Tracy,

Here's a first revision. It cues up the other issues we agreed should be clearly (or more directly) on the table:
Odd. I'll call.

---Original Message---
From: Anderson, Margot
Sent: Friday, March 30, 2001 12:07 PM
To: Moses, David
Subject: RE: NEP papers
From: Moses, David
Sent: Friday, March 30, 2001 12:03 PM
To: Anderson, Margot
Subject: NEP papers

Obtained and made public by the Natural Resources Defense Council, March/April 2002
From: Keliher, Joseph
Sent: Friday, March 30, 2001 11:14 AM
To: Anderson, Margot
Subject: one pagers

 Obtained and made public by the Natural Resources Defense Council, March/April 2002
From: Freitas, Christopher  
Sent: Friday, March 30, 2001 9:42 AM  
To: Anderson, Margot  
Cc: DeHoratii, Guido; Braltsch, Jay; Johnson, Nancy  
Subject: RE: national energy policy  
Importance: High

---Original Message---
From: DeHoratii, Guido  
Sent: Thursday, March 29, 2001 8:35 AM  
To: Allison, Edith; Pyrdl, John; Freitas, Christopher; Juckett, Donald; Hochheiser, William  
Subject: FW: national energy policy  
Importance: High  
fyi

---Original Message---
From: Kripowicz, Robert  
Sent: Wednesday, March 28, 2001 7:14 AM  
To: Rudins, George; Braltsch, Jay; DeHoratii, Guido; Carter, Douglas; Johnson, Nancy; Porter, Robert; Melchert, Elena  
Subject: FW: national energy policy  
Importance: High  
I assume you are the ones that have been working on the options.

---Original Message---
From: Anderson, Margot  
Sent: Tuesday, March 27, 2001 7:08 PM  

Sincerely,

Christopher J. Freitas  
Program Manager, Natural Gas Infrastructure  
(202) 586-1657
All,

Margot

---Original Message---
From: Kelliher, Joseph
Sent: Tuesday, March 27, 2001 6:16 PM
To: Anderson, Margot
Subject: national energy policy
Importance: High

Here it is. Please circulate to program offices.

<< File: doeenergyrecs1.doc >> << File: energyadd1.doc >>
Here are our comments to the hopefully final draft of Chapter 10.

Andy
From: Carrier, Paul
Sent: Thursday, March 29, 2001 4:52 PM
To: Anderson, Margot
Subject: RE: More NEP assignments

Margot

---Original Message---
From: Anderson, Margot
Sent: Thursday, March 29, 2001 1:46 PM
To: Bread, William; Conti, John; Kriowiucz, Robert; Braitsch, Jay; Haspel, Abe; Zimmerman, MaryBeth; caball@bpa.gov; Friedrichs, Mark; Carrier, Paul; Moses, David; Verner, Jean; Baer, Mitchell
Cc: Kolevar, Kevin; Kelliher, Joseph
Subject: More NEP assignments

All,

Principals meeting groups (Friday, noon deadline):

If this is unclear, give me a call.

Margot
Williams, Ronald L

From: Braitsch, Jay  
Sent: Thursday, March 29, 2001 4:23 PM  
To: Pyrdol, John  
Cc: Anderson, Margot  
Subject: FW: More NEP assignments

Here's what I have on the OCS paper.

Margot, have not made contact with anyone besides John. Any chance people can do it first thing Friday am (when they will be back)?

---Original Message---
From: Anderson, Margot  
Sent: Thursday, March 29, 2001 1:46 PM  
To: Breed, William; Condi, John; Kripowicz, Robert; Bratsch, Jay; Haspel, Abe; Zimmerman, MaryBeth; 'caball@bpa.gov'; Friedrichs, Mark; Carrier, Paul; Moses, David; Vernet, Jean; Baer, Mitchell  
Cc: Kolevar, Kevin; kellner, Joseph  
Subject: More NEP assignments

All,

Principals meeting groups (Friday, noon deadline):

If this is unclear, give me a call.

Margot

Obtained and made public by the Natural Resources Defense Council, March/April 2002
THE SMOKESTACKS SWEEPSTAKES!

NRDC's Analysis of S.60: "National Electricity and Environmental Technology Act" Prepared February, 2001

Overall Assessment: The Wolf in Sheep's Clothing

S.60 purports to be simply about providing financial incentives to encourage the development of clean coal technologies. Instead, the bill represents a wholesale assault on the Clean Air Act's pollution controls on coal-fired power plants. Through a series of exemptions, the bill would allow every large coal-fired power plant in the country to dramatically increase pollution without installing modern pollution controls and would exempt these plants from additional controls for the next ten years. The same exemptions are provided for new coal-fired plants.

- The Clean Air Act requires new plants and emission-increasing construction at existing plants to install the best, most up-to-date pollution controls (Best Available Control Technology and Lowest Achievable Emissions Reductions) and to offset pollution increases in areas violating public health standards. The Act also requires a showing that pollution increases from these plants will not damage nearby National Parks. The bill creates outright exemptions from these important new source review (NSR) protections for a wide variety of pollution-increasing actions at new and existing coal-fired power plants.

- The bill grants coal-fired power plants a 10-year exemption from all new or increased air pollution controls by EPA or states under the Clean Air Act's core title I programs, so long as the plants meet weaker standards established as far back as 1971 or 1979.

