# SELECTED PASSAGES FROM THE NATIONAL ENERGY POLICY

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<td>Americans share the goal of energy conservation. The best way of meeting this goal is to increase energy efficiency by applying new technology, raising productivity, reducing waste, and trimming costs. Public policy can and should encourage energy conservation. We do not accept the false choice between environmental protection and energy production. An integrated approach to policy can yield a cleaner environment, a stronger economy, and a sufficient supply of energy for our future. An increased rate of improvement in energy efficiency can have a large impact on energy supply and infrastructure needs, reducing the need for new power plants and other energy resources, along with reduced stress on the energy supply infrastructure. Load management is the ability to adjust energy loads to reflect immediate supply conditions. In the very short term, direct appeals for conservation can ease strained energy supply markets for a time. Over the longer run, the ability to adjust demand on an as-needed basis can be an important source of energy reserves, resulting in lower energy bills for participating customers. Development of alternative fuels such as ethanol and other biofuels, natural gas, and electricity can help diversify the transportation sector that is so reliant on oil. Reforms to the federal alternative fuels program could promote alternative fuels use, such as expanding the development of an alternative fuels infrastructure. Improved energy efficiency strengthens energy security. The federal government can promote energy efficiency and conservation by including the dissemination of timely and accurate information regarding the energy use of consumers' purchases, setting standards for more energy efficient products, and encouraging industry to develop more efficient products. The federal government can also promote energy efficiency and conservation through programs like the Energy Star program, and search for more innovative technologies that improve efficiency and conservation through research and development.</td>
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Unless consumers are informed about the price of energy, they may not have the incentive to select the most energy efficient product.

Energy efficiency can also be improved by the establishment of minimum energy efficiency standards. Because many manufacturing and farming operations are highly specialized, they need specific information on energy-saving opportunities to effectively respond to energy price signals and supply problems.

Opportunities for reducing oil demand in the transportation sector include increasing conservation, vehicle efficiency, and alternative fuels. An increase in the average fuel economy of the on-road vehicle fleet by three miles per gallon would save one million barrels of oil a day, or about half the global shortfall between supply and demand that triggered the oil price increases since 1990.

A recent analysis indicates that the fuel economy of a typical automobile could be enhanced by 60 percent by increasing engine and transmission efficiency and reducing vehicle mass by about 15 percent. A sound national energy policy should encourage a clean and diverse portfolio of domestic energy supplies.

Renewable energy can help provide for our future needs by harnessing abundant, naturally occurring sources of energy, such as the sun, the wind, geothermal heat, and biomass. Renewable and alternative energy supplies not only help diversify our energy portfolio; they do so with few adverse environmental impacts.

Significant cost reductions must be achieved before fuel cells will be competitive with internal combustion engines, and the size and weight of fuel cell systems must be reduced even more to accommodate vehicle packaging requirements. DERs are modular and can be constructed rapidly, adding an immediate source of new power in areas that otherwise might face a shortfall. Distributed renewable energy resources can enhance the reliability and quality of power.

Renewable technologies can help provide insurance against price volatility. In addition, many renewable technologies can help industry achieve compliance with the Clean Air Act and other environmental regulations. In some cases, renewables can be more readily located in urban areas whose air quality does not meet regulatory requirements.
The extent to which (non-hydro power renewables) are successfully tapped will depend in large part on continued technological development.

For renewable and alternative energy to play a greater role in meeting our energy demands, these sources of generation must be able to integrate into our existing distribution system. The tools that form the necessary interface between distributed energy systems and the grid need to be less expensive, faster, more reliable, and more compact.

Renewable and alternative energy technologies, such as wind energy and combined heat and power could be significantly expanded, given today’s technologies. They could be further expanded with added investment in technology.

Wind energy could be developed that could be adapted to sites with lower wind speeds than is feasible today. Combined heat and power in buildings offers great potential for increased system efficiencies and lower costs. New developments in microturbine and fuel cell technologies are also highly promising. Performance improvements of other technologies, such as photovoltaic systems, would facilitate much wider use.

In addition to technological performance, attention to several key market and regulatory constraints would accelerate the development and use of renewable and alternative energy in the marketplace.

Because many renewable and alternative energy technologies do not fit into traditional regulatory categories, they are often subject to competing regulatory requirements or to requirements that were never designed to address them. For example, much of the current Clean Air Act does not specifically address the use of new, more efficient renewable energy technologies. Consequently, the Act does not provide significant incentives for the development of such technologies.

