Fax

To: Michael Whaley
From: Steve Runser

Fax 202-586-4891
Pages 7

Please: Date: 5/20/01
Rec: Share Request CCI

Urgent: Review: Please Comment: Please Reply: Please Recycle

Comments:

Per my email. Can you get their answers?

Thanks.

SE

456-6774

10796
DOE016-0548

Obtained and made public by the Natural Resources Defense Council, March/April 2002
The Honorable Richard Cheney
Vice President
Eisenhower Executive Office Building
Washington, D.C. 20501

Dear Vice President Cheney:

As a member of the Energy & Air Quality Subcommittee of the House Committee on Energy & Commerce, I request information regarding the Clean Air Act and its effect on the electricity generating plants in California. I understand that the severe shortage of electricity which California is currently experiencing is due to the lack of electrical supply available to meet demand and that increasing the amount of electricity available is the only way to avoid blackouts and brownouts in California this summer.

I am specifically interested in identifying any provision of the Clean Air Act or any regulation enacted pursuant to its authority which affects the ability of generating plants within California and other states capable of supplying electricity to California to produce at their highest possible capacity. Moreover, I would like information on the effect which the cost of credits for Nitrous Oxide (N2O) emissions has had on the ability of plants to produce at full capacity as well as on the wholesale price of electricity in the California market.

Finally, I would like information on specific generating plants which have been unable to produce at full capacity or may shut down this summer to avoid exceeding their allowable emissions of NOx or other pollutants. I and other Members of Congress have received conflicting information on this issue and I hope that you are able to settle the uncertainty over this question.

In addition, I am seeking information on all generating plants in the state of California which are capable of being in service before September 1, 2001 but which are not currently generating electricity or are not generating at full capacity. Specifically, I would appreciate a list of all such plants and the reasons why each plant is not operating or is operating at less than full capacity. Furthermore, any information which you can provide on actions which Congress could take to bring these plants back into full service to forestall an emergency situation this summer is greatly appreciated.

April 23, 2001
It is clear from testimony delivered at recent hearings on this issue that power supply problems are the root of California’s current crisis. Any information which you can provide will be extremely useful as I and other Members of Congress craft legislation which will increase the amount of electricity actually available to California and thus avoid blackouts and brownouts.

Thank you for your attention to this request and I look forward to working with you to address this issue.

Sincerely,

John Shadegg
Member of Congress
TO:

Ms. Carol A. Kennedy
Executive Secretariat
Room 7E-054 Forrestal Building
Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

DATE: September 18, 2001

We are forwarding the enclosed constituent mail containing views and concerns about energy issues. It is not necessary to respond to our office regarding each reply.

Should you have questions about these procedures or need to provide updated contact information, you may reach me by telephone at 202.456.9002 or by fax at 202.456.7044.

Sincerely,

Cecelia Boyer
Special Assistant to the Vice President
for Correspondence
OFFICE OF THE VICE PRESIDENT
CORRESPONDENCE TRACKING WORKSHEET

RECEIVED DATE: 4/27/01
TRACKING NO. 806
DATE DUE 5/4/01

NAME OF CORRESPONDENT: Western Governors

SUBJECT: Final energy proposal

ROUTE TO FOR ACTION INDICATED:

LIBBY ☐ KLEPPE ☐
MCGRATH ☐ O'DONNELI. ☐
MATALIN ☐ DUNN ☐
ADDINGTON ☐ HEIDEN ☐
DORN ☐
EDELMAN ☐
CONDA ☐

ACTION CODES:

1) APPROPRIATE ACTION ☐
2) DRAFT RESPONSE FOR YOUR SIGNATURE ☐
3) DRAFT RESPONSE FOR CHIEF OF STAFF ☐
4) DRAFT RESPONSE FOR VICE PRESIDENT ☐
5) INFO COPY/NO ACTION NECESSARY ☐
6) COORDINATE WITH ☐

COMMENTS

RETURN TO CORRESPONDENCE OFFICE

10800
DOE016-0552

Obtained and made public by the Natural Resources Defense Council, March/April 2002
April 27, 2001

The Honorable Richard B. Cheney
Vice President of the United States
The White House
1600 Pennsylvania Ave. N.W.
Washington, DC 20501

Dear Mr. Vice President:

On March 9, the Western Governors’ Association transmitted a draft Memorandum of Understanding and joint implementation plan to you. The agreement would help align and coordinate our efforts to address the energy crisis now confronting the Western United States. The document was based on our very productive meeting with you on February 27. We also initiated a review among our states and public utility commissions to make sure the proposal was as complete as possible. That process has been completed with only minor, constructive changes, and we are pleased to transmit our final proposal to you for your consideration.

This agreement, along with the underlying support of participating agencies, should provide the necessary resources to enable a powerful state/federal partnership. Such a partnership will be essential to address both the short- and longer-term issues facing the region. Our work together will also provide a model for addressing the unique needs of the nation’s other regions.