- The bill would prohibit EPA from regulating mercury and other toxic air pollutants from power plants for 10 years if plants merely meet weaker

RESPONSE TO THE NRDC ANALYSIS OF THE NATIONAL ELECTRICITY AND ENVIRONMENTAL TECHNOLOGY ACT (NEET), S.60

The National Electricity and Environmental Technology Act (NEET) will put in place a comprehensive coal-based technology program to reduce emissions and improve efficiency in existing coal-based generating plants and stimulate deployment of advanced technologies. It will further reduce emissions and improve efficiency in new generating facilities allowing our most abundant domestic energy resource to help meet the nation's growing need for clean, reliable, and affordable electricity. The NEET Act is projected to contribute to the reduction of SO2 and NOx levels of 28% and 24% respectively below 1999 levels. The NEET Act is projected to produce a net reduction in carbon dioxide emissions of 11.7 million tons.

The NEET Act is consistent with the current provisions of the Clean Air Act that provide exemptions from new source review for the installation of pollution control devices on existing facilities and for the repowering of existing facilities with clean coal technologies.

Exemptions are granted only for those pollutants that are controlled to the levels that meet or exceed the new source performance standards. The Clean Air Act requires the Administrator of the EPA to establish and modify as appropriate standards for emissions from new or modified sources achievable through the best system of emission reduction that has been adequately demonstrated. The goal of the Act is to improve the environmental and operating performance of electricity generating facilities; not gain across-the-board exemptions from the Clean Air Act.

The bill will in no way limit the regulation of mercury or other toxic pollutants from existing sources.
Next, the bill subsidizes — to the tune of $10 million in tax credits - certain new equipment at each coal-based electricity generating unit at a power plant, essentially creating a double windfall whereby the equipment will escape current and future Clean Air Act controls at the expense of taxpayer money. Finally, the bill subsidizes coal-burning electricity equipment installed as long as 10 years ago, as well as equipment to be installed 10 years into the future. These subsidies would apply to control equipment that power plants already are or will be required to install under existing Clean Air Act rules.

Incentives for use of coal-based technologies are objectionable because their result is to subsidize more polluting coal-fired plants at the expense of cleaner resources: efficiency, renewables, and natural gas-fired plants. Coal technology subsidies would not ensure additional electricity or reduced pollution. Instead, this bill would worsen pollution and force taxpayers to subsidize that pollution. Indeed, the bill would provide subsidies and air pollution exemptions to plants that are not nearly as well controlled as even some existing coal plants. Finally, because the bill subsidizes equipment installed as long as 10 years ago and equipment that utilities are or will be required to install under current law, the subsidies are really windfalls rather than incentives.

There are no provisions in the NEET bill that allow any power plant to escape its responsibility to meet current emission limitations.

The bill does not provide incentives or exemptions for equipment built prior to the enactment of the bill.

The bill is designed to provide incentives for the installation of control equipment to meet current and future emission regulations.

It is an undeniable fact that the quality of life and financial well being of the citizens of the US are tied to readily available, secure and low-cost forms of energy and, in particular, electricity. Coal is the primary component of the nation's current electricity supply and the reason that supply is so available and cost competitive. The nation's demand for energy and desire for a clean environment are compatible goals. The use of coal with current emission controls and clean coal technology, and the development of advanced coal combustion and emission control technologies will assure the attainment of these goals now and in the future. The NEET Act and its financial and regulatory incentives will enhance efforts to achieve these goals.

The NEET Act does not suppress or discourage the development of any type of electricity generation or the use of any other fossil fuel, renewable energy, or nuclear power. The NEET Act will enhance fuel diversity for the nation's energy supply and security.
unreasonably and unnecessarily high levels of air pollution.

The Clean Air Act requires EPA to study the public health hazards caused by toxic air pollution from power plants and to determine whether strong regulation is necessary. In December 2000, EPA concluded that regulation of mercury and other air toxics from power plants is necessary. EPA must propose air toxics regulations by December 2003 and issue final regulations by December 2004.

S.60 moves in exactly the opposite and wrong direction from these enforcement, legislative, and regulatory efforts, which are directed at cleaning up old, dirty plants, rather than extending their grandfather status. The bill also undermines the overwhelming scientific evidence that regulation of mercury and other air toxics from power plants is necessary to protect public health and the environment.

O Title I, Subtitle B: "Power Plant Improvement Initiative"

- Requires DOE to make taxpayer-funded grants to power plant projects aimed at increasing coal use AND exempts all funded projects from the best, most up-to-date pollution controls and pollution offset requirements under the Clean Air Act. (Title I, subtitle B, § 122(e)). A project can qualify for the grant and exemptions without meeting any minimum environmental performance requirements. (Title I, subtitle B, §§ 121(b)(3) and 122(b)). While these provisions list environmental performance as one basis for qualifying, a plant can qualify simply by meeting other criteria having nothing to do with environmental performance, e.g., "production of coal combustion byproducts that are capable of obtaining [greater] economic values." (Title I, subtitle B, § 122(b)(2)).

The NEET Act responds to all of the environmental concerns the NRDC has raised here. The NEET Act is designed to address the environmental performance and operating efficiency of existing plants. By addressing efficiency, the NEET Act provides incentives for facilities to lower their carbon emissions per unit of energy produced, an emission control that is beyond current regulatory requirements.

To the contrary, the NEET Act is expressly the right kind of action to further the environmental performance of the existing fleet of plants and insure that lower emitting and higher performing technology is available for the future. Opposition to this type of legislation by the NRDC will further the regulatory stalemate that exists today for existing facilities and prevent the continued improvement of air quality in the future.

