?

Enactment of comprehensive national energy policy legislation.

II. If a short list of top issues facing DOE were being developed, are there any issues that you think should be on that list?

- National Energy Policy. Enactment of comprehensive national energy policy legislation. Recent events clearly demonstrate that America's energy supply infrastructure, including our electric power generating capacity, is perilously strained to meet our growing energy demand. Very little has been done to enhance this infrastructure in recent years, often due to perceived conflict with environmental restrictions. DOE must take a lead role in developing a workable national energy policy. This must include the enactment of comprehensive national energy policy legislation which incorporates incentives for the electric power industry to build new facilities using advanced clean coal technologies and to retrofit existing facilities.
- Climate Change. The Department of Energy should take a lead role in developing and advocating an energy policy component of the Administration's global climate change policy.
  - Domestically: CO<sub>2</sub> and other non-pollutant greenhouse gasses should only be addressed in the context of climate change, not under the the Clean Air Act as part of any "multi-pollutant" strategy.
  - Internationally: There will be a good deal of international pressure to try to complete agreement on all the outstanding issues surrounding the Kyoto Protocol so that countries might begin the ratification process. DOE should take the lead in developing and facilitating the deployment of technologies to address the potential threat of climate change by reducing and/or sequestering greenhouse gas emissions. DOE could take the lead in urging this new path as a substitute for Kyoto.

24420

DOE024-1826

**III. Please identify any other major issues (including budget issues) that you think will require Secretarial involvement.**

- Additional funding for CCT Program, in addition to basic coal research, development and demonstration. Considering coal's role in meeting the nation's current and projected energy needs, the funding for coal-specific research, development and demonstration is relatively low compared to research budgets for other sources of energy.
- Under increased funding for Fossil Energy research and development, emphasis should be placed on: the capture and sequestration of CO<sub>2</sub>, and additional funding needed for the National Energy Technology Laboratory (NETL).
- DOE should fund an evaluation of the most cost-effective mercury control technologies within a spectrum of sub-categories.
- To meet outstanding obligations and support additional Mining Industry of the Future research projects, FY 02 funding allocations for the Office of Industrial Technologies should be increased to at least \$10 million. Fossil Energy's co-funding of Mining IOF projects, through their advanced separations and carbon product research programs should be encouraged and funds appropriated accordingly. Additional funding of \$3 million should be allocated to the NETL in FY 02 to support university mining-related research.

**IV. Are you aware of any significant challenges that will face the new Administration in any of the following areas: Congress, private sector, public sector, interest groups, public perceptions, or the press?**

- Congress: enactment of comprehensive national energy policy legislation. Private/public/press/interest groups: DOE needs to develop and implement a broad-scope, intensive public outreach/education campaign to demonstrate to the public the need to develop our domestic energy resource base, and to transport and use those resources in an environmentally sound manner.

**V. Are there any major management or administrative issues that need to be addressed?**

- The DOE needs to have an enhanced role in Interagency review/decision-making process on issues affecting access to domestic resources (Department of the Interior), and resource use (Environmental Protection Agency), including global climate change.

**24421**



- The DOE's involvement in the review of EPA's PBT list for metals (currently at OMB) were particularly useful and should continue. In addition, the DOE should complete its metals study.
- Proposals to merge the Energy Efficiency and Renewable Energy Office with the Office of Fossil Energy, have been the subject of legislative hearings in recent years. The notion of combining these offices could have serious implications for current coal research programs and coal policy determinations for its future utilization; therefore, these proposals should be rejected.

**VI. Are there any significant administrative actions (organizational changes, executive orders, directives, program letters, rulemakings, or lawsuits) that should be reviewed early in the new Administration?**

- Energy Information Administration (EIA): collection of utility data on fuel purchases and consumption. Electric utilities and non-utility generators have historically been required to provide FERC, and thus EIA, with monthly reports on fuel purchases, fuel consumption and stockpiles. Approval to continue collection of this data is languishing at the OMB. EIA should urge a speedy decision by OMB to renew the requisite forms so that data collection of important information can be resumed. This is especially important in view of the electricity and energy problems facing many parts of the country. Without information, policy makers are acting in a vacuum and decisions that must be made regarding electricity supplies are not informed decisions.

**VII. What are the critical pending administrative actions?**

- No response to this question.

**VIII. Please provide any other information you feel would be helpful.**

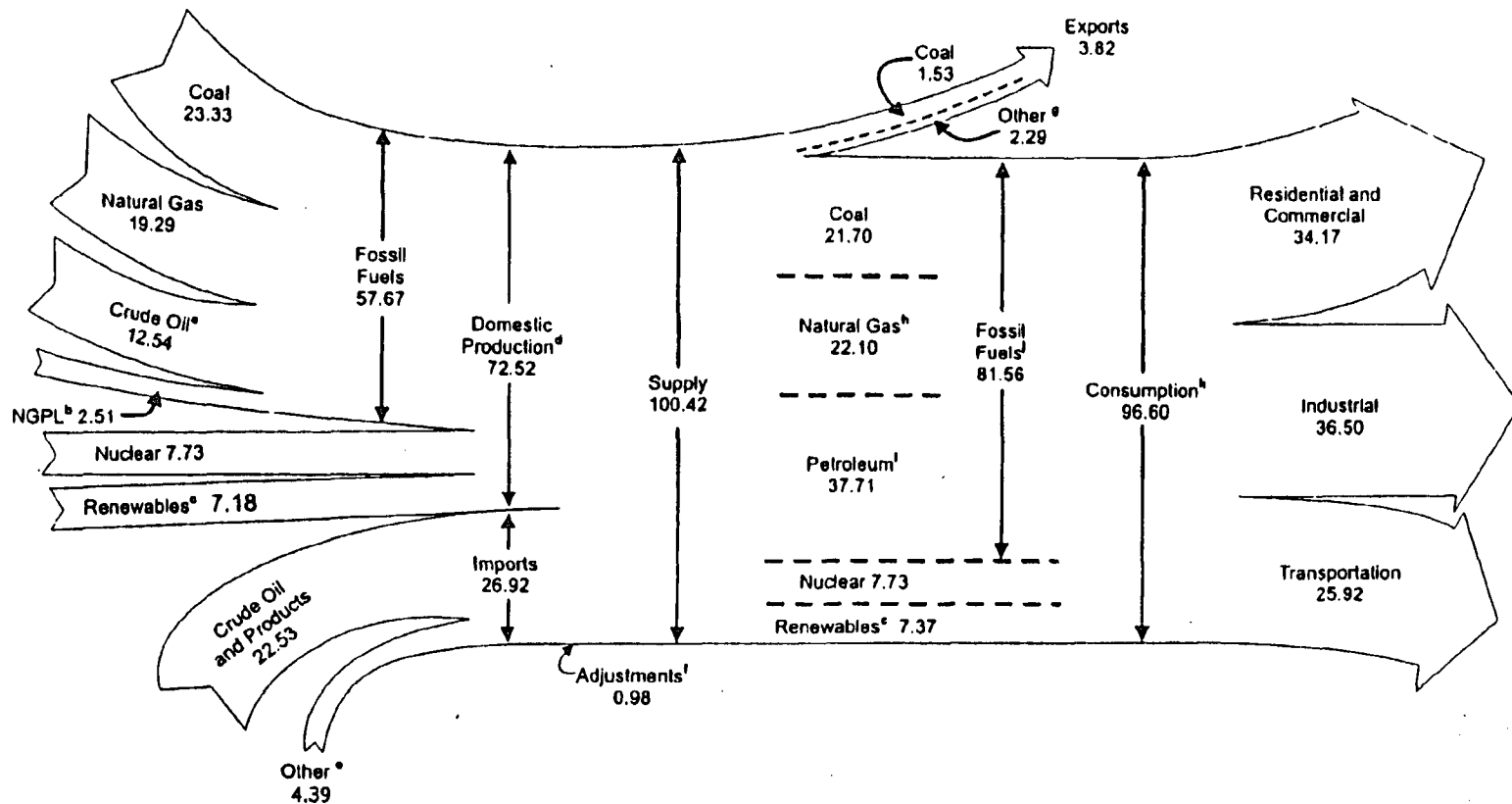
- DOE should make a formal request of the Clean Air Science Advisory Committee to review the upcoming particulate matter (PM) criteria document expected to be released by EPA in February as part of the periodic review of National Ambient Air Quality Standards, and prepare a report for DOE. The report should assess whether the scientific knowledge exists on the health effects of PM to confidently draw the distinction between the contribution of indoor air versus outdoor air; utility versus other source contributions; and, PM versus confounding factors. The report should also contain an assessment of the gaps that should be filled prior to regulation.
- DOE should continue its investigation regarding speciation of mercury in power plants and their emissions.

- **DOE should evaluate the electric supply impacts of EPA's restrictions on necessary repairs and replacements for operation of power plants under its New Source Review Rule.**

**24423**

DOE024-1829

**Diagram 1. Energy Flow, 1999**  
 (Quadrillion Btu)

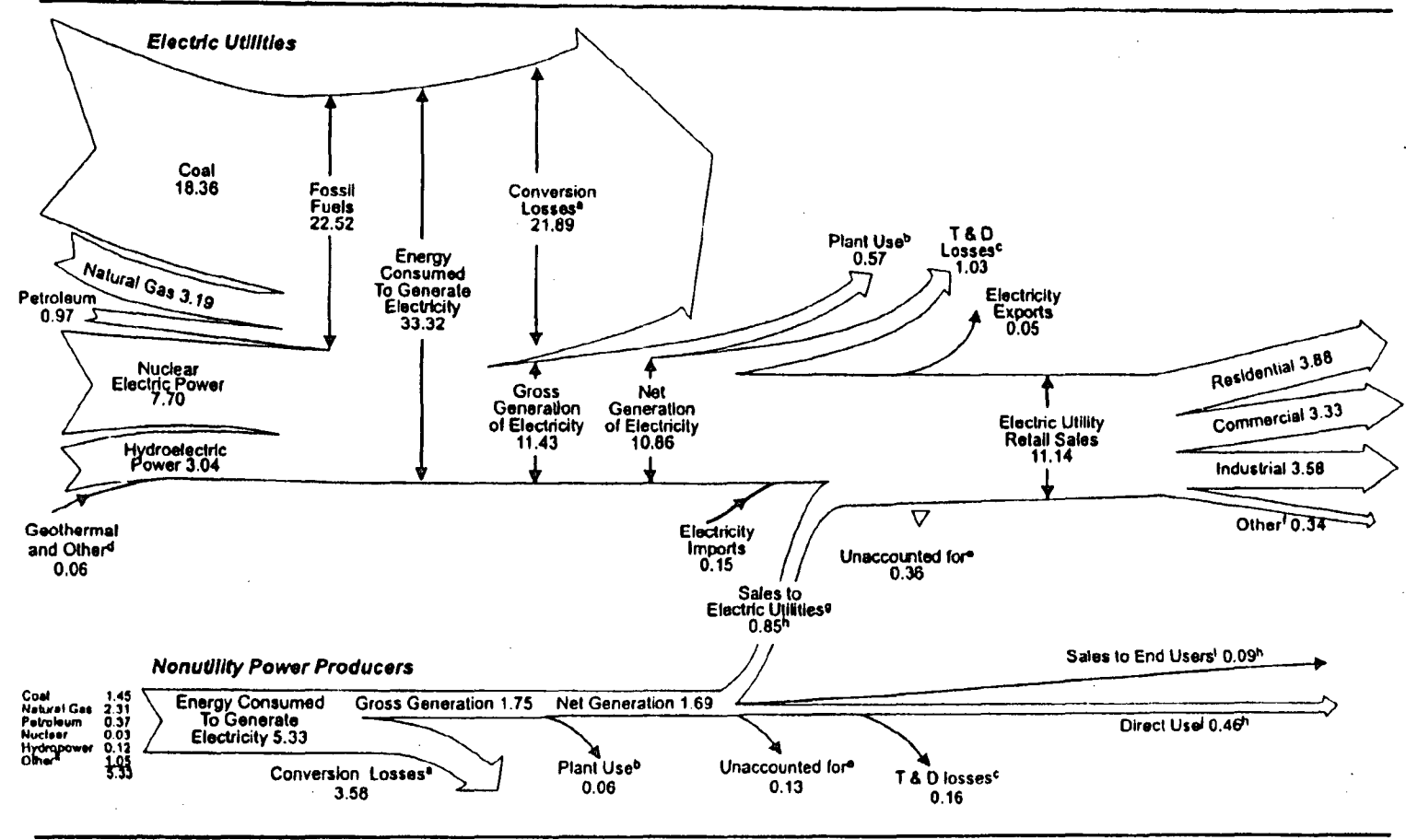


\* Includes lease condensate.  
<sup>b</sup> Natural gas plant liquids.  
<sup>c</sup> Conventional hydroelectric power, wood, waste, ethanol blended into motor gasoline, geothermal, solar, and wind.  
<sup>d</sup> Includes -0.06 quadrillion Btu hydroelectric pumped storage.  
<sup>e</sup> Natural gas, coal, coal coke, and electricity.  
<sup>f</sup> Stock changes, losses, gains, miscellaneous blending components, and unaccounted-for supply.  
<sup>g</sup> Crude oil, petroleum products, natural gas, electricity, and coal coke.

<sup>h</sup> Includes supplemental gaseous fuels.  
<sup>i</sup> Petroleum products, including natural gas plant liquids.  
<sup>j</sup> Includes 0.06 quadrillion Btu coal coke net imports.  
<sup>k</sup> Includes, in quadrillion Btu, 0.11 net imported electricity from nonrenewable sources; -0.06 hydroelectric pumped storage; and -0.11 ethanol blended into motor gasoline, which is accounted for in both fossil fuels and renewables and removed once from this total to avoid doublecounting.  
 Notes: \* Data are preliminary. \* Totals may not equal sum of components due to independent rounding.  
 Sources: Tables 1.1, 1.2, 1.3, 1.4, 2.1, and 102.

DOE024-1830

Diagram 5. Electricity Flow, 1999  
(Quadrillion Btu)

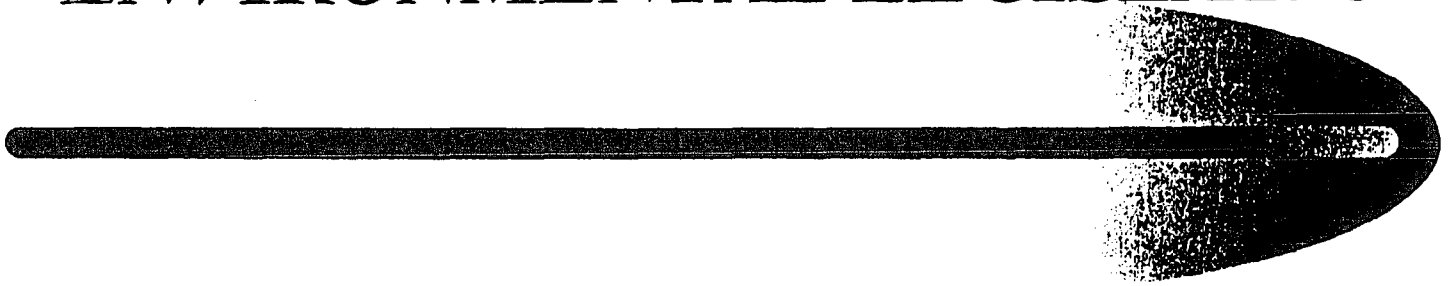


<sup>a</sup> Approximately two-thirds of all energy used to generate electricity. See Note 1 at end of section.  
<sup>b</sup> The electric energy used in the operation of power plants. For utilities, plant use is estimated as 5 percent of gross generation. See Note 1 at end of section.  
<sup>c</sup> Transmission and distribution losses are estimated as 9 percent of gross generation of electricity. See Note 1 at end of section.  
<sup>d</sup> Wood, waste, wind, and solar energy used to generate electricity. See Table 8.3.  
<sup>e</sup> Balancing item to adjust for 1998 data used to estimate 1999 values for some small series; data collection frame differences; and nonsampling error.  
<sup>f</sup> Public street and highway lighting, other sales to public authorities, sales to railroads and railways, and interdepartmental sales.

<sup>g</sup> Sales, interchanges, and exchanges of electric energy with utilities.  
<sup>h</sup> 1999 data not available; this is the 1998 value.  
<sup>i</sup> Includes sales, interchanges, and exchanges of electric energy with other nonutilities.  
<sup>j</sup> Direct use is facility use of onsite net electricity generation.  
<sup>k</sup> Geothermal, wood, waste, wind, and solar energy used to generate electricity. See Table 8.4.  
 Note: Totals may not equal sum of components due to independent rounding.  
 Sources: Tables 8.1, 8.3, 8.8, 8.9, 8.14, and A6.

DOE024-1831

***COMPREHENSIVE  
ENVIRONMENTAL LEGISLATION***



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**24426**

DOE024-1832

# *A Simple Idea That Could Pay Huge Dividends*

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- Coal-fired power plants are currently subject to over 100 major Clean Air Act requirements and face dozens of new requirements.
- These requirements are duplicative, piecemeal and unnecessarily expensive
- They have also failed to deliver on their clean air goals
- All sides benefit when we substitute an integrated emissions reduction strategy that provides industry with flexible mechanisms and long lead times, yet locks in emissions reductions

## *EPA's Current and Proposed NOx Regulations\**

- |   |                  |
|---|------------------|
| • Title IV NOx Phase 1                  | 1996             |
| • NOx NSPS                              | 1997             |
| • NSR enforcement initiative            | 1999             |
| • Title IV NOx Phase 2                  | 2000             |
| • NOx SIP call                          | 2003             |
| • NOx state petitions                   | 2003             |
| • U.S./Canada NOx treaty                | 2003             |
| • Ozone (8-hour) NAAQS                  | 2007             |
| • PM2.5 NAAQS                           | 2008             |
| • Regional haze/Class I area visibility | 2010             |
| • Future NAAQS revisions                | 5-year intervals |

*\*Dates reflect actual or potential implementation of emission controls.*

”

## *And EPA's Current and Proposed SO<sub>2</sub> Regulations*


- Title IV SO<sub>2</sub> Phase 1995
- NSR enforcement initiative 1999
- Title IV SO<sub>2</sub> Phase 2 2000
- Possible short-term SO<sub>2</sub> NAAQS 2007
- Possible Title IV SO<sub>2</sub> Phase 3 2007
- PM2.5 NAAQS 2008
- Regional haze/Class I area visibility 2010
- Future NAAQS revisions 5-year intervals

*\*Dates reflect actual or potential implementation of emission controls*

”



*The comprehensive approach can be an integral component of a national energy strategy*



- Industry benefits from the ability to manage expenditures on assets effectively, due to adequate lead times and regulatory certainty
- Air quality benefits are achieved from measurable emissions reductions by a date certain rather than through endless litigation delaying air quality improvements
- Clean generation will become economically viable as more companies will need to meet these targets
- Natural gas markets stressed, this can help to maintain fuel diversity
- Business certainty helps generators make appropriate power supply decisions

*The comprehensive approach trades regulatory chaos for a single set of rational, long-term emission reduction targets*

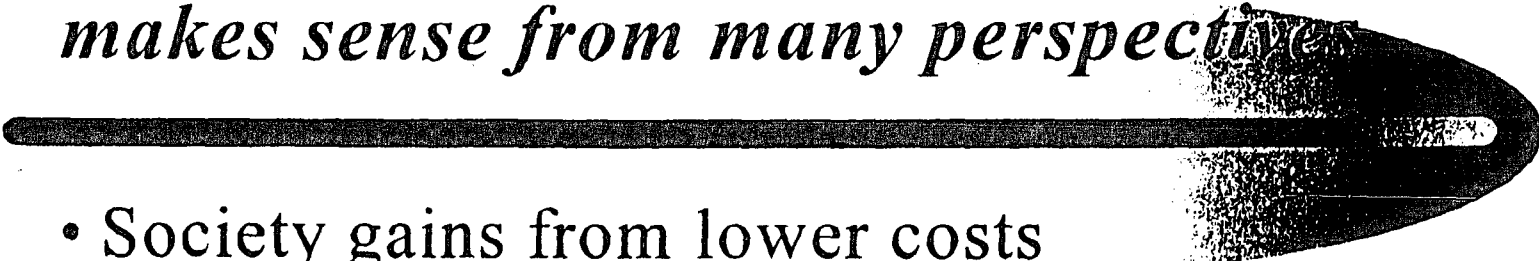
- A comprehensive emissions reduction approach includes several elements:
  - Nitrogen oxides (NO<sub>x</sub>) reductions
  - Sulfur dioxides (SO<sub>2</sub>) reductions
  - Mercury (Hg) reductions
  - Possible greenhouse gas component
  - New Source Review (NSR) reform
  - Flexibility mechanisms
  - Financial incentives
- Requires congressional action

## *The Holy Grail*



- Establishes a single set of reduction requirements with adequate lead times and market-based implementation mechanisms
- Ensures utilities will make more effective use of their compliance dollars
- Lowers costs of emission reductions, thereby keeping electric rates affordable
- Facilitates creative approaches to a broader menu of emission reductions, allowing greater reductions in a timely manner
- Consistent with air quality and public health goals established in the Clean Air Act

*In sum, the comprehensive approach makes sense from many perspectives*



- Society gains from lower costs
- Air quality gains from more certain reductions
- Electricity sector gains from greater certainty and flexibility



## Bonneville Power Administration

PR 01 02 01

FOR IMMEDIATE RELEASE:  
WEDNESDAY, January 10, 2001  
CONTACT: Mike Hansen, BPA (503) 230-4328

### BPA strikes load reduction deal with Alcoa

**PORTLAND, Ore.** – The Bonneville Power Administration and Alcoa Inc. have agreed on 150 megawatts of reduction in electrical consumption at the company's Wenatchee smelter beginning this week. The action will help keep power flowing to Northwest consumers and save Columbia River water for fish during this year's energy shortage.

