Dear Mr Abraham,

Thank you very much for your letter of May 17, 2001 explaining the key considerations of the US energy policy and for the enclosed National Energy Policy Report. I fully appreciate the importance of this report, as the starting point for the United States’ engagement on energy policy at home and abroad, and as a possible basis for mutual cooperation.

As a global issue of increasing importance, energy is given special emphasis in our transatlantic dialogue. The United States and the European Union are confronted by the challenges of energy supply security, liberalization of energy production and distribution, energy cost and competitiveness and climate change. The US and the EU have been giving similar answers to many of those challenges: energy supply is addressed through the development of more efficient technologies exploiting national and renewable energy sources, the strengthening of associations with major energy producers around the world and the preservation of diversity in energy choices. Nevertheless, some issues, like climate change, also need common answers. The Göteborg meeting gave us the opportunity to recognize that this is the most urgent global environmental challenge and a threat to future well-being and economic progress, requiring strong leadership and efficient action to significantly reduce greenhouse gas emissions by the industrialized countries.

I therefore welcome the opportunities to strengthen our partnership by undertaking together research and development for the implementation and further development of climate friendly technologies, market approaches and other innovative solutions. The renewal of our nuclear fusion agreement and the implementing agreement relating to research and development in non-nuclear energy open the way for co-operation between energy R&D communities of both sides of the Atlantic. Indeed, our collaboration in research areas such as fossil energies, climate change, fuel cells and new energy sources such as hydrogen, solar energy and, with a long term view, fusion will be advantageous for everyone.
Let me again thank you for your visit in Brussels in May, which allowed us to have a fruitful exchange on common points of interest in energy research policy.

Yours sincerely.

P. Busquin
July 2, 2001

The Honorable Richard B. Cheney
Vice President of the United States
Eisenhower Executive Office Building
Washington, DC 20500

Dear Mr. Vice President,

The Engine Manufacturers Association is an organization of 29 of the Nation’s premier engine manufacturers. We move the country, build its roads, cultivate its crops and, more recently, have been part of the solution to the electricity supply shortages in the West.

The Association supports and applauds the Bush Administration’s efforts to address this Nation’s long-term energy needs. The President has produced a visionary, comprehensive and far-reaching energy policy and the EMA agrees with its overall goals and objectives. The enclosed paper offers our comments on several recommendations included in the National Energy Policy Development Group’s report in which the Association has particular interest and expertise.

The EMA supports the President’s Executive Order directing federal agencies to review the energy impacts of regulatory actions, particularly with respect to emissions standards and mandates restricting fuel or energy technology options. We agree that tax credits and other incentives are effective tools to promote fuel efficiency and environmental protection. The EMA advocates using such market-based mechanisms to retire older model commercial diesel trucks in order to accelerate the introduction of cleaner, more efficient vehicles into the commercial fleet. We believe that a stable regulatory structure, clear national goals, market-based incentives and a level playing field are all critical components of a sound comprehensive energy policy.

Of particular importance in an efficient and reliable energy system is the expanded use of distributed generation. Increasingly, our Members supply on-site and emergency electric generation to improve reliability, add supply during times of shortage to reduce the risks and frequency of blackouts, and keep businesses, homes and critical energy users such as hospitals functioning despite inadequate electricity supplies, transmission and volatile prices.

As the need for our product and demand for it has mushroomed, we want to be sure that you are armed with the information necessary to understand how we can contribute to the Nation’s energy supply. And we want you to have the facts about concerns that have been raised
on the emissions and potential health effects from increased use of these critical power supply options. We're proud of our products and believe they contribute to energy supply, cleaner air and energy efficiency. We are part of the long-term solution. And, we also stand ready to help in the short term.

We hope that our comments on the President’s energy policy and the enclosed update on back-up generation will be of use to you and the National Energy Policy Development Group. We stand ready to assist you with more information if necessary. Please feel free to call on us.