The Power Plant Improvement Initiative provisions of the NEET Act are taken directly from the program of the same name that was authorized by Congress in the FY2001 Interior Appropriations Bill. The NRDC is opposing legislation that will improve the environment and address concerns over the impact of carbon emissions on climate change.
Air Act exemptions. Even though pollution from the plant would increase, the system would qualify.

- Finally the system must meet other simple, broadly available criteria (has a useful life of not less than 4 years, is depreciable, and is located in the U.S.).

(Title II, § 201(b)).

- Exempts installation of these "qualifying systems of continuous emission control" at coal-fired power plants from the best, most up-to-date pollution controls (BACT and LAER) and pollution-offset requirements under the Clean Air Act, with no substitute requirements that the power plant achieve the same or greater pollution reductions as the displaced Clean Air Act requirements.

(Title II, § 201(f)(1)).

- In addition, coal-fired power plants equipped with these qualifying systems of continuous emission control:
  - Are granted a 10-year exemption from new or increased air pollution controls by EPA or states under title I of the Clean Air Act, so long as the plant meets "applicable" new source performance standards (NSPS) established in 1971 (40 CFR Part 60, subpart D), 1979 (40 CFR Part 60, subpart Da), or 1998 amendments relating to one pollutant.

(Title II, § 201(f)(2)). The bill is not clear as to which of these weaker standards a power plant would have to meet.

§ Some power plants are already meeting the weaker NSPS requirements, so the practical result of this section is to relieve utilities from current and future air pollution control requirements under the Clean Air Act for 10 years for things they may be already doing, with pollution increasing and permitted to increase in the future.

The installation of a system of continuous emission control is currently exempt from the BACT and LEAR requirements of the Clean Air Act because it constitutes an emission reduction. The NEET Act provisions are consistent with these provisions of the Clean Air Act.

The exemptions are consistent with current provisions contained in the Clean Air Act and the Internal Revenue Code.

The Clean Air Act requires that the new source performance standards be revised every 10 years.

Section 111 of the Clean Air Act defines "standard of performance" as "a standard for emissions of air pollutants which reflects the degree of emission limitation achievable through the application of the best system of emission reduction...the Administrator determines has been adequately demonstrated."

Section 111 goes on to require "The Administrator shall, at least every 8 years, review and, if appropriate, revise such standards following the procedure required by this subsection for promulgation of such standards."
Title II, § 202: "Credit for Production from a Qualifying 'Clean' Coal Technology Unit"

- This section provides a taxpayer-funded subsidy for electricity produced from slightly more efficient coal-fired power plants and exempts these plants from Clean Air Act provisions.

- The section applies to a "qualifying clean coal technology unit," which is defined merely to mean:
  - an existing coal-based electricity generating unit; with a capacity rating no more than 300,000 kW; which "has been retrofitted, repowered, or replaced with a clean coal technology within 10 years" of the law's effective date. (Title II, § 202).

§ The bill's subsidies, relaxations in environmental requirements, and relief from future regulations apply to retrofits/repowering/replacements that occurred at these units in the past 10 years, as well as for the next 10 years. For past activities, the bill's various rewards are therefore not incentives but windfalls for coal-fired utilities at the expense of taxpayers and public health.

- "Clean coal" is more than a misnomer, since the definition neither establishes nor requires an environmental performance standard of cleanliness in terms of air pollution emitted; rather, "clean coal technology" is defined in terms of the unit's design heat rate and heat content, which are measures of a unit's efficiency. (Title II, § 202(a)). While increased efficiency will improve a unit's environmental performance relative to some of the dirtiest units, so-called "clean coal" technologies will remain less...

The Clean Air Act currently contains exemptions to the New Source Performance Standards (Section 111) and the Prevention of Significant Deterioration of Air Quality (Part C) new source review requirements for facilities that are repowered with clean coal technologies.

This discussion is a misinterpretation of the "safe harbor" provisions of the bill. The bill provides a ten-year period from the date of enactment over which time the facility owner may install a pollution control device or clean coal technology and receive a tax credit. The owner that achieves the NSPS level for a pollutant can obtain an exemption from new source review for the installation and a ten-year exemption from further regulation of that pollutant and only that pollutant. At the end of the ten years, the facility must meet the then current regulations.

Coal must remain in the US energy mix and Clean Coal Technology is the way to make that happen and meet the demand for electricity and environmental goals. Natural gas and renewables cannot adequately supply the nation's energy needs either from a resource reserve basis or on a cost-competitive basis.

February 22, 2001
O Title III, § 301: "Credit for Investment in Qualifying Advanced 'Clean' Coal Technology"

- This section provides a tax credit for investments in new or existing coal-fired power plants. Combined with § 302, this provision also creates Clean Air Act exemptions.

- The section applies to a "qualifying advanced clean coal technology facility", which means:
  o a purchased "facility," or a facility replacing, retrofitting, or repowering coal-fired or natural gas-fired combustion technology;
  o that is depreciable, has a useful life of not less than 4 years, is in the U.S.; and
  o that uses "qualifying advanced clean coal technology." (Title III, § 301(b)).

