National Environmental Strategies

2600 Virginia Ave., N.W., Suite 600
Washington DC 20037
(202) 333-2524
Fax: (202) 338-5950

FAX TRANSMISSION COVER SHEET

Date: April 18, 2001
To: Joe Kelliher
Fax: 586-7210
Re: Mercury Document for Meeting w/Steve Griles, Marc Himmelstein, et. al.
Sender: Holly Hopkins

YOU SHOULD RECEIVE 2 PAGES, INCLUDING THIS COVER SHEET. IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL (202) 333-2524.

Please note attached.
Resolution of EPA Mercury Regulatory Determination

Problem: On December 14, 2000, EPA issued a “regulatory determination” under the Clean Air Act (CAA) that regulation of mercury and possibly other hazardous air pollutants (HAPs) is “appropriate and necessary” for coal- and oil-based power plants. This decision automatically triggers a formal rulemaking. EPA is scheduled to issue a proposed rule in late 2003, a final rule in late 2004, and to require compliance by late 2007. Because of the specific language EPA used in the regulatory determination, the pending rulemaking must result in the imposition of “maximum achievable control technology” (MACT) standards for mercury and possibly other HAPs. Effective immediately, before EPA has determined through rulemaking what level of control should be required on a national basis, new and reconstructed plants must undergo case-by-case MACT review for mercury and other HAPs.

Status: The utility industry has filed a Petition for Review in the D.C. Circuit. The industry is not challenging the basic decision to regulate mercury emissions, but just the two MACT-related issues. On April 9, EPA filed a motion arguing the court has no jurisdiction to review these issues because the agency’s decision has “no regulatory impact.” The utility industry also has filed an administrative petition with EPA, requesting the reconsideration of that portion of the regulatory determination that prescribes a MACT program and immediately impacts new and reconstructed plants. EPA has not yet responded to this petition.

Implications: EPA’s announcement is inconsistent with national energy policy objectives because it will limit fuel choices, impede the construction of new power plants during the next four years, and increase the cost of electricity. Several studies have estimated mercury control costs of $5 - $15 billion annually. In addition, recent analysis shows that the MACT program contemplated by the regulatory determination would impact utilities in the same manner as a Kyoto-type CO₂ program, in that it would cause significant fuel switching from coal to natural gas (50 percent decline in coal use in 2020).

Possible Resolution: EPA’s regulatory determination should be modified to remove the legal bias in favor of a MACT requirement and to clarify that the agency intends to consider all available regulatory and policy options during the pending mercury rulemaking. This could be accomplished through a brief Federal Register notice issued within the next two months to ensure that (1) no new planned electricity generation is impeded by the case-by-case MACT review process; (2) this issue is addressed administratively rather than in court, and (3) the clarification can be explained in the context of the Administration’s energy policy.

23585
DOE024-0991

Obtained and made public by the Natural Resources Defense Council, March/April 2002
Federal Energy Efficiency Tax Incentives and Programs- Highlights

Tax credit for solar energy systems. Provides a 10-percent business energy investment tax credit for qualifying equipment that uses solar energy to generate electricity, to heat or cool, to provide hot water for use in a structure, or to provide solar process heat.

Tax credit for electric vehicles. Provides a 10 percent credit (up to $4,000) for the cost of a qualified electric vehicle. The full amount of the credit is available for purchases prior to 2002.

Energy Star. First was introduced by the EPA in 1992 as a voluntary labeling program designed to identify and promote energy-efficient products, EPA partnered with DOE in 1996 to promote the Energy Star label, to cover new homes, most of the buildings sector, residential heating and cooling equipment, major appliances, office equipment, lighting, and consumer electronics.

Efficiency Standards. DOE develops and promulgates energy efficiency standards for categories of appliances and develops testing methodologies used to set standards and to provide efficiency rating labels. (DOE's rating and labeling programs are performed in partnership with the Federal Trade Commission.) The standards and test procedures R&D also supports the joint EPA-DOE Energy Star program.

Building America Program. DOE creates partnerships with traditional housing developers and manufacturers of industrialized housing to demonstrate how new technologies can be integrated into homes cost-effectively and to disseminate that knowledge to other builders. DOE funds research on more efficient building equipment and appliances, such as advanced lighting, heat pumps, chillers, and commercial refrigeration.