"Alcoa has responded to our call for load reduction in a way that will reduce BPA's costs and involve no forced terminations of employees for the duration of this agreement with BPA," said Steve Wright, BPA acting administrator.

The production curtailment is expected to be temporary. Similar to many other load management programs being initiated across the West under these extremely high priced market conditions, BPA is seeking mutually beneficial arrangements to "buy back" power from large industrial consumers.

BPA will pay Alcoa for the reduced power consumption at a price that is "less than market prices but at a level that still benefits Alcoa and keeps employees whole" Wright added. "This is a good outcome for both consumers and the company's workers."

This differs from a transaction with Golden Northwest Aluminum announced earlier in which BPA resells power at market rates and the benefits are divided between the agency and the company. Alcoa's contract, which extends through June, contains other terms.

-more-

Bonneville Power Administration  
Communications  
905 N.E. 11th Avenue  
Portland, OR 97232

**Mailing Address:**  
Bonneville Power Administration  
Media Relations - KC  
P.O. Box 3621  
Portland, OR 97208-3621  
<http://www.bpa.gov>

**Telephone:**  
(503) 230-5131  
**Fax:**  
(503) 230-5664

24434

DOE024-1840

In a separate transaction involving no payments, BPA agreed to shift a portion of the power scheduled to Alcoa's Intalco smelter at Ferndale, Wash., from January and February to March and April. This will make more power available to other Northwest consumers in the first two months when it's most needed.

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24435



## Bonneville Power Administration

PR 01 01

FOR IMMEDIATE RELEASE:

WEDNESDAY, Jan. 3, 2001

CONTACT: Ed Mosey, BPA (503) 230-5359

### Power sales to benefit company and ratepayers

**PORTLAND, Ore.** – The Bonneville Power Administration and Golden Northwest Aluminum Inc. have agreed on a plan to re-market electricity purchased by the company and use some of the revenue to benefit plant employees and Northwest ratepayers.

Golden Northwest Aluminum purchases electricity under contract from BPA to produce aluminum at smelters in Goldendale, Wash., and The Dalles, Ore. The company announced Tuesday that it was further curtailing production at the facilities and reselling the power at current market rates.

The re-sale of power through September should generate about \$400 million in revenue, the actual amount depending on market prices. Under Golden Northwest's agreement with BPA, proceeds from the sales would be used as follows:

- To benefit Northwest ratepayers by dedicating 20-25 percent of the proceeds, or about \$100 million, to BPA to help defray the agency's costs of operating in the current market, which is characterized by high and extremely volatile costs;
- To invest up to \$100 million in a new gas-fueled combustion turbine and a wind energy project that will benefit the Northwest's power system;
- To continue paying wages and benefits to employees of the smelters during the period that the smelters are operating at a reduced level of production;

-more-

Bonneville Power Administration  
Communications  
905 N.E. 11th Avenue  
Portland, OR 97232

Mailing Address:  
Bonneville Power Administration  
Media Relations - KC  
P.O. Box 3621  
Portland, OR 97208-3621  
<http://www.bpa.gov>

Telephone:  
(503) 230-5131  
Fax:  
(503) 230-5884

24436

DOE024-1842

- To cover the costs of curtailing operations at the plants;
- To make other investments that improve the long-term competitiveness of the plants.

"This transaction will mean economic security for workers, better long-term prospects for the smelters and, we expect, more energy for the region," said Bill Richardson, U.S. Energy Secretary. "If other Northwest aluminum producers curtail production in the next few months, they should look to this agreement as a model."

Stephen Wright, BPA administrator, said the agreement is a positive outcome for Northwest ratepayers given the fact that Golden Northwest has a right to remarket the power under existing contracts.

"The revenues will help offset BPA's increasing costs due to skyrocketing market prices," he said. "The proceeds will also help Golden Northwest Aluminum to deal with higher electricity prices in the next few years. In the longer term, the revenue should help the company to secure its own sources of power so that it no longer has to rely on direct purchases from BPA to operate economically."

Brett Wilcox, CEO of Golden Northwest, said the agreement was necessary because of the unprecedented high level of price volatility in the West Coast markets. The company had reduced production by about 40 percent in September due to the cost of non-BPA power purchases needed to run the plants at full capacity. In this current round of curtailments, production is being cut back to about 10 percent of capacity.

Wright said two other aluminum producers in the region, Kaiser and Columbia Falls Aluminum, have similar re-marketing rights under contracts signed in 1995. The contracts allow them to re-market the power in order to mitigate the risk of having to purchase BPA power when aluminum markets are poor and production is curtailed. In 1995, when BPA executed these agreements, no one contemplated that power markets would be as high and as volatile as they have been in recent months.

Under the agreement, Golden Northwest will invest in new generating facilities but may purchase power if such purchases appear to better serve the long-term economic prospects of the plants. Golden Northwest would use the power from such investments and purchases to supplement the subscription power the plants will buy from BPA under new contracts after September 30, 2001.

In the contract, Golden Northwest agrees that it has no right under current law to receive direct service from BPA after Sept. 30, 2006, and the contract requires that the company refrain from making any political or legal case that it does have such a right.

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24437





## Bonneville Power Administration

PR 14 01

FOR IMMEDIATE RELEASE:  
THURSDAY, March 1, 2001  
CONTACT: Mike Hansen, BPA (503) 230-4328 or  
Ed Mosey, BPA (503) 230-5359

### BPA inks an innovative aluminum agreement with McCook Metals

PORTLAND, Ore. – BPA and McCook Metals Group (McCook) have signed an agreement intended to ensure the long-term viability of the Longview aluminum smelter, benefit Northwest ratepayers served by the Bonneville Power Administration (BPA), and help save much needed water for fish.

“The incredibly high market prices we are currently experiencing creates the opportunity for this transaction,” said BPA Acting Administrator Steve Wright. “This agreement will lower costs for Northwest ratepayers, preserve water for fish, provide compensation for Longview employees while the plant is shutdown, create financing for new resources the region needs and lead to the Longview plant being off the BPA system after 2006.”

The agreement calls for removing 420 average megawatts (one third the power needed to run a city the size of Seattle) of demand from the BPA system at a time when BPA’s resources are stretched to the limit due to a near-record low water year and soaring energy prices. BPA will purchase McCook’s 420 average megawatts at less than half the market price.

McCook will purchase and renovate the Longview smelter, previously owned by Reynolds Metals and Alcoa, creating a state-of-the-art, energy efficient smelter operation. The company will use revenues from the power sale to BPA to secure financing and, at the same time, provide full wages and benefits to its employees for the duration of the curtailment.

-more-

Bonneville Power Administration  
Communications  
905 N.E. 11th Avenue  
Portland, OR 97232

Mailing Address:  
Bonneville Power Administration  
Media Relations - KC  
P.O. Box 3621  
Portland, OR 97208-3621  
<http://www.bpa.gov>

Telephone:  
(503) 230-5131  
Fax:  
(503) 230-5884

24438

Michael Lynch, Chairman of McCook Metals said, "By demonstrating our commitment to the region's power needs, the long-term future of the plant, and the security of our employees, we have secured a prosperous future for Longview Aluminum. The arrangements will serve as a model for the future of the industry."

McCook will voluntarily curtail some portion of the output at the Longview plant for a 16-month period, reducing demand on BPA. Between March and September 30th of this year, BPA will purchase power from McCook at less than half the current market price. BPA is able to get such an attractive price because unlike Golden Northwest and Columbia Falls, Reynolds Metals did not have remarketing rights in their contract with BPA. Between October 2001 and April 2002, BPA will get the power back from McCook at virtually no cost. Beginning in April of 2002, BPA will supply McCook 100 average megawatts for plant operation.

"Not having to serve this load next winter is a tremendous benefit to Northwest ratepayers because we will not have to go out and buy power on the open market" said Wright.

McCook also will work with Enron to develop a 500-megawatt combustion turbine plant that will provide power for smelter operations at the Longview plant. McCook is confident that the new station will meet all its power needs. With this new resource, McCook has agreed to make no claims on BPA power after 2006 and support new legislation that would assure that they would be off the system after 2006.

McCook metals is the second largest aluminum plate company in North America, producing specialty products for aircraft, aerospace and defense industries, such as aluminum-lithium alloy plate for NASA's Space Shuttle Program and for military aircraft.

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24439

**Williams, Ronald L**

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**From:** Poche, Michelle [Michelle.Poche@ost.dot.gov]  
**Sent:** Wednesday, March 28, 2001 7:41 PM  
**To:** Anderson, Margot  
**Subject:** RE: DOT Peer Review Session TOMORROW...

Yes, I'm sending an update tonight...

—Original Message—

**From:** Anderson, Margot [mailto:Margot.Anderson@hq.doe.gov]  
**Sent:** Wednesday, March 28, 2001 6:13 PM  
**To:** 'Kjersten\_S\_Drager@ovp.eop.gov%internet'; Kelliher, Joseph;  
Kolevar, Kevin; 'Kmurphy@osec.doc.gov%internet';  
'Dina.Ellis@do.treas.gov%internet';  
'Sue\_Ellen\_Wooldridge@IOS.DOI.gov%internet';  
'Joel\_D\_Kaplan@who.eop.gov%internet';  
'Keith.Collins@USDA.gov%internet'; 'Joseph.Glauber@USDA.gov%internet';  
'Galloglysj@State.gov%internet'; 'McManusml@State.gov%internet';  
'Michelle.Poche@OST.DOT.Gov%internet';  
'Patricia.Stahlschmidt@FEMA.gov%internet';  
'Brenner.Rob@EPA.gov%internet'; 'Symons.Jeremy@EPA.gov%internet';  
'Beale.John@EPA.gov%internet'; 'Marcus\_Peacock@omb.eop.gov%internet';  
'Mark\_A\_Weatherly@omb.eop.gov%internet';  
'Robert\_C\_McNally@opd.eop.gov%internet';  
'John\_L\_Howard\_Jr@ceq.eop.gov%internet';  
'William\_bettenberg@IOS.DOI.gov%internet';  
'Tom\_fulton@IOS.DOI.gov%internet';  
'Michael\_R\_LeBlanc@cea.eop.gov%internet';  
'Bruce.Baughman@FEMA.gov%internet';  
'Charles.m.Hess@USACE.army.mil%internet';  
'Andrew\_G\_Keeler@cea.eop.gov%internet'; 'commcoll@aol.com%internet';  
'Karen\_E\_Keller@omb.eop.gov%internet';  
'Carol\_J\_Thompson@who.eop.gov%internet';  
'Sandra\_L\_Via@omb.eop.gov%internet';  
'Megan\_D\_Moran@ovp.eop.gov%internet';  
'Janet\_P\_Walker@opd.eop.gov%internet';  
'Ronald\_L\_Silberman@omb.eop.gov%internet';  
'Lori\_A\_Krauss@omb.eop.gov%internet'; 'WheelerE@State.gov%internet';  
'Andrew\_D\_Lundquist@ovp.eop.gov%internet';  
'Karen\_Y\_Knutson@ovp.eop.gov%internet';  
'John\_Fenzel@ovp.eop.gov%internet';  
'Margaret\_Bradley@IOS.DOI.gov%internet';  
'Jean\_M\_Russell@opd.eop.gov%internet'  
**Subject:** RE: DOT Peer Review Session TOMORROW...

Kjersten.

Can we get a copy the paper before the review?

Margot

—Original Message—

**From:** Kjersten\_S\_Drager@ovp.eop.gov%internet  
[mailto:Kjersten\_S\_Drager@ovp.eop.gov]  
**Sent:** Wednesday, March 28, 2001 4:34 PM  
**To:** Kelliher, Joseph; Kolevar, Kevin; Anderson, Margot;  
Kmurphy@osec.doc.gov%internet; Dina.Ellis@do.treas.gov%internet;  
Sue\_Ellen\_Wooldridge@IOS.DOI.gov%internet;

Joel\_D.\_Kaplan@who.eop.gov%internet; Keith.Collins@USDA.gov%internet;  
Joseph.Glauber@USDA.gov%internet; Galloglysj@State.gov%internet;  
McManusmt@State.gov%internet; Michelle.Poche@OST.DOT.Gov%internet;  
Patricia.Stahlschmidt@FEMA.gov%internet; Brenner.Rob@EPA.gov%internet;  
Symons.Jeremy@EPA.gov%internet; Beale.John@EPA.gov%internet;  
Marcus.Peacock@omb.eop.gov%internet;  
Mark\_A.Weatherly@omb.eop.gov%internet;  
Robert\_C.\_McNally@opd.eop.gov%internet;  
John\_L.\_Howard\_Jr@ceq.eop.gov%internet;  
William\_bettenberg@IOS.DOI.gov%internet;  
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Kjersten\_S.\_Drager@ovp.eop.gov%internet;  
Michael\_R.\_LeBlanc@cea.eop.gov%internet;  
Bruce.Baughman@FEMA.gov%internet;  
Charles.m.Hess@USACE.army.mil%internet;  
Andrew\_G.Keeler@cea.eop.gov%internet; commcoll@aol.com%internet;  
Karen\_E.\_Keller@omb.eop.gov%internet;  
Carol\_J.\_Thompson@who.eop.gov%internet;  
Sandra\_L.\_Via@omb.eop.gov%internet; Megan\_D.\_Moran@ovp.eop.gov%internet;  
Janet\_P.\_Walker@opd.eop.gov%internet;  
Ronald\_L.\_Silberman@omb.eop.gov%internet;  
Lori\_A.\_Krauss@omb.eop.gov%internet; WheelerE@State.gov%internet;  
Andrew\_D.\_Lundquist@ovp.eop.gov%internet;  
Karen\_Y.\_Knutson@ovp.eop.gov%internet; John\_Fenzel@ovp.eop.gov%internet;  
Margaret\_Bradley@IOS.DOI.gov%internet;  
Jean\_M.\_Russell@opd.eop.gov%internet  
Subject: DOT Peer Review Session TOMORROW...

DOT's peer review session has been rescheduled for tomorrow, Thursday, March 29, at 5:00 p.m. You are all invited to attend if you would like to discuss/learn more about/express your comments/ask questions about chapter nine. As always, please just let me know ASAP if you plan to attend so we can get you cleared into the OEOP. I'll need your full name, SS# and DOB. We'll do it in room 283 OEOP unless you are notified otherwise. Thanks, Kjersten



Department of Energy  
Washington, DC 20585

March 6, 2001

Mr. Walter A. Hans  
President  
Technology Resources and  
Development Corporation  
P.O. Box 2820  
Cherry Hill, NJ 08052-0246

Dear Mr. Hans:

Thank you for your recent letter, which offered recommendations on how best to address some of the Nation's current electricity demand and supply problems, through the use of the expertise and software available from Technology Resources and Development Corporation (TRD).

As you know, one of President Bush's first acts was creating a National Energy Policy Development Group, headed by Vice President Cheney, to help the private sector and government at all levels, promote dependable, affordable, and environmentally sound production and distribution of energy for the future. This group includes the Secretary of Energy, as well as the Secretaries of the Treasury, Interior, Agriculture and Commerce Departments, the heads of the Federal Emergency Management Agency, the Environmental Protection Agency, the President's Deputy Chief of Staff for Policy, and the Assistants to the President for Economic Policy and Intergovernmental Affairs.

The group will consider the ideas and recommendations of consumers, businesses, and independent experts on how best to address the broad range of energy issues now facing the Nation, including rapidly rising costs for natural gas, electricity supply and price problems in the West and the increasing dependence of the United States on imported oil. Your specific suggestions, and the expertise of TRD, will be made known to participants in this process.

Thank you for writing.

Sincerely,

A handwritten signature in black ink that reads "Margot Anderson".

Margot Anderson  
Acting Director  
Office of Policy



Printed with soy ink on recycled paper

24442

DOE024-1848

2001-011607



**The Secretary of Energy**  
Washington, DC 20585

May 8, 2001

**The Honorable Don Siegelman**  
Governor of Alabama  
Montgomery, AL 36130-2751

Dear Governor Siegelman:

Natural gas supply and prices have been a leading issue in the Nation's recent energy problems. The impact of high natural gas prices has been felt by residential consumers and businesses throughout the Nation. The role of natural gas in the California electricity crisis and its potential role in national electricity supply this summer have also been of concern. Many Governors, State legislatures, and local officials have expressed interest in a review of these issues by the U.S. Department of Energy.

I have directed the Energy Information Administration to conduct a study of current natural gas supply, demand, and prices to be available this spring. This analysis will provide a useful background for understanding recent events in the natural gas markets and the near-term challenges before the Nation for this fuel. In addition, the report being prepared by President Bush's National Energy Task Force should provide a comprehensive national approach to our energy crisis and legislative and regulatory guidelines for energy policy initiatives that affect natural gas as well as other components of the energy market. The Department of Energy will work with Congress at that time to develop a comprehensive national solution to our energy needs.

One issue that has emerged in our early review of the natural gas markets is the difficulty of obtaining accurate, timely information about natural gas production. At present the Energy Information Administration receives data reports on natural gas production from the 33 producing States on a voluntary basis. We understand that the States primarily collect these data for purposes of revenue collection or resource management. Staff level contacts in the States indicate that they receive data late or have limited resources to process the large amounts of data in a timely manner.

The Department of Energy is exploring ways to work with state agencies through the auspices of the Interstate Oil and Gas Compact Commission and the



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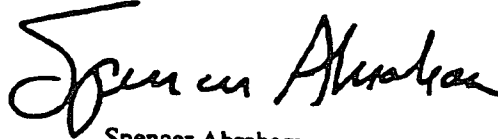
24443

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Association of American State Geologists for the purposes of improving the timeliness and accuracy of these data series. We hope that you will support this activity on the part of your State agencies.

I share your concern about the impact of natural gas supply and price changes on U.S. homes and businesses, and look forward to working with you and all Governors to address these issues.

Sincerely,

A handwritten signature in black ink that reads "Spencer Abraham". The signature is written in a cursive style with a large, sweeping initial "S".

Spencer Abraham

24444

DOE024-1850



CONGRESSWOMAN  
ROSA L. DELAURO

FAX TRANSMISSION

To: Secretary Abraham Date: 3/23/01  
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24446-



**Congress of the United States**  
Washington, DC 20515

March 21, 2001

The Honorable Spencer Abraham  
Secretary of Energy  
Forrestal Building  
Washington, D.C. 20585

Dear Secretary Abraham:

As you are aware, our nation is confronting high energy prices and unreliable energy supplies that threaten to slow economic growth and have the potential to produce further energy disruptions this Spring and Summer. In an effort to adequately address this problem, we would like to invite you to meet with the Democratic Caucus Energy Task Force next week to discuss the current energy situation and the Administration's apparent effort to overhaul the national energy policy.

As committed leaders on energy issues in the Congress, we are concerned about the position the Administration has taken in recent days. Americans across the country are facing soaring gasoline prices at the pump, natural gas prices that have more than tripled, and electricity costs that have been volatile all over the country, particularly the West coast. As a result, home heating bills have increased by as much as three fold from last year's extremely high prices.

The Democratic Caucus Energy Task Force is moving closer to developing a comprehensive energy policy, and we strongly believe that we must be mindful of both short-term and long-term needs. Adopting a policy that strengthens our economy, protects our environment, and keeps our nation secure is our first priority. We would appreciate the opportunity to meet with you and hear from you about your view of the current situation, as well as discuss with you in depth about the proposed budget for the Department of Energy.

We look forward to finding common ground with you and hope that you will be able to join us. Please confirm with Soña Garcia at the Democratic Caucus at 226-3210.