- "Qualifying advanced clean coal technology" means:
  o a combined capacity total of 10,000 megawatts of technology defined to be "clean coal technology":
    (1) up to 5,000 megawatts of advanced pulverized coal or atmospheric fluidized bed combustion technology;
    (2) up to 1,000 megawatts of pressurized fluidized bed combustion technology; (3) up to 2,000 megawatts of integrated gasification combined cycle technology, with or without fuel or chemical co-production; or
    (4) up to 2,000 megawatts of other electricity-producing technology.

  o These technologies may be considered "qualifying advanced clean coal technology" if designed to meet various fuel use targets ("heat rates") up to 9,900 Btu per kWh.
- This section provides additional subsidies for the generation of electricity from coal-fired power plants that have already received a 10% capital cost subsidy under § 301. These subsidies range between 0.05 and 1.2 cents per kWh depending on the efficiency of the plant, the year it is placed in service, and the year the electricity is generated. Again, this section would have the perverse effect of subsidizing coal plants that are far more polluting than competing unsubsidized natural gas-fired plants. (Title III, § 302(a)).

- Finally, under this section, installing a qualifying piece of equipment on one unit at a plant site exempts the entire facility (an entire plant site with multiple power plant units) from the following Clean Air Act requirements:
  o the new source review program's most up-to-date pollution controls (BACT and LAER) and pollution-offset requirements under the Clean Air Act. (Title III, § 302(c)(1)).
  o a 10-year exemption from new or increased air pollution controls by EPA or states under title I of the Clean Air Act, so long as the facility meets the weaker NSPS requirements. (Title III, § 302(c)(2)).
  o A 10-year exemption from new or increased air pollution controls by EPA over mercury and other air toxic pollutants, so long as the facility meets the weaker NSPS requirements established for pollutants other than mercury and other air toxics. (Title III, § 302(c)(2)).

Again, there is no substitute requirement that these facilities achieve the same or greater pollution reductions as the displaced Clean Air Act requirements, including those future requirements that states and EPA may find

A low cost, reliable electricity system must rely on a diverse supply of fuels and energy sources including coal, nuclear, natural gas and renewables. It is unrealistic to exclude any of these sources. Natural gas fired power plants alone cannot meet the public’s demand for reliable, secure, and affordable electricity. The volatility of natural gas prices and uncertainty of supply have lead to severe energy problems in the West. A diverse energy supply including clean coal technology is the best answer.

The Clean Air Act currently contains exemptions to the New Source Performance Standards (Section 111) and the Prevention of Significant Deterioration of Air Quality (Part C) new source review requirements for facilities that are repowered with clean coal technologies. This section of the NEET Act seeks to have that same exemption apply to this limited number of advanced technology demonstrations.

This discussion is once again a misinterpretation of the conditions of the 10-year safe harbor provisions of the bill. The exemption is granted on a pollutant by pollutant basis for only those pollutants for which a new source performance standard exists and that are controlled to the new source performance standard level. There are currently no new source performance standards for mercury or any other toxic emission.
1. The Office of the Vice President has identified a number of meetings conducted by the President's National Energy Policy Development Group (NEPDG). For each meeting attended by Secretary Abraham or his staff, please provide (a) a complete accounting of all attendees, including the full name of each attendee, title, and office represented; (b) the location of the meeting, (c) the duration of the meeting, and (d) whether the meeting was open to the public.

In the entrance meeting of June 8, 2001, GAO representatives clarified that the Department should provide information on only those meetings attended by the Secretary. According to the Office of Scheduling and Advance, the meetings listed below are described on the Secretary's calendar as "NEPD" or "Energy Principal's Task Force Meeting" (sic) or a variation thereof. None of these meetings was open to the public to the best knowledge of Joseph Kelliher, Office of the Secretary. The individuals listed as attending are the DOE staff (other than NEPDG staff) whose names appear on the Secretary's calendar.

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Time</th>
<th>Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 9, 2001</td>
<td>OEOB, VP Ceremonial Office</td>
<td>10:00 - 11:00AM</td>
<td>Kyle McSlarrow, Chief of Staff, Office of the Secretary, DOE</td>
</tr>
<tr>
<td>March 12, 2001</td>
<td>OEOB, VP Ceremonial Office</td>
<td>10:00 - 11:30 AM</td>
<td>Joseph Kelliher, DOE</td>
</tr>
<tr>
<td>April 3, 2001</td>
<td>OEOB, VP Ceremonial Office</td>
<td>3:00 - 5:18 PM</td>
<td>Joseph Kelliher, DOE, Craig Felner, Special Assistant, DOE</td>
</tr>
<tr>
<td>April 18, 2001</td>
<td>OEOB, VP Ceremonial Office</td>
<td>10:00 - 11:30 AM</td>
<td>Joseph Kelliher, DOE, Kyle McSlarrow, DOE</td>
</tr>
<tr>
<td>May 2, 2001</td>
<td>OEOB, VP Ceremonial Office</td>
<td>2:45 - 4:15 PM</td>
<td></td>
</tr>
</tbody>
</table>
Attendees:
Joseph Kelliher, DOE
Kyle McSlarrow, DOE

2. The NEPDG is supported by professional staff, referred to as the “Group support staff”, assigned to the Office of the Vice President. We understand that several of these staff are now DOE employees and several served as consultants to the Department while the Department was processing their entrance-on-duty papers. Please provide employment information for all DOE consultants and employees who served on or assisted the Group support staff, including their names, the date they became a DOE employee or consultant, and whether they are full, part-time, or other type of Federal employee.

The following DOE employees served as the “Group support staff.”