Partnership for Advancing Technology in Housing (PATH). PATH is a partnership between the Federal Government and the housing industry to develop and deploy housing technologies to make new homes 50 percent more energy efficient and to make at least 15 million existing homes 30 percent more energy efficient within a decade. The program coordinates work in the Department of Housing and Urban Development, the Department of Energy, the Environmental Protection Agency, the Federal Emergency Management Agency, the Department of Commerce, and other agencies.

Transportation Technology Programs. DOE funds RD&D that can significantly alter current trends in oil consumption. Include funding for advanced power-train technology (direct-injection) engines, hybrid-electric drive systems, advanced batteries, fuel cells, and light weight materials and for alternative fuels (including ethanol from biomass, natural gas, methanol, electricity, and biodiesel).

Partnership for a New Generation of Vehicles (PNGV). A government (DOE, Commerce, DOT, EPA)—industry (Ford, GM, DaimlerChrysler) partnership effort that aims to develop attractive, affordable cars to meet all applicable safety and environmental standards and get up to three times the fuel efficiency of today's cars. All three industry partners unveiled their PNGV "concept cars" in January and February of 2000.

Advanced Vehicle Technology Program. DOT works with other government agencies and private consortia to cooperate to promote research, development and deployment of technological advances in vehicles, components and related infrastructure.

23586

DOE024-0992
Corporate Average Fuel Economy (CAFÉ). DOT is responsible for setting the Corporate Average Fuel Economy standards for new cars and light duty trucks as established under the Energy Policy and Conservation Act of 1975.

21st Century Truck Initiative. Modeled after the PNGV program, DOT is participating in the 21st Century Truck program to develop and demonstrate commercially viable truck propulsion systems technology that will improve the fuel economy of medium- and heavy-duty trucks and buses by two to three times while meeting or exceeding emission standards for 2010 and enhancing safety.

Clean Buses. DOT funds research in advanced technology buses. Eligible projects include purchase of clean-fuel buses, constructing, modifying or leasing facilities, and re-powering or retrofitting of existing buses. Eligible technologies include CNG, LNG, bio-diesel, battery alcohol-based fuel, hybrid electric, fuel cell or other zero-emissions technology.

Advanced Technology Transit Bus (ATTB) Program. DOT funds the develops and deployment a lightweight, low-floor, low-emissions transit bus using proven advanced technologies developed in the aerospace industries.

Congestion Mitigation Programs. DOT funds several programs aimed at .......... 

Industry Technology Programs. Under Industries of the Future, DOE works cooperatively with the nation’s most energy-intensive industries (aluminum, glass, chemicals, forest products, mining, petroleum refining, and steel) to develop technologies that increase energy and resource efficiency.

Under Industrial Combined Heat and Power (CHP) Systems, DOE is developing new industrial CHP systems to capture thermal heat that would otherwise be wasted. EPA and DOE work to eliminate barriers to the rapid dissemination of combined heat and power technology.

Vision 21. DOE’s Vision 21 initiative funds research aimed at finding ways to use coal and gas with efficiencies well beyond what is possible with today’s technologies.
For Immediate Release

Contact:
Ron Phillips
202/608-5906
Kathy Mathers
202/608-5906

U.S. Nitrogen Fertilizer Imports Rise Dramatically

January 22, 2001, Washington, D.C. -- Data released by the U.S. Department of Commerce demonstrate the impact high natural gas prices in the United States are having on the nitrogen fertilizer import market.

For the fiscal year to date, July – November 2000, U.S. nitrogen imports are up by 586,000 short tons of nitrogen, an increase of over 27 percent over the period July – November 1999.

Data for the month of November 2000 show anhydrous ammonia imports up 37 percent over November 1999. For the period covering July – November 2000, imports are up 17 percent over the previous year.

These figures are understated since they do not include imports of ammonia from Russia and the Ukraine, which are withheld by the Commerce Department. It is estimated that annual U.S. imports from these two countries range from 750,000 to 1.2 million tons.

The story is more dramatic for nitrogen solutions. Imports in November 2000 were up 74 percent over the same month in 1999, bringing the year-to-date total to a whopping 175 percent increase in imports.