The lack of interconnection standards or guidelines for electricity supply and loads impedes the use of distributed energy technologies. As a result, developers of small renewable energy projects must negotiate interconnection agreements on a site-by-site basis with local distribution companies that are often opposed to distributed energy projects because of the increased competition. Although a few states have established interconnection standards, there is no national standard to facilitate development of distributed energy.
New combined heat and power facilities may face air permitting hurdles when they replace marginally dirty boilers. The Clean Air Act does not recognize the pollution prevention benefits of the increased efficiency of combined heat and power units. At the same time, these combined heat and power investments are taxed at the industry's tax rate, not at the rate they would receive if they were considered part of the utility sector for tax purposes.

The lack of infrastructure for alternative fuels is a major obstacle to consumer acceptance of alternative fuels and the purchase of alternative fuel vehicles. It is also one of the main reasons why most alternative fuel vehicles actually operate on petroleum fuels, such as gasoline and diesel. In addition, a considerable enlargement of ethanol production and distribution capacity would be required to expand beyond their current base in the Midwest in order to increase use of ethanol-blended fuels.

The use of natural gas or electricity for vehicles requires enhancements to these distribution systems, such as compression stations for natural gas. While many alternative fuels can be shipped by pipeline, they may require separation within the pipeline to avoid mixing different energy products. Geographically dispersed renewable energy plants often face significant transmission barriers, including unfavorable grid schedule policies and increased embedded costs.

Uncertainty regarding the tax treatment of these technologies and energy sources can discourage long-term investment. Though existing tax credits provide an incentive for investing in some types of renewable energy, the limited scope of the credit and its frequent expiration discourages investment. The first step toward a sound international energy policy is to use our own capability to produce, process, and transport the energy resources we need in an efficient and environmentally sustainable manner.
Florida House of Representatives

Jerry Paul
Deputy Majority Whip
Representative, District 71

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May 25, 2001

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

Dear Mr. Secretary:

Enclosed is an article appearing in the Charlotte Sun Herald in Port Charlotte, Florida relating to our energy policy.

As a member of our Southern State's Energy Board, I was pleased to provide input to Vice President Cheney's Energy Task Force. As a former power plant engineer, nuclear engineer, and State Legislator I cannot overstate the extent to which I am pleased with the responsible, accurate and comprehensive recommendations of the Task Force Report.

I would welcome an opportunity to assist you in any way on issues relating to our nation's energy policy.

Please call on me any time.

Respectfully,

Jerry Paul
District 71

Enclosure

JP:jh

Constituency: Utilities and Telecommunications - Elder and Long-Term Care - Criminal Justice Appropriations - Claims

23485

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 Obtained and made public by the Natural Resources Defense Council, March/April 2002
Paul: Nuclear needed

Says he’ll use education to provide oversight

By GREG MARTIN
Staff Writer

President George Bush’s administration contends that nuclear power should be included among the solutions to address the nation’s “energy crisis” — and Florida should be no exception, according to state Rep. Jerry Paul, R-Port Charlotte.

However, Florida Power and Light officials said in a recent annual report that Florida doesn’t face an energy crisis. FPL plans to increase its generating capacity by 33 percent over the next 10 years, “using environmentally friendly natural-gas technology,” according to the report.

But Paul, however, cited the fact that nuclear power has been the “safest and cheapest” source of electrical power, compared to coal, gas and air. He said, “We’ve got to make sure Florida does not get trapped in a California situation.”

Paul said, “If we don’t have the capacity then our electric rates will go up.

“Really, the challenge in all of this is for the president and his administration to be honest in keeping the cost of electric power as low as possible.”

Paul, a member of the state’s House Committee on Utilities and Telecommunications, was appointed this year by House Speaker Tom Pender to the Southern States Energy Board, Florida Sen., Tom Lee.

Please see PAUL, page 3

The Crystal River nuclear power plant is one of three nuclear power generating stations in Florida.

LGE ONE

* PAUL

From page 1

R-Brandon, is the state’s other representative on the board.

Paul was reached in Miami Tuesday when he was attending a two-day meeting of the SSE board to discuss the hurdle to nuclear power projects in the Southeastern United States.

Paul said he hopes to use his educational background to overcome the resistance of nuclear power in Florida. The Port Charlotte attorney earned a degree in marine engineering at the Merchant Marine Academy in Maine in 1975 and a nuclear engineering at the University of Florida in 1981.