<table>
<thead>
<tr>
<th>Began Work for DOE</th>
<th>Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Lundquist</td>
<td>2/01/01 Full time</td>
</tr>
<tr>
<td>Karen Knutsen</td>
<td>2/07/01 Full time</td>
</tr>
<tr>
<td>Kristen Scott-Drager</td>
<td>2/26/01 Full time</td>
</tr>
<tr>
<td>Charles Smith</td>
<td>6/3/79 Full time</td>
</tr>
<tr>
<td>Elena Subia Melchert</td>
<td>5/13/85 Full time</td>
</tr>
<tr>
<td>Jim Sims</td>
<td>4/04/01 Full time</td>
</tr>
</tbody>
</table>

3. Various members of the Group support staff met with DOE officials and others to gather information relevant to the NEPDG work. For each interview or meeting, (a) identify the date, location, and duration, (b) provide a list of all persons met with, including their full name, title, and office or clients represented, (c) identify the purpose and agenda, (d) provide what information was presented, (e) indicate if minutes or notes were kept, (f) indicate whether documents were prepared following these interviews or meetings, (g) identify, to the best of your knowledge, how members of the NEPDG or Group support staff determined who would be invited to the interviews or meetings, and (h) list which interviews or meetings were open to the public, including providing copies of all notices or invitations to such meetings or interviews.

As discussed in the meeting on June 8, the following information is provided in response to question 3 concerning meetings attended by the designated DOE points of contact for the NEPDG, Margot Anderson, Office of Policy, DOE, and Joseph T. Kelliher, Office of the Secretary. With regard to the specific inquiries:

(a) The meetings are identified below by date, location and duration, to the extent that information is available on Mr. Kelliher’s or Ms. Anderson’s calendars, and annotated in parentheses to show whether Mr. Kelliher or Ms. Anderson attended or both.
(b) Neither Mr. Kelliher nor Ms. Anderson have any record regarding who attended these meetings. Ms. Anderson advises that DOE officials and staff met with staff of the NEPDG in two different settings: (1) in large group meetings with staff representatives from other Executive Branch agencies (such as CEA, Treasury, USDA, EPA, DOT, and State) to discuss NEP chapter drafts and comments; and (2) in smaller group sessions with only NEPDG staff present to discuss chapter drafts. These meetings were chaired by staff of the NEPDG.

(c) and (d) The purpose of each meeting is described below to the best of Mr. Kelliher’s recollection. Ms. Anderson advises that, typically, drafts were distributed to meeting attendees prior to the meetings and lead authors would walk through the major points of the chapter and lead the discussion. Attendees commented on the chapters, providing new or revised text, which was also discussed by the group.

(e) Neither Ms. Anderson nor Mr. Kelliher kept minutes of these meetings.

(f) Actions taken following these meetings are noted below.

(g) To the best of Mr. Kelliher’s knowledge, NEPDG members were free to assign one or more staff to work with Group support staff and support the efforts of the NEPDG members.

(b) To the best of the knowledge of Ms. Anderson and Mr. Kelliher, none of the listed meetings was open to the public.

February 9, 2001. VP Ceremonial Office, OEOB. (Kelliher)
According to Mr. Kelliher’s recollection, the purpose of the meeting was to discuss the process for development of the NEP. An outline of the NEP report chapters assigned to DOE as lead was prepared following this meeting.

February 13, 2001. VP Ceremonial Office, OEOB. 3:00 - 4:00 PM (Kelliher)
According to Mr. Kelliher’s recollection, the purpose of the meeting was to discuss the draft outline of the NEP report. Following this meeting, DOE began drafting an outline of the NEP chapters assigned to it by the NEPDG staff.

February 16, 2001. VP Ceremonial Office, OEOB, 2:00 - 3:00 PM. (Kelliher)
According to Mr. Kelliher’s recollection, the purpose of the meeting was to discuss the outline of the NEP. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff, with a primary focus on chapters 1 and 2, which would provide the basis of an interim report to the President.

February 20, 2001, VP Ceremonial Office, OEOB, 10:00 - 11:30 AM. (Anderson and Kelliher)
According to Mr. Kelliher’s recollection, the purpose of the meeting was to discuss the outline of the NEP. Following the meeting, DOE continued to draft the NEP chapters
assigned to it by the NEPDG staff, with a primary focus on chapters 1 and 2, which would provide the basis of an interim report to the President.

February 23, 2001, VP Ceremonial Office, OEOB, 10:00 - 12:00 AM. (Anderson and Kelliher)
According to Mr. Kelliher’s recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff, with a primary focus on chapters 1 and 2, which would provide the basis of an interim report to the President.

February 28, 2001, VP Ceremonial Office, OEOB, 4:00 - 6:00 PM. (Anderson and Kelliher)
According to Mr. Kelliher’s recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff, with a primary focus on chapters 1 and 2, which would provide the basis of an interim report to the President.