Urea and ammonium nitrate imports are up also. Urea was up 56 percent for the month over the previous year, and 40 percent for the year to date. Ammonium nitrate imports rose 59 percent in November over the same month in 1999.

High natural gas prices in the United States have caused domestic nitrogen fertilizer producers to severely curtail production. Natural gas is a feedstock for making ammonia, which serves as a directly applied nitrogen fertilizer product and as the basis for making other nitrogen products. Natural gas is the major cost component of making ammonia, accounting for 75 to 90 percent of the cost of production. The production curtailments and higher nitrogen prices are largely the cause of the current surge in imports.

The Fertilizer Institute represents by voluntary membership more than 90 percent of the nation’s fertilizer industry. Producers, manufacturers, retailers, trading firms and equipment manufacturers which comprise its membership are served by a full time Washington, D.C. staff in various legislative, educational and technical areas as well as with information and public relations programs.
**Calendar Entry:**

**Appointment**

<table>
<thead>
<tr>
<th>Subject</th>
<th>MaryBeth re NEP</th>
<th>Location:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Begins:</td>
<td>Fri 03/30/2001</td>
<td>10:00 AM</td>
</tr>
<tr>
<td>Ends:</td>
<td>Fri 03/30/2001</td>
<td>10:15 AM</td>
</tr>
<tr>
<td>Chair:</td>
<td>Abe Haspel/EE/DOE</td>
<td>Appointment</td>
</tr>
</tbody>
</table>

- **Categorize:**
  - [ ] Pencil In
  - [ ] Mark Private
  - [ ] Notify me
  - Time will appear free to others.
  - Others cannot see any details about this event.
  - Have Notes notify you before the event.

**Description:**

Obtained and made public by the Natural Resources Defense Council, March/April 2002
### Calendar Entry:
**Appointment**

<table>
<thead>
<tr>
<th>Field</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject</td>
<td>Mtg. with Margot Anderson re: NEP, room 7B-040</td>
</tr>
<tr>
<td>Begins</td>
<td>Mon 03/05/2001 01:00 PM</td>
</tr>
<tr>
<td>Ends</td>
<td>Mon 03/05/2001 02:00 PM</td>
</tr>
<tr>
<td>Chair</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td></td>
</tr>
<tr>
<td>Entry type</td>
<td>Appointment</td>
</tr>
</tbody>
</table>

- **Pencil In**: Time will appear free to others.
- **Mark Private**: Others cannot see any details about this event.
- **Notify me**: Have Notes notify you before the event.

**Description:**

```
23590
DOE024-0996
```

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

23593
DOE024-0999

Obtained and made public by the Natural Resources Defense Council, March/April 2002
Overview
Reliable, Affordable, and Environmentally Sound
Energy for America’s Future

In his second week in office, President George W. Bush established the National Energy Policy Development Group, directing it to "develop a 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." This Overview sets forth the National Energy Policy Development (NEPD) Group's findings and key recommendations for a National Energy Policy.

America in the year 2001 faces the most serious energy shortage since the oil embargoes of the 1970s. The effects are already being felt nationwide. Many families face energy bills two to three times higher than they were a year ago. Millions of Americans find themselves dealing with rolling blackouts or brownouts; some employers must lay off workers or curtail production to absorb the rising cost of energy. Drivers across America are paying higher and higher gasoline prices.

· Californians have felt these problems most acutely. California actually began the 1990s with a surplus of electricity generating capacity. Yet despite an economic boom, a rapidly growing population, and a corresponding increase in energy needs, California did not add a single new major electric power plant during the 1990s. The result is a demand for electricity that greatly exceeds the amount available.

A fundamental imbalance between supply and demand defines our nation's energy crisis. As the chart illustrates, if energy production increases at the same rate as during the last decade our projected energy needs will far outstrip expected levels of production.

This imbalance, if allowed to continue, will inevitably undermine our economy, our standard of living, and our national security. But it is not beyond our power to correct. America leads the world in scientific achievement, technical skill, and entrepreneurial drive. Within our country are abundant natural resources, unrivaled technology, and unlimited human creativity. With forward-looking leadership and sensible policies, we can meet our fu-
ture energy demands and promote energy conservation, and do so in environmentally responsible ways that set a standard for the world.