Sincerely,

Richard Byrnes

Joe DeLo

Mac Farc

Robert Byrnes

Frank Pallone

George Miller

Jeff Miller

Jon Schumaker

Charlie Stenholm

24447

John F. Tins

Bruce

Mark

Tom

John W. Oliver

Joe

Ron Kind

Pat

Charles B. Pangel

Bob Feiner

Edward J. Mullen

Al G. Shoo

Michael

Tim Holden

Jim Roberts

September 18, 2001

James Connaughton  
Chairman  
Council on Environmental Quality  
722 Jackson Place, NW  
Washington, DC 20503

Dear Chairman Connaughton:

I am writing on behalf of the National Hydropower Association (NHA) to ask the Council's Energy Streamlining Task Force, in cooperation with the Departments of Interior and Commerce, to immediately rescind the Proposed Interagency Policy on the Prescription of Fishways Under Section 18 of the Federal Power Act (FPA) published on December 22, 2000 in the Federal Register (F.R. Docket No. 001215356-0356-01). Further, we ask CEQ's Task Force to direct the Departments to immediately halt any unilateral actions related to this proposed policy.

Section 1701(b) of the National Energy Policy Act of 1992 vacated the Federal Energy Regulatory Commission's (FERC) definition of fishways. The Act clearly delegates to FERC the authority to redefine fishways *by rulemaking* with the concurrence of the Secretaries of Interior and Commerce. The Departments' proposal evades the express intent of Congress, oversteps the authority of the Departments and directly conflicts with President Bush's hydropower recommendations contained in the National Energy Policy released in May.

The proposed policy is deeply flawed and greatly unbalanced. The proposal creates a definition of fishways prior to any action by FERC. It also is designed to greatly extend to the Departments' authority over all aspects of fishways. The proposal broadly defines "fishways" to include virtually any project structure or operational measure related to fish. The term "fish" was also redefined to include virtually every form of water-related animal life other than mammals and birds. Further, it provides the agencies virtually unbounded authority to prescribe new or modified fishways *throughout the term of a license*.

The President's National Energy Policy recognized hydropower as a valuable renewable energy resource and recommended legislative and administrative improvements to the licensing process, stating that there "is a need to reduce the time and cost of the hydropower licensing process" and that the process be "more clear and efficient." The policy proposal, on the other hand, would result in overlapping and conflicting federal roles in the licensing process, would increase the uncertainties for licensees and other stakeholders, would cause excessive delays in issuing a new

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license and could cost the hydropower industry billions of dollars. It would exacerbate many of the problems that currently plague the hydropower licensing process.

As we face rising energy prices, increased levels of pollution and greenhouse gases, energy shortages and reliability concerns, this is the least opportune time, when viewed from the public interest perspective, for the Departments to mount a campaign for unbounded expansion of their prescriptive powers. Now is clearly the time for policymakers at the federal level to better incorporate hydropower into the nation's energy strategies, rather than devise policies that further diminish a resource that is so vital to energy adequacy, diversity and security.

The National Hydropower Association again asks that the Departments' proposed policy statement on fishways be immediately rescinded. Further, we ask that the Departments follow the intent of Congress and fully cooperate with FERC *if* a formal rulemaking is initiated by the Commission to, per the direction of Congress, define fishways and processes – including an appeals process – related to the development of fishways under Section 18 of the Federal Power Act. We hope you will quickly adopt our recommendations and we look forward to working with you and the Administration on this important matter.

If you have any questions, please contact me, or Mark R. Stover, NHA's Director of Government Affairs, at 202-682-1700.

Sincerely,

Linda Church Ciocci  
Executive Director

cc: Secretary Gale Norton, U.S. Department of Interior  
Secretary Donald Evans, U.S. Department of Commerce  
Deputy Secretary J. Steven Griles, U.S. Department of Interior  
Chairman Pat Wood, Federal Energy Regulatory Commission  
Dr. William Hogarth, Administrator, National Marine Fisheries Service

**24450**

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501 S. La Posada Circle #137  
Green Valley, AZ 85614  
April 14, 2001

Spencer Abraham, Member Cheney's  
Interagency Energy-Policy Task Force  
1000 Independence Ave, SW  
Washington, D.C. 20585

I'm confident that you, Secretary Abraham, as one of the seven members of the Cheney's Interagency energy-policy task force, agree that nuclear power should account for a higher percentage of U.S. electricity than the current level of 20%. However, Leader Cheney has acknowledged that the task force hasn't figured out what to do with the nuclear waste. The attached document presenting the production-proven PURE process provides that answer.

Eleven years ago Admiral James D. Watkins, President George H. Bush's Secretary of Energy, also acknowledged this nuclear waste problem; he did something about it. With his in-depth knowledge of and hands-on nuclear power experience, Admiral Watkins acted decisively in 1990 and ordered an immediate thorough evaluation of the PURE-process alternative to the troubled Yucca Mountain Repository Project.

John W. Bartlett, Director of DOE's Office of Civilian Radioactive Waste Management, was charged with carrying out Admiral Watkin's orders for a prompt evaluation of the PURE alternative. Within three months Director Bartlett's ten-man Ad Hoc team reported back that the PURE process was technically feasible and economically attractive and should be studied in-depth by DOE's Washington-based research department.

Shortly thereafter the Clinton Administration took office; further evaluation of the PURE alternative to the Yucca Mountain Repository Project got lost within the bureaucratic maze.

You, as a member of Cheney's seven-person energy Task Force are in an enviable position to capitalize on Admiral Watkin's 1990 vision; you can be instrumental in implementing this production-proven PURE process alternative which resolves the nuclear waste issue.

Respectfully yours,

  
Cleve Anderson  
E-mail [Cleveplute@GCI-net.com](mailto:Cleveplute@GCI-net.com)

24451

DOE024-1857

THE YUCCA MOUNTAIN REPOSITORY IS A NUCLEAR BOON-DOGGLE

CREATING, NOT RESOLVING, PROBLEMS FOR NUCLEAR ENERGY

CLEVE ANDERSON

April 11, 2001

"I'm a strategy builder, I love strategies and I believe a strategy is critical", declared retired Admiral James D. Watkins in responding to his appointment in January 1989 by President George H. Bush to be Secretary of Energy. It was a typical approach for this can-do, full-steam-ahead submariner from Hyman Rickover's rigorous nuclear navy. Watkins brought a strong support and knowledge of nuclear power to compliment President George H. Bush's knowledge in-depth of the oil and gas issues

Upon completing his first year as Energy Secretary in shaping a "national energy strategy" that would give President George H. Bush some policy options in the future, Admiral Watkins had discovered that being a strategy builder has its limits especially when dealing with conflicting missions and the pressures of national politics.

In discussions with John Sununu, President Bush's Chief-of-Staff, Admiral Watkins became aware of a process alternative to the Yucca Mountain project, called PURE - Plutonium Recovery and Recycle, that removes one hundred percent of the plutonium from the spent fuels; this essentially zero-cost recovered plutonium could replace the expensive uranium-235 as the fuel for nuclear power reactors.

Admiral Watkins noted a major advantage to the PURE process over the Yucca Mountain Project in that with the plutonium removed, the remaining radiotopes in the spent fuels would decay to trace levels within five hundred years. These residual wastes could be safely stored in titanium cylinders for that five hundred-year period of time thereby greatly reducing the long-term demands for a waste repository. He ordered an immediate thorough evaluation of this PURE alternative.

John W. Bartlett, Director of DOE's Office of Civilian Radioactive Waste Management, was charged with carrying out Admiral Watkin's orders for this prompt and thorough evaluation of the PURE alternative. Director Bartlett immediately formalized a ten-man evaluation task-force; a few months later they reported back that the PURE process was technically feasible and should be studied in-depth by DOE's Washington-based research department.

Shortly thereafter, the Clinton Administration took office. Hazel O'Leary, who had no experience or knowledge of nuclear

24452

DOE024-1858

energy, was appointed Secretary of Energy. Further evaluation of the PURE alternative to the Yucca Mountain Repository Project got lost within DOE's bureaucratic maze.

These then are the plutonium and nuclear waste problems left by the previous administration that are facing Vice President Cheney's interagency task force as they evaluate nuclear energy options for meeting the Nation's energy needs.

#### PLUTONIUM PROLIFERATION - WORLDWIDE

Every nation or group that has access to a nuclear reactor, whatever its type, has a readily available inventory of plutonium. For terrorist or rogue nations, the readily available spent fuel being discharged annually from power reactors is an easy way to accumulate plutonium for bomb purposes.

Contrary to today's politically motivated consensus, recovery of this plutonium can be readily implemented by a conventional process requiring only commercially available equipment. It can be implemented by any group having a basic knowledge of chemistry. They do not need the hazardous, multi-cycle reprocessing facilities currently employed by the developed countries. Instead, by holding these spent fuels for five years following reactor discharge, natural radiation decay reduces the radiation level by one thousand-fold. Plutonium can then be recovered by a simple, well-known, one-step, anionic resin extraction process.

Today in the United States, the "politically correct" burial method for disposing of power reactor plutonium is a sham. In January 1999, the Government Accounting Office, GAO, issued a report, GAO/OCG-00-6 stating:

DOE has spent \$6.5 billion over 15 years for a permanent disposal site for highly radioactive waste at Yucca Mountain, Nevada. This project is currently 12 years behind schedule, and DOE has not yet determined whether the site is suitable for a repository.

Regardless of the problems with the Yucca Mountain Project, any rogue group, using the Yucca Mountain example, can justify accumulating plutonium in its spent fuel form. Easy recovery of the plutonium can be anytime five years following spent fuel discharge from the reactor. That would not require constructing a complex repository; the fuel could even be held in the reactor storage basin for the five years cooling that facilitates plutonium recovery.

#### DEFINING THE PROBLEM

Over fifty years ago our country's political, scientific and engineering leaders coalesced around the Manhattan Project in an all out team effort to produce the world's first atomic bomb. In their view our national security was at stake. Within three years following President Roosevelt establishing the Project team, kilogram quantities of plutonium were being produced.

Plutonium production started out fifty years ago as a closely guarded military program with a limited objective. The world's attention is now focused on controlling so-called "weapons-type" plutonium as exemplified by the Test Ban Treaty negotiations.

Today, plutonium produced in light water power reactors is being falsely defined as separate and distinct from weapons-type plutonium produced in graphite moderated reactors. The truth is that bombs have been constructed and successfully tested using plutonium produced in light water power reactors. Our national leaders are either unaware of, or choose to ignore, that by far the greatest risk to our national security is the plutonium being produced in the 436 licensed nuclear power reactors operating in the world today.

The most recent example of our blindness to this threat is our financing of two light water moderated reactors for North Korea in exchange for their promise to shut down their existing graphite moderated reactor.

The facts are that the bomb quality of the plutonium produced in any type reactor is directly related to the total exposure time of the fuel in the reactor. In today's power reactors that residence time is normally about four years and yields a product containing 80 percent of the fissionable form of plutonium. Shorten the fuel cycle time and the fissionable quality of the plutonium will be improved proportionately. The only known way to eliminate plutonium by peaceful means is to convert it into useful energy. As the leader of the world, it is imperative that the United States show the way in this critical mission.

It is disturbing today to find proposals being advanced to extend and even double the forty year service life of existing power reactors. Such actions fly in the face of common sense. You cannot inspect in safety; you can only build it in at time of construction. Ocean freighters, airplanes, trucks and railroad locomotive respect this fundamental truth. They are routinely retired at the end of their design life to be replaced by safer, more efficient equipment. Common sense would seem to dictate that the well-known catastrophic consequences of a reactor failure, such as Chernobyl, would dictate at least equal caution in dealing with nuclear reactors.



## RESOLVING THE PROBLEM

As a basic part of a plutonium elimination program, existing reactor and fuel designs will have to be replaced. New plutonium-consuming, power producing reactors, specifically designed for efficiently destroying plutonium can and must be built.

Such design philosophy is in marked contrast to existing reactor and fuel designs where fission fuel efficiency is the dominant theme. Critics will abound. What type of reasoning can possibly justify such a total departure from today's nuclear concepts? There are four primary facts that mandate a full and complete review of this proposal. They are:

1. The world-wide accumulation of plutonium by any group, including rogue Nations and terrorist groups, that has access to nuclear power reactors.
2. The ease with which plutonium can be recovered from the spent fuels discharged annually from these reactors.
3. The well recognized capability of producing bomb quality plutonium in each and every one of the 436 licensed nuclear power reactors operating in the world today.
4. With essentially complete recovery of the 24,300 year half-life plutonium, the remaining radioactivity in the spent fuels decays to trace levels within five hundred years. Containment in titanium capsules for that period of time would resolve the long-term nuclear waste disposal problem.

The dedicated team effort of the Manhattan Project's political, scientific and engineering leaders fifty years ago created plutonium. In the ensuing years, political and nuclear energy corporate leaders have usurped control and allowed plutonium production to get out-of-control. Based on their legislated decisions, the politicians appear to lack even a basic understanding of the consequences of their actions. At the same time the nuclear energy corporate leaders studiously avoid any responsibility for disposing of the spent fuels with their contained plutonium. They lobby intensely and at length to keep that as a government responsibility.

Today, an equally dedicated project team similar to the Manhattan Project of fifty years ago is needed to first, clearly identify this out-of-control threat posed by power reactor produced plutonium and second, formulate an integrated effort to eliminate it. Outstanding scientists, engineers and environmentalists, free of both internal corporate influence and political pressures, are required to bring this about.

What is needed to "put the show on the road" is a leader who can maintain complete separation of the corporate and governmental executives with their vested interests and the scientific-engineering-environmental personnel who are required to implement the program.

---

The author's credentials that qualify him to speak on this issue include three major plutonium patents and one fail-safe nuclear reactor patent. He has had eight years of on-site experience and served as the Head of the Redox Hanford Plant Ruthenium Emissions Task Force, HW-32465, and chairman of the Hanford Seven-Year Waste Management Program, HW-58329. Other nuclear related activities include serving as an expert witness in Congressional Hearings, serving as an expert witness for Nebraska Public Power in its successful lawsuit against General Electric, and being a consultant to the California Energy Commission in formulating its nuclear legislation.

Prepared by Cleve Anderson  
501 S. La Posada Circle, #137  
Green Valley, AZ 85614  
E-mail - [Cleveplute@GCI-net.com](mailto:Cleveplute@GCI-net.com)  
April 11, 2001

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Distribution Category UC-950

## Short-Term Energy Outlook

October 2000

Energy Information Administration  
Office of Energy Markets and End Use  
U.S. Department of Energy  
Washington, DC 20585

Monthly updates available on the Web: <http://www.eia.doe.gov/steo>

This report was prepared by the Energy Information Administration, the independent statistical and analytical agency within the U.S. Department of Energy. The information contained herein should be attributed to the Energy Information Administration and should not be construed as advocating or reflecting any policy position of the Department of Energy or any other organization.

24657

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## Contacts

The *Short-Term Energy Outlook* is prepared by the Energy Information Administration (EIA), Office of Energy Markets and End Use (EMEU). General questions concerning the content of the report may be referred to W. Calvin Kilgore (202-586-1617), Director of EMEU, or Mark Rodekohr (202-586-1441), Director of Energy Markets and Contingency Information Division.

Detailed questions may be addressed to Dave Costello (202-586-1468) or the following analysts:

Winter Fuels.....	James Todaro (202-586-6305) Michael Morris (703-586-1199) Dave Hinton (202-586-2990) John Zyren (202-586-6405)
World Oil Prices .....	Erik Kreil (202-586-6573) Neil Gamson (202-586-2418)
International Petroleum.....	Erik Kreil (202-586-6573)
Macroeconomic .....	Kay A. Smith (202-586-1455)
Energy Prices.....	Neil Gamson (202-586-2418)
Petroleum Demand .....	Michael Morris (202-586-1199)
Petroleum Supply.....	Tancred Lidderdale (202-586-7321)
Natural Gas .....	Khadija El-Amin (202-586-8760)
Coal.....	Elias Johnson (202-586-7277)
Electricity.....	Khadija El-Amin (202-586-8760)

Domestic crude oil production figures are provided by the EIA Dallas Field Office, under the supervision of John H. Wood (214-767-2200). Nuclear electricity generation forecasts are provided by Roger Diedrich (202-426-1176); projections for hydroelectric generation, electricity imports, and nonutility generation are provided by Rebecca McNerney (202-426-1251); and coal production, imports, and exports are provided by Frederick Freme (202-426-1152), all with the EIA Office of Coal, Nuclear, Electric and Alternate Fuels.

## Preface

The Energy Information Administration (EIA) prepares the *Short-Term Energy Outlook* (energy supply, demand, and price projections) monthly for distribution on the internet at: [www.eia.doe.gov/steo](http://www.eia.doe.gov/steo). In addition, printed versions of the report are available twice annually in April and October.

The forecast period for this issue of the *Outlook* extends from October 2000 through December 2001. Data values for the third quarter 2000, however, are preliminary EIA estimates (for example, some monthly values for petroleum supply and disposition are derived in part from weekly data reported in EIA's *Weekly Petroleum Status Report*) or are calculated from model simulations that use the latest exogenous information available (for example, electricity sales and generation are simulated by using actual weather data). The historical energy data, compiled in the October 2000 version of the Short-Term Integrated Forecasting System (STIFS) database, are mostly EIA data regularly published in the *Monthly Energy Review*, *Petroleum Supply Monthly*, and other EIA publications. Minor discrepancies between the data in these publications and the historical data in this *Outlook* are due to independent rounding. One exception to this is that recent petroleum demand and supply data displayed in this report reflect the incorporation of resubmissions of the data as reported in EIA's *Petroleum Supply Monthly*, Table C1.

The STIFS model is driven principally by three sets of assumptions or inputs: estimates of key macroeconomic variables, world oil price assumptions, and assumptions about the severity of weather. Macroeconomic estimates are produced by DRI/McGraw-Hill but are adjusted by EIA to reflect EIA assumptions about the world price of crude oil, energy product prices, and other assumptions which may affect the macroeconomic outlook. By varying the assumptions, alternative cases are produced by using the STIFS model.

# Contents

Highlights .....	ES1
Table HL1 - U.S. Energy Supply and Demand Summary .....	ES2
Winter Fuels Outlook: 2000-2001 .....	1

## The Outlook

Outlook Assumptions .....	17
U.S. Energy Prices .....	19
International Oil Supply .....	25
International Oil Demand .....	27
World Oil Stocks, Capacity and Net Trade .....	28
U.S. Oil Demand .....	29
U.S. Oil Supply .....	30
U.S. Natural Gas Demand .....	32
U.S. Natural Gas Supply .....	33
U.S. Coal Demand and Supply .....	34
U.S. Electricity Demand and Supply .....	35
Summary of Important Terms .....	37
Tables .....	41

### Quarterly and Annual History and Projections, 1999-2001

1. U.S. Macroeconomic and Weather Assumptions .....	41
2. U.S. Energy Indicators: Mid World Oil Price Case .....	42
3. International Petroleum Supply and Demand: Mid World Oil Price Case .....	43
4. U.S. Energy Prices .....	44
5. U.S. Petroleum Supply and Demand: Mid World Oil Price Case .....	45
6. Approximate Energy Demand Sensitivities for the STIFS Model .....	46
7. Forecast Components for U.S. Crude Oil Production .....	46
8. U.S. Natural Gas Supply and Demand: Mid World Oil Price Case .....	47
9. U.S. Coal Supply and Demand: Mid World Oil Price Case .....	48
10. U.S. Electricity Supply and Demand: Mid World Oil Price Case .....	49
11. U.S. Renewable Energy Use by Sector: Mid World Oil Price Case .....	50

### Annual History and Base Case Projections for Selected Indicators, 1987-2001

A1. Annual U.S. Energy Supply and Demand .....	51
A2. Annual U.S. Macroeconomic and Weather Indicators .....	52
A3. Annual International Petroleum Supply and Demand .....	53
A4. Annual Average U.S. Energy Prices .....	54
A5. Annual U.S. Petroleum Supply and Demand .....	55
A6. Annual U.S. Natural Gas Supply and Demand .....	56
A7. Annual U.S. Coal Supply and Demand .....	57

A8. Annual U.S. Electricity Supply and Demand.....	58
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Figures

1. U.S. Monthly Crude Oil Prices.....	17
2. U.S. Macroeconomic Indicators.....	18
3. Petroleum Product Prices.....	19
4. East Coast Distillate Stocks.....	20
5. Weekly East Coast Heating Oil Stocks.....	21
6. Natural Gas Wellhead Price.....	23
7. Fossil Fuel Prices to Electric Utilities.....	24
8. OPEC Crude Oil Production 1999-2001.....	25
9. Annual World Oil Demand.....	27
10. Total OECD Oil Stocks.....	28
11. Petroleum Product Demand.....	29
12. U.S. Crude Oil Production.....	30
13. Annual Changes in Natural Gas Demand by Sector.....	32
14. Natural Gas in Storage.....	33
15. Annual Change in U.S. Coal Demand.....	34
16. Annual Changes in U.S. Electricity Demand.....	35

## **Highlights**

### **Americans Can Expect Higher Heating Fuel Bills This Winter**

This winter is expected to bring with it higher heating bills than those seen last winter. Under normal weather assumptions, winter heating bills for residential consumers could average from \$190 to \$240 higher than last winter. The main reasons for this forecast are: demand for space-heating fuels is expected to be higher than last winter, which was the warmest on record; inventories of key heating fuels—especially heating oil—are below normal and substantially below those at the outset of the winter of 1999-2000, and crude oil and natural gas prices are at relatively high levels. Higher prices for crude oil have led to higher prices for all petroleum products this year compared to 1999 levels.