March 1, 2001. VP Ceremonial Office, OEOB, 4:30 - 6:30 PM. (Anderson and Kelliher)
According to Mr. Kelliher’s recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

March 6, 2001. OEOB, 11:00-12:30. (Anderson).
According to Ms. Anderson’s recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

March 7, 2001. OEOB, 1:00-3:30 PM (Anderson).
According to Ms. Anderson’s recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

March 12, 2001. VP Ceremonial Office, OEOB, 10:00 - 11:00 AM. (Anderson and Kelliher)
According to Mr. Kelliher’s recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

March 13, 2001. OEOB, 3:00-5:00 PM. (Anderson)
According to Ms. Anderson’s recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

March 14, 2001. OEOB, 5:00-6:30 PM. (Anderson).
According to Ms. Anderson’s recollection, the purpose of the meeting was to discuss the
draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

March 16, 2001. OEOB, 1:00-3:00 PM. (Anderson).
According to Ms. Anderson's recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

March 20, 2001. OEOB, 3:30-6:00 PM. (Anderson).
According to Ms. Anderson's recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

March 21, 2001. NEPDG offices, OEOB, 9:00 - 11:00 AM. (Anderson)
According to Ms. Anderson's recollection, the meeting appears on Mr. Kelliher's schedule, but he does not recall if he actually attended. According to Mr. Kelliher's recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by DOE.

March 23, 2001. White House Conference Center, Jackson Place. 10:00 - 11:30 AM. (Anderson and Kelliher)
According to Mr. Kelliher's recollection, the purpose of the meeting was to discuss the draft NEP chapters prepared by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

March 29, 2001. White House Conference Center, Jackson Place. 11:00AM to 1:00 PM. (Kelliher)
According to Mr. Kelliher's recollection, the purpose of the meeting was to discuss draft NEP recommendations submitted by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

April 3, 2001, VP Ceremonial Office, OEOB, 4:30 - 6:00 Pm. (Kelliher)
According to Mr. Kelliher's recollection, the purpose of the meeting was to discuss draft NEP recommendations submitted by the various agencies, including DOE. Following the meeting, DOE continued to draft the NEP chapters assigned to it by the NEPDG staff.

4. Describe the process and responsibilities within the Department for developing portions of the National Energy Policy chapters and recommendations for the NEPDG. For each interview or meeting held, provide the same information listed in 3(a) through (h) above.

Mr. Kelliher provided an oral response to this question in the entrance meeting on June 8, 2001. Ms. Anderson provides the following information in response to this question:
The Department of Energy was responsible for drafting several chapters of the NEP. As the number and title of the chapters changed throughout the process, it is best to identify these chapters by their final chapter number and name:

Chapter 1, Taking Stock
Chapter 4, Using Energy Wisely
Chapter 5, Energy for a New Century
Chapter 6, Nature's Power

Drafting included writing the chapter and providing candidate graphics and pictures.

DOE provided significant input into Chapter 2, Striking Home, Chapter 7, America's Infrastructure; and Chapter 8, Strengthening Global Alliances.

At DOE, a coordination team was established, led by the Office of Policy, consisting primarily of representatives from the Offices of Energy Efficiency and Renewable Energy, Nuclear Energy, Fossil Energy, Policy Office, Office of International Affairs and the Energy Information Administration. The DOE group met frequently throughout February and March (Ms. Anderson's calendar does not identify all the meetings - some entries are simply "NEP"). As work progressed, the group meetings diminished as the workload was divided up on each of the chapters. DOE staff conducted a significant amount of work via email and telephone.

FE took the lead on Chapter 5; Policy took the lead on Chapter 1; and EE took the lead on Chapters 4 and 6. EIA provided overall fact checking and editing. Policy provided input to all the chapters. All offices commented on all chapters authored by DOE. Each office kept abreast of what industry and stakeholders groups were saying about energy policy. The Policy Office was simultaneously responding to dozens of letters sent the Department on energy policy (many of which contained policy recommendations) and the Policy Office contacted several environmental groups to discuss policy options. DOE also provided comments on the chapters for which DOE did not have a lead. Inter-agency comments were coordinated by the NEPDG.

In addition to drafting chapters, DOE, like the other agencies, was asked to provide energy policy recommendations. Using the DOE staff-level coordination group, each Office put forward ideas that were sent to Joseph Kelliher. According to Mr. Kelliher, he reviewed these proposals with Kyle McSlarrow, the Secretary's Chief of Staff, before submission to the Secretary.

5. Identify whether Secretary Abraham with his staff met or his staff met with Federal individuals in other agencies or with non-Federal individuals to gather information relevant to the NEPDG and provide the same information listed in question 3(a) through (h) above. Also, please explain the criteria used in determining who would be invited to participate in these meetings or excluded from the meetings.
In the entrance meeting of June 8, 2001, GAO representatives clarified that this question was directed to meetings attended by Secretary Abraham. According to a computer search conducted by the Office of Scheduling and Advance of electronic records of the Secretary's calendar, the Secretary of Energy has participated in the following meetings whose purpose was the discussion of national energy policy. The following does not include speeches given by the Secretary or meetings with reporters where the NEPDG was discussed or meetings with foreign officials where U.S. energy policy was discussed.

February 1, 2001  Dinner where J. Bennett Johnston delivered an address "National Energy Policy-Past, Present and Future"

March 14, 2001  Meeting with C. John Miller, CEO of Miller Energy, Inc.
Department of Energy-Washington, DC
11:30 AM – NOON
Staff: Kevin Kolevar
Attendees: Bill Myler, Muskegon Development Group
Jerry Jordan, Chairman of Ind. Petroleum Assoc. of America
Barry Russell, President, IPAA
Frank Mortel, President & CEO Michigan Oil and Gas Assoc.
Sid Jansma, Jr. President & CEO Wolverine Gas & Oil Corp.