The Challenge

America's energy challenge begins with our expanding economy, growing population, and rising standard of living. Our prosperity and way of life are sustained by energy use. America has the technological know-how and environmentally sound 21st century technologies needed to meet the principal energy challenges we face: promoting energy conservation, repairing and modernizing our energy infrastructure, and increasing our energy supplies in ways that protect and improve the environment. Meeting each of these challenges is critical to expanding our economy, meeting the needs of a growing population, and raising the American standard of living.

We are already working to meet the first challenge: using energy more wisely. Dramatic technological advances in energy efficiency have enabled us to make great strides in conservation, from the operation of farms and factories to the construction of buildings and automobiles. New technology allows us to go about our lives and work with less cost, less effort, and less burden on the natural environment. While such advances cannot alone solve America's energy problems, they can and will continue to play an important role in our energy future.

The second challenge is to repair and expand our energy infrastructure. Our current, outdated network of electric generators, transmission lines, pipelines, and refineries that convert raw materials into usable fuel has been allowed to deteriorate. Oil pipelines and refining capacity are in need of repair and expansion. Not a single major oil refinery has been built in the United States in nearly a generation, causing the kind of bottlenecks that lead to sudden spikes in the price of gasoline. Natural gas distribution, likewise, is hindered by an aging and inadequate network of pipelines. To match supply and demand will require some 38,000 miles of new gas pipelines, along with 255,000 miles of distribution lines. Similarly, an antiquated and inadequate transmission grid prevents us from routing electricity over long distances and thereby avoiding regional blackouts, such as California's.

"America must have an energy policy that plans for the future, but meets the needs of today. I believe we can develop our natural resources and protect our environment."

— President George W. Bush

Obtained and made public by the Natural Resources Defense Council, March/April 2002
Increasing energy supplies while protecting the environment is the third challenge. Even with successful conservation efforts, America will need more energy.

Renewable and alternative fuels offer hope for America’s energy future. But they supply only a small fraction of present energy needs. The day they fulfill the bulk of our needs is still years away. Until that day comes, we must continue meeting the nation’s energy requirements by the means available to us.

Estimates indicate that over the next 20 years, U.S. oil consumption will increase by 33 percent, natural gas consumption by well over 50 percent, and demand for electricity will rise by 45 percent. If America’s energy production grows at the same rate as it did in the 1990s we will face an ever-increasing gap.

Increases on this scale will require preparation and action today. Yet America has not been bringing on line the necessary supplies and infrastructure.

Extraordinary advances in technology have transformed energy exploration and production. Yet we produce 39 percent less oil today than we did in 1970, leaving us ever more reliant on foreign suppliers. On our present course, America 20 years from now will import nearly two of every three barrels of oil—a condition of increased dependency on foreign powers that do not always have America’s interests at heart. Our increasing demand for natural gas—one of the cleanest forms of energy—far exceeds the current rate of production. We should reconsider any regulatory restrictions that do not take technological advances into account.

---

**Figure 2**

**U.S. Oil Consumption Will Continue to Exceed Production**

<table>
<thead>
<tr>
<th>(Billions of Barrels per Day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
</tr>
<tr>
<td>25</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>15</td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

Over the next 20 years, U.S. oil consumption will grow by over 6 million barrels per day. If U.S. oil production follows the same historical pattern of the last 10 years, it will decline by 1.5 million barrels per day. To meet U.S. oil demand, oil imports would have to grow by a combined 7.5 million barrels per day. In 2020, U.S. oil production would supply less than 30 percent of U.S. oil needs.

**Sources:** Sandia National Laboratories and U.S. Department of Energy. Energy Information Administration.

---

**Figure 3**

**U.S. Natural Gas Consumption Is Outpacing Production**

<table>
<thead>
<tr>
<th>(Trillion Cubic Feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
</tr>
<tr>
<td>35</td>
</tr>
<tr>
<td>30</td>
</tr>
<tr>
<td>26</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>15</td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

Over the next 20 years, U.S. natural gas consumption will grow by over 50 percent. At the same time, U.S. natural gas production will grow by only 14 percent. If it grows at the rate of the last 10 years.