Sincerely,

Rita Castle
Chair, EMA Public Policy Group

Enclosures

Cc: Andrew Lundquist
    Karen Knutson
ENGINE POWER...MEETING OUR NATION'S ENERGY AND TRANSPORTATION NEEDS

Recommendations on Implementing the National Energy Policy Review
June 2001

Prepared By:

Engine Manufacturers Association
Two North LaSalle Street
Chicago, Illinois 60602

The Engine Manufacturers Association (EMA) is an international membership organization representing the interests of manufacturers of internal combustion engines. EMA's members make the engines that power the world's transportation, portable equipment, and distributed generation infrastructure including construction and farm equipment, locomotives, marine, trucks and buses, lawn and garden equipment, and electrical generators. Working with government, customers, and the public, EMA is committed to reducing emissions and improving energy efficiency through application of enhanced technology.
ENGINE POWER...MEETING OUR NATION'S ENERGY AND TRANSPORTATION NEEDS

Recommendations on Implementing the National Energy Policy Review

As the Bush Administration and Congress develop a national energy policy, U.S. engine manufacturers and the products they produce can play a critical role in meeting our energy challenges. Engines power the transportation systems and provide the energy to meet the demands of our nation's economy. Engines impact virtually every aspect of our lives, from farming and electrical power generation to powering oil and gas exploration and distribution to operating lawnmowers and other hand-held devices.

The U.S.-engine manufacturing industry comprises over 30 companies employing over 600,000 people with approximately $30 billion in annual sales. Combine the sales of those who use the engines to build commercial products and you have an estimated $150 billion in annual sales. And approximately one-third of the $30 billion in agriculture and construction equipment manufactured in the U.S. each year is exported, contributing to a favorable balance of trade and preserving more than 84,000 American jobs.

In reviewing the National Energy Policy Report prepared by the National Energy Policy Development (NEPD) Group, the Engine Manufacturers Association (EMA) agrees with the overall goals and objectives contained in the report. Following are EMA comments on several recommendations of particular interest to the Association and for which the engine industry has particular expertise.

- Executive Order directing federal agencies to include a review of adverse energy impacts from regulatory actions.

Federal regulatory actions can adversely affect energy supplies and efficient use of natural resources. Federal actions, particularly those dealing with environmental protection, need to provide a balanced approach that considers energy use and efficiency. Unnecessarily strict emissions standards or mandates restricting fuel or technology options may eliminate or restrict more efficient energy production technologies and negatively impact the nation’s energy resources. Such consequences should be considered by federal regulatory agencies to ensure that energy efficiency and conservation goals are not sacrificed.

In particular, when setting emissions standards for new engines, EPA should be required to consider the impact such standards would have on:

- Fuel efficiency and economy
- National fuel demand and long-term supplies
- Increased costs of fuel prices and distribution
- Use of the most fuel-efficient technologies
Cumulative impacts on energy output per unit of fuel consumed, and impact of actions on fuel distribution and pricing.

Stringent triggers and criteria should be established for when an agency must complete a formal energy analysis, and risk-based assessments should be used to justify regulations that have a significant adverse impact on the nation’s energy equation.

- Development and implementation of programs to encourage increased energy efficiency through combined heat and power (CHP) projects.

CHP projects provide the opportunity to increase energy production in an efficient and effective manner. Such projects can increase energy production by utilizing energy resources that would otherwise be wasted. The development of CHP should be encouraged by implementing flexible environmental regulation and ensuring that appropriate and realistic emissions credits are given to CHP projects.

- Secretary of Energy to establish a national priority for improving energy efficiency and recommends the expansion of tax credits for fuel-efficient vehicles.

Tax credits and other incentives are appropriate mechanisms for the federal government to encourage industry to improve fuel efficiency and for consumers to purchase fuel-efficient vehicles. Market-based incentives are preferable to regulatory mandates or other directives that limit or exclude certain technologies or fuels.

