

**SUNOPTICS**

**SKYLIGHTS**

THE NATURAL LIGHT FIXTURE

July 10, 2001

Spencer Abraham  
The Secretary of Energy  
Member, National Energy Policy Development Group  
1000 Independence Ave. S.W.  
Washington, D.C. 20585

RE: RDD&D Program Daylighting Funding Comments  
National Energy Policy Long-term Strategy

Dear Mr. Abraham:

I recently sent written comments to the Office of Energy Efficiency and Renewable Energy addressing the RDD&D Program Daylighting Funding. The comments were in response to the recently-released National Energy Policy Report submitted to the President by the National Energy Policy Development Group.

As a member of the National Energy Policy Development Group, here's a copy for your information. Please share these comments with your colleagues.

Thank you for your consideration.

Sincerely,



Jerome Blomberg

Enclosure

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**28506**

## RDD&D DAYLIGHTING FUNDING

The following written comments by Jerome Blomberg are to be included with the public comments gathered at the seven regional meetings in the month of June by DOE Office of Energy Efficiency and Renewable Energy.

Energy is abundantly available everywhere from coal, oil, natural gas, tide, wind, bio-mass, geo-thermal, and solar etc. The central issues to implementing these resources are: what are the capital requirements and what is the environmental impact? Capital and time are the real shortages.

Daylighting with skylights should have separate funding in the RDD&D program. Daylighting with skylights admittedly fits into the Building Equipment and Materials program, the Commercial Buildings Integration program, the Community Energy Program, the Energy Star Program, the Residential Buildings Integration program, State Energy Programs, and the Solar Technologies Program. For daylighting to find its rightful place in all those programs it should be separated out, with its own funding.

The following discussion will make my case on the significance of daylighting buildings with skylights to replace electric lighting.

Daylight is less than half as hot as efficient electric lighting.

Daylighting buildings can replace electric lighting 70% of the daylight hours.

Daylighting with skylights is a low cost, proven technology that can be broadly implemented today.

Daylighting buildings with skylights can often return the extra cost of installing the skylights in less than two years.

Daylighting is the most efficient use of the sun's energy as it uses it directly. There are only minimum losses getting the light into the building and spread evenly.

Daylighting existing single story buildings in the State of California could reduce peak demand by approximately 1200 megawatts.

Daylighting buildings creates no greenhouse gases, and pollutes no air or water.

## RDD&D DAYLIGHTING FUNDING

Daylighting improves human performance.

WAL\*MART Stores should be the poster child for Corporate America's energy efficiency programs. About 5 years ago WAL\*MART started daylighting their SuperCenters. They liked the results and today every new WAL\*MART store is daylighted. The SuperCenters require about 220 5'x6' double glazed skylights. The stores are designed to optimize the skylight benefits at minimum installed cost. To assure the energy benefits, a dimmable florescent lighting system with switching is included in the design. Depending on the store's location each skylight can save from 2,500 to 3,000 kWh per year.

WAL\*MART's annual energy savings from their daylighted stores is in excess of 250,000,000 kWh. With continuing construction of new stores these savings will grow every year. WAL\*MART's energy efficiency program not only benefits it's stockholders but benefits all of society by reducing its electricity requirements during the utilities peak demand by 100 megawatts. Acrylic skylights continue to function well, after 40 years of service with no maintenance, so it is very conservative to estimate the cost of replacing a kWh of electricity over 25 years. When you do the math, the cost of a kWh replaced over 25 year is just over \$0.005. We would all like to own a power plant that requires no fuel, needs no maintenance, does not pollute the air or water, creates no green-house gases and replaces a kWh of electricity for \$0.005. WAL\*MART has a 100 megawatt plant like that scattered over its many daylighted stores.

Using WAL\*MART as an example, it costs about \$350 to replace one kW of electric lighting energy. Using the same sun as the skylight, a photo-voltaic array large enough to generate one kW of electricity would cost between \$6,000 and \$10,000. This is 17 to 28 times more expensive to do almost as much as the skylight. After the photo-voltaic array generates the electricity, there are transmission losses and lamp and ballast losses. The light produced has a limited spectrum and is twice as hot as the daylighting system. To get a clearer picture of the significance of how we find solutions for our energy requirements, daylighting is like \$25 a barrel oil and generating electricity with photo-voltaics is like \$400 to \$700 a barrel oil. On a recent television program, S. David Freeman (Governor Davis's chief energy advisor) stated that California will buy down the cost

## RDD&D DAYLIGHTING FUNDING

of photo-voltaic installations at the rate of \$4,000 per peak kW. At that rate WAL\*MART, which saves more than 100,000 kW using the same sun as a photo-voltaic system, should receive a \$40,000,000 incentive. That is approximately ten times WAL\*MART'S cost of installing the daylighting.

There are many who advocate photo-voltaics as a way to achieve a sustainable energy future, or to reduce pollution and greenhouse gases but they stand mute when they could support daylighting buildings in our energy efficiency codes or in research to extend the use of this great renewable resource. With the use of new automated control strategies, skylights can be used to substantially reduce or eliminate the need for combustion or electric heating in high mass residential buildings, in many areas of the United States. More research and analysis needs to be done in this area.

How society uses it's capital to achieve an efficient energy economy is important. The use of electricity is far greater on a summer afternoon than at 2:00 a. m. Research funding and energy efficiency incentives should be targeted to products and strategies that flatten peak demand.