**Sources:** Sandia National Laboratories and U.S. Department of Energy. Energy Information Administration.
We have a similar opportunity to increase our supplies of electricity. To meet projected demand over the next two decades, America must have in place between 1,300 and 1,900 new electric plants. Much of this new generation will be fueled by natural gas. However, existing and new technologies offer us the opportunity to expand nuclear generation as well. Nuclear power today accounts for 20 percent of our country's electricity. This power source, which causes no greenhouse gas emissions, can play an expanding part in our energy future.

The recommendations of this report address the energy challenges facing America. Taken together, they offer the thorough and responsible energy plan our nation has long needed.

Components of the National Energy Policy

The National Energy Policy we propose follows three basic principles:

- The Policy is a long-term, comprehensive strategy. Our energy crisis has been years in the making, and will take years to put fully behind us.

- The Policy will advance new, environmentally friendly technologies to increase energy supplies and encourage cleaner, more efficient energy use.

- The Policy seeks to raise the living standards of the American people, recognizing that to do so our country must fully integrate its energy, environmental, and economic policies.

Applying these principles, we urge action to meet five specific national goals. America must modernize conservation, modernize our energy infrastructure, increase energy supplies, accelerate the protection and improvement of the environment, and increase our nation's energy security.

Modernize Conservation

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. In addition, it holds out great hope for improving the quality of the environment. American families, communities, and businesses all depend upon reliable and affordable energy services for their well being and safety. From transportation to communication, from air conditioning to lighting, energy is critical to nearly everything we do in life and work. Public policy can and should encourage energy conservation.

Over the past three decades, America has made impressive gains in energy efficiency. Today's automobiles, for example, use about 60 percent of the gasoline they might use.

"Here we aim to continue a path of uninterrupted progress in many fields... New technologies are proving that we can save energy without sacrificing our standard of living. And we're going to encourage it in every way possible."

— Vice President
Richard B. Cheney

---

Figure 4
U.S. Economy is More Energy Efficient (Energy Intensity)
Primary Energy Use

<table>
<thead>
<tr>
<th>Quadrillion Btu</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
</tr>
<tr>
<td>160</td>
</tr>
<tr>
<td>140</td>
</tr>
<tr>
<td>120</td>
</tr>
<tr>
<td>100</td>
</tr>
<tr>
<td>80</td>
</tr>
<tr>
<td>60</td>
</tr>
<tr>
<td>40</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

Energy Use at Constant 1972 GDP

Actual Energy Use


Overview - Reliable, Affordable, and Environmentally-Sound Energy for America's Future
did in 1972, while new refrigerators require just one-third the electricity they did 30 years ago. As a result, since 1973, the U.S. economy has grown by 126 percent, while energy use has increased by only 30 percent. In the 1990s alone, manufacturing output expanded by 41 percent, while industrial electricity consumption grew by only 11 percent. We must build on this progress and strengthen America's commitment to energy efficiency and conservation.

The National Energy Policy builds on our nation's successful track record and will promote further improvements in the productive and efficient use of energy. This report includes recommendations to:

- Direct federal agencies to take appropriate actions to responsibly conserve energy use at their facilities, especially during periods of peak demand in regions where electricity shortages are possible, and to report to the President on actions taken.
- Increase funding for renewable energy and energy efficiency research and development programs that are performance-based and cost-shared.
- Create an income tax credit for the purchase of hybrid and fuel cell vehicles to promote fuel-efficient vehicles.
- Extend the Department of Energy's "Energy Star" efficiency program to include schools, retail buildings, health care facilities, and homes and extend the "Energy Star" labeling program to additional products and appliances.
- Fund the federal government's Intelligent Transportation Systems program, the fuel cell powered transit bus program, and the Clean Buses program.
- Provide a tax incentive and streamline permitting to accelerate the development of clean Combined Heat and Power technology.
- Direct the Secretary of Transportation to review and provide recommendations on establishing Corporate Average Fuel Economy (CAFE) standards with due consideration to the National Academy of Sciences study of CAFE standards to be released in July, 2001.

Modernize Our Energy Infrastructure

The energy we use passes through a vast nationwide network of generating facilities, transmission lines, pipelines, and refineries that converts raw resources into usable fuel and power. That system is deteriorating, and is now strained to capacity.

