

**Kelliher, Joseph**

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**From:** Linda Stuntz [lstuntz@sdsatty.com]  
**Sent:** Thursday, February 15, 2001 6:27 PM  
**To:** Kelliher, Joseph  
**Subject:** Re: Reliability Legislation

THanks Joe. How about the 26th, or the morning of the 27th? I will check with DAve and DAvid to be sure, but I think David Cook is down here most Mondays and could stay over to Tuesday morning if that would help you.

Thank you for the kind words on the Energy Strategy. It was a work product of a lifetime (and I had a lot of great help). I do have some feel for what you are trying to do, and would like very much to help. (By the Way, Vito Stagliano is putting finishing touches on a book about the preparation of the strategy, complete with all the scoop on inside fights, as well as less juicy discussion of analysis/assumptions etc. It is now dated, but some of the interagency and agency-White House tensions remain, I am sure. I have most of the near-final manuscript, when you ever have time, if you are interested.)

As for that transmission investment data, I canot recall for sure, but I think I used data from Leonard Hyman's book, "Unlocking the Benefits of Restructuring: A BluePrint for Transmission." I can fax you key pages or messenger the whole book over to you in the morning, please just let me know.

Best regards,  
Linda

-----Original Message-----

**From:** Kelliher, Joseph <Joseph.Kelliher@hq.doe.gov>  
**To:** 'Linda Stuntz' <lstuntz@sdsatty.com>  
**Date:** Thursday, February 15, 2001 3:43 PM  
**Subject:** RE: Reliability Legislation

>I would like to meet with you all. When is a convenient time? I would be grateful if we can do it after 2/23. In the meantime, let me ask a favor.

Remember the transmission article you inserted in the record of the E&P hearing on March 18, 1999. Do you still have a copy? If I recall, it had good historical information on transmission investment. The PA report commissioned by National Grid has good info on investment since 1990, but the report you provided had info going back to the 60s and 70s, I believe.

We are looking for good graphs and charts for the VP's energy task force report. I reviewed your National Energy Strategy. It was a good piece of work.

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>-----Original Message-----

>From: Linda Stuntz [mailto:lstuntz@sdsatty.com]  
>Sent: Wednesday, February 14, 2001 12:37 PM  
>To: Kelliher, Joseph  
>Cc: Dave Nevius; David Cook  
>Subject: Reliability Legislation

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>  
> Dave Nevius, David Cook and I would appreciate the opportunity to visit with you sometime soon to talk about reliability legislation. As you may know, Senator Gordon Smith has introduced the Gorton bill of last year (S. 172). Mr. Wynn and others have introduced legislation similar to the Wynn Bill of last year, which includes RTO coordination amendments (H.R. 312). I understand that you are working with the Vice President's task force on a Comprehensive Energy Strategy. We would like to talk with you about making the NERC reliability legislation a part of that Strategy, and address any questions you may have about our legislative effort.

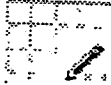
>  
>Dave would also be prepared to talk about the status of NERC's summer assessment, and how things look to them.

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>I know you are swamped. Please just let me know when you could fit us in, and we will be there.

>  
>thanks and best regards,  
>Linda

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Release



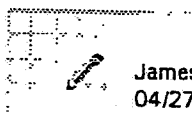
James Rannels  
04/27/2001 05:41 PM

To: kknutson@ovp.eop.gov  
cc: Robert Dixon, William Parks  
Subject: Solar Home

Attached is the cut away picture of the energy efficient home powered by solar that you requested.  
Please let me know if I can provide additional information.

Shea Homes Broc

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James Rannels  
04/27/2001 05:45 PM

To: kknutson@ovp.eop.gov  
cc:  
Subject: Solar Homes

Attached is one of the pictures of a solar home you requested. Please let me know if I can provide additional information.

**21st Century Townhouse**

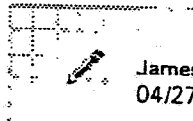
In 1996, the National Association of Home Builders constructed advanced townhouses featuring energy-efficient materials and systems at the National Research Home Park 21st Century Townhouse, in Bowie, Maryland. The townhouse on the right has an integrated photovoltaic standing-seam roof; the photovoltaic modules look and perform like the standard metal roofing on the other units (on the left), but they also produce electricity. The solar roofing system, developed by United Solar Systems Corporation and Energy Conversion Devices, is designed to serve as a direct replacement for standard architectural metal roofing panels. Photo credit: Tim Ellison, Energy Conversion Devices, Troy, MI

PCD 04473



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James Rannels  
04/27/2001 05:47 PM

*Release*

To: kknutson@ovp.eop.gov  
cc:  
Subject: Solar Homes

Attached is one of the pictures of a solar home you requested. Please let me know if I can provide additional information.