We thank you for your keen interest in resolving the Western energy crisis and look forward to working with the Administration as we move forward together to solve these problems. Please contact any one of us or our executive director, Jim Souby, if you have any questions.

Sincerely,

Dirk Kempthorne
Governor of Idaho
Chairman

Jane Doe Hull
Governor of Arizona
Vice Chair

John A. Kitzhaber, M.D.
Governor of Oregon
Co-Lead Governor for Energy

Jim Grammer
Governor of Wyoming
Co-Lead Governor Energy

cc: Western Governors

Encl.

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EMORANDUM OF UNDERSTANDING
AMONG THE
PRESIDENT'S NATIONAL ENERGY POLICY DEVELOPMENT GROUP
AND ITS MEMBER OFFICES AND AGENCIES
AND THE
WESTERN GOVERNORS' ASSOCIATION
AND ITS MEMBER STATES
REGARDING ENERGY DEVELOPMENT AND CONSERVATION
IN THE WESTERN UNITED STATES

I. Purpose

The purpose of this Memorandum of Understanding (MOU) is to establish a framework for cooperation between Western States and the Federal government to rapidly resolve immediate energy shortages and longer-term energy problems facing the West. This effort will involve the States and the Federal government. Other stakeholders may be called upon from time to time to provide advice. The regional approach will serve as a demonstration of principles and practices, which may be adopted nationally or in other regions.

II. Objective

To encourage cooperation among the President’s National Energy Policy Development Group (NEPDG), its member offices and agencies, the Western Governors’ Association (WGA) and its member states for the following purposes:

(1) Improving intergovernmental systems that authorize and enable planning, financing, permitting and siting of energy facilities;

(2) Increasing energy supplies;

(3) Building needed energy infrastructure; and

(4) Increasing the efficiency of energy use.

III. Background

Energy prices and supplies in the Western United States have become uncertain and highly volatile over the past year. Electricity and natural gas transmission systems may no longer be adequate to provide reliable, secure energy to citizens, businesses and governmental and national defense facilities. Due to unique Western land ownership patterns, widely dispersed population centers and government facilities, and the isolated nature of the Western Interconnection for electricity transmission, this situation poses
unique policy, management, and investment problems that must be addressed to ensure protection of public health, welfare, the environment and national security.

The Nation's energy policy must be broad-based and flexible so that each state and region in the nation can maximize its contributions to the economy and well-being of its citizens. The signatories to this agreement and the offices, agencies and states they represent are committed to carrying out both short and long-term, cost-effective efforts to resolve the energy crisis in the Western States. In this may involve: obtaining and sharing necessary public information relating to energy markets and emerging energy technologies; identifying and implementing cooperative strategies for research, development, demonstration and adoption of policies, procedures and programs that will ensure delivery of new energy supplies, greater efficiency, more sustainable conservation practices and new or improved energy technologies; and assessing the effectiveness of implementation policies and practices.

The signatories are committed to market-based approaches so that the selection and financing of energy facilities and strategies, including those for research and development, will be based on wide competition, broad participation and market discipline.

The signatories seek a regional, integrated, cooperative approach to identifying solutions to problems. The proposed approach for this MOU will bring together the signatories or their designated representatives to share information and collaborate to the extent permitted by law.

IV. Authorities

Nothing in this MOU alters the responsibilities or statutory authorities of NEPDG and its member offices and agencies, or the WGA, and its member States and insular areas. This MOU does not supersede existing agreements among any of the signatories.

V. Responsibilities

The signatories agree to prepare a workplan and provide an annual report to identify and list by priority energy needs and requirements. The workplan and report will identify and assess governmental approaches, including regulatory practices that affect the development of energy supply, conservation and efficiency in the West. The report will consider current funding levels and allocations for governmental energy activities, the most pressing energy production, transmission and efficiency problems, and identify for demonstration and/or implementation the most promising new solutions.

The report will be completed and submitted to the signatories no later than February of each year for use as a resource in the formulation and review of the states' and nation's energy policies.
The signatories agree that this MOU may serve as a prelude to other regional or National programs for identifying and implementing needed new, cost-effective energy strategies for development and deployment.

VI. **Authentication**

This MOU becomes effective upon its signature by all parties. The MOU will continue in effect for three (3) years or until modified by mutual consent. Participation by any signatory member may be terminated at the request of any signatory with ninety (90) days prior notice.