“We’re talking about the state’s role in overseeing our nuclear industry,” Paul said.

One of the biggest issues for the state is the storage of spent fuel rods, Paul said.

In Florida, these hazardous materials have been indefinitely stored in pools on the sites of FPL’s three nuclear power generating stations.

Those stations include: two reactors at Turkey Point near Homestead, two reactors at St. Lucie and one reactor at Crystal River.

Board members from other states also discussed their concern about how to dispose of radioactive waste from nuclear weapons facilities, Paul said. Florida currently has no such facilities. Paul argues that nuclear materials are naturally found on the ground and could be reused. One factor that has held the industry back has been the federal government’s reluctance to establish a national nuclear waste storage facility, Paul said.

Former President Jimmy Carter closed two facilities that reprocessed spent fuel rods so they could be fashioned a second time, Paul said.

“He found every state to basically store its own waste,” Paul said. “That cost us a lot.”

Some 20 years ago, Congress voted to establish a nuclear storage facility by the year 2000 at Yucca Mountain, N. Las. However, that facility is currently 10 years behind schedule, according to Paul.

Paul said Florida currently produces about 40,000 megawatts of power, with 20 percent derived from nuclear power.

The state has a “deficit of about 13,000 megawatts” due to growth projections and increased use of computer technology, he said.

To avoid a crisis like California’s, Florida needs to diversify its power sources, Paul said. California not only depended heavily on natural gas, but it also was blocked by “environmental groups” from building new power plants for the past 10 years, Paul said.

However, Paul emphasized that Florida needs to first pursue energy conservation and alternative sources such as wind, solar and “biorass” fuel.

After nuclear power, the next cheapest is coal. But coal pollutes the air with sulfur dioxide, Paul noted. Natural gas is cleaner, but Florida would require pipelines to get the gas, he added.

“There is no free lunch,” he said. “It is costing us a lot. And there is an environmental toll.”

However, FPL, in an annual report filed with the Public Service Commission in April, projected a 20 percent generating reserve margin for this summer, assuring its customers that there would be a sufficient supply of electricity. Also, FPL’s report outlines its 10-year plan to increase capacity by 33 percent using natural gas.

A pipeline has also been recently permitted to run from Texas through the Gulf of Mexico to Port Manatee. The pipeline will then cross the state to Fort Pierce with a spur to the south.

“Unlike California, Florida customers enjoy an adequate supply of electricity,” said FPL President Paul Eviston. “Our expansion program reflects our commitment to maintain sufficient reserves while remaining one of the cleanest utilities in the country.”

You can e-mail Greg Martin at gmartin@sun-herald.com
March 7, 2001

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The Honorable Spencer Abraham
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Mr. Secretary:

On behalf of the 7,000 independent oil and natural gas producers from across the country, I am pleased to invite you to speak at the Midyear Meeting of the Independent Petroleum Association of America (IPAA). Our meeting will be held at the Keystone Resort in Keystone, CO, June 21-23, 2001. Approximately 500 executive level independent oil and natural gas producers from across the nation are expected to attend.

Addressing the nation's clear energy supply problems has been the ongoing purpose of the IPAA. It is a task that the Bush Administration has undertaken with a full recognition of its importance both to national security and a healthy economy. By the time of our meeting the President's energy task force will have completed its assessments and provided recommendations. We would like to ask you to present the scope of these efforts and their status to our members.

We would like to find a time slot that works with your schedule for you to be our keynote speaker on either Friday, June 22 or Saturday, June 23.

LuAnne Tyler, in our Meetings Department, will contact your scheduler to confirm your availability. Until then, should your office need to contact LuAnne, she can be reached at (202) 857-4722.

We hope your schedule permits your participation. Thank you for your consideration.

Sincerely,

Barry Russell
President

In a
From: LuAnne Tyler
To: Honorable Spencer Abraham
Date: 3-7-01
Re: Speaking at IPAA's midyear meeting
Number of pages following cover sheet: 1

Comments:
Congress of the United States
Washington, DC 20515

March 21, 2001

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

Dear Secretary Abraham:

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

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

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

We look forward to finding common ground with you and hope that you will be able to join us. confirm with Sofia Garcia at the Democratic Caucus at 225-3210.

Sincerely,

Richard Drohan
Mark Pullin
Jenk Schulte
Charlie

DOE024-0896

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