**Maine Residence**

This house in coastal Maine generates its own electricity from a 4.25-kilowatt photovoltaic system beautifully integrated into the rooftop. The south roof incorporates an integrated array of solar thermal collectors and large-area photovoltaic modules to form a single, uniform glass pane. Through a net-metering arrangement with Central Maine Power, surplus solar electricity is exported to the utility grid, effectively spinning the utility meter backward. Space heating and domestic hot-water are provided by the solar thermal system. Photo credit: Solar Design Associates, Harvard, MA

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To: John Fenzel/OVP/EOP

cc:

Subject: Meeting Schedule

John, how about 11 to 12 or 12:30 on Monday or Tuesday? If we go through ch. 1 and 2 on Friday, we will have less to do on Monday.

According to the National Petroleum Council Report on natural gas (December 1999):

Much of the nation's natural gas resource base resides on federal lands or in federal waters, yet a large portion of this resource base is not open to either assessment or development. Two of the most promising regions for future gas production, the Rocky Mountains and the Gulf of Mexico, currently have significant access restrictions. For example, an estimated 40%—or 137 trillion cubic feet (TCF)—of potential gas resource in the Rockies is on federal land that is either closed to exploration or is open under restrictive provisions. Another 76 TCF of resources are estimated for restricted offshore areas in the eastern Gulf of Mexico, the Atlantic, and the Pacific. The eastern Gulf of Mexico is largely closed to exploration and the limited areas that are now open are the subject of political debate. The proposed MMS Lease Sale 181 scheduled for December 2001 in the eastern Gulf of Mexico is the first such sale in this area since the late 1980s, yet only covers a small portion of the entire area. The East Coast of the United States is completely closed to development while Canada is pursuing its East Coast gas resources, as demonstrated by the Sable Island development off the coast of Nova Scotia. In addition, drilling on the West Coast of the United States also faces strong restrictions, while offshore British Columbia is opening up to greater exploration and production.

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Post-Hearing Questions Submitted by Minority Members

Representative Lynn Woolsey, Ranking Minority Member, Energy Subcommittee

(b) (5)  
Q1. Please provide the names of all Department of Energy employees or contractor employees who provided support or staff work for the Cheney Group's work.

Q2. During the hearing, you indicated that the lack of a Science Advisor to the President had a negligible impact on the work of the Task Force. It was asserted that scientific expertise drawn from all the involved agencies stepped into the breach. Please provide the names of the science specialists at DOE who played a role in the work of the Task Force. Please provide their resumes for the record.

Mr. Secretary, during the hearing you briefly touched on your participation and the participation of the Department in the work of the Cheney Group. Please provide for the record:

Q3.1. The names of all witnesses or organizations who provided advice or material to the Cheney Task Force.

Q3.2. An explanation of why the Task Force conducted its business in secret and why that veil of secrecy has not been lifted with the completion of the Task Force report.

Q3.3. The details regarding the schedule of meetings that you or your representatives attended with other Task Force Members. Please indicate the name of DOE attendee/s, list of other invitees, list of other attendees, date and time of meeting, subject matter and/or agenda, names and affiliations of non-governmental attendees or witnesses meeting with the Group, copies of all discussion materials and DOE memoranda prepared for or distributed prior to the meeting, and copies of all materials distributed at each meeting.

Q4. In recent years, the House of Representatives has conducted very aggressive oversight of policy and conduct by the Executive Branch. For the record, please provide the following information:

Q4.1. How many subpoenas has the Department received from Committees of the House regarding DOE participation in the Cheney Task Force? Please provide copies of all such House Committee subpoenas.

Q4.2. How many document requests has the Department received from Committees of the House regarding DOE participation in the Cheney Task Force? Please provide copies of all House document requests related to the Cheney Task Force.

Q5. In the National Energy Policy, Report of the National Energy Policy Development Group (Cheney Group), May 2001, it is claimed on page 1-5 that "Energy

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intensity is projected to continue to decline through 2020 at an average rate of 1.6 percent a year."