Federal and state policies have in the past often promoted alternative fuels and new technologies to the exclusion of existing options such as compression ignition engines. Compression ignition engines provide a very energy efficient power source for the nation’s transportation infrastructure as well as advantages in reliability, durability, and cost. Emerging emissions control technology can assure low emissions as well.

Energy and environmental policies need to assure a place for compression ignition engines in the mix of technology options and provide a level playing field to promote technological improvement and advances. Any incentive package must ensure that the incentives are fuel and technology neutral. Appropriate and realistic fuel efficiency goals should be established that do not restrict the innovation and technology of America’s engine and vehicles manufacturers. Such incentives, combined with EPA’s national emissions standards, will promote energy conservation, technology improvement, and environmental protection.

EMA Recommendation: Heavy-Duty Truck Retirement Program:

There are 22 major metropolitan areas across the United States that are in non-attainment with the ambient air quality standards set by the EPA. EPA and
CARB have established stringent new NOx and particulate (PM) standards for new diesel truck engines beginning in 2004 (2002 for consent decree companies) and near zero emissions standards in 2007. However, it will take several years before the full effects of these new standards on air quality are realized because of the slow turnover in the heavy truck fleet. EPA has also established a voluntary diesel retrofit program to partner with States, operators, and manufacturers to promote reductions from current vehicles and is considering financial incentives including "tax credits." CARB also plans to retrofit all commercial diesel vehicles over the next 10 years by methods yet to be defined.

Today there are approximately 1.5 million pre-1988 model diesel commercial trucks in operation. Nearly 700,000 of these are large (class 8, >33,000 lbs GVWR), accounting for 20% of all vehicles in use. In addition to emitting nearly 3 times the NOx and 10 times the PM levels of today's modern diesel powered trucks, these vehicles are approximately 25% less fuel-efficient than current models.

The Engine Manufacturers Association strongly supports a federal program to provide financial incentives to retire and recycle pre-1988 commercial diesel trucks to accelerate the introduction of fuel efficient, low emitting vehicles into today's commercial fleets. This program, focusing on small fleets and owner-operators with up to 5 vehicles, would provide a tax credit for the retirement of pre 1988 heavy duty engines or vehicles (over 8500 lbs GVWR) that are replaced with 1994 or later model year engines with EPA approved upgrades, where applicable. In order to realize the greatest benefits related to emission reductions and increased fuel efficiency, priority should be given to replacing heavy-heavy duty class 8 engines and trucks.

- **All federal agencies will be directed to use technological advances to better protect the environment**

Technological advances in engine design and emissions controls will result in continued fuel efficiency improvements and reduced emissions. The Administration can best promote such advancements through a stable regulatory structure, clear national goals and objectives, incentives to industry for continued improvements, and funding research and development initiatives. In the latter category, the Administration should recommend full funding of the Advanced Petroleum Fuels Development project jointly being developed by the Department of Energy and industry.

- **The development of comprehensive electricity legislation that promotes competition, protects consumers, enhances reliability, promotes renewable energy, and improves efficiency**
An important element in an efficient and reliable energy system is the expanded use of Distributed Generation (DG). In the short run, DG can provide needed power to reduce demand on strained electrical grids relying on centralized power production. The regulatory structure and grid system should allow the use of all available DG sources, including generators powered by internal combustion engines, to meet emergency demands. Federal, state, or local emissions regulations should not restrict or prohibit the use of DG to alleviate local or regional power shortages or the need to provide power to maintain essential services or economic activity.

In the long term, DG provides excellent options for improving the economic efficiency, reliability and capacity of the electricity supply. Federal, state, and local regulations need not only to allow DG sources to provide electricity to the power grid, but should promote and encourage the development of DG.

Diesel, natural gas and gas turbine engines play a major role in providing supplemental and prime power to meet our energy needs. These engines, collectively known as internal combustion engines, are the fastest-selling, lowest-cost distributed generation technology in the world today. Ranging from 0.05 kW to 6.5 MW, these engines can be used in substations and small municipalities, as well as commercial, industrial, institutional, and even residential applications. They offer low capital costs, easy start-up, proven reliability, good load-following characteristics and heat recovery potential. Power generation applications could include continuous or prime power generation, peak shaving, back-up power, premium power, remote power, standby power and mechanical drive use. Reciprocating engines make up a substantial portion of the combined heat and power (CHP) or cogeneration market.