March 20, 2001  Nuclear Energy Institute (NEI) Meeting
Department of Energy-Washington, DC
3:45-4:15 PM
Staff: Kevin Kolevar, Bill Magwood, Lake Barrett and Paul Longsworth
Attendees: Joe Colvin, President & CEO Nuclear Energy Inst.
Donald Hintz, President & CEO Entergy Operations
Charles Pryor, Jr., President & CEO Westinghouse Electric Co.
Christian Poindexter, President & CEO Constellation Energy
William Coley, Group President Duke Power Company
Michael Morris, Chairman & President, Northeast Utilities
William T. McCormick, Jr., Chairman and CEO CMS Energy
Corbin McNeil, Exelon Corporation
Marv Fertel, NEI
John Kane, NEI

March 28, 2001  Meeting with Former Congressman Lowery
Department of Energy-Washington, DC
1:20-1:40 PM
Staff: Michael Whatley and Joe Kelliher
Attendees: Walt Busell, Jacksonville Electric Authority
Bob Johnston, President & CEO, Municipal Electric Auth. of Georgia

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Mark Crisson, Director of Tacoma Public Utilities Commission
Jan Sheori, GM of Sacramento Municipal Utilities District
William Mayben, President & CEO, Nebraska Public Power District
Gary Zarker, Superintendent, Seattle Municipal Electricity Utility
Peter Hayes, Manager, Salt River Project

April 3, 2001
Meeting with Fred Fielding and Rick Green
Department of Energy-Washington, DC
9:45-10:00 AM
Staff: Kevin Kolevar

April 3, 2001
Meeting with Robert Murray & Blair Gardner, American Coal Co.
Department of Energy-Washington, DC
5:28-5:55 PM
Staff: John McCutcheon, Kyle McSlarrow and Kevin Kolevar

April 25, 2001
Meeting with Coal Producers
OEOB-Washington, DC
4:00-4:20 PM
Staff: John McCutcheon and Kevin Kolevar
Attendees: Andrew Lundquist, Bob McNally, Karl Rove, Matt Schlapp

April 26, 2001
Domestic Petroleum Council
Department of Energy-Washington, DC
4:50-5:00 PM
Staff: Kevin Kolevar
Attendees: Ray Seegmiller, Cabot Oil & Gas
Charles Davidson, Noble Affiliates
Ed Segner, EOG Resources
Stan Blossom, Kerr-McGee
Bill Whitsit, Domestic Petroleum Council

6. **Identify the information available concerning (a) the direct and indirect costs incurred by the Department and (b) whether any participants in interviews or meeting(s) received any compensation for their involvement. Identify if appropriated funds were used to pay the costs of personnel in supporting the activities of the NEPDG.**

(a) The following are the direct/indirect costs associated with the delivery of the National Energy Policy Report identified to date. Excluding Federal salary and expenses, the Department of Energy provided support to the President’s National Energy Policy Development Group (NEPDG):

- **Cost for initial 10,000 policy publications**
  
  **Printing and production:** $108,446.00

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Obtained and made public by the Natural Resources Defense Council, March/April 2002
Graphic support: $27,169.00
Total: $135,615.00


- Cost for producing 16 40” x 60” briefing boards
  Graphics cost: $1,317.39

- Hotel room near print-shop while policy publication was being produced
  Room and tax: $100.92
  Funding source: Fossil Energy Research and Development Appropriation (Pub. L. 106-291)

- Expenses associated with travel in support of the NEPDG
  Travel by Andrew Lundquist to Alaska
  Lodging: $86.40
  Per diem (2 days): $90.00
  Funding source: Energy Conservation Appropriation (Pub. L. 106-291)

Total spent by DOE in support of NEPDG, as of June 15, 2001: $139,209.71

- Future anticipated expenditure:

  5,000 additional copies of the policy publication:
  Projected cost: $30,000 - $35,000

*Note: Printing/Graphics Business Line is split 58% Solar and Renewables, Energy Supply Appropriation and 42% Energy Conservation Appropriation

(b) Other than the salary costs for Federal employees, no participants in any meetings received compensation from the Department of Energy for their involvement.

7. Provide an accounting of the statutory authorities, regulations, rules, and guidelines under which information for the NEPDG was developed.

A number of statutes provide the Department of Energy with authorities and responsibilities for energy policy. For example, the Department of Energy Organization Act, Public Law 95-91, as amended, contains provisions that address the Department’s role regarding energy policy. Section 102 of the Act (42 U.S.C. 7112) provides, in part:
The Congress therefore declares that the establishment of a Department of Energy is in the public interest and will promote the general welfare by assuring coordinated and effective administration of Federal energy policy and programs. It is the purpose of this Act:

(2) To achieve, through the Department, effective management of energy functions of the Federal Government, including consultation with the heads of other Federal departments and agencies in order to encourage them to establish and observe policies consistent with a coordinated energy policy, and to promote maximum possible energy conservation measures in connection with the activities within their respective jurisdictions.

(3) To provide for a mechanism through which a coordinated national energy policy can be formulated and implemented to deal with the short-, mid- and long-term energy problems of the Nation; and to develop plans and programs for dealing with domestic energy production and import shortages.

(4) To create and implement a comprehensive energy conservation strategy that will receive the highest priority in the national energy program.

(5) To carry out the planning, coordination, support, and management of a balanced and comprehensive energy research and development program, including:

(A) assessing the requirements for energy research and development;

(B) developing priorities necessary to meet those requirements;

(C) undertaking programs for the optimal development of the various forms of energy production and conservation; and

(D) disseminating information resulting from such programs, including disseminating information on the commercial feasibility and use of energy from fossil, nuclear, solar, geothermal, and other energy technologies.