### **Crude Oil Prices Fall Following SPR Announcement**

West Texas Intermediate crude prices are now estimated to have averaged \$33.88 per barrel for the month of September, high by historical standards but well below the daily averages (over \$37 per barrel) reached prior to the Clinton Administration's announcement of a limited exchange of oil from the Strategic Petroleum Reserve (SPR) on September 22. The 30-million barrel planned SPR exchange is expected to make enough additional oil available to world markets in the short-term to make a positive (if temporary) contribution toward alleviating tightness in Atlantic Basin fuel oil markets.

### **Natural Gas Prices High Due to Supply Tightness**

Average spot prices for natural gas are estimated to have averaged about \$4.96 per thousand cubic feet in September, nearly double the price from one year ago. The year-over-year differential is likely to widen somewhat by year-end. Although rising crude oil prices have encouraged natural gas prices to advance, the primary cause of these elevated gas prices has been the strained supply situation. U.S. working gas in storage is estimated to be about 9 percent below normal and about 12 percent below the year-ago level. Increases in gas production this year generally have failed to keep pace with demand.

### **Winter Electricity Demand to be Up From Last Year's Level**

This winter's heating degree-days (HDD) are assumed to be 11 percent above last winter's HDD, which were well below normal. This winter, total electricity demand is expected to be about 2.8 percent above the year-ago level under normal weather assumptions, driven by increased demand in the residential and commercial sectors, which are expected to post growth of 4.6 and 3.9 percent, respectively.



**Table HL1. U. S. Energy Supply and Demand**

	Year				Annual Percentage Change		
	1998	1999	2000	2001	1998-1999	1999-2000	2000-2001
<b>Real Gross Domestic Product (GDP)</b> (billion chained 1996 dollars) .....	8516	8876	9341	9696	4.2	5.2	3.8
<b>Imported Crude Oil Price<sup>a</sup></b> (nominal dollars per barrel).....	12.08	17.21	27.86	24.58	42.5	61.9	-11.8
<b>Petroleum Supply (million barrels per day)</b> <b>Crude Oil Production<sup>b</sup></b> .....	6.25	5.88	5.84	5.91	-5.9	-0.7	1.2
<b>Total Petroleum Net Imports</b> (including SPR) .....	9.76	9.91	10.12	10.75	1.5	2.1	6.2
<b>Energy Demand</b>							
<b>World Petroleum</b> (million barrels per day).....	73.8	74.8	75.9	77.9	1.6	1.5	2.6
<b>Petroleum</b> (million barrels per day).....	18.92	19.52	19.58	20.00	3.2	0.3	2.1
<b>Natural Gas</b> (trillion cubic feet) .....	21.26	21.36	22.22	22.82	0.5	4.0	2.7
<b>Coal<sup>c</sup></b> (million short tons) .....	1039	1039	1065	1090	0.0	2.5	2.3
<b>Electricity (billion kilowatthours)</b> <b>Utility Sales<sup>d</sup></b> .....	3240	3296	3366	3430	1.7	2.1	1.9
<b>Nonutility/Sales<sup>e</sup></b> .....	156	173	189	191	10.9	9.2	1.1
<b>Total</b> .....	3396	3469	3555	3621	2.1	2.5	1.9
<b>Total Energy Demand<sup>f</sup></b> (quadrillion Btu).....	94.4	96.3	97.8	99.6	2.0	1.6	1.8
<b>Total Energy Demand per Dollar of GDP</b> (thousand Btu per 1996 Dollar) .....	11.09	10.85	10.47	10.27	-2.2	-3.5	-1.9
<b>Renewable Energy as Percent of Total<sup>g</sup> ..</b>	7.0	7.0	6.7	6.6			

<sup>a</sup> Refers to the refiner acquisition cost (RAC) of imported crude oil.

<sup>b</sup> Includes lease condensate.

<sup>c</sup> Total Demand includes estimated Independent Power Producer (IPP) coal consumption.

<sup>d</sup> Total annual electric utility sales for historical periods are initially derived from the sum of monthly sales figures based on submissions by electric utilities of Form EIA-826, "Monthly Electric Utility Sales and Revenue Report with State Distributions." Final annual totals are taken from compilations from Form EIA-861, "Annual Electric Utility Report."

<sup>e</sup> Defined as the difference between total nonutility electricity generation and sales to electric utilities by nonutility generators, reported on Form EIA-867.

<sup>f</sup> "Annual Nonutility Power Producer Report." Data for 1999 are estimates.

<sup>g</sup> The conversion from physical units to Btu is calculated by using a subset of conversion factors used in the calculations performed for gross energy consumption in Energy Information Administration, *Monthly Energy Review (MER)*. Consequently, the historical data may not precisely match those published in the *MER* or the *Annual Energy Review (AER)*.

<sup>h</sup> Renewable energy includes minor components of non-marketed renewable energy, which is renewable energy that is neither bought nor sold, either directly or indirectly, as inputs to marketed energy. The Energy Information Administration does not estimate or project total consumption of non-marketed renewable energy.

SPR: Strategic Petroleum Reserve

Notes: Minor discrepancies with other published EIA historical data are due to independent rounding. Historical data are printed in bold; forecasts are in italics. The forecasts were generated by simulation of the Short-Term Integrated Forecasting System.

Sources: Historical data: Latest data available from Bureau of Economic Analysis and Energy Information Administration; latest data available from EIA databases supporting the following reports: *Petroleum Supply Monthly*, DOE/EIA-0109; *Petroleum Supply Annual*, DOE/EIA-0340/2; *Natural Gas Monthly*, DOE/EIA-0130; *Electric Power Monthly*, DOE/EIA-0226; and *Quarterly Coal Report*, DOE/EIA-0121; *International Petroleum Statistics Report* DOE/EIA-0520; *Weekly Petroleum Status Report*, DOE/EIA-0208. Macroeconomic projections are based on DR/McGraw-Hill Forecast CONTROL0900

# Winter Fuels Outlook: 2000-2001

## Introduction

*This winter—defined as the period from October 2000 to March 2001—is expected to bring with it significantly higher heating bills than those seen last winter. The main reasons for this outcome are: 1) expected space-heating fuels requirements larger than those of last winter, the warmest on record; 2) inventories of key heating fuels—especially heating oil—below normal and substantially below those of the outset of the winter of 1999-2000, and 3) crude-oil prices at relatively high levels. Because of the brisk recovery of Asian economies and continued robust growth in the U.S., neither the production increases announced by OPEC since last winter nor efforts by non-OPEC sources to increase output have been able to stem the increase in crude oil prices. Although they have declined somewhat since their recent peaks and are expected to continue to ease during the winter season, world oil prices are still expected to be the highest of any since the end of the Gulf War. As a result, retail energy fuel costs—already quite high by recent historical standards—will remain high amid tight supply conditions, posing increased risks of short-term price spikes similar to those of the previous winter. In contrast to the 1999-2000 winter season, natural-gas households are likely to see the largest year-over-year percentage increases in fuel bills of any heating fuel.*

## Overview

Heating fuel markets are expected to start the season with much higher prices and (generally) lower inventories than at this time last year. Moreover, the assumption of "normal" weather, which is almost 12 percent more severe in terms of heating degree-days than that of the previous winter—the warmest on record—is expected to raise demand for space-heating fuels. The resultant tight supply/demand balance substantially increases the risk of price run-ups if very cold weather patterns emerge, even if only temporarily. In contrast to those of previous winters, fuel market supplies cannot be described as adequate to ensure a high probability of supplies meeting the demands of a very cold winter without difficulty. High spot prices, reflecting the tight supplies, would be expected to engender "supply-side" responses, such as increased heating-oil supplies brought about by higher refinery utilization rates, distillate yields, and imports. Whether these responses would suffice to avoid sustained price run-ups in the event of very cold weather is not known at this time. Warmer-than-normal weather in the main heating regions of the United States would obviously ease demand pressures, but the probability of such an outcome is no more likely than that of a colder-than-normal winter.

The impact of a colder-than-normal winter on fuel prices and consumer bills has therefore become particularly difficult this year and subject to much higher uncertainty than in past years. A sustained cold-weather scenario for this winter could result in average upward price responses much larger than any downward price reactions to a very warm winter scenario. Current constraints on available supplies would tend to

hamper responses to cold weather, resulting in large price adjustments but limited additional supply, at least in the short term. Because the probability of a sustained cold winter is low, such a scenario should be viewed as unlikely but carries with it the potential for large upward price shocks. Short-term price spikes resulting from brief cold weather snaps, such as those that occurred during the first quarter of this year, are also possible.

## Heating Bills

Table WF01 below summarizes historical and base-case (normal weather) demand, total expenditure, and price projections for key heating fuels on a per-household basis. The calculations focus on particular regions of the country with respect to consumption and projected weather factors (i.e., changes in heating degree-days) but assume national average consumer prices for heating fuels normally presented in the *Short-Term Energy Outlook*. Thus, heating bill calculations are illustrative of the magnitude of the expected changes in fuel bills but are not necessarily indicative of the absolute expenditure levels to be anticipated by individual consumers.

**Table WF01. Illustrative Consumer Prices\* and Expenditures\*\* for Heating Fuels During the Winter**

	1997-1998	1998-1999	1999-2000	2000-2001
	Actual	Actual	Actual	Base Forecast
<b>Natural Gas (Midwest)</b>				
Consumption (mcf)	82.4	84.5	81.7	90.9
Avg. Price (\$/mcf)	6.56	6.27	6.61	8.58
Expenditures (\$)	541	530	540	780
<b>Heating Oil (Northeast)</b>				
Consumption (gals)	636	650	644	693
Avg. Price (\$/gal)	0.92	0.80	1.18	1.37
Expenditures (\$)	585	520	760	949
<b>Propane (Midwest)</b>				
Consumption (gals)	814	835	807	898
Avg. Price (\$/gal)	0.94	0.85	1.02	1.16
Expenditures (\$)	765	710	823	1,045

\* National average prices.

\*\* Based on typical per-household consumption by region.

As Table WF01 above shows, expenditures for this winter are likely to be up substantially from those of last winter as a result of both higher demand and prices. In our base case-projections, the expenditure increases for households are: 25 percent for heating oil and propane; and 44 percent for natural gas. In a reversal of price behavior last winter, gas-heated households are likely to experience much higher percentage increases than those consuming other fuels. Weather in the major gas-consuming regions was as much as 18 percent warmer than normal last year compared to 12 percent for the lower 48 states as a whole. Thus, under normal weather circumstances,

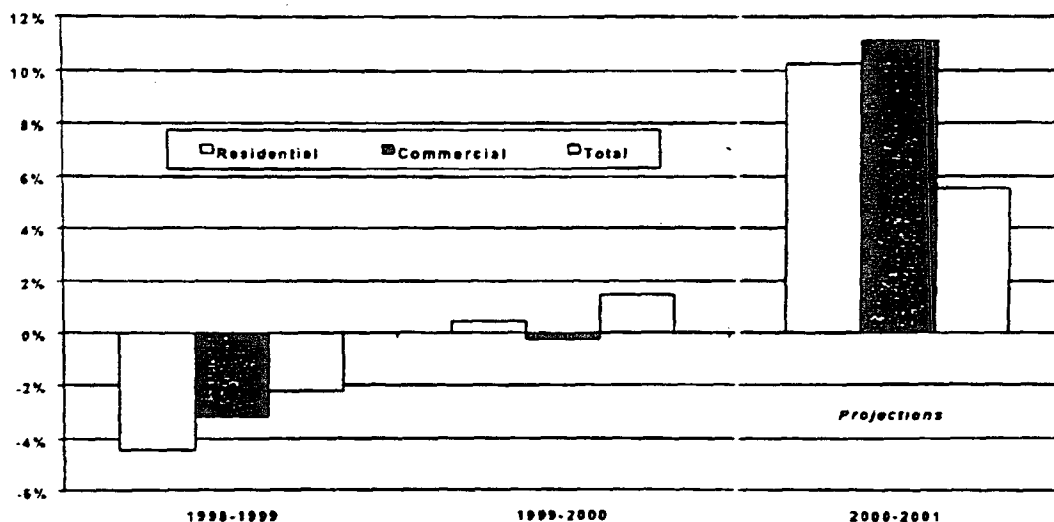
increases in per household gas consumption is expected to be relatively large. Also, since wellhead gas prices have been high most of the summer, substantial fuel cost adjustments for residential gas customers this winter are expected to be largely if not fully put in place by the nation's gas utilities. During the previous season, warmer-than-normal weather and lags in fuel cost adjustments mandated by regulations resulted in virtually no change in average expenditures for gas-heated households, compared to the 1998-99 winter heating season.

## Natural Gas

### Demand

Total natural gas demand is expected to average 71.2 billion cubic feet (bcf) per day, up 4.1 bcf per day (6.1 percent) over the level recorded last winter. Contributing to the growth in winter demand is an increase in gas space-heating customers (about 1 percent). The bulk of the winter-derived increase, however, stems from the assumption of normal weather. Milder weather last winter in the lower 48 states resulted in gas-weighted heating degree-days almost 12 percent warmer than normal, with several Midwestern areas recording weather as much as 18 percent warmer than normal. As a result, consumption this winter in residential and commercial markets is expected to average 21.0 and 12.5 bcf per day, respectively, up 10.5 percent and 10.6 percent from the previous winter's consumption (Figure WF1).

**Figure WF1. U.S. Winter Natural Gas Demand**  
(Year-to-Year Percent Change)



### Supply

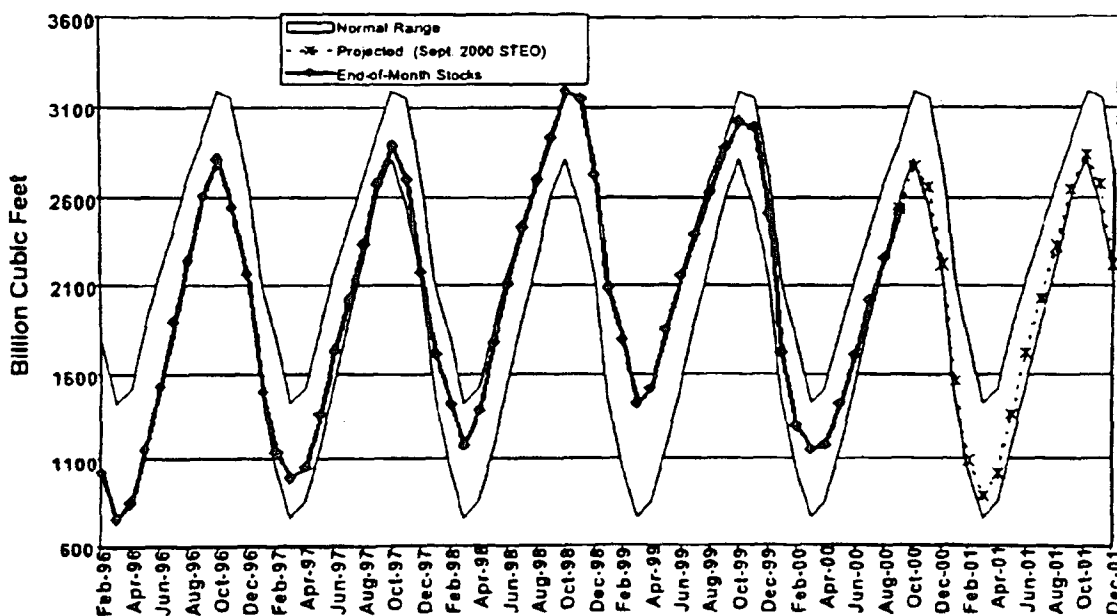
Domestic natural gas production is expected to average 51.8 bcf per day during the heating season, up slightly from the 50.7 bcf per day during the previous winter. Drilling

activity for both oil and gas had dropped sharply in 1999 in reaction to the 1998 decline in the price of oil and natural gas. The rig count in 1999 averaged 625 compared to the previous high of 943 in 1997. But exploration activity accounts have increased sharply in 2000 along with the rise in the price of crude oil and natural gas. By mid-September, the rig count reached 1012, with 816, or 80 percent, of the rigs dedicated to gas exploration. But because of the lead time needed for production to respond to exploration activity, increases in production are expected to provide little of the projected demand increase for this winter.

Storage plays a critical role in meeting increased winter demand. Working gas inventories at the beginning of the heating-season (October 1) are estimated at 2,530 bcf, 227 bcf below the 5-year (1995-1999) average of 2,757 bcf (Figure WF2). The region most dependent on inventories is the East Consuming region, which contains 56 percent of available capacity. It accounts for 1,610 bcf., 107 bcf below the 5-year regional average. The region is estimated to have filled almost 88 percent its active storage capacity. Stocks in the West Consuming region, which contains 15 percent of active capacity, are estimated at 300 bcf, which is 57 bcf below the 5-year regional average. That region is estimated to have filled 60 percent of its working gas storage capacity. The Producing region, estimated at 620 bcf, is 85 bcf below the 5-year average. Because storage activity in this region is oriented of production operations and summer power-generation requirements, it does not serve as a prime source to satisfy heating-season demand. Most storage facilities are expected to continue to add to stocks in October, which have averaged 160 bcf in the previous 5 years.

During this heating season, withdrawals are expected to be 9.2 bcf per day, slightly less than last year's average of 9.5 bcf per day. Due to a lower level of working gas at the beginning of this heating season, end-of-season stocks of working gas are projected to be 857 bcf compared to 1,150 last year. This would be the lowest level since the 750 bcf level reached in March, 1996.

Figure WF2. Working Gas in Storage



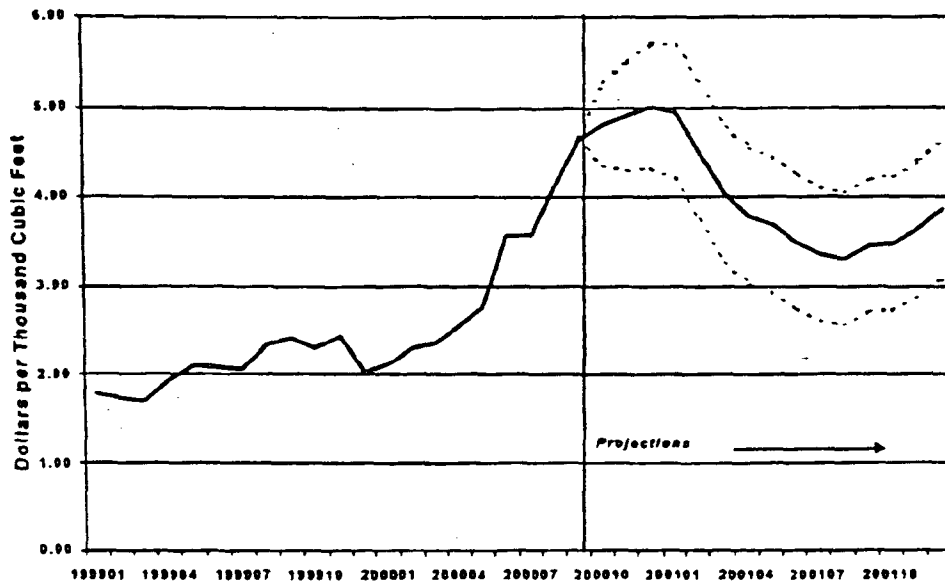
Natural gas net imports are expected to average 10.2 bcf per day, or 14 percent of demand, compared to last year's 9.6 bcf per day, or 12 percent of demand. During the winter months, net imports are about 10 percent higher than flows during the rest of the year and usually increase to full pipeline capacity. That capacity is scheduled to increase at the end of 2000 when the Alliance Pipeline will begin carrying gas from western Canada to the Midwest. Assuming that it will take several months before Alliance reaches its full capacity of 1.3 bcf per day, that pipeline may not fully contribute to advancing new gas supplies until the heating season is nearly over. Even if Alliance is near capacity at mid winter, it is likely that a substantial portion of the volumes contracted for delivery on the system will have been de-contracted from other systems, particularly TransCanada Pipeline System. Thus it is an important question as to just how significant Alliance will be with respect to net new supply from Canada.

### Prices

Average spot prices for natural gas are estimated to have averaged between \$4.90 and \$5.00 per thousand cubic feet (mcf) in September, nearly double the price from one year ago (Figure WF3). Average natural gas wellhead prices (which reflect some short and longer-term contract prices) are projected to post an average of \$4.48 per mcf this winter, also almost double the average recorded during the 1999-2000 season. Several factors account for this sharp increase, including: below-average stock levels resulting from lagging domestic production in the face of increasing demand from the strong U.S. economy (despite increases in drilling activity); increases in summer power-generation demand, which helped constrain inventory accumulations to half their normal rate; the influence of the rise in crude-oil prices on fuel switching and, hence, prices; and inventories of other winter fuels (notably heating oil) also being below average. It should be noted that mild winter weather as well as higher inventories depressed wellhead prices during the previous heating season, making the difference between the two years especially large.