Of the three engine types, diesel engines are the most fuel efficient, durable, reliable and affordable source of distributed power. Most stand-by and emergency power generation is provided by diesel engines, ranging from hospitals with critical patient care needs, to public safety demands for emergency communications and maintaining our air traffic control system, to keeping our e-commerce on line and functioning for its global customers. However, environmental constraints on the use of diesel engines to meet increasing demand for electric power are a concern and need to be carefully evaluated.

EMA Recommendation: The Engine Manufacturers Association strongly believes that a national energy plan must include a level playing field to maximize the use of all fuels and technologies. Providing environmental relief or incentives to only one fuel or technology jeopardizes the ability of states and municipalities to deal with their energy demands in the most cost-effective, and energy efficient manner.

- The increased use of renewable and alternative energy sources including programs to promote consumer choice of renewables, federal tax incentives for biomass fuels, and development of hydrogen and fuels cells.
Alternative and renewable sources of energy hold long-term promise to alleviate the nation's reliance on foreign petroleum sources, and it is appropriate for the federal government to fund research, provide incentives, and promote the development and use of such fuels. In doing so, the continued use of incentives and market-based programs should be encouraged as opposed to regulatory mandates. In addition, efforts to promote alternative and renewable fuels need to consider the technical and cost impacts of such programs. It will be important to work with industry on such matters, particularly the use of alternate fuels in existing engines and vehicles to assure that any alternate or renewable fuels do not adversely impact reliability, durability, and energy efficiency.

- Direct the EPA to study the issue of state or boutique fuels and their impact on the environment and fuel distribution, price, and availability.

To assure an economically viable manufacturing and transportation infrastructure, it is important to develop and maintain nationally applicable fuel standards. This is critically important for mobile sources that operate on a national or international basis and routinely cross state boundaries in everyday commerce. National fuels and emissions standards allow refineries and engine and vehicle manufacturers to economically produce products acceptable for use throughout the country. The proliferation of state or regional differences in fuels or emissions standards jeopardizes the ability of manufacturers to produce suitable products and raises the cost to consumers and the nation.

It is appropriate to review the impacts of state-based fuel standards as well as boutique fuels mandated by federal regulation. Such regional or local fuel specifications have a significant impact on manufacturing costs, distribution, and availability. Geographically or temporally restricted fuels also affect manufacturers and users because of concerns regarding misfueling. EPA needs to consider such consequences in its reviews and consistently strive to discourage requirements for regional or boutique fuels. Yet, it is important to preserve and embrace the air quality benefits available from low emission fuel formulations and to provide these benefits to all American citizens by the widespread availability of such fuels.
ENGINE POWER...MEETING OUR NATION'S ENERGY AND TRANSPORTATION NEEDS

Extended Use of Back-Up Generators to Meet Short-term Power Needs:
A Review of Key Issues
June 2001

Prepared By:
Engine Manufacturers Association
Two North LaSalle Street
Chicago, Illinois 60602

The Engine Manufacturers Association (EMA) is an international membership organization representing the interests of manufacturers of internal combustion engines. EMA's members make the engines that power the world's transportation, portable equipment, and distributed generation infrastructure including construction and farm equipment, locomotives, marine, trucks and buses, lawn and garden equipment, and electrical generators. Working with government, customers, and the public, EMA is committed to reducing emissions and improving energy efficiency through application of enhanced technology.

28491

Obtained and made public by the Natural Resources Defense Council, May 2002
Extended Use of Back-up Generators to Meet Short-term Power Needs

Back-up and emergency generators are in place throughout the country to meet the needs of communities, industry and the public. Back-up generators are designed to maintain electrical power for critical functions and services such as police and fire departments, hospitals, plant safety systems, and emergency/disaster relief equipment to ensure that these life-saving functions continue when electrical power is unavailable. Back-up generators also protect against economic loss by providing needed power to maintain business or manufacturing operations and are critical to protect large economic losses and hardship in a number of industries including oil, chemical and manufacturing sectors, and computer/e-commerce operations.