One reason for this is government regulation, often excessive and redundant. Government regulation is needed in such a complex field, but it has become overly burdensome. Regulatory hurdles, delays in issuing permits, and economic uncertainty are limiting investment in new facilities, making our energy markets more vulnerable to transmission bottlenecks, price spikes and supply disruptions. America needs more environmentally-sound energy projects to connect supply sources to growing markets and to deliver energy to homes and businesses.

To reduce the incidence of electricity blackouts, we must greatly enhance our ability to transmit electric power between geographic regions, that is, sending power where it is needed from where it is produced. Most of America's transmission lines, substations, and transformers were built when utilities were tightly regulated and provided service only within their assigned regions. The system is simply un-equipped for large-scale swapping of power in the highly competitive market of the 21st century.

The National Energy Policy will modernize and expand our energy infrastructure in order to ensure that energy supplies can be safely, reliably, and affordably transported to homes and businesses. This report includes recommendations to:

- Direct agencies to improve pipeline safety and expedite pipeline permitting.
- Issue an Executive Order directing federal agencies to expedite permits and coordinate federal, state, and local actions necessary for energy-related project approvals on a national basis.

"For the electricity we need, we must be ambitious. Transmission grids stand in need of repair, upgrading, and expansion... If we put these connections in place, we'll go a long way toward avoiding future blackouts."

— Vice President
Richard B. Cheney
in an environmentally sound manner, and establish an interagency task force chaired by the Council on Environmental Quality. The task force will ensure that federal agencies set up appropriate mechanisms to coordinate federal, state and local permitting activity in particular regions where increased activity is expected.

- Grant authority to obtain rights-of-way for electricity transmission lines with the goal of creating a reliable national transmission grid. Similar authority already exists for natural gas pipelines and highways.
- Enact comprehensive electricity legislation that promotes competition, encourages new generation, protects consumers, enhances reliability, and promotes renewable energy.
- Implement administrative and regulatory changes to improve the reliability of the interstate transmission system and enact legislation to provide for enforcement of electricity reliability standards.
- Expand the Energy Department's research and development on transmission reliability and superconductivity.

Increase Energy Supplies

A primary goal of the National Energy Policy is to add supply from diverse sources. This means domestic oil, gas, and coal. It also means hydropower and nuclear power. And it means making greater use of non-hydro renewable sources now available.

One aspect of the present crisis is an increased dependence, not only on foreign oil, but on a narrow range of energy options. For example, about 90 percent of all new electricity plants currently under construction will be fueled by natural gas. While natural gas has many advantages, an over-reliance on any one fuel source leaves consumers vulnerable to price spikes and supply disruptions. There are several other fuel sources available that can help meet our needs.

Currently, the U.S. has enough coal to last for another 250 years. Yet very few coal-powered electric plants are now under construction. Research into clean coal technologies may increase the attractiveness of coal as a source for new generation plants.

Nuclear power plants serve millions of American homes and businesses, have a dependable record for safety and efficiency, and discharge no greenhouse gases into the atmosphere. As noted earlier, these facilities currently generate 20 percent of all electricity in America, and more than 40 percent of electricity generated in 10 states in the Northeast, South, and Midwest.

Other nations, such as Japan and France, generate a much higher percentage of their electricity from nuclear power. Yet the number of nuclear plants in America is actually projected to decline in coming years, as old plants close and none are built to replace them.

Enormous advances in technology have made oil and natural gas exploration and production both more efficient and more environmentally sound. Better technology means fewer rigs, more accurate drilling, greater resource recovery and envi-

"As a country, we have demanded more and more energy. But we have not brought on line the supplies needed to meet that demand.... We can explore for energy, we can produce energy and use it, and we can do so with a decent regard for the natural environment."

-Vice President
Richard B. Cheney
environmentally friendly exploration. Drilling pads are 80 percent smaller than a generation ago. High-tech drilling allows us to access supplies five to six miles away from a single compact drilling site, leaving sensitive wetlands and wildlife habitats undisturbed. Yet the current regulatory structure fails to take sufficient account of these extraordinary advances, excessively restricting the environmentally safe production of energy from many known sources.