Prices paid by residential consumers are also expected to move up sharply, averaging \$8.58 per mcf, up 29.5 percent from last winter's average of \$6.61. This is the largest percentage increase of the major space-heating fuels to the residential sector. Consumers could see higher or lower prices during the winter, depending on whether abnormally cold or warm conditions develop.

Figure WF3. Natural Gas Spot Prices: Base Case and 95% Confidence Interval



## Heating Oil

### Demand

The base-case winter distillate fuel requirement is projected to be 3.88 million barrels per day, 130,000 barrels per day, or 3.3 percent, above last winter. The expectation of normal winter weather in the Northeast, the principal region for heating oil, would bring about an 8 percent increase in heating degree-days in that region and a corresponding increase in heating oil demand. Meanwhile, adding to the overall expected increases in distillate demand, growth in transportation-related demand is expected to continue at a strong pace.

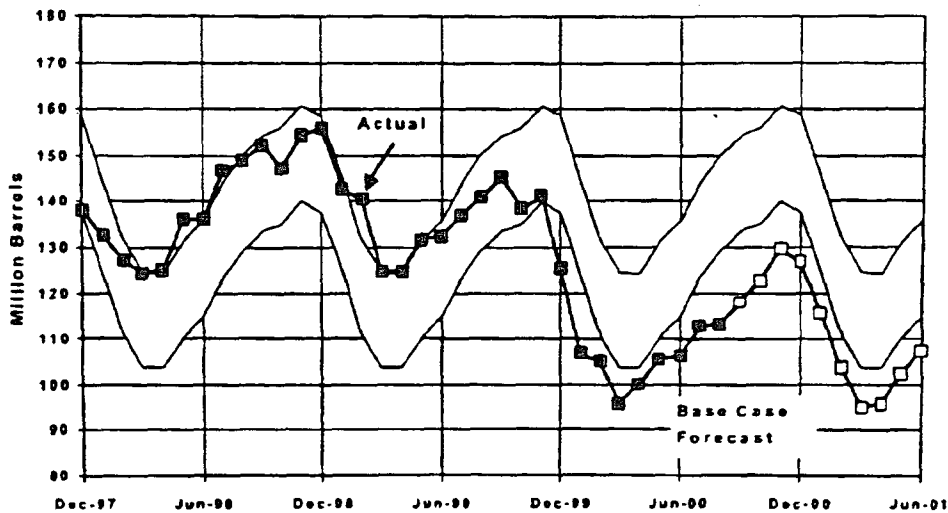
### Supply

The three sources of supply—domestic refinery production, net imports and primary stock withdrawals—should be adequate to meet the needs of a normal winter, assuming no extreme cold weather episodes or supply disruptions. As noted below, however, well above-normal spreads between distillate prices and crude oil costs are expected for the winter to help induce the necessary increment to supply to meet a normal or colder-than-normal winter in the United States. During this winter season, refinery production of distillate is projected to average 3.66 million barrels per day, up 270,000

barrels per day from the previous winter's production. That increase—more than twice that of total consumption—is expected to be brought about by three factors: 1) a 90,000 barrels-per-day increase in refinery capacity; 2) utilization rates averaging 91.8 percent compared to 89.2 percent last winter season (but still less than the 94.8 percent experienced during the 1997-98 winter season), and 3) an increase in average distillate yields to 23.7 percent from 22.9 percent last winter. Net imports are expected to average 110,000 barrels per day, or 2.8 percent of total winter requirements, slightly more than the 100,000 barrels-per-day average of the previous heating season. Maintaining this level of net imports is seen as achievable (in fact, much higher import levels have been seen in the past) but tight overall supplies elsewhere in the Atlantic Basin are likely to add to steep marginal acquisition costs.

Primary inventories of distillate at the beginning of this heating season are estimated at between 114 and 118 million barrels, down 15 percent to 18 percent from last year and below the normal range (Figure WF4). End-of-season (March 31) stocks are projected to be 95 million barrels, similar to the 96 million barrels per day available at the end of the previous heating season. That would be the lowest end-of-season stock level since the 89 million barrels recorded in March 1996. It should be noted that the projection excludes the newly created fuel oil reserve, projected to be 2 million barrels by early November. Not only are stock levels projected to be below the normal range for the entire winter season, but also the average stock withdrawal is therefore projected to be only 130,000 barrels-per-day—less than half that of the previous winter—due to the lower stock levels.

Figure WF4. U.S. Distillate Fuel Stocks



NOTE: Colored Band is Normal Stock Range

EIA estimates that average distillate stock levels this winter will be about 3 to 5 million barrels above where they would otherwise have been had the President not ordered a

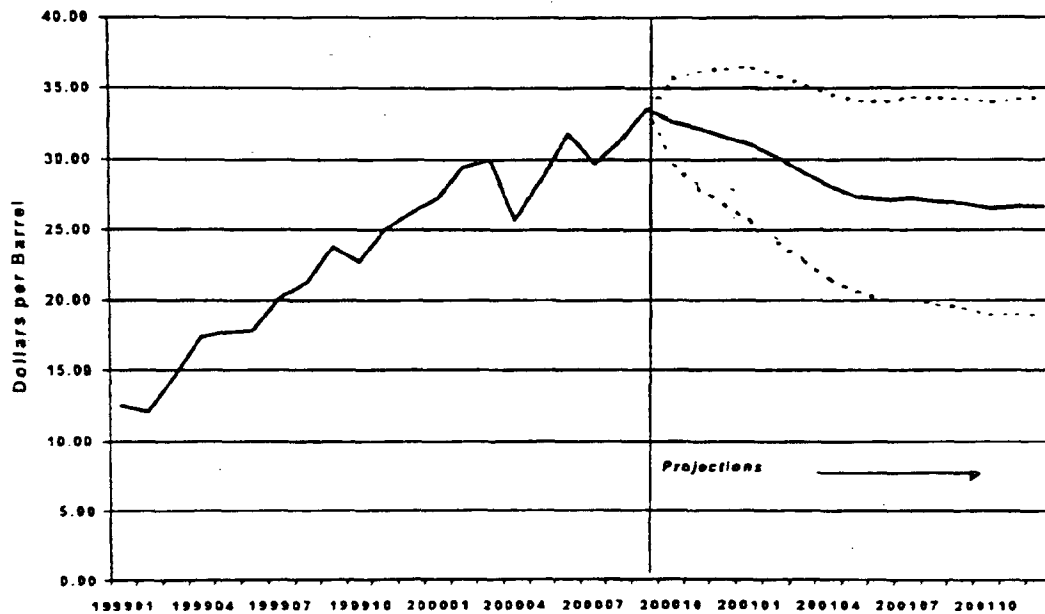


swap of 30 million barrels of oil from the Strategic Petroleum Reserve (SPR) this fall in exchange for future barrels (assumed here to be returned to the SPR during the second half of 2001). This assumes that the SPR release does not spur offsetting cutbacks from OPEC sources. The increment is small compared to total winter requirements but does improve the buffer against modest increases in demand above baseline levels and improves the likelihood that stocks will stay above the minimum levels seen in 1996 by season-end.

### Prices

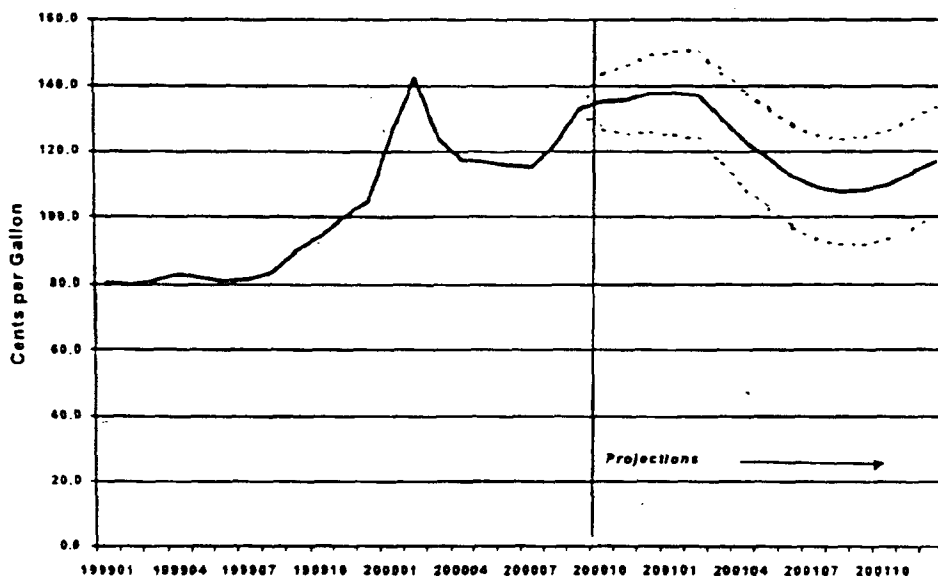
Crude oil costs to U.S. refineries are projected to average 65.2 cents per gallon (\$27.62 per barrel), about 10 cents higher than the previous winter's average of 59.3 cents per gallon (\$25.11 per barrel). But that projection is less than the peak of more than 80 cents per gallon observed last month. This projection partly reflects the recent decision to release 30 million barrels of crude oil from the Strategic Petroleum Reserve, and the assumption that OPEC increases production in accordance with recent annual quota revisions. Nevertheless, there remains much uncertainty about oil prices this winter, even with normal weather. In the case of very cold weather, we would expect crude oil prices to swing up toward the high end of the uncertainty band depicted in Figure WF5.

**Figure WF5. WTI Crude Oil Price: Base Case and 95% Confidence Interval**



The combination of substantial rises in crude oil prices, lower inventories, and increased distillate demand is expected to result in higher and more volatile heating oil prices this winter. Residential heating oil prices are projected to average \$1.37 per gallon this winter, compared to an average of \$1.18 last winter (Figure WF6). But only 6 cents of that increase stems from crude oil costs. The remaining increase is related to increased refinery and distribution costs resulting from increased demand under anticipated supply constraints. This contrasts with last winter season's price behavior. The 33 cents-per-gallon rise in crude oil prices at that time accounted for almost all of the increase in wholesale and retail residential heating oil prices—38 cents and 36 cents per gallon, respectively. During that winter, demand, refinery utilization rates and distillate yields were depressed by warmer-than-normal weather, though we did experience a price runup in late January/early February in conjunction with a sharp cold spell.

**Figure WF6. Residential Heating Oil Prices: Base Case and 95% Confidence Interval**



## Propane

### Demand

U.S. demand for propane averaged 1.42 million barrels per day during the 1999-2000 winter heating season, more than 5 percent above the previous year's heating season. Strong petrochemical feedstock demand more than offset the impact of a warm winter. Although the U.S. economy remains fairly strong, available data indicate that year-to-

date petrochemical feedstock demand has declined by 12 percent, reflecting a price-induced shift towards other petrochemical feedstocks and a slowdown in chemicals industry growth from last year's rapid pace. As a result, average year-to-date propane demand has averaged 1.20 million barrels per day, down more than 2 percent from the same period last year.

Propane demand for the remainder of 2000 is expected to be less than during the same period last year. But crop-drying demand this year could be higher than expected. The U.S. Department of Agriculture (USDA) is forecasting a record corn crop ever at nearly 10.4 billion bushels. If the moisture content of the corn is high, the impact of below-normal inventories in the Midwest could bring about some market volatility during the fourth quarter 2000, especially if the weather turns out to be colder than normal, pending the arrival of propane from other areas of the U.S.

Demand for the upcoming winter season is projected to average 1.42 million barrels per day, about level with that of the previous winter. Increases in space-heating demand brought about by a normal winter are largely offset by the projected declines in petrochemical demand brought about by both seasonal and price factors.

### Supply

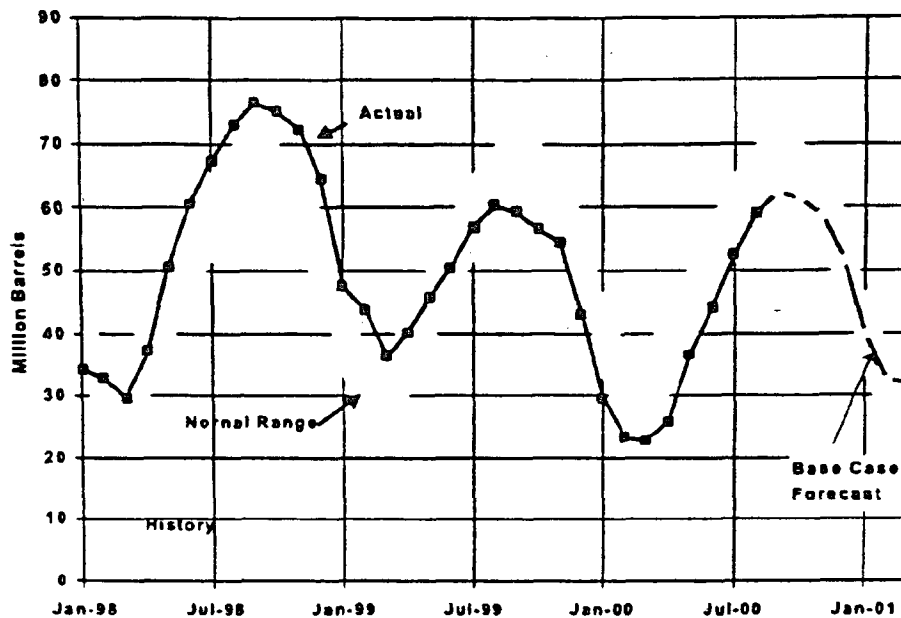
On the basis of current inventory levels and projected supply and demand, the expectation for the 2000-2001 winter heating season is for adequate propane supplies with higher prices, assuming normal weather and the absence of any major supply disruptions.

Domestic propane production is the most important source of supply, accounting for about 80 percent of requirements during the heating season. For the first half of the year, propane production averaged 1.15 million barrels per day, up nearly 8 percent from the comparable period last year. Refineries, which accounted for most of the annual growth in propane production due to high refinery runs from strong gasoline production, are expected to remain the primary source during the winter season, assuming continued strong growth in the U.S. economy. In addition, high propane prices have provided incentive for gas processors to extract larger quantities of propane compared to last year.

Primary propane inventory withdrawals provide the second largest source of propane during the winter season. Despite last winter's mild weather, U.S. propane inventories fell to 22.7 million barrels by the end of the heating season, 13.7 million barrels below that of the 1998-99 season. This caused concern among industry observers because of the overwhelming need to rebuild inventories to adequate levels by the start of the next heating season. However, last summer's strong stock build pushed inventories to an estimated 62.5 million barrels as of September 30, 2000, slightly above last year's levels. As a result, propane inventories are well within the normal range at the start of the heating season (Figure WF7). Under the base-case scenario, inventories are projected to gradually decline, reaching a level of 32.2 million barrels by the end of March 2001, or

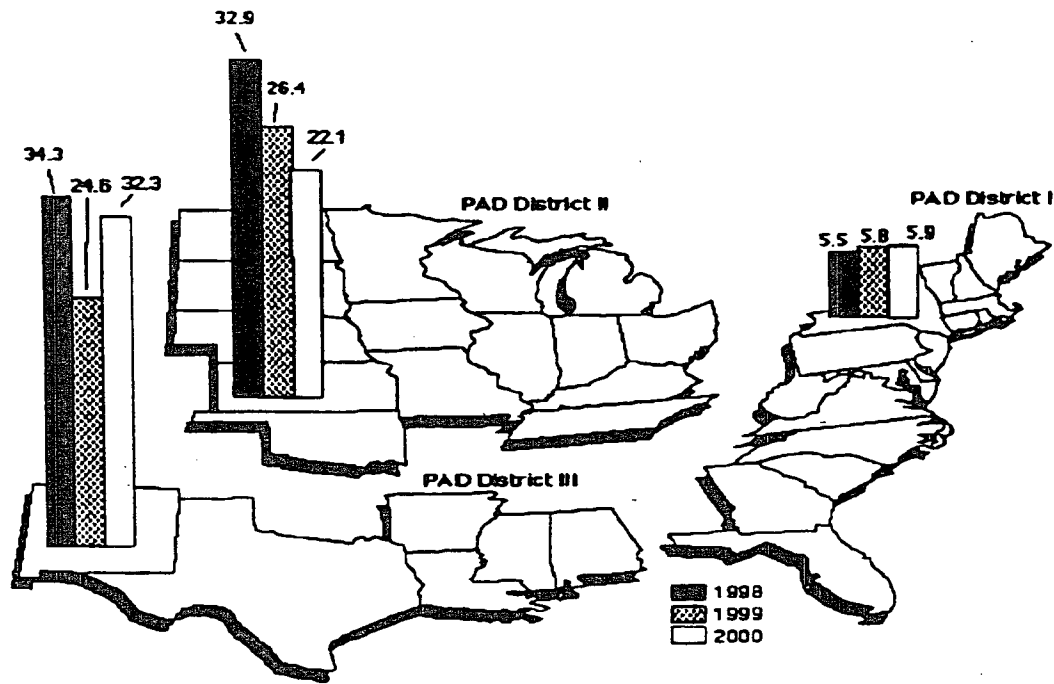
4.2 million barrels higher than last year. Propane is the only major fuel whose end-of-season inventories are projected to be higher than those of the previous season.

Figure WF7. U.S. Propane Stocks



Regional inventories remain mixed (Figure WF8). As of the beginning of the heating season, East Coast and Gulf Coast inventories were at the upper limit of their respective normal ranges, while inventories in the Midwest region continued to track substantially below the normal range. Below-normal inventories in the Midwest region may be cause for some concern due not only to the high concentration of heating demand in the region and but also the potential for larger-than-expected crop-drying demand.

Figure WF8. U.S. Propane Inventories by PAD District (as of September 30)(million barrels)



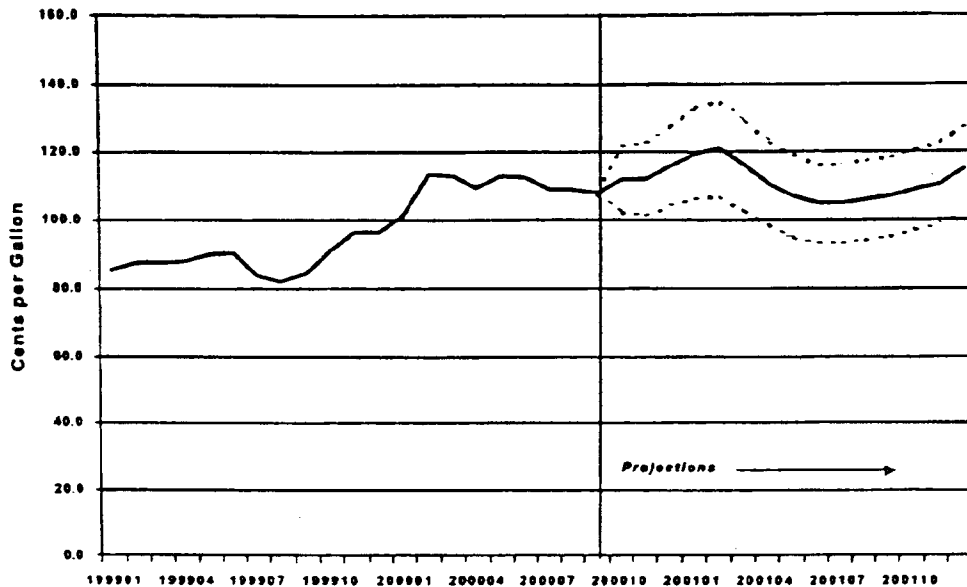
While small in volume, imports provide a crucial source of supply during periods when demand exceeds the available supplies from production and inventories. Propane imports are running slightly above this year compared with last year. Available data for this year indicate that propane imports averaged 125,000 barrels per day, up slightly from 118,000 barrels per day last year. However, the most dramatic shift in imports this year compared with last year was the drop in waterborne imports due to increased world demand for propane coupled with unfavorable economics of importing that product into the U.S. Gulf Coast. However, increases in Canadian imports have more than offset the decline in waterborne imports.

### Prices

The primary determinant of spot propane prices, as with most commodities, is the supply/demand balance, which can vary by region. These prices are also influenced by crude oil prices, natural gas prices, the prices of alternative petrochemical feedstocks, and intangible factors such as uncertainty about future supply/demand balances. Despite a strong stock build during the spring and summer months, spot propane prices increased significantly in response to the rise in crude oil prices and anticipated demand. Despite last winter's mild weather, propane inventories continued to track slightly below the normal range for most of the heating season, causing both wholesale and residential propane prices to remain relatively high.