FOR THE NATIONAL ENERGY POLICY DEVELOPMENT GROUP AND ITS MEMBER OFFICES AND AGENCIES

______________________________ Date
Vice President of the United States

FOR THE WESTERN GOVERNORS' ASSOCIATION AND ITS MEMBER STATES

______________________________ Date
Chairman of the
Western Governors' Association

______________________________ Date
Vice Chair of the
Western Governors' Association

______________________________ Date
Lead Governor of the
Western Governors' Association

______________________________ Date
Lead Governor of the
Western Governors' Association
JOINT IMPLEMENTATION PLAN FOR MEETING ENERGY NEEDS IN WESTERN STATES

May 2001

Introduction:

This addendum to the Memorandum of Understanding (MOU) of May ___, 2001 regarding energy development and conservation in the western states established a plan for initial implementation of the MOU.

This plan is intended to create the mechanisms necessary to implement the MOU and provide a legal and accepted basis to pursue regional cooperative efforts.

Proposed Approach:

First working independently, and then jointly, the Federal agencies and WGA will accomplish tasks in four areas in FY 2001-2004:

Task 1: Improve intergovernmental systems

- Establish policies that upon request extend NEPA "cooperating agency" status to states for energy project reviews as a matter of routine practice and provide funding to states to participate.
- Develop information to enable the timely development of alternatives for evaluation in EISs.
- Establish integrated state-federal processes for the shared development of energy plans, programs, policies and projects.
- Develop processes for the effective participation by key stakeholders in the consideration of energy issues.
- Investigate the application of information technologies to siting and permitting functions for energy facilities.
- Develop a budget and plan for accomplishing Tasks 1, 2, 3 and 4.
- Establish mechanisms for key stakeholder participation in the execution of Tasks 2, 3 and 4.

Task 2: Increase energy supplies

- Enable the operation of existing generation through expedited local, state and federal permit decisions affecting the operation of existing and retired generation while protecting the public health and environment.
- Enable the deployment of distributed generation through the identification of practices in the western power system that create barriers to distributed generation and the adoption of practices to overcome such barriers, such as standardized interconnection practices and information necessary for local zoning decisions.
• Streamline local, state and federal permitting of new renewable and fossil energy generation and associated electric transmission and natural gas pipelines.

• Speed the local, state and federal permitting of new, cleaner and more efficient technologies including the development of information necessary for agency reviews of the performance of new technologies and the sharing of such information among state and federal permitting agencies.

• Expand the efficient production and use of natural gas, oil, and coal through the development of new technologies and the timely permitting and leasing of resources.

Task 3: Build needed energy infrastructure

• Identify and evaluate the bottlenecks in western energy system (e.g., electric transmission, natural gas and petroleum pipelines).

• Determine financial impediments to investment in necessary infrastructure to eliminate bottlenecks in the western energy system.

• Seek opportunities to deploy new technologies to relieve bottlenecks.

Task 4: Improve the efficiency of energy use

• Coordinate federal agency efficiency efforts with state energy efficiency initiatives.

• Collaborate in evaluations of the effectiveness of energy efficiency initiatives in the West.

• Seek opportunities to identify and conduct pilot projects to test the implementation of new programs and technologies to increase energy efficiency.

• Conduct public outreach to encourage conservation and efficiency.

• Expand State and Federal energy efficiency programs and initiatives.
OFFICE OF THE VICE PRESIDENT
WASHINGTON

October 3, 2001

The Honorable Tony Knowles
Governor
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Knowles:

Vice President Cheney has asked me to respond to your letter urging the
Administration to support construction of the Alaska Natural Gas Pipeline that
utilizes a route following the Alaska Highway.

Governor, as you know, we have talked several times about this issue and its
importance both to Alaska and our Nation’s energy security. The President’s
National Energy Policy Report included a recommendation that directed the
Secretaries of Energy and State, in coordination with the Secretary of the Interior
and the Federal Energy Regulatory Commission, to work closely with Canada and
the State of Alaska, and all other interested parties to expedite the construction of
a natural gas pipeline to deliver natural gas to the lower 48 states.

Again, as you know, the National Energy Policy Report did not take a position
with respect to route selection. But, at this time, the Department of Energy is
examining the issue closely. I appreciate your position and the points you have
made in support. I will ensure that the Secretary of Energy is fully aware of
where you stand, and, to that end, I have forwarded your letter to him.

Sincerely,

Andrew D. Lundquist
Director, National Energy Policy
Development Group

cc:
The Honorable Spencer Abraham
Secretary of Energy
STATE OF ALASKA
OFFICE OF THE GOVERNOR
TONY KNOWLES
GOVERNOR
TRAN ULMER
LIEUTENANT GOVERNOR

Date: May 4, 2001

To: The Honorable Richard B. Cheney
Vice President of the United States

Pages: 4

From: Tony Knowles
Governor of Alaska

Fax No.: 202) 456-6216

If you received this fax in error, please immediately notify the sender by telephone, and return this fax to the sender at the above address. Thank you.