Back-up generators are not simply a convenience but are often a regulatory requirement. State and local health, building, and safety laws require the installation of back-up generators and define required performance specifications that include start-up time, reliability, and independence from fuel sources that may be disrupted (e.g., natural gas lines or storage tanks).

When power outages occur, whether from natural disasters, equipment failure, or a lack of generation capacity, government, industry, and the public rely on back-up generators to supply their power needs, save lives and avoid economic losses. Although back-up generators can be powered by spark-ignited engines fueled by gasoline or natural gas, diesel-fueled compression ignition engines are the predominant choice to fulfill the back-up and emergency power needs of the public due to inherent advantages in meeting the required reliability, durability, and instant response capabilities.

The prospect of planned power outages has raised the question of whether these back-up generators can and should play a greater role during an energy emergency such as currently being experienced in California and possibly in other states. A current issue is whether to use the existing generation capacity from back-up generators to take up a portion of the electrical load during Stage 3 emergencies and prevent a blackout from occurring. If organizations and business operations that have back-up generators were permitted to activate those generators during a Stage 3 emergency, the potential power saved might be sufficient to shed enough demand from the grid to avoid a forced outage. This would have a tremendous positive outcome for the public in terms of safety, convenience, and economics. Any time outages can be avoided, substantial benefits will be realized.

Given the positive impact that back-up generators have on health, safety, and the economy, the only opposition to implementing such a program stems from a concern that increased usage of back-up generators will increase emissions and potentially impact air quality. Although this concern is not trivial, the simple fact is that the benefits of using back-up generation to avoid blackout situations far outweigh any potential short-term incremental increases in emissions from the use of these generators.

28492

Obtained and made public by the Natural Resources Defense Council, May 2002
The benefits of using back-up generation capacity to prevent planned blackouts include:

- Maintaining essential safety systems and services
- Avoiding immediate life-threatening situations
- Avoiding deaths/hospitalizations due to loss of air conditioning
- Reducing potential crime during blackouts
- Avoiding traffic congestion and gridlock
- Avoiding inconvenience to millions of citizens
- Avoiding loss of business activity and income
- Preventing production of scrap and ruined goods
- Preventing losses associated with operating disruption and recovery
- Minimizing capital expenditures for new short-term prime generation.

On the other side of the equation, the only potentially negative impacts of using back-up generators to maintain grid integrity are short-term increased generator fuel costs to those asked or required to run their generators and minor increases in emissions. Such costs will have less economic impact than costs associated with the blackouts that will be prevented. For that reason, businesses are likely to embrace the opportunity to maintain normal operations compared to planned or unplanned shutdowns caused by a lack of power.

Environmental groups and some state air regulators have argued that allowing the use of back-up generators will have a negative impact on air quality and cause public health problems, particularly from diesel-fueled generators. They contend that emissions from these generators are uncontrolled and that serious air quality problems will result. A review of the facts, however, demonstrates that these allegations are unfounded.

In developing policy regarding the use of backup generators, decision-makers should consider the following:

- Emissions from back-up generators are controlled and must meet US EPA emissions requirements for non-road engines.

Emissions standards for diesel-fueled non-road engines have been in effect since 1996 to control NOx, CO, and PM emissions. Accordingly, a substantial percentage of existing generators meet or exceed the Tier 1 NOx standards of 21.4 lbs/MW-Hr and newer engines meeting Tier 2 standards (in effect for some engines this year) must meet a 14.9 lbs/MW-Hr level. Emissions certification test results demonstrate that NOx emissions are on the order of 16-20 lbs/MW-Hr and PM emissions are 0.12 to 1.2 lbs/MW-Hr. Rather than being uncontrolled, back-up generators are meeting increasingly stringent federal and state emissions standards.
• The operation of the back-up generators will not significantly increase air pollution in a state.