For the upcoming winter season, propane prices are therefore expected to be substantially higher compared with last year. Under the base-case scenario, residential prices are expected to average \$1.16 per gallon compared to \$1.02 last winter (Figure WF9).

**Figure WF9. Residential Propane Prices: Base Case and 95% Confidence Interval**



### Extreme Weather Cases

In addition to the normal uncertainty surrounding the expected outcomes for key fuel volumes and prices, inferred from the inherent uncertainty of primary determinants (weather and economic growth for examples) as well as the basic stochastic nature of estimating relationships, we have considered demand and price responses under extreme (cold or warm) weather conditions. We have focused on the likely consequences of overall deviations (higher or lower) of 10 percent from normal weather, measured in terms of aggregate heating degree-days.

Based on winter season (October–March) heating degree-days over the period 1975 to 2000, we estimate that the probability of experiencing a winter in which overall degree-days (i.e. total heating degree-days over the winter) are either 10 percent above or below normal ranges is between 5 and 6 percent. But the distribution of the incremental degree-days can be far from even. To simplify the analysis, however, we assume that the 10-percent deviations in either direction are proportionally distributed over the winter based on the “normal” heating degree-day pattern. We did not

investigate how this added assumption affects the probabilities associated with the event, but a more typical pattern is admittedly one that is at least somewhat uneven.

Table WF02. U.S. Winter Fuels Outlook: Base Case

	History			Base Case					
	1999-2000			2000-2001			Percent Changed		
	Q4	Q1	Winter	Q4	Q1	Winter	Q4	Q1	Winter
<b>Demand/Supply</b>									
<b>Distillate Fuel (mill. barrels per day)</b>									
Total Demand .....	3.75	3.75	3.75	3.78	3.97	3.88	0.8%	5.9%	3.3%
Refinery Output .....	3.50	3.27	3.39	3.80	3.51	3.66	8.5%	7.3%	7.9%
Net Stock Withdrawal .....	0.22	0.32	0.27	-0.10	0.35	0.13	-144.3%	9.4%	-53.0%
Net Imports .....	0.03	0.16	0.10	0.10	0.11	0.11	221.5%	-29.3%	11.3%
Refinery Utilization (percent) .....	91.1%	87.3%	89.2%	93.1%	90.5%	91.8%			
<b>Natural Gas (bill. cubic feet per day)</b>									
Total Demand .....	58.67	75.53	67.06	62.34	80.17	71.16	6.3%	6.1%	6.1%
Production .....	50.79	50.53	50.66	51.29	52.39	51.84	1.0%	3.7%	2.3%
Net Stock Withdrawal .....	4.08	14.93	9.48	3.60	14.91	9.19	-11.7%	-0.1%	-3.0%
Net Imports .....	9.55	9.59	9.57	9.97	10.51	10.23	4.3%	9.5%	6.9%
<b>Propane (mill. barrels per day)</b>									
Total Demand .....	1.42	1.43	1.42	1.38	1.47	1.42	-2.8%	2.8%	0.0%
Net Stock Withdrawal .....	0.18	0.22	0.20	0.12	0.22	0.17	-34.8%	-2.5%	-17.1%
<b>Stocks (ending period)</b>									
Distillate Fuel (MMB) - Beg. <sup>a</sup> .....	145	125	145	118	127	118	-18.7%	1.2%	-18.7%
- End. <sup>a</sup> .....	125	96	96	127	95	95	1.2%	-0.9%	-0.9%
Working Gas (BCF) - Beg. <sup>b</sup> .....	2884	2509	2884	2530	2199	2530	-12.3%	-12.4%	-12.3%
- End. <sup>b</sup> .....	2509	1150	1150	2199	857	857	-12.4%	-25.5%	-25.5%
Propane (MMB) - Beg. <sup>a</sup> .....	59.4	43.0	59.4	62.5	51.8	62.5	5.1%	20.4%	5.1%
- End. <sup>a</sup> .....	43.0	22.7	22.7	51.8	32.2	32.2	20.4%	41.8%	41.8%
<b>Prices</b>									
Imported Crude Oil (c/g) <sup>c</sup> .....	54.8	63.9	59.3	67.3	63.1	65.2	22.8%	-1.3%	10.0%
Retail Heating Oil (c/g) .....	101.3	130.5	118.1	137.8	135.9	136.7	36.0%	4.1%	15.8%
Wellhead Gas (\$/mcf) .....	2.26	2.26	2.26	4.57	4.39	4.48	102.6%	94.5%	98.5%
Resid. Gas (\$/mcf) .....	6.85	6.48	6.61	8.61	8.54	8.56	25.8%	31.7%	29.5%
Resid. Propane (c/g) .....	94.7	108.7	101.7	113.4	119.0	116.3	19.7%	9.5%	14.4%
<b>Market Indicators</b>									
Manuf. Output (index, 1996=1.0) .....	1.195	1.216	1.206	1.274	1.284	1.279	6.6%	5.6%	6.1%
Northeast HDDs per day .....	20.6	30.7	25.6	22.4	33.0	27.7	9.1%	7.6%	8.1%
Gas-Weighted HDDs per day .....	16.5	23.2	19.9	18.6	26.2	22.4	12.6%	12.5%	12.5%

<sup>a</sup>mmb = million barrels.

<sup>b</sup>bcf = billion cubic feet.

<sup>c</sup>Refiner acquisition cost (RAC) of imported crude oil.

\*Percent changes have been adjusted for leap-year effects.

Notes: Minor discrepancies with other EIA published historical data are due to rounding. Historical data are printed in bold; forecasts are in italic. The forecasts were generated by simulation of the Short-Term Integrated Forecasting System. Sources: Historical data: Energy Information Administration, *Petroleum Supply Monthly*, DOE/EIA-0109; *Monthly Energy Review*, DOE/EIA-0035. Macroeconomic projections are based on DRI/McGraw-Hill Forecast CONTROL0900.

Over the last 25 years, only 3 winters even exhibited weather patterns that have led to all months deviating from normal in the *same direction* (1981-1982, 1990-1991, and 1999-2000). All of these winters were warmer than normal, the most significant overall deviation having been recorded last winter (10.7 percent warmer than normal). On the other hand, 2 winters in the last 25 were more than 10 percent colder than normal (1976-1977 and 1977-1978). Interestingly, the coldest winter relative to normal since then was the 1978-1979 winter, when heating degree-days exceeded normal by 8.2 percent. Let one conclude that we have inadvertently overstated the probabilities here in view of the apparent concentration of colder periods in the early part of the sample period, we have made adjustments for warming trends that have been identified in mean temperatures by season in the United States. The difference in mean winter degree-day deviations from normal between the first half of the sample period and the second half of the sample period is not statistically significant.

This winter, with low heating oil stocks and relatively low natural gas in storage at the beginning of the season, we see an enhanced risk of significant upward price shocks under a scenario in which heating degree-days are 10 percent colder than normal. For propane, which starts the season with inventory levels near normal nationally (albeit still somewhat below normal in the Midwest region) the upward price risk is present but not as significant as the other heating fuels. We characterize the potential price variance for heating fuels under extreme weather conditions as asymmetrical between upward and downward risk, with a significantly higher absolute price response likely under extreme cold weather than under extremely warm conditions. The key results, which are expressed in percent changes, are summarized below in Table WF03:

**Table WF03. Severe Weather Scenarios: Percent Deviations from Base Case**

	10% Colder	10% Warmer
<b>Natural Gas</b>		
Demand	2.6%	-3.8%
Residential Price	10.5%	-4.6%
<b>Distillate Fuel Oil</b>		
Demand	1.8%	-2.6%
Residential Price	30.0%	-15.4%
<b>Propane</b>		
Demand	2.6%	-2.8%
Residential Price	5.5%	-3.5%



Because propane supply appears to be adequate to satisfy demand without any obvious difficulty under most circumstances likely to arise this winter, we do not expect particularly large swings in propane prices relative to the base case this winter if weather is substantially colder or warmer than normal.

For natural gas and heating oil (or distillate fuel generally), a winter scenario this year which includes the assumption that weather is 10% colder than normal is likely to generate particularly strong upward price movements. Starting from relatively tight supply conditions in these markets, the ultimate volumetric supply response to such a demand shock would be expected to be small and the change in the market clearing price relatively large. We estimate that the potential ranges of price increases would extend to 30 percent higher residential heating oil prices and 10 percent higher residential gas prices above the base case under the colder-than-normal scenario. For the winter period itself, these constitute the outside ranges of cold weather-induced price shocks in our view.

In a 10 percent warmer-than-normal scenario, more of a volume response is possible on the supply side (i.e. refinery runs can be cut, spot purchases reduced) and market clearing can occur with smaller absolute price changes. In the warm weather case, we would expect key heating fuel prices to residential consumers to range 4 percent to 15 percent below base case levels, with the strongest relative price reaction to be evident in the Northeast heating oil market.

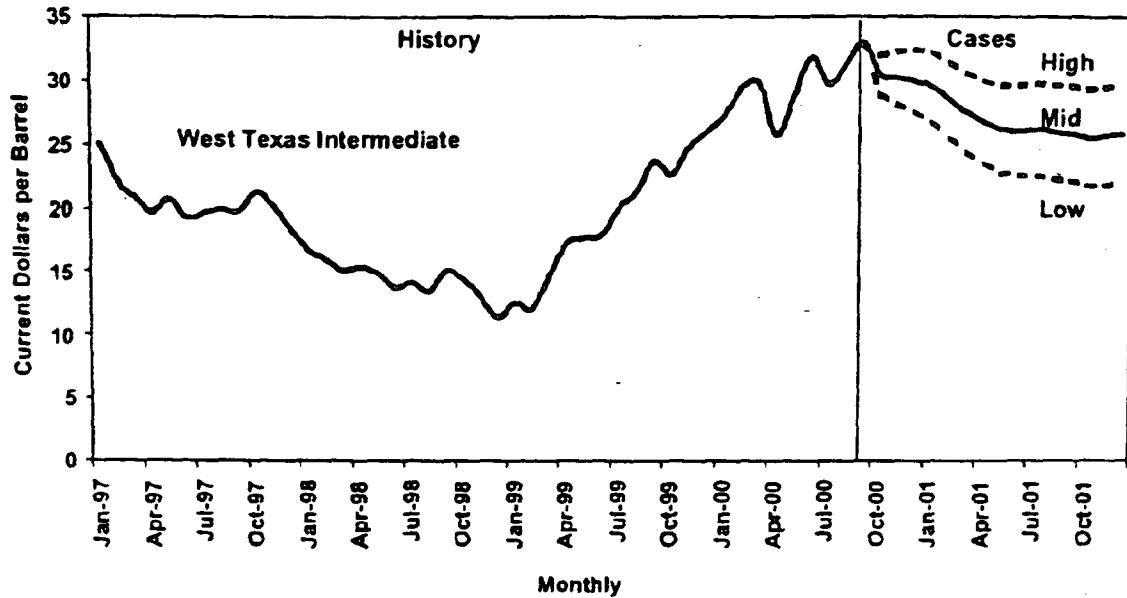
# The Outlook

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# Outlook Assumptions

Figure 1. U.S. Monthly Crude Oil Prices

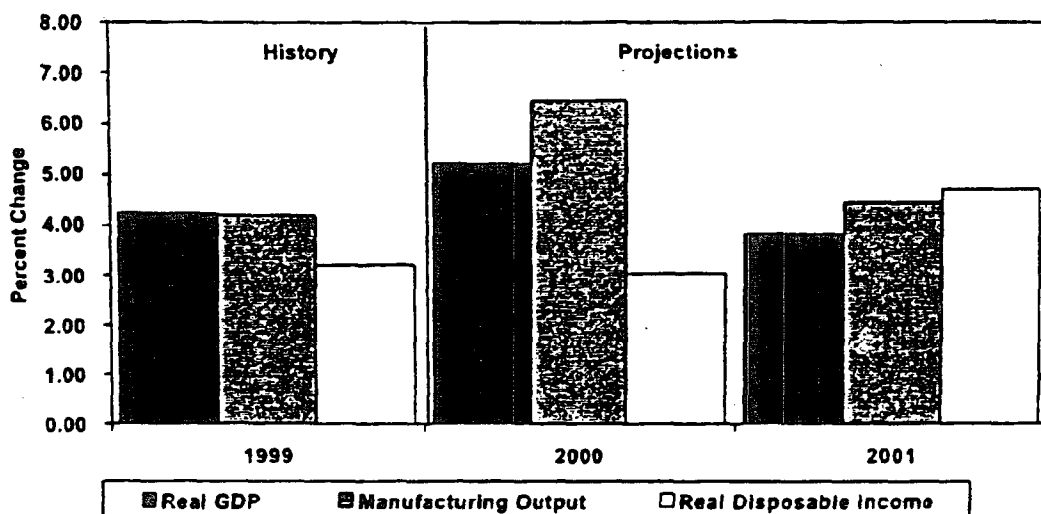


## World Oil Prices

The monthly average oil price for West Texas Intermediate (WTI) crude oil rose in September to an estimated \$33.88 per barrel. This marks the highest monthly average nominal oil price level in the decade since the Gulf War (Figure 1). During September, the WTI crude oil price rose sharply to above \$37 per barrel as near term supply indicators, including U.S. crude oil stock data, continued to indicate tight supplies. On September 22, U.S. Energy Secretary Bill Richardson announced the decision by President Clinton to release 30 million barrels of crude oil from the Strategic Petroleum Reserve with the objective of helping to alleviate the low U.S. crude inventory situation and to encourage incremental production of heating oil for use in the undersupplied Northeast market. We estimate that, in reaction to the announcement, spot WTI prices fell by about \$3 per barrel, serving to flatten somewhat a sharply backwardated forward crude price curve.

EIA estimates of world oil supply and demand suggest that the monthly WTI price will remain at or above \$30 per barrel for the remainder of the year. Prices are then expected to gradually decline in 2001 and average near \$27 per barrel, about \$3.00 below the annual average for 2000. This 2001 price projection is roughly the same as in the September Outlook projection.

**Figure 2. U.S. Macroeconomic Indicators**  
(Percent Change from Year Ago)



### Economic Outlook

In 2000 and in 2001, GDP is expected to continue to grow at the rates of 5.2 percent and 3.8 percent respectively, compared with 4.2 percent growth in 1999. Personal disposable income is assumed to be up by about 3.0 percent in 2000 and by 4.7 percent in 2001, compared with the 1999 rate of growth of 3.2 percent (Figure 2 and Table 1).

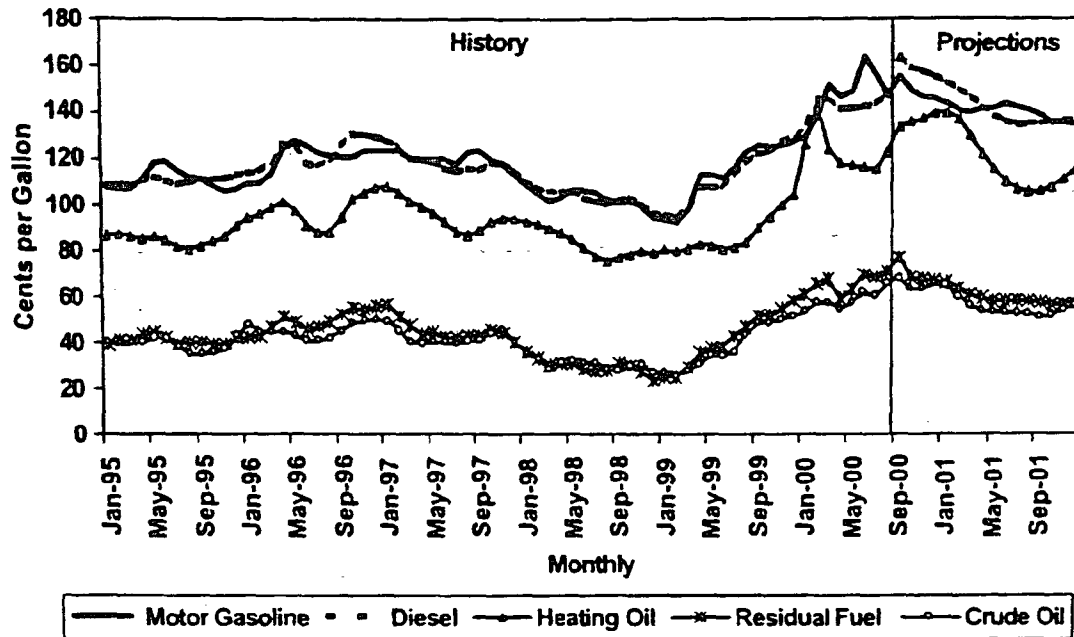
Inflation (consumer price index: see Table 2) is expected to show some acceleration this year. Consumer price inflation is expected to be 3.3 percent in 2000, up from the 2.2 percent seen in 1999. However, consumer price increases are expected to ease somewhat to about 2.0 percent in 2001. Manufacturing production is expected to grow by 6.5 percent in 2000 compared with 4.2 percent growth in 1999 (Table 1). In 2001, manufacturing production is assumed to increase by an additional 4.2 percent.

### Weather Assumptions

Weather patterns (expressed as heating and cooling degree-days in Table 1) are assumed to be normal during the remainder of 2000 and in 2001 in our base case projections. This would imply that, for this winter, heating degree-days would be about 12 percent above last winter.

# U. S. Energy Prices

Figure 3. Petroleum Product Prices



Average crude oil prices for this winter are likely to be about \$2.50 per barrel higher than the crude price during the same period a year ago. These higher crude oil prices mean higher petroleum product prices, with winter year-to-year gains averaging 10-20 cents per gallon (Figure 3 and Table 4). In 2001, though, crude oil prices are projected to fall, meaning lower petroleum product prices.

**Distillate Fuel (Heating Oil and Diesel Fuel):** Spot prices for distillate fuel oil climbed steadily from late July through the middle of September, gaining about 30 cents per gallon over that period. Recently, spot prices slid back by about 8-10 cents per gallon with the anticipation and then the announcement of the limited exchange of oil from the Strategic Petroleum Reserve (SPR), scheduled for late October and November. Currently, however, distillate stocks, particularly those in the Northeast, where 75 percent of the nation's heating oil is consumed, remain at very depressed levels (Figure 3). These low stocks levels increase the potential for high price volatility for distillate spot prices this fall and winter. In late January and early February of last year, very cold weather in the Northeast in combination with notably low stocks of distillate fuel, sent spot prices soaring by nearly \$1.00 per gallon in a period of less than 3 days. Heating

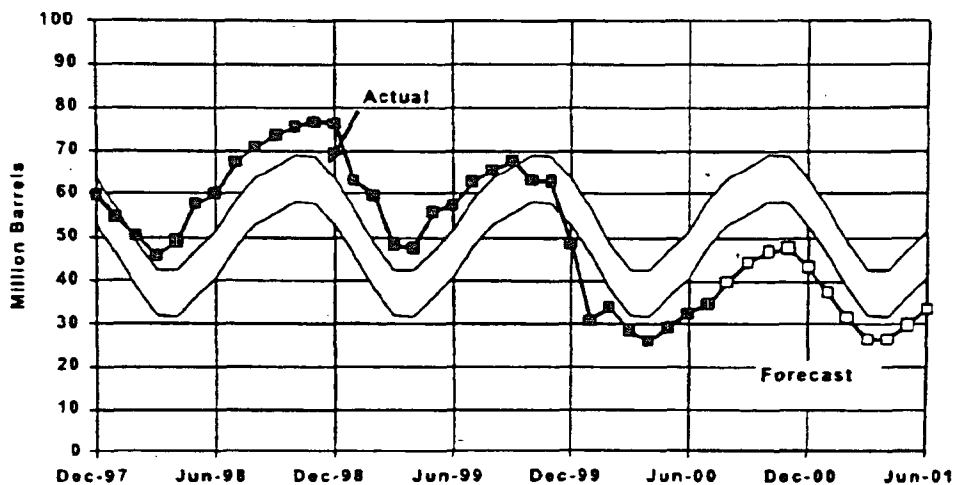
oil and diesel fuel prices averaged more than \$2.00 per gallon for a time in New England and other areas in the Northeast.

As we have been stating in the last several *Outlooks*, a risk exists for price spikes of distillate fuels similar to last February unless inventories of distillate fuels are built to sufficient levels by the end of the year. The additional petroleum supply from the SPR is expected to marginally improve this situation somewhat.

For the U.S., distillate stocks are currently about 25 million barrels or 21 percent below the middle of the distillate stock range.