Daylighting buildings with skylights does exactly that. California's Governor Gray Davis, in a recent CNN interview, stated that California had an energy efficiency incentive program that will pay half the cost of a new energy efficient replacement refrigerator to any Californian who was willing to help California solve its energy shortfall. These energy efficient refrigerators will save about 50 watts per peak hour, that's about 450 kWh spread out over 8760 hours per year. This is a terrible use of taxpayer funded incentive money, (if it was ever made available) because it ignores the importance of shaving peak demand. Compare it to a WAL\*MART skylight that saves 2500 kWh annually and takes 800 to 1000 watts per hour off peak demand, for 70% to 80% of the peak demand hours.

I truly believe that separate RDD&D funding would give the most return for the investment. By funding daylighting separately the research and recommendations can be distributed through the seven other programs in which daylighting should be included. It is very important that policy makers understand the great opportunity daylighting has in any renewable energy or energy efficiency programs that are developed, for there are collateral benefits with daylighting of greater economic value than the energy saved.

## RDD&D DAYLIGHTING FUNDING

There are two very detailed studies that investigate the relationship between daylighting and human performance. These studies were submitted by the Heschong Mahone Group to George Loisos of Pacific Gas and Electric Company on behalf of the CALIFORNIA BOARD FOR ENERGY EFFICIENCY THIRD PARTY PROGRAM. The studies were for two types of buildings that had sufficient comparable daylighted and electrically lighted buildings to give a statistical accuracy to a 99% certainty.

The study, "DAYLIGHTING in SCHOOLS" was done in several school districts that had both electrically lighted and daylighted classrooms with comparable curriculum and grading methods. The study indicated that students progressed 26% faster in reading and 20% faster in math, in other words students learned 26% and 20% more in a semester. That is like adding nearly two months to the school year without having to heat or cool the classroom, pay the janitor or the teacher.

The study titled "SKYLIGHTS and RETAIL SALES" was done in a small retail chain with a little over 100 stores. All the stores were approximately the same size, carrying the same merchandise, with all policies, pricing and advertising coming from a central office. Two thirds of the stores were daylighted with skylights during the day and one third were lighted with electric light only. The study, was reviewed many times to be sure that all the variables were included in their analysis. The results astounded everyone, the statistical analysts could find no other reason than daylighting for the 40% more sales in the daylighted stores than in the stores that were electrically lighted only.

Both studies are available at the Heschong Mahone Group web site, [www.h-m-g.com](http://www.h-m-g.com).

The Sacramento Municipal Utility District daylighted their new headquarters building to practice what they preached: Reduce electric peak and save energy. They found that the daylighting improved employee attendance with a value of \$250,000 annually, far larger than the \$56,000 savings in reduced energy use.

With a limited budget for RDD&D, put the money where it will do the most good, in the shortest time. This is a success story ready to happen. It is time for the Department of Energy to get on board and get the credit. Daylighting buildings should be standard practice for most single story buildings. Separate RDD&D skylight funding can make it happen.

Congress of the United States

Washington, DC 20515

491444

July 11, 2001

The President  
The White House  
Washington, D.C. 20500

Dear President Bush:

We are writing to express our concern regarding the National Energy Policy Development Group (NEPD) recommendation to support the Baku-Ceyhan pipeline and its assumed commercial viability.

Despite its proclaimed multiple pipeline policy, the Clinton Administration exclusively promoted the Baku-Ceyhan pipeline, the viability of which many experts question. In Cato's recent Foreign Policy Briefing *The Great Game, Round 2: Washington's Misguided Support for the Baku-Ceyhan Oil Pipeline*, Stanley Kober notes that the pipeline "far from promoting U.S. interests in the region, undermines them." Another report by the *Carnegie Endowment for International Peace* reinforces Cato's conclusion that the Baku-Ceyhan pipeline is not commercially viable and notes that pursuit of this pipeline only "exacerbated tensions between the United States and Russia and did little to advance U.S. interests. Given this analysis, we believe that the United States should take a more balanced approach to energy resources in the Caucasus.

As you may know, the proposed Baku-Ceyhan pipeline route originating in the Azerbaijani capital of Baku and terminating at the Turkish port of Ceyhan via Georgia, explicitly bypasses Armenia at the insistence of Azerbaijan. The demands by Azerbaijan to bypass Armenia come despite the knowledge that a trans-Armenia route is the most reliable, direct and cost-effective route, and certainly one of the most tangible actions in support of regional integration and cooperation. It has been estimated that a pipeline from Baku to Ceyhan that traverses Armenia would save approximately \$600 million over the current proposed route.

Exclusion of one country in regional projects only fosters instability. The United States should make it clear that Armenia must be included in regional and trans-regional economic plans and projects. Without east-west transportation and commercial corridors, Armenia is forced to orient its strategic and trade policies on a north-south basis for its survival and continues to be isolated from the economies of the west. The United States must not acquiesce to Azerbaijan's demands to exclude Armenia from all east-west commercial corridors and energy routes. If the Caucasus region is to move forward, we must ensure that all countries move forward together at the same time. Choosing winners and losers in the Caucasus will not promote regional stability, economic integration and peace.

Secretary of State Colin Powell has stated that Armenia's integration into international institutions remains a priority for the United States. However, continuing the prior Administration's policy of unilateral acceptance of Azerbaijan's demands that the pipeline bypass Armenia runs counter to U.S. policy objectives for the region and only serves to further isolate Armenia. Armenia's exclusion from regional economic and commercial undertakings in