In its Diesel Risk Reduction Plan, the California Air Resources Board (ARB) estimated emissions from diesel back-up generators throughout the state. Based on an estimated annual average operating duration of 50 hours per year, the total statewide emissions from all generators were 2757 tons/year of NOx and 138 tons/year of particulates. (Diesel Risk Reduction Plan, Appendix II, Table 2, Page II-13). The 2001-Almanac of Emissions and Air Quality (Table 3-1), published by the ARB indicates that total NOx emissions from all sources in CA were 1,303,050 tons/yr and PM10 emissions total 844,245 tons per year in 2000. Current emissions from back-up diesel generators represent about 0.2% of annual NOx emissions and 0.02% of PM10 emissions in the state. These totals do not even consider tradeoffs and impacts of potential increases in NOx and PM emissions if the generators are not used. For example, power outages will affect traffic signals and cause traffic jams and congestion that will increase emissions from idling and slowly moving cars and trucks.

Accordingly, even if total emissions from all back-up generators were to triple when run during emergencies, they would still make up an insignificant portion (less than 0.6% NOx and 0.05% PM) of total emissions for the state. Operating back-up generators to avert blackouts will simply not cause any material change in statewide NOx or PM ambient concentrations or ozone levels.

• The health effects of increased PM emissions would be negligible.

In California, the ARB approved Diesel Risk Reduction Plan indicates that diesel PM concentrations are on average 1.8ug/m³ statewide, significantly below California’s established reference level of 5ug/m³ – a level at which no health effects are expected, even to sensitive subpopulations. The minor additions of diesel PM from back-up generators will not significantly affect ambient concentrations. Thus, no health effects can be expected from the minor increase in PM emissions.

Some opponents have also indicated that increased diesel PM emissions will increase cancer risk. Some have apparently claimed that cancer risk would increase by 50%. First, the relationship used to associate levels of diesel PM concentrations with increased cancer incidence, the so-called unit risk factor, used by California and other states to make projections of cancer risk is invalid. The US EPA, the Clean Air Scientific Advisory Committee, and national experts including the author of the definitive study on diesel emissions, Dr. Eric Garshick, have agreed that current epidemiology evidence is insufficient to identify any quantitative relationship between diesel PM and increased lung cancer incidence. Second, even if one uses the invalid unit risk factor, any increase in diesel PM from operation of back-up generators will be minimal. The ARB risk calculations are based on a continuous exposure to diesel emissions for 70 years, 365 days per year. The short-term duration and low concentration of diesel PM emissions from back-up generators during Stage 3 type situations would not have any effect on risk levels even if they were based on otherwise valid assumptions.

28494

Obtained and made public by the Natural Resources Defense Council, May 2002
In sum, the overall impact on air quality of running back-up generators during Stage 3 alerts will be negligible. Indeed, when viewed in relation to the significant positive impacts that result from avoiding blackouts, the advantages of allowing extended use of back-up generators are overwhelming. The resulting minor increases in NOx and PM emissions will have no noticeable impact on ambient air quality or human health in a state and will be more than offset and compensated for by the substantial health and welfare benefits resulting from avoiding power disruptions and blackouts.
OFFICE OF ENERGY EFFICIENCY
AND RENEWABLE ENERGY

Facsimile Cover Sheet

To: ANDREW LUNDOQUIST  From: CAROLYN WALLACE

Office: Energy Task Force  Date: JULY 2, 2001

Fax Number: 456-1606  Fax Number: (202) 586-9260

Phone Number:  Phone: (202) 586-9220

Number of pages (including cover): 2

Comments: Please let us know your response so that we can close this out of our Executive Secretariat also. Thank you.