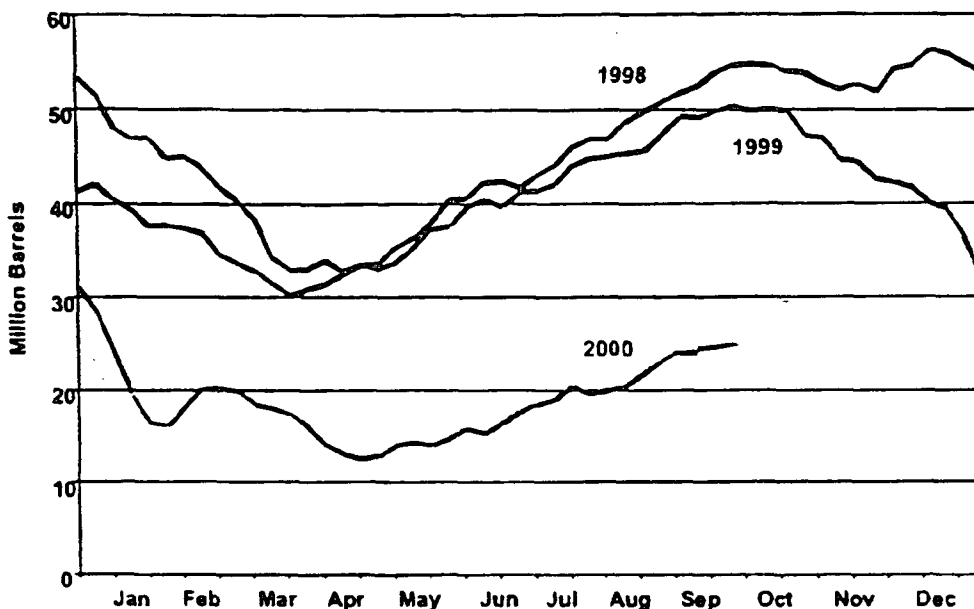
East Coast distillate stocks are about 25 percent below the average range (Figure 4). East Coast heating oil stocks are approximately half of what they were one year ago. (Figure 5). While it is true that EIA's definition of the average range for petroleum product stocks is based on only 3 years of monthly data (January 1997- December 1999) and that the end-of-September distillate stock levels for those years were relatively high by longer historical standards, it remains true that, by historical standards, the day's supply of distillate fuel is currently quite low and will be closely monitored over the next few months.

Figure 4. East Coast Distillate Stocks



NOTE: Colored Band is Normal Stock Range

Figure 5. Weekly East Coast Heating Oil Stocks



We are projecting that distillate inventories will increase through November and by the middle of the winter, but the levels will be tight even though the additional supply from the SPR oil exchange should raise these levels somewhat (about 3-5 million barrels). Still, there will not be much of a buffer in these projected stock levels, especially if the winter in the Northeast is unusually cold. Unless the winter in the Northeast is unusually mild and/or world crude oil prices collapse, we believe that substantial year-on-year price increases for heating oil and diesel fuel on the East Coast are unavoidable.

Assuming normal heating demand with tight stocks and somewhat higher crude oil prices, we expect that in the winter, residential heating oil price are projected to average \$1.37 per gallon or about 19 cents more per gallon compared to the same period last year (Table 4). Diesel prices, which are tied to heating oil prices in the winter (particularly in the Northeast), are projected to experience similar year-on-year gains.

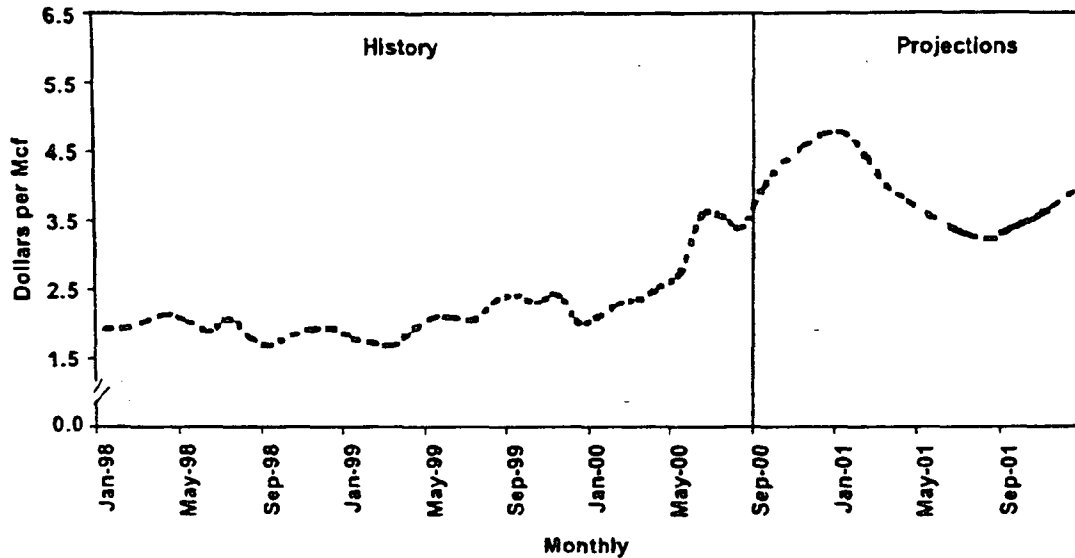
**Motor Gasoline.** Motor gasoline prices have traveled a rocky road this past driving season. Pump prices rose by more than 20 cents per gallon from January to March, then, counter-cyclically, backed down a bit in April and May. In June regional supply problems and high crude oil prices sent the average retail price soaring. Regular unleaded, self-service retail motor gasoline prices hit their

highest monthly level ever, *in nominal terms*, averaging \$1.63 per gallon in June. Still, in *real terms* (adjusted for inflation) that price was about 40 percent lower than the price experienced in March 1981. Prices at the pump eased once more in July and August, but began climbing again in September in response to higher crude oil prices. Recently both crude oil prices and spot prices for motor gasoline have been easing, as have pump prices for gasoline. We expect the regular unleaded retail gasoline price to average about \$1.46 in December, about 19 cents more than the December 1999 price, and about \$1.45 per gallon next summer, about 11 cents less than this past summer's price.

**Natural Gas.** Since June, spot wellhead prices have consistently been averaging over \$4.00 per thousand cubic feet (mcf). In fact, during the entire last half of September, spot prices for gas have hovered over the \$5.00 per mcf. Although the spot price for natural gas has exceeded these levels in the past for short periods of time, they have not remained at these levels over such a sustained period of time. Current wellhead prices are nearly double the price from one year ago (Figure 6). Although rising crude oil prices have encouraged natural gas prices to grow, the principal explanation for these high (and sustained) gas prices has been the strained supply situation. In sum, the injection rate for gas into storage continues to be too small to assure the market of sufficient supplies for next winter's heating season. Underground working gas storage levels are currently about 12 percent below year-ago levels, which is about 9 percent below the 1995-1999 average. It should be noted that, with summer over, gas injection rates have been picking up and are likely to improve relative to normal rates. However, unless injections pick up sharply, the availability of natural gas for next winter may be constrained for some classes of customers, particularly if the winter is very cold. This assessment is reflected in the high spot and near futures prices that have been evident over the last four months. Hot summer weather in portions of the country, particularly Texas and California, which consume large amounts of gas for electricity generation, drew gas away from storage injections. Natural gas that would normally be added to storage has, to some extent, been used (indirectly through electric utilities) to run air conditioners.



Figure 6. Natural Gas Wellhead Price



Overall, demand for natural gas has been gaining due to the growing economy over the last eight years and due to the increasing use of gas generation at power facilities. While natural gas imports have generally been rising significantly in recent years, the United States may be running into some short-term supply constraints. Several years of relatively low prices have slowed down exploration and drilling for new sources of supply. Recent higher prices have caused exploration and drilling to rebound, but additional supplies are not likely to expand production in any significant way before the heating season ends.

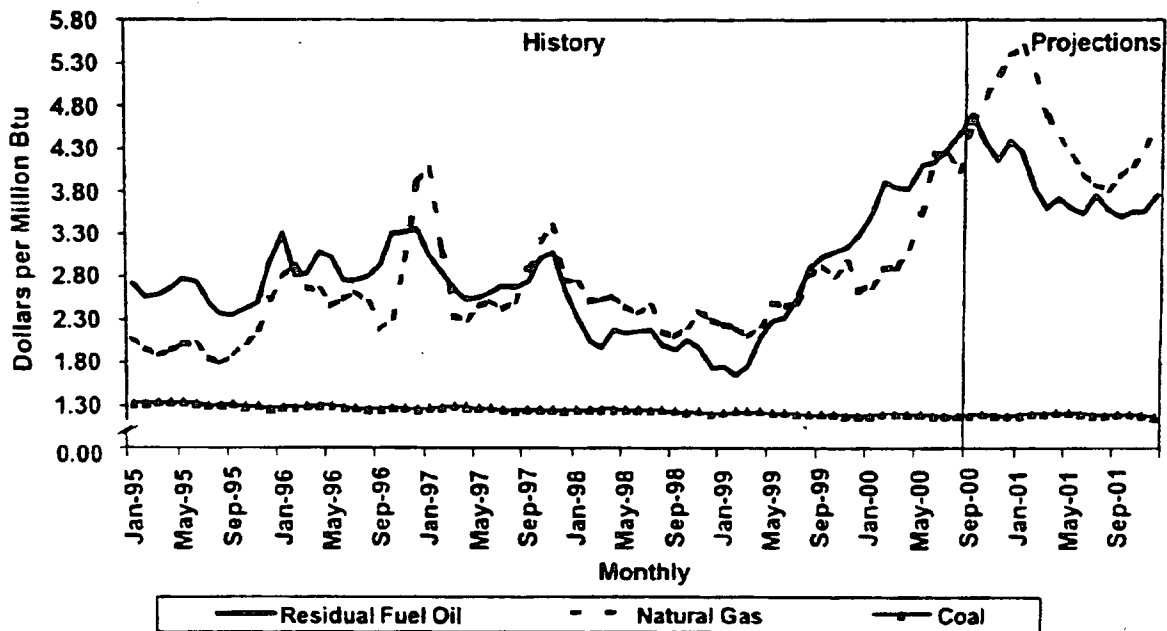
Natural gas prices at the wellhead are projected to almost double this winter (October-March) compared to last winter. Naturally, higher end-use prices will result from higher projected wellhead prices. If our base case projections hold, residential customers will be paying prices for natural gas that are nearly 30 percent higher than last winter.

This year the average wellhead price for natural gas is projected to average almost \$3.40 per thousand cubic feet (Table 4). In nominal terms, this projected price would be the highest annual wellhead price on record; in real (inflation-adjusted) terms this projected price represents the highest annual average price since 1985.

Our base case projections assume normal weather for the remainder of the forecast period. On the other hand, there is a downside risk to any high priced commodity. Mild weather occurring over lengthy periods of time in the gas consuming regions of the Nation could scuttle these projected price increases. Next year, we are projecting higher prices in the first half of the year compared to the previous year, but lower prices for the second half of the year.

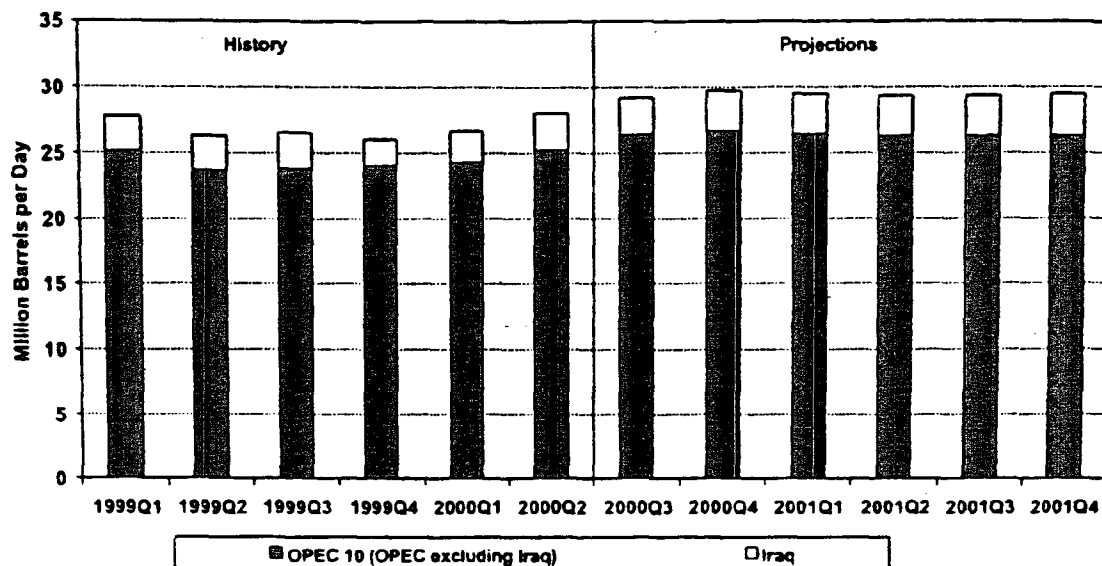
**Electric Utility Fuels.** Natural gas for power generation is estimated to have yielded its apparent average price advantage over residual fuel oil by the end of the summer. The heavy oil is also projected to be the cheaper of the two fuels throughout the year 2001 (Figure 7).

**Figure 7. Fossil Fuel Prices to Electric Utilities**



## International Oil Supply

Figure 8. OPEC Crude Oil Production 1999-2001



Saudi Arabia announced on July 3 that it wanted to bring the OPEC basket price down to \$25 per barrel, and that crude oil supplies would be increased by an additional 500,000 bbl/d above the July 1 quotas if crude oil prices remained high. Although this announcement caused some contention within OPEC, the OPEC 10 (Organization of Petroleum Exporting Countries excluding Iraq) countries agreed that additional oil production was needed to moderate world oil prices, and on September 10, OPEC 10 member countries agreed to increase their production quotas by an additional 800,000 barrels per day effective October 1.

Saudi Arabia apparently did not wait until October to increase its oil production. EIA estimates that the OPEC 10 countries produced about a million barrels per day above their third quarter quotas, with most of the excess coming from Saudi Arabia. After the latest round of quota adjustments, only Saudi Arabia and the United Arab Emirates are believed to have significant capacity to expand production during the fourth quarter. The forecast assumes that OPEC 10 production in the fourth quarter of 2000 will be 0.3 million barrels per day higher than in the previous quarter, with the increase coming primarily from Saudi Arabia. EIA's projection does not assume further increases in OPEC 10 production in 2001, and assumes that Saudi Arabian production will decline

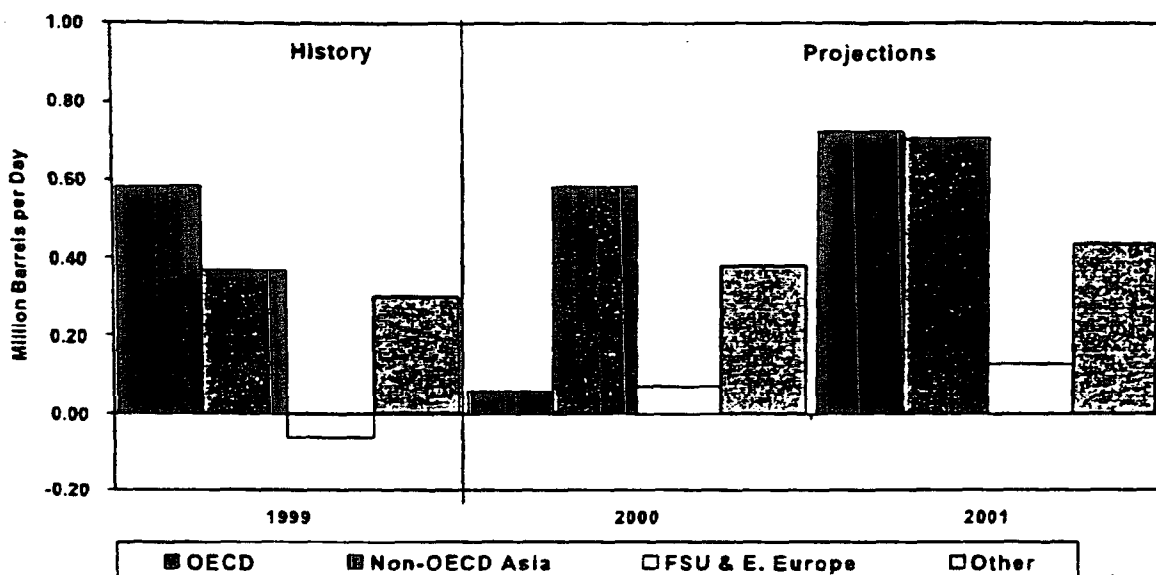
from its projected fourth quarter level of 9.3 million barrels per day during the first half of 2001 (Figure 8).

Iraqi crude oil production is estimated to have increased from 2.3 million barrels per day in the first quarter to 2.8 million barrels per day in the third quarter of 2000. Although Iraqi production fell during June-July as a result of logistical and marketing problems, Iraqi oil production is projected to increase to 3.0 million barrels per day through the remainder of the year, and increase to 3.2 million barrels per day by end-2001. These EIA projections of Iraqi crude oil production are assumptions that do not reflect any official U.S. Government view, and are less than Iraq's own estimate that production could reach as high as 3.5 million barrels per day in 2001.

Non-OPEC production is expected to increase by 1.2 million barrels per day in 2000 and by another 0.7 million barrels per day in 2001, particularly from the former Soviet Union, with smaller increases from other regions (Table 3). Oil production from the former Soviet Union has risen as Russian production has recovered, and further increases are expected at end-2001 with the opening of the Caspian Pipeline Consortium (CPC) pipeline to transport oil from Kazakhstan to world oil markets. No further increases are expected in the North Sea in 2001 as declines in maturing fields outstrip begin to outstrip production from new fields coming online, particularly in the U.K. sector of the North Sea.

## International Oil Demand

Figure 9. Annual World Oil Demand  
(Changes from Previous Year)

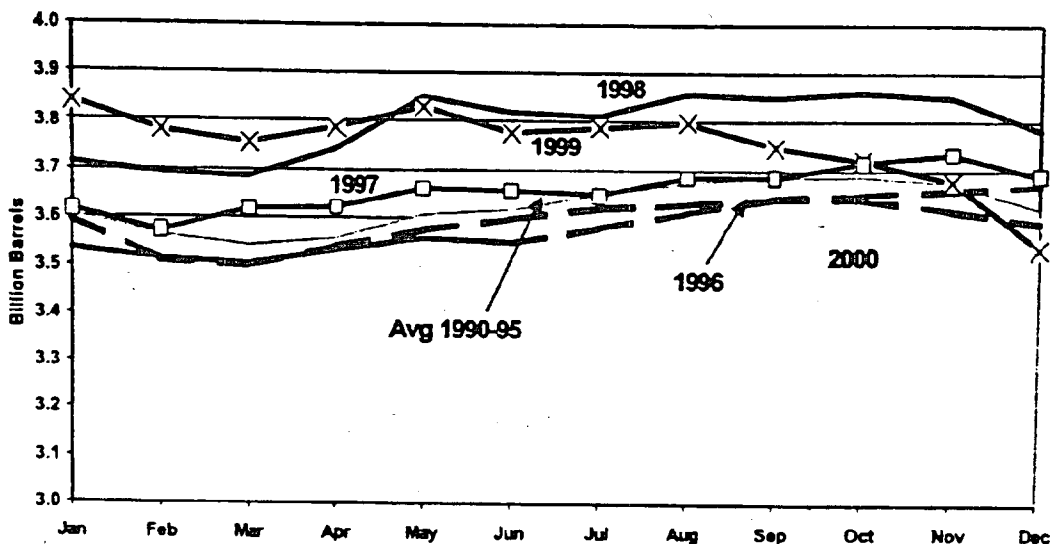


This month's Outlook assumes growth in world oil demand in 2000 of a little more than 1 million barrels per day (about 1.5 percent), to average almost 76 million barrels per day for the year (Figure 9). This is the lowest growth rate since 1993 with the exception of 1998, when Asian economies were suffering from a financial crisis. World oil demand in 2001 is expected to grow about 2 million barrels per day, similar to the growth that was seen in the 1995-1997 period.

Non-OECD Asia is expected once again to be the predominant region for oil demand growth this year, although near-term growth rates there are unlikely to match those seen in the early to mid 1990s. By 2001, not only is non-OECD oil demand expected to grow even more, but OECD oil demand growth is expected to be strong as well, with half of the demand growth coming from the United States.