- Q5.1. What is the source for this projection? If it is EIA, please indicate which EIA product is the source of this projection.
- Q5.2. Please provide copies of all the analytical documents upon which this projection is based. Included in this submission should be any analytical documents that indicate how 1.6% was settled upon as the energy intensity level to be anticipated as opposed to other levels.
- Q5.3. Please specify the policy assumptions that underlie this projection (i.e., funding levels for conservation and efficiency programs at DOE, tax credit programs for efficiency products, efficiency programs in the states, market conditions for energy that may affect consumer choice, etc.).
- Q5.4. Given that other policy mixes would likely produce different declines in energy intensity, what cost-benefit analyses were done to show the trade offs between, for example, a 1.9% decline, a 2.5% decline and a 1.6% decline?

Q6. On page 1-5 of the Cheney Report, it is asserted that the nation will need between 1,300 and 1,900 new power plants over the next twenty years.

- Q6.1. What is the source for this projection? If it is an EIA product, please identify which of their reports was used.
- Q6.2. Please provide all of the analytical documents that underlie this projection. Included in this submission should be any analytical documents (including e-mails and memoranda) indicating how the figure of 1,300 to 1,900 power plants was settled upon.
- Q6.3. What policy and market assumptions were made in settling on this projection?
- Q6.4. What cost-benefit models were run to adopt a set of policies that puts us on a path towards needing 1,300 to 1,900 power plants as opposed to some smaller number?

Q7. In hearings earlier this year, the Committee received testimony from witnesses who cited the "Scenarios for a Clean Energy Future" report. This report, released in November 2000, was produced by the Interlaboratory Working Group on Energy-Efficient and Clean Energy Technologies with representatives from Oak Ridge, Lawrence Berkeley, NREL, Argonne and Pacific Northwest National Laboratories. The Interlaboratory Group report suggests that an aggressive energy efficiency and renewable energy policy path could lead to a 60% reduction in the anticipated growth in electricity demand by 2020. This leads to a demand for just 580 new plants rather than the projected 1,300 to 1,900 mentioned by you and the Cheney Group report.

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- Q7.1. Were the findings of this Interlaboratory Working Group report made available to the Cheney Group by your Department? If this report was not

25481

made available to the Cheney Group by your Department, please explain why.

- Q7.2. Were any of the Lab staff who worked on this report involved in staffing or briefing the Cheney Group?
- Q7.3. What analysis of this report has been done in-house at DOE? Please provide copies of all such analysis for the record.
- Q7.4. What information or evaluations of this report were provided by your Department or its contractors to the Cheney Task Force staff? Please provide copies for the record.
- Q8. In Chapter 4 of the National Energy Policy, there is a recommendation that "the President direct the Office of Science and Technology Policy and the President's Council of Advisors on Science and Technology (PCAST) to review and make recommendations on using the nation's energy resources more efficiently." Yet, in 1997 PCAST, led by Harvard plasma physicist John Holdren, produced a comprehensive report identical to the one called for by the Task Force.
- Q8.1. Why are you proposing to repeat the Holdren report?
- Q8.2. The Holdren report called for major new Federal investments in efficiency R&D. Do you believe that recommendation was wrong?
- Q8.3. Was Professor Holdren invited to participate in the task force's deliberations? If not, why not?
- Q9. There have been reports in the press regarding potential conflicts of interest involving several senior Bush officials. For example, Karl Rove, a senior policy advisor to the President, held as much as a quarter-million dollars in stock in Enron as well as holdings in GE (which has a nuclear power division), Royal Dutch Shell and BP Amoco. Reportedly, Mr. Rove was involved in crafting the Administration's Energy plan.
- Q9.1. Can you confirm whether or not Enron, GE, Royal Dutch Shell or BP Amoco provided testimony or other materials to the Cheney Working Group, its staff or other high Bush Administration officials?
- Q9.2. Can you provide the names of all the Bush Administration officials, save the DOE officials noted in response to Questions 1 and 2 above, who played a role in crafting the Energy plan?
- Q9.3. Why didn't the administration bar conflicts-of-interest such as that involving Mr. Rove, and compel officials with the Cheney Group to divest themselves of all energy-related holdings before they could work on energy policy?
- Q10. On several occasions, the President has claimed that his Administration is the first to propose a comprehensive, National Energy Strategy. Would you please explain what we should consider the first Bush Administration's National Energy Strategy to be? We also note that Congress passed a bipartisan National Energy Strategy Act, which was signed into law by then-President Bush in 1992. Did that

25482

effort in 1991 and 1992 provide, as then Secretary of Energy James Watkins described it, "a comprehensive blueprint for America's energy future?" If you believe the work of that Bush Administration was not a truly comprehensive strategy, please explain why it was not and how this Bush Administration's approach constitutes a truly comprehensive National Energy Strategy?