7/2 5:00pm
Meagan called to say Lundquist has spoken to Congresser [indecipherable] let him know he could not meet
Berlin, July 6, 2001

The Honorable Spencer Abraham
Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Dear Mr. Abraham:


You and I have already had the opportunity of meeting for initial discussions in Washington and Paris. We agreed on a continuation of this exchange of views, also among our experts. Germany's own Energy Report, to be published in September, will provide additional stimulus for this exchange, and I will notify you as soon as the report is available.

I am very pleased to see that you attach particular importance to international cooperation. The meeting of G-8 Energy Ministers, which you are kind enough to arrange, will give such collaboration added impulse.

We are in agreement on the basic goals of energy policy, such as supply security and reasonably priced energy supplies. Just as the United States, Germany is also emphasizing more competition and liberalized markets, diversification of supply sources, and dialogue with producer countries.

But we are putting particularly strong accents on energy conservation, the rational use of energy, and the employment of renewable forms of energy. I would therefore welcome a German-American information exchange especially on energy conservation and renewables, also keeping in mind the environmental challenges we face.
I look forward to continued intensification of our energy policy dialogue and thank you again for the speedy notification of your energy policy plans.

Sincerely,

(signed:) W. Müller
Sehr geehrter Herr Abraham,

für Ihr Schreiben vom 17. Mai 2001 und die Übersendung des Berichts über die "Nationale Energiepolitik" der USA danke ich Ihnen herzlich.


In grundlegenden energiepolitischen Zielsetzungen wie z. B. der Versorgungssicherheit und Wirtschaftlichkeit der Energieversorgung stimmen wir überein. Auch Deutschland setzt auf mehr Wettbewerb und liberalisierte Märkte, auf Diversifizierung der Bezugskulturen und Dialog mit den Lieferländern.
Einen besonders starken Akzent legen wir allerdings auf Energieeinsparung, rationelle Energie-
verwendung und die Nutzung erneuerbarer Energien. Einen deutsch-amerikanischen Informations-
austausch speziell zur Energieeinsparung und erneuerbaren Energien würde ich deshalb sehr be-
grüßen, auch im Hinblick auf die umweltpolitischen Herausforderungen, vor denen wir heute ste-
hen.

Ich freue mich auf eine weitere Vertiefung unseres energiepolitischen Dialogs und bedanke mich
nochmals für die rasche Unterrichtung über Ihre energiepolitischen Absichten.

Mit freundlichen Grüßen

[Unterzeichnung]

28500

Obtained and made public by the Natural Resources Defense Council, May 2002
Department of Energy  
Washington, DC 20585  

July 6, 2001  

Mr. Red Cavaney  
President and Chief Executive Officer  
American Petroleum Institute  
1220 L Street, Northwest  
Washington, D.C.  20005-4070  

Dear Mr. Cavaney:  

-Thank-you for your letter of May 23, 2001, to Secretary Abraham in which you express your concern over the present energy issues confronting the United States, and for informing the Department of your constructive efforts in raising these issues with your membership.  

As you know, President Bush's National Energy Policy (NEP), presents the Administration's pathway to address many of the issues discussed in your letter. The goals of the NEP as they relate to your member industries are to: maintain or improve the environmental benefits of State and local clean fuel programs while increasing the flexibility of the fuels distributions infrastructure, improve fungibility, and provide added market liquidity; provide regulatory certainty, and streamline the permitting process; and consider the cumulative impacts and benefits of rules to ensure that America has adequate refining capacity.  

The Department is participating in efforts to achieve the goals of the NEP and is currently working with the relevant agencies in evaluating the New Source Review program, “boutique fuels,” the Mobile Source Air Toxics rule, energy system impacts of an MTBE ban, and reevaluating the implementation strategy of the on-road diesel rule. For your further information, I am attaching recent testimony of Mr. Robert Card, Undersecretary of Energy, to the Senate Energy and Natural Resources Committee, on these and related topics.  

We appreciate your input on these important issues affecting energy markets and look forward to any additional input your members may have in the future.  