Our policy will increase and diversify the nation’s sources of traditional and alternative fuels in order to furnish families and businesses with reliable and affordable energy, to enhance national security, and to improve the environment. This report includes recommendations to:

- Issue an Executive Order directing all federal agencies to include in any regulatory action that could significantly and adversely affect energy supplies a detailed statement on the energy impact of the proposed action.
- Open a small fraction of the Arctic National Wildlife Refuge to environmentally regulated exploration and production using leading-edge technology. Examine the potential for the regulated increase in oil and natural gas development on other federal lands.
- Earmark $1.2 billion of bid bonuses from the environmentally responsible leasing of ANWR to fund research into alternative and renewable energy resources — including wind, solar, biomass, and geothermal.
- Enact legislation to expand existing alternative fuels tax incentives to include landfills that capture methane gas emissions for electricity generation and to electricity produced from wind and biomass. Extend the number of eligible biomass sources to include forest-related sources, agricultural sources, and certain urban sources.
- Provide $2 billion over 10 years to fund clean coal technology research and a new credit for electricity produced from biomass co-fired with coal.
- Direct federal agencies to streamline the hydropower relicensing process with proper regard given to environmental factors.
- Provide for the safe expansion of nuclear energy by establishing a national repository for nuclear waste, and by streamlining the licensing of nuclear power plants.

Accelerate Protection and Improvement of the Environment

America’s commitment to environmental protection runs deep. We are all aware of past excesses in our use of the natural world and its resources. No one wishes to see them repeated. In the 21st century, the ethic of good stewardship is well established in American life and law.

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. The primary reason for that has been steady advances in the technology of locating, producing, and using energy. Since 1970, emissions of key air emissions are down 31 percent. Cars today emit 85 percent less carbon monoxide than 30 years ago. Lead emissions are down 90 percent. Lead levels in ambient air today are 68 percent lower than they were in 1970. America is using more, and polluting less.

One of the factors harming the environment today is the very lack of a comprehensive, long-term national energy policy. States confronting blackouts must take desperate measures, often at the expense of environmental standards, requesting waivers of environmental rules, and delaying the implementation of anti-pollution efforts. Shortfalls in electricity generating capacity and short-sighted policies have blocked construction of new, cleaner plants, leaving no choice but to rely on older, inefficient plants to meet demand. The increased use of emergency power sources, such as diesel generators, results in greater air pollution.

New anti-pollution technologies hold great promise for the environment. The same can be said of 21st century power generators that must soon replace older models: signifi-

"We will insist on protecting and enhancing the environment, showing consideration for the air and natural lands and watersheds of our country."

— Vice President
Richard B. Cheney
The National Energy Policy will build upon our nation's successful track record and will promote further improvements in the productive and efficient use of energy. This report includes recommendations to:

- Enact "multi-pollutant" legislation to establish a flexible, market-based program to significantly reduce and cap emissions of sulfur dioxide, nitrogen oxides, and mercury from electric power generators.
- Increase exports of environmentally friendly, market-ready U.S. technologies that generate a clean environment and increase energy efficiency.
- Establish a new "Royalties Conservation Fund" and earmark royalties from new, clean oil and gas exploration in ANWR to fund land conservation efforts.
- Implement new guidelines to reduce truck idling emissions at truck stops.

Looking Toward the Future

The President's goal of reliable, affordable, and environmentally sound energy supplies will not be reached overnight. It will call forth innovations in science, research, and engineering. It will require time and the best efforts of leaders in both political parties. It will require also that we deal with the facts as they are, meeting serious problems in a serious way. The complacency of the past decade must now give way to swift but well-considered action.

Present trends are not encouraging, but they are not immutable. They are among today's most urgent challenges, and well within our power to overcome. Our country has met many great tests. Some have imposed extreme hardship and sacrifice. Others have demanded only resolve, ingenuity, and clarity of purpose. Such is the case with energy today.

We submit these recommendations with optimism. We believe that the tasks ahead, while great, are achievable. The energy crisis is a call to put to good use the resources around us, and the talents within us. It summons the best of America, and offers the best of rewards — in new jobs, a healthier environment, a stronger economy, and a brighter future for our people.

"The goals of this strategy are clear: to ensure a steady supply of affordable energy for America's homes and businesses and industries."

— President George W. Bush