- Q11. The Administration's FY2002 budget request for the Department of Energy included severe cuts to renewable energy and conservation programs. However, there were some assurances included in the Department's RENEWABLE ENERGY RESOURCES, ENERGY SUPPLY section of the DOE FY 2002 budget request submitted to congress. The following paragraph from a document seems to suggest that despite the steep cuts, some future action request would occur.

**"HIGHLIGHTS OF PROGRAM REQUEST (\$ in millions)**  
**Renewable Resources Technologies (FY 2001 \$277.3; FY 2002 \$174.2) .....-\$103.1**  
Even though FY 2002 funding is 37 percent below FY 2001, the request maintains core R&D efforts for renewable technologies and hydrogen research until ongoing operations can be evaluated against the outcome and priorities that will flow from the Vice President's National Energy Policy Development Group."

Based on this statement, I'd like to ask the following:

- Q11.1 With respect to the FY 2002 budget:

- Q11.1.1 How did you determine "core R&D efforts"? Will "core R&D efforts" be reduced or cut back in any way compared to the previous year's activities?
- Q11.1.2 Which specific efforts were deemed non-core? Please provide a specific list of projects, grants, or programs that you would terminate or reduce in level of effort to accommodate this 37% cut.

- Q11.2 With respect to the NEPD Group:

- Q11.2.1 Where are the "priorities" that are supposed to flow from the National Energy Policy? Do these priorities exist at this time? If so, what are they?
- Q11.2.2 What would you say was the "outcome" that has flowed from the Vice President's National Energy Policy Development Group? How can this outcome be used to evaluate ongoing operations in renewable resource technologies?

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- Q11.2.3. When will the Department be evaluating ongoing operations against the outcome and priorities?
- Q11.2.4. What specific budget guidance came out of the NEPD process for these accounts?

Q12. The President has said we must fund innovative technologies for conservation and renewable energy. Yet the FY 02 budget included cuts of 26% for renewable energy research and 27% for conservation research.

Q12.1. These large reductions in the budget appear to be at odds with the President's call for greater attention to energy. How do you reconcile the Administration's words and actions?

Q12.2. Were the proposed cuts in the energy research budget supported by any studies? Can you provide us with those studies?

Q13. Which R&D programs were highlighted in the National Energy Policy as deserving of more funding than was provided in the April budget request? Where would the additional funds come from? Will the Department be sending Congress reprogramming requests or supplemental requests to support these numbers? Please provide a general description of the requests that the Department plans to submit to Congress?

Q14. In his statement on global climate change, the President called for research in a variety of areas ranging from fundamental research on climate change to applied alternative fuels technologies. Given that the DOE budget has been cut in both R&D and alternative fuel sources, how will these initiatives be funded and who will do the research?

Q15. We know you don't support the Kyoto Protocol, but do you believe that the U.S. should commit itself to ANY reduction of greenhouse gas emissions? If so, what rate of reduction would be appropriate? If not, what rate of increase would be inappropriate?

Q16. During the campaign for the Presidency, Mr. Bush was very critical of the Clinton Administration for not being effective enough or tough enough with OPEC to raise its production levels. I have seen reports that, since January when the Bush Administration took office, OPEC has reduced its production by 2.5 million barrels a day. What steps are you taking, distinct from the prior administration, to get OPEC to expand its production?

**Representative Jim Barcia**

Last summer, gas prices in the Midwest surged above \$2.00 a gallon and this year, prior to the Memorial Day holiday weekend, gasoline prices increased by as much as 25 cents

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across the state, making the cost of gasoline in Michigan the third highest of any state in the country. The Federal Trade Commission did a review of the last summer's price spike and issued a report in March of this year that stated there was no evidence of collusion. However, the report did note that individual companies withheld extra supply because "selling extra supply would have pushed down prices and thereby reduced profits."

I know that oil companies have a right to make a profit. At the same time, those companies carry a public-trust to deliver a product to our consumers in a timely fashion. Deliberately acting to depress production or withhold supply from the market to inflate the price could be viewed as a violation of that trust.

What steps will this Administration take to ensure that oil companies live up to their responsibility to consumers?

**Congressman John Larson**

During your question and answer period, you cited the President's interest in a CO2 technology program. President Clinton for years proposed a Climate Change Technology Initiative, which was repeatedly cut by the Republican Congress. Please submit for the record how, specifically, President Bush's CCTI will differ from President Clinton's.

**Congressman Jerry Costello**

I support the President's Clean Power Initiative - however even after you add the \$150 million down payment of the President's proposed \$2 billion initiative to this year's fossil fuel budget - the budget is cut by 17%. This trend continues over the next few years. How can the Administration support increased funding for clean coal technologies then turn around and slash the fossil fuel budget?