Sincerely,  

Margaret Anderson  
Acting Director  
Office of Policy  

Attachment  

Printed with soy ink on recycled paper  

28501  

Obtained and made public by the Natural Resources Defense Council, May 2002
Subject: Meeting Change

The NEPD Group Principals Meeting has been moved to Friday, July 13th from 2:00 - 3:00 in the Vice President's Ceremonial Office.

Again, one staff member can accompany their principal to this meeting. Please send the name of your representative, in a reply email, prior to July 13th so they can be granted access to the building.

Thank you,

Andrew Lundquist
July 9, 2001

The Honorable Spencer Abraham
Secretary of Energy
US Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Mr. Secretary:

My purpose in writing is to make a recommendation concerning the administration's National Energy Policy. I speak as a citizen and as someone with expertise in the policy area.

During President Bush's recent visit to the DOE I had the good fortune to introduce myself. For the last three months I have been building the EIA new international energy model (MARKAL) that forecasts emission rates for greenhouse gases and also analyzes the current policies of developing Asian economies, most notably China's.

President Bush's visit of June 28, 2001 to the DOE was uplifting for all of us on staff. The way you frame the challenges at hand and engage the public provides us with a model of leadership that is, to my mind, of critical importance. According to Professor Ron Heifetz of Harvard, leadership does not call for a technical fix, but rather the courage to give the problem back to the community.

So here we are. You have in the Energy Information Agency an outstanding independent endeavor that analyzes energy better than anyone. Since it works like a consulting firm, its success depends on secure financial support. In short, a more generous funding package will work for the benefit of the country, as well as for EIA. It means that we at EIA need never resort to compromising the quality of our work.

With respect Mr. Secretary, the Administration policies ensure that our country is well prepared in facing the energy challenges of the day. I cordially wish you and your team every success.

I recommend a substantial increase to EIA's budget, and look forward to your response.

Sincerely yours,

Aloulou M. Fawzi
Economist
US Department of Energy/EIA
Office of Integrated Analysis and Forecasting, EI-81

Cc: Randa Fahmy Hudome, Senior Policy Advisor, International Affairs, Office of the Secretary
Mary Jean Hutzler, Acting Administrator, Energy Information Administration
July 10, 2001

The Honorable Spencer Abraham
Secretary of Energy
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Secretary Abraham:

I too am concerned with the energy issues addressed in your letter of May 8, 2001. Future energy supplies, sources and demands must have top priority in our planning. Although natural gas will continue to play a major and increasing role in our energy needs, our energy policy should include a multifaceted approach to providing for our future energy needs – an approach the President has included in his proposals. Such an approach must include improving conservation, supporting research and development of energy technologies, developing renewable resources, expanding energy infrastructure, encouraging environmental protection, streamlining regulatory considerations and increasing energy awareness education.

Arkansas’ oil and gas regulatory agency, the Arkansas Oil and Gas Commission, works closely with the Interstate Oil and Gas Compact Commission (IOGCC) to accumulate and report oil and gas production statistics. Our process, though laborious, is being improved with the implementation of a new data management system. Different states use different systems and methods to archive this same data; due to the sheer volume of data, accurate and complete figures are typically six months in arrears. Arkansas would certainly support efforts to speed up this process, as we agree that up-to-date and accurate data is desperately needed to project current energy availability as well as future reserves.

The Energy Information Administration does a tremendous job of making this data available once it is collected from the states. The Department of Energy, the IOGCC and the Energy Information Administration can with the cooperation of state oil and gas regulatory agencies compile timely and accurate oil and gas production information. The State of Arkansas will gladly assist to address this need.

As the recently appointed Chairman-elect of the IOGCC, I look forward to working with all stakeholders in our energy needs now and in the future. The coming years will most certainly be
challenging, and I share your interest in maintaining our economic growth and planning now for the role ample and affordable energy will play in our nation's future.

Sincerely yours,

Mike Huckabee

cc: Ms. Christine Hansen, Executive Director
    Interstate Oil and Gas Compact Commission

Mr. Grant Black, Director
    Arkansas Oil and Gas Commission