10808

DOE016-0560

Obtained and made public by the Natural Resources Defense Council, March/April 2002
The Honorable Richard B. Cheney
Vice President of the United States
Eisenhower Executive Office Building
Washington, DC 20501

Dear Vice President Cheney:

I write to strongly urge the administration to support construction of the Alaska Highway Natural Gas Pipeline in your recommendations to Congress on a national energy strategy.

The Alaska Highway Natural Gas Pipeline project makes sense for America for three reasons. First, it is by many years the quickest way to move this enormous, already discovered, and ready-to-market energy resource to American markets. Second, by following developed transportation corridors in Alaska and Canada, it is environmentally sound and the only project that is universally accepted and encouraged by environmental groups. The other “frontier route” is adamantly opposed by environmental and indigenous groups. Finally, it will create thousands of jobs and business opportunities for Americans.

The project is poised to deliver Alaska’s enormous North Slope gas—35 trillion cubic feet of proven reserves—with another estimated 65 trillion cubic feet waiting to be discovered. The route has already been approved by Congress, is the subject of an international treaty with Canada, and much of it has already been permitted and rights-of-way issued. Updating that work would take only 18-24 months, in contrast to a new route which could take at least five years or more to permit.

Second, a chief reason for the overwhelming support of the Alaska Highway project is that it is environmentally sound. It would follow and use existing infrastructure, such as the North Slope Haul Road and Alaska Highway, and has the strong support of environmental groups with no environmental opposition we are aware of. In contrast, an alternative route under the ice-chocked Beaufort Sea is strongly opposed by environmentalists and Alaska Natives of the region, the same indigenous people who generally support oil and gas development in the Arctic National Wildlife Refuge.
The Honorable Richard B. Cheney  
May 4, 2001  
Page 2  

Third, the Alaska Highway pipeline project is good for America’s economy and families. At a time of worry over an economic slowdown, it would create thousands of good jobs across our nation, both during the construction and operations. Supplying 4 billion cubic feet a day, it would meet a huge portion of the nearly 2 billion cubic feet a day annual increase projected for natural gas demand for electrical production, factories, and homes. And it would help make our nation more energy sufficient and less reliant on uncertain foreign energy sources.

Recognizing these realities, both the Western and National Governors’ Associations have unanimously endorsed it. Alaska’s two United States senators strongly support the Alaska Highway project. We perceive a growing bipartisan sentiment in Congress to incorporate support for the highway route in the pending national energy legislation.

A strong expression of support by the Bush administration urging North Slope gas producers to rapidly file application for this route could significantly accelerate pipeline construction. Such filings would not preclude the companies from considering other routes, but would significantly accelerate the effort to transport Alaska gas to markets in the U.S. Midwest.

Such support also would demonstrate to the Canadian government the continuing commitment of the United States to international agreements executed between our two governments in the late 1970s.

Finally, I suggest that your report to Congress discuss the establishment of a task force consisting of representatives from the U.S., Canada, Alaska, and other parties to accelerate the commercialization of natural gas from Northern Alaska and Canada. This task force would consist of policy and technical experts and would be directed to develop a comprehensive plan for producing and transporting this gas, including facilitating construction of the Highway Natural Gas Pipeline. This coordination is essential for the project and the sooner it is begun the better. This would also put the public on notice that work is immediately underway to address our critical need for natural gas.

Supporting construction and routing of the Alaska Natural Gas Pipeline would enable the administration to assure Americans that help is on the way now to address our nation’s pending energy crisis. Jump-starting a $10 billion construction project with broad American support, which would deliver to markets the preferred environmental fuel of the 21st century—the largest known natural gas reserve on the continent—at a rate of 4
billion cubic feet a day, is a dramatic and significant positive step toward resolving our energy supply crisis.

Thank you for your consideration of my views.

Sincerely,

Tony Knowles
Governor

cc: The Honorable Ted Stevens, U.S. Senator
The Honorable Frank Murkowski, U.S. Senator
The Honorable Don Young, U.S. Representative
Mr. Andrew Lundquist, National Energy Policy Development
Our current need to import approximately 60% oil requirements does not reflect a viable supply situation. The administration policy of developing more domestic oil and gas production is commendable. This includes drilling in the Alaskan wildlife preserve and offshore California among other known locations where oil and gas reserves are probable.

Consideration should also be given to starting a development program for our oil shale reserves, which are estimated to contain billions of barrels of oil. About 25 years ago considerable work was done in this area during previous oil supply problem. I believe that the technology exists whereby at least 1 million barrels of oil production per day is feasible from shale. While this shale oil production costs may be higher than current oil purchase costs, it would be highly desirable from a national safety viewpoint.

To help support oil from shale program, consideration should be given to a shale oil development tax on all motor fuel. I have estimated that a $.05 shale oil development tax on all fuel would raise approximately $180 million per year. This could be used to subsidize oil shale development.

cc: Secretary Christie Todd Whitman