(6) To place major emphasis on the development and commercial use of solar, geothermal, recycling and other technologies utilizing renewable energy resources.

(8) To facilitate establishment of an effective strategy for distributing and allocating fuels in periods of short supply and to provide for the administration of a national energy supply reserve.

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(9) To promote the interests of consumers through the provision of an adequate and reliable supply of energy at the lowest reasonable cost.

(10) To establish and implement through the Department, in coordination with the Secretaries of State, Treasury, and Defense, policies regarding international energy issues that have a direct impact on research, development, utilization, supply, and conservation of energy in the United States and to undertake activities involving the integration of domestic and foreign policy relating to energy, including provision of independent technical advice to the President on international negotiations involving energy resources, energy technologies, or nuclear weapons issues, except that the Secretary of State shall continue to exercise primary authority for the conduct of foreign policy relating to energy and nuclear nonproliferation, pursuant to policy guidelines established by the President.

(11) To provide for the cooperation of Federal, State, and local governments in the development and implementation of national energy policies and programs.

(12) To foster and assure competition among parties engaged in the supply of energy and fuels.

(13) To assure incorporation of national environmental protection goals in the formulation and implementation of energy programs, and to advance the goals of restoring, protecting, and enhancing environmental quality, and assuring public health and safety.

(14) To assure, to the maximum extent practicable, that the productive capacity of private enterprise shall be utilized in the development and achievement of the policies and purposes of this chapter.

(15) To provide for, encourage, and assist public participation in the development and enforcement of national energy programs.


On January 29, 2001, the President signed a memorandum establishing the National Energy Policy Development Group. A copy of that memorandum is attached.
MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF THE TREASURY
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
THE DIRECTOR OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY
THE ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY
THE ASSISTANT TO THE PRESIDENT AND DEPUTY CHIEF OF STAFF FOR POLICY
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY
THE ASSISTANT TO THE PRESIDENT FOR INTERGOVERNMENTAL AFFAIRS

SUBJECT: National Energy Policy Development Group

One of the greatest challenges facing the private sector and Federal, State, and local governments is ensuring that energy resources are available to meet the needs of our citizens and our economy. To help address this challenge, I am asking the Vice President to lead the development of a national energy policy designed to help the private sector, and government at all levels, promote dependable, affordable, and environmentally sound production and distribution of energy for the future. Accordingly, I direct as follows:

1. Establishment. There is hereby established within the Executive Office of the President an Energy Policy Development Group, consisting of the following officers of the Federal Government: the Vice President, Secretary of the Treasury, Secretary of the Interior, Secretary of Agriculture, Secretary of Commerce, Secretary of Transportation, Secretary of Energy, Director of the Federal Emergency Management Agency, Administrator of the Environmental Protection Agency, Assistant to the President and Deputy Chief of Staff for Policy, Assistant to the President for Economic Policy, and Assistant to the President for

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Intergovernmental Affairs. The Vice President may also invite the Chairman of the Federal Energy Regulatory Commission to participate. The Vice President may invite the participation of the Secretary of State when the work of the Energy Policy Development Group involves international affairs and, as appropriate, other officers of the Federal Government. The Vice President shall preside at meetings of the Energy Policy Development Group, shall direct its work, and may establish subordinate working groups to assist the Energy Policy Development Group in its work.

2. Mission. The mission of the Energy Policy Development Group shall be to develop a national energy policy designed to help the private sector, and as necessary and appropriate Federal, State, and local governments, promote dependable, affordable, and environmentally sound production and distribution of energy. In carrying out this mission, the Energy Policy Development Group's functions shall be to gather information, deliberate, and, as specified in this memorandum, make recommendations to the President. Its activities shall not supplant the authority and responsibility of State and local governments for handling energy production, purchase, and distribution difficulties.

3. Reports. The Energy Policy Development Group should submit reports to me as follows: (a) in the near-term, an assessment of the difficulties experienced by the private sector, and State and local governments in ensuring that local and regional energy needs are met, and (b) as soon thereafter as practicable, a report setting forth a recommended national energy policy designed to help the private sector, and as necessary and appropriate State and local governments, promote dependable, affordable, and environmentally sound production and distribution of energy for the future. The recommended national energy policy should take into consideration, among other things, (i) the growing demand for energy, locally, regionally, and nationally, in the United States and in the world, (ii) the potential for local, regional, or national disruptions in energy supplies or distribution, and (iii) the need for responsible policies to protect the environment and promote conservation, and (iv) the need for modernization of energy generation, supply, and transmission infrastructure.

4. Funding. The Department of Energy shall, to the maximum extent permitted by law and consistent with the need for funding determined by the Vice President after consultation with the Secretary of Energy, make funds appropriated to the Department of Energy available to pay the costs of personnel to support the activities of the Energy Policy Development Group. If a situation arises in which Department of Energy appropriations are not available for a category of expenses of the Energy
Policy Development Group, the Vice President or his designee should submit to me a proposal for use, consistent with applicable law, of the minimum necessary portion of any appropriation available to the President to meet the unanticipated need. The Vice President may also obtain, through the Assistant to the President for Economic Policy, such assistance from the National Economic Council staff as the Vice President deems necessary.


cc: Secretary of State
    Chairman, Federal Energy Regulatory Commission

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