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6/15  
Congressman David Wu

There are 19 recommendations contained in the "Final Report of the Taskforce against Racial Profiling":

- Q1. Issue a letter from the Secretary to all Federal and contractor employees. The letter reiterates DOE's policy against racial profiling.
- Q2. Appoint a National Ombudsman to be located at DOE headquarters to continue DOE's work in eliminating racial profiling, monitor and review diversity management matters, and advise the DOE on improving systems for primarily addressing contractor employees' concerns and resolving workplace disputes.
- Q3. Assign responsibility to the DOE Executive Steering Committee on Diversity, in collaboration with the National Ombudsman, for monitoring and reviewing diversity and racial profiling issues for Federal and contractor employees, following the sunset of this Task Force.
- Q4. Improve leadership accountability for Federal executives and managers by developing a model to assess effectiveness in diversity management. The model should seek employee feedback and assessment of results. Additionally, performance in this areas should be linked to promotion, bonuses, and hiring.
- Q5. Develop contract language, which ensures fair and meaningful assessment of EEO activity by contractors. DOE should take steps to hold Management and Operating (M&R), Management and Integration (M&I) contractors, and laboratory facilities accountable for human resource management (recruitment, outreach, hiring, retention, promotions, training, etc.), by requiring that they include relevant performance goals and measures in their strategic plans, in accordance with the letter and spirit of the Government Performance and Results Act. To support this objective, contractors should conduct regular "quality of work life" surveys in measuring employee opinions and attitudes. Furthermore, contractors should routinely publicize to their employees' relevant employment statistics and related information. Contractor performance in this areas should be linked to performance fees and should be utilized as part of an overall assessment of past performance for a variety of contract management purposes (e.g. exercising options, conducting evaluations for future rewards, etc.)
- Q6. Establish a team to promptly address any outstanding individual cases regarding security practices. This team would report to the Deputy Secretary on regular basis.
- Q7. Conduct an EEO/diversity stand-down, similar to the approach utilized for the Security Awareness stand-down.

25486

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- Q8. Ensure that an inclusive review process is utilized for making future security changes, with input and advice from line management, employees, and human resources professionals. The current Field Management Council process, which was established in April 1999, should be utilized to ensure proper coordination and collaboration between appropriate staff offices.
  - Q9. Review security procedures to ensure that they do not take a "one-size-fits-all" approach for all sites.
  - Q10. Publish baseline human resources management data on hiring, promotions, and diversity representation by grades, with respect to all Federal and contractor employees.
  - Q11. Include Asian Pacific American leaders and representatives of other minority groups in future workplace assessments.
  - Q12. Require Federal, M/Os, M/Is, and laboratory executives to issue annually and in writing diversity policy statements and publish them in a universal manner to coincide with performance appraisal cycles. Require discussion of these policies at performance appraisal review sessions. Develop a set of definitions and a glossary for diversity, pluralism, racial profiling, etc. based on private sector models.
  - Q13. Consider creating a DOE web-site on workplace improvements, and publishing progress reports on improvement in diversity management, to include human resource management data.
  - Q14. Form appropriate consortiums to plan for - and to combat - the recruitment and retention problems being experienced throughout DOE laboratory facilities.
  - Q15. Improve training for the DOE Federal and contractor workforce in effective diversity management, with special seminars for executives. The Office of Economic Impact and Diversity, in collaboration with Heads of Headquarters and Field Elements should ensure that all Federal and contractor employees undergo mandatory training on equal employment opportunity and interpersonal sensitivity. Also, site managers should conduct periodic focus group meetings to discuss employee diversity issues, including racial profiling.
  - Q16. Conduct follow-up fact finding visits in Spring 2002 to assess whether management has successfully carried out its policy against racial profiling; look for innovations, and provide feedback and suggestions for improvement to Federal and contractor work force management.
  - Q17. Monitor, track and follow-up on pertinent data with respect to representation of minorities, women, and underrepresented groups in the Federal and contractor workforce.

25487

- Q18. Conduct a multi-year workplace satisfaction evaluation survey; include topics such as management practices and diversity management. The survey should be repeated at given intervals (e.g. biannually). If costs are prohibitive for a comprehensive survey of all employees/contractors, utilize a statistically significant sample.
- Q19. Require an organizational self-assessment based on "best practices."
- Q20. Please address the following items for each of these recommendations: (a) whether there has been any follow-up on the recommendation, (b) what action has been taken to date, and (c) what are the next steps proposed by DOE with regard to this recommendation.

25488