# World Oil Stocks, Capacity and Net Trade

Figure 10. Total OECD Oil Stocks\*

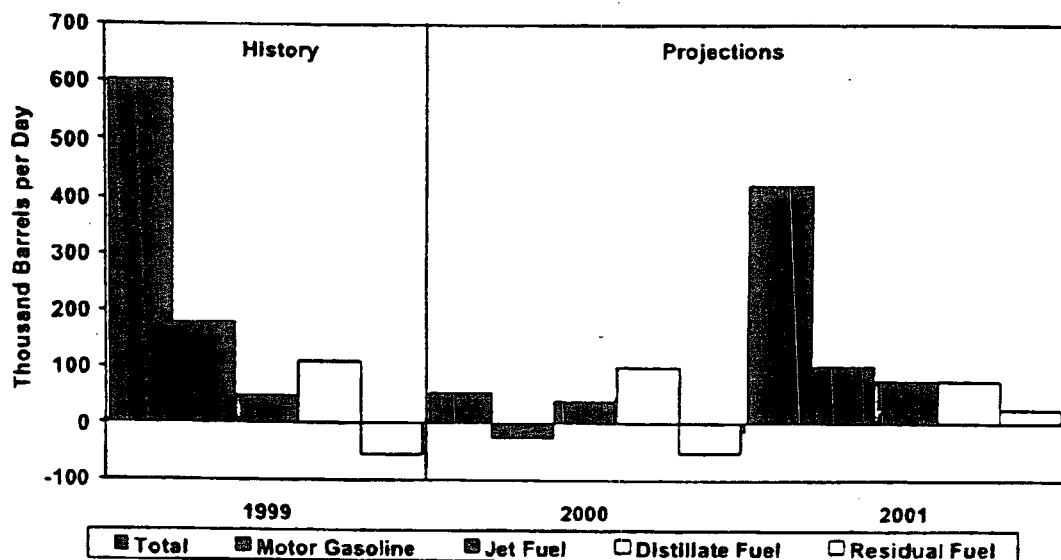


\*Total includes commercial and government stocks

While EIA does not attempt to estimate oil inventory levels on a global basis, the direction oil inventories are headed is discerned from EIA's world oil supply and demand estimates. Following a 0.8-million-barrel-per-day draw on world inventories in 1999, stocks reached very low levels when viewed on a forward-cover or days-supply basis. The increased production levels seen from OPEC in the third quarter and further OPEC production increases expected in the fourth quarter imply a projected oil inventory build of about 1 million barrels per day in 2000. OECD stock levels, which EIA does estimate, are projected to rise from their very low levels by end-2000 to be about 2 days' supply higher than year-earlier levels, leaving world oil markets less vulnerable to a disruption in oil supplies or an extreme cold snap during next winter (Figure 10). The increased levels of OPEC production are also expected to result in further stock builds in 2001. However, OECD inventories are projected to increase at a lower rate in 2001 because of rapidly rising world oil demand, and projected to grow by one additional days' supply in 2001.

## U.S. Oil Demand

Figure 11. Petroleum Products Demand (Year-to-Year Change)



Petroleum demand is expected to increase by an average of 60,000 barrels per day, or 0.3 percent, during the year 2000, and by more than 420,000 barrels per day, or 2.2 percent, in 2001. Despite that recovery, average annual growth for the two-year period is still substantially less than the 430,000 barrels-per day, or 2.3 percent, growth rate of the preceding two years. Contributing to the moderation in oil demand growth (Figure 11) for the forecast interval are: higher energy prices, which, despite gradual declines from their recent peaks, are projected to end the forecast period substantially higher than at the beginning of 2000; milder-than-normal weather during the first quarter of this year; and moderation in economic growth in 2001. Higher oil prices, in fact, are expected to reduce residual fuel oil demand for much of the forecast interval, reversing increases in demand for residual oil in the previous 2 years, during which oil prices had fallen to record lows.

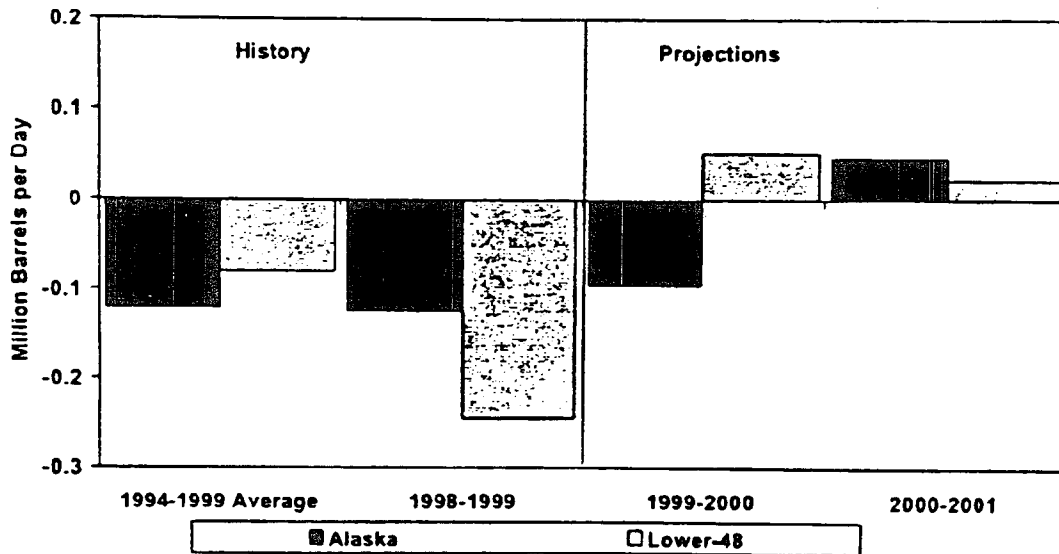
Both higher fuel prices and mild weather have contributed to the relatively weak demand growth in 2000. Despite the absence of growth projected for motor gasoline demand, total transportation-related demand (which includes jet fuel and diesel) is projected to increase almost 2 percent. Aside from a cold snap in late January and the consequent heating oil price run-up in the Northeast, last winter's weather was warmer than normal for the first quarter, constraining

space-heating demand growth for petroleum products for the year as a whole to less than 1 percent. Following a 6-percent decline in 1999, residual fuel oil demand is projected to decline a further 6 percent as a result of price-related fuel switching in the electric utility and industrial sectors. Much of that decline, however, is believed to have taken place during the first half of the year; power generators can expect to increase their second-half purchases of fuel oil to increase to levels slightly higher than during the same period in 1999 as a result of declines in residual oil prices and increases in natural gas prices.

In 2001, a presumed return to normal weather and a continued retreat of oil prices from their peaks of the previous year are projected to contribute to the boost in total petroleum demand by 420,000 barrels per day, or 2.2 percent. Transportation demand is projected to rise by 1.5 percent, reflecting a slight increase in motor gasoline demand from its price-restrained growth in 2000 and slower growth in diesel demand. Residual fuel oil shipments are expected to recover from the lows of the previous year, reflecting strength in electric power purchases.

## U.S. Oil Supply

Figure 12. U.S. Crude Oil Production (Year-to-Year Change)



Even though crude oil prices rebounded dramatically in 1999, U.S. crude oil production did not. Domestic crude oil production declined throughout 1999, with the average for the year falling by 370,000 barrels per day, or 5.9 percent, from the 1998 average. However, a much smaller decline of 40,000 barrels per



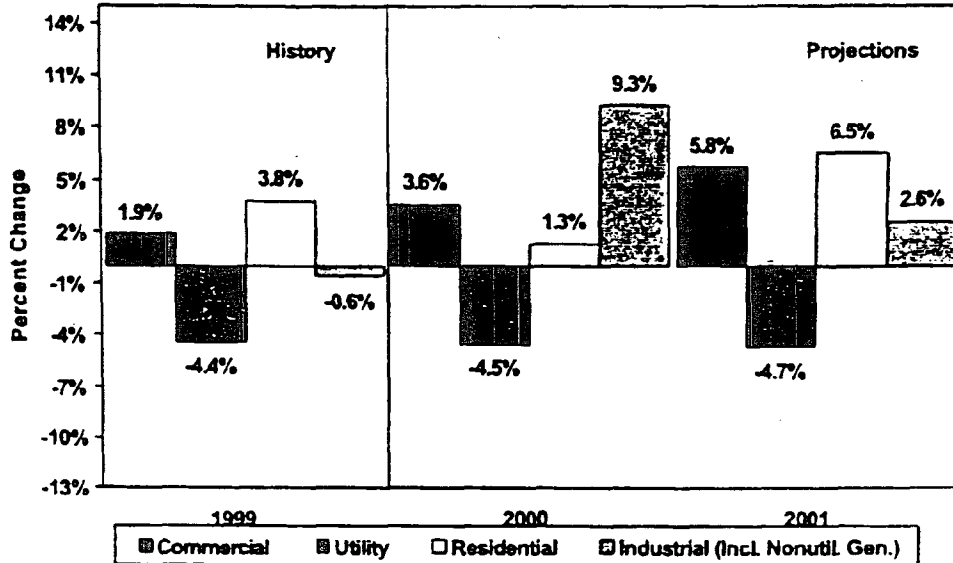
day (0.7 percent) is expected in 2000, followed by a small recovery of about 70,000 barrels per day in 2001 (Figure 12).

Lower-48 States oil production is expected to increase by 52,000 barrels per day in 2000, followed by an increase of about 22,000 barrels per day in 2001. Oil production from the Auger, Mars, Troika, Ursa, and Diana-Hoover Federal Offshore fields is expected to account for about 9.1 percent of the lower-48 oil production by the 4th quarter of 2001. Shell started production in 1999 in their Ursa field, which will peak in the year 2000 at 147,000 barrels per day of condensate. Exxon's Diana and Hoover started production in mid 2000 at a rate of 30,000 barrels per day, expected to increase to 100,000 barrels per day in early 2001.

Alaska is expected to account for 16.9 percent of the total U.S. oil production in 2001. Alaskan oil production is expected to decline by 8.6 percent in 2000 and increase by 4.1 percent in 2001. A substantial portion of the oil production from Alaska comes from the giant Prudhoe Bay Field. Other than the routine maintenance, no major investments are planned for this field during the forecast period. Therefore, the field is expected to follow a steeper decline during this period than has been observed in other time periods. Oil production from recent discoveries such as Sambuca and Midnight Sun are marginal and are not expected to substantially offset the decline in oil production from the Prudhoe Bay and other fields in the North Slope in 2000. Production from the Kuparuk River field plus like production from West Sak, Tabasco and Tarn fields is expected to stay at an average of 236,000 barrels per day in 2000-2001 forecast period. The Alpine field is expected to come on in last quarter of 2000 at an initial rate of 40,000 barrels per day peaking at 80,000 barrels per day in mid 2001.

# U.S. Natural Gas Demand

Figure 13. Annual Changes in Natural Gas Demand by Sector

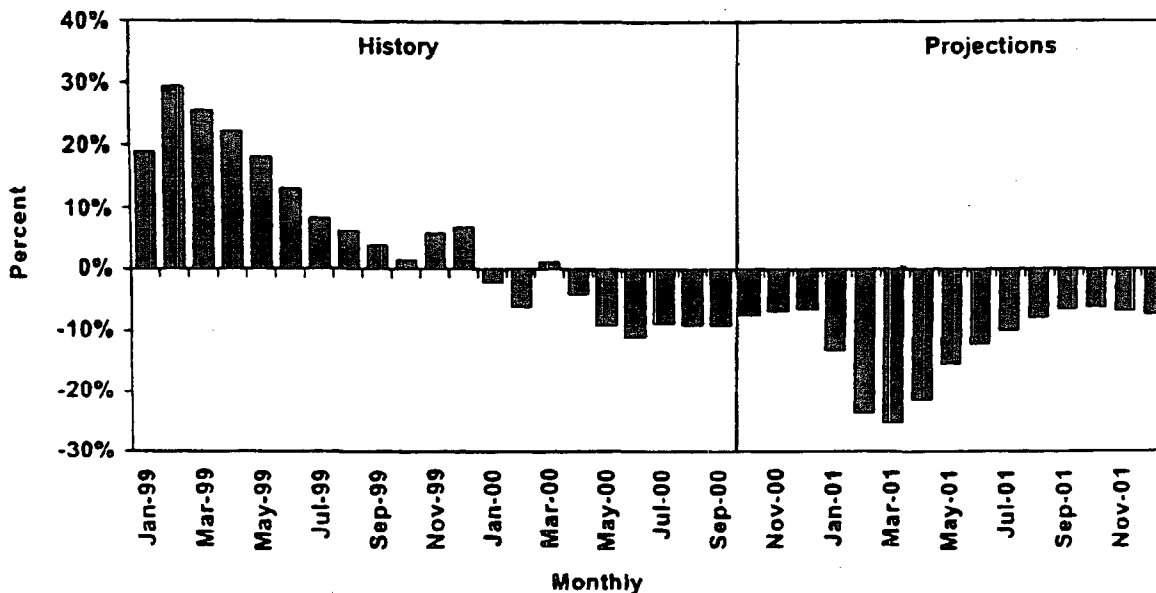


The forecast for overall natural gas demand in 2000 is a 4.0 percent annual growth rate. In 2001, the forecast is for a 2.7 percent growth rate (Figure 13), principally due to higher gas prices. The industrial sector is the leading sector for demand increases in 2000 at 9.3 percent, while electric utility demand is expected to decline by 4.5 percent. This dichotomy is due in large part to sales of electric generating plants by electric utilities to unregulated generating companies, fuel consumption by which is recorded by EIA in the industrial sector.

This winter, (October 2000 through March 2001) natural gas demand is expected to be up by 5.5 percent over last winter's demand under normal weather assumptions. Normal weather implies a 12 percent rise in heating degree-days compared with last winter, which was much warmer than normal.

## U.S. Natural Gas Supply

Figure 14. Natural Gas in Storage (Difference from Previous 5-Year Average)



Several factors have come together to push spot gas prices up sharply and they have reversed the general downward trend in real gas prices (evident since the mid-1980's): U.S. gas production has slipped; expected demand is high under normal weather assumptions; gas storage levels are below normal (Figure 14), and alternative fuel (oil) markets are tight. Concerns focus particularly on working gas storage levels, which could be about 12 percent below last year at the start of the heating season. The high price of natural gas reflects the intense competition between current and future uses of gas supplies and has been a disincentive to increasing storage injections.

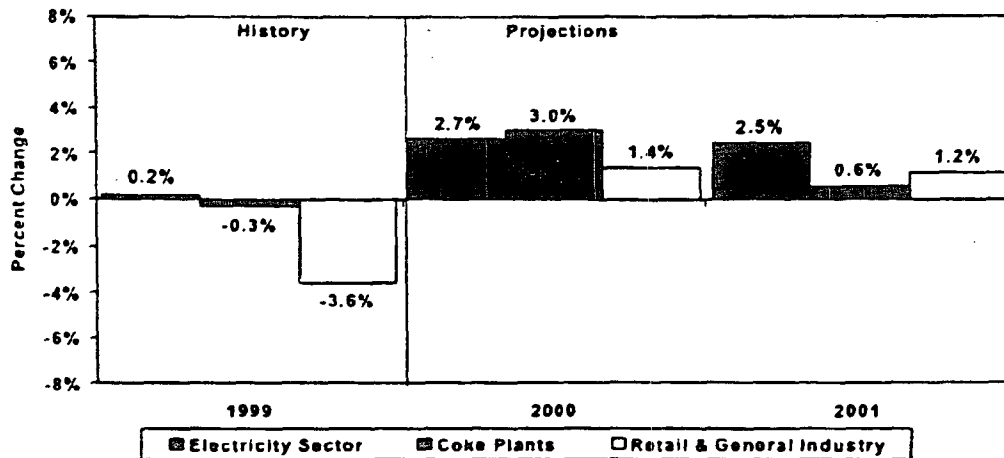
For now, we are continuing to maintain a conservative view of possible increases in domestic gas production for 2000 and 2001, with assumed increases of 0.2 percent and 1.3 percent, respectively, for this year and next. The effects of increased drilling for gas are not expected to appear in the form of significantly increased production until after the coming heating season. On the other hand, the U.S. natural gas rig count on September 29 was at a high of 806 rigs. Exploration and production budgets for many natural gas producers are expected to increase sharply in 2000 and 2001, spurred by higher prices and greatly improved current and expected revenues from producing assets. Although the gas rig count has been climbing for months, it takes 6 to 18 months

for new production to get to the market following a period of heavy drilling. A significant increase in gas wellhead supplies is unlikely before mid-2001.

Net imports of natural gas are projected to rise by about 12 percent in 2001. During the winter months, net imports are about 10 percent higher than flows during the rest of the year and usually increase to full pipeline capacity. That capacity is scheduled to increase at the end of 2000 when the Alliance Pipeline will begin carrying gas from western Canada to the Midwest. Assuming that it will take several months before Alliance reaches its full capacity of 1.3 bcf per day, that pipeline may not fully contribute to advancing new gas supplies until the heating season is nearly over. Even if Alliance is near capacity at mid winter, it is likely that a substantial portion of the volumes contracted for delivery on the system will have been de-contracted from other systems, particularly TransCanada Pipeline System. Thus it is an important question as to just how significant Alliance will be with respect to net new supply from Canada.

## *U.S. Coal Demand and Supply*

Figure 15. Annual Change in U.S. Coal Demand



Total coal demand is expected to increase by about 2.6 percent in 2000 and 2.3 percent in 2001, compared to the slight decline experienced in 1999 (Table 9 and Figure 15). Electric utility coal demand is expected to fall in 2000 by 3.3 percent. The decline in electric utility coal consumption is primarily an effect of the growth of non-utility electricity generation. Coal consumed at independent power producers (IPPs), which include former utility generating facilities sold under electricity deregulation, is expected to more than double in 2000

(increasing by 119 percent) from 45.9 million short tons to 100.5 million short tons. Total coal consumption by the electricity sector (utility and non-utility) is expected to grow by 2.7 percent in 2000 and 2.5 percent in 2001.

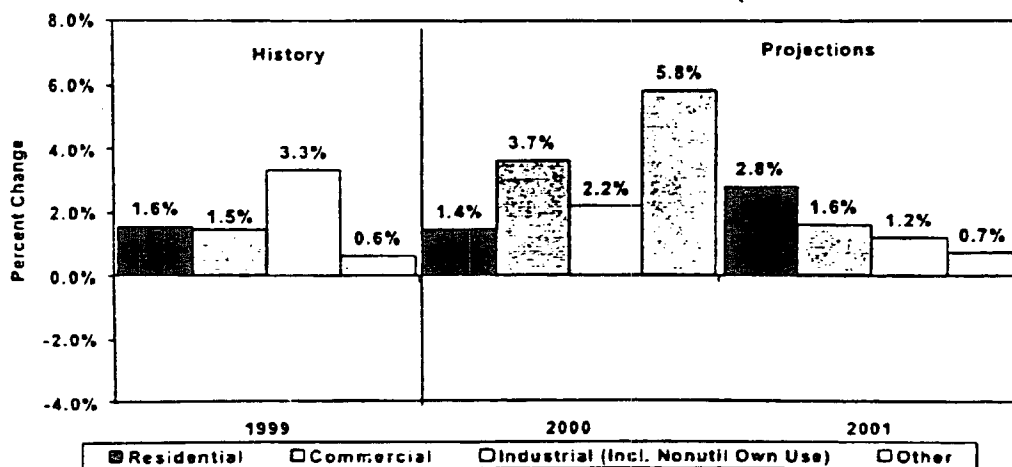
Demand for coal at coke plants is expected to remain near 29 million short tons throughout the forecast period because existing coke plants are already operating at or near capacity and most new steel production relies on non-coke methods (recycling and electric arc furnaces). Demand for coal by the retail and general industry sectors is projected at 71.3 million short tons in 2000, a 1.4 percent increase over 1999 demand. In 2001, demand in these sectors is expected to increase by 1.2 percent from the 2000 level.

U.S. coal exports are expected to remain weak over the forecast period. Exports are expected to decline slightly in 2000 (0.5 percent) though moderate growth is forecasted for 2001 (4.0 percent). Exports are expected to remain nearly 20 million short tons below 1998 levels of 78 million short tons. Projections call for 58.2 million short tons of coal exports in 2000 and 60.5 million short tons in 2001.

Coal production is expected to remain virtually flat at 1,094.6 million short tons in 2000. This follows the decline coal production experienced in 1999 (2.1 percent), which was primarily due to lower electric utility demand. Production is projected to increase by 2.1 percent in 2001 (1,117.8 million short tons).

## U.S. Electricity Demand and Supply

Figure 16. Annual Changes in U. S. Electricity Demand



Total annual electricity demand growth is projected to be 2.5 percent in 2000. Demand growth is expected to be 1.9 percent in 2001. This is on track with

Energy Information Administration/Short-Term Energy Outlook - October 2000

average electricity growth between 1990 and 1998, which was about 2.0 percent per year.

This winter's heating degree-days (HDD) are assumed to be 11 percent above last winter's HDD, which were well below normal. This winter, total electricity demand is expected to be up by 2.8 percent under normal weather assumptions, driven by increased demand in the residential and commercial sectors, up by 4.6 and 3.9 percent, respectively.

Demand for electricity is seen as growing across all sectors in both 2000 and 2001, (Figure 16 and Table 10). Annual industrial electricity demand growth in both 2000 and 2001 is expected to average about 1 percent.

Non-utility sales of electricity to the utility sector are projected to rise significantly in 2000 and continue to rise in 2001 as generating facilities are sold to the industrial sector as a result of electricity sector deregulation. EIA accounts for these non-utility electricity generators in the industrial sector. Electricity generation by utilities is expected to decrease significantly from 1999 levels in both 2000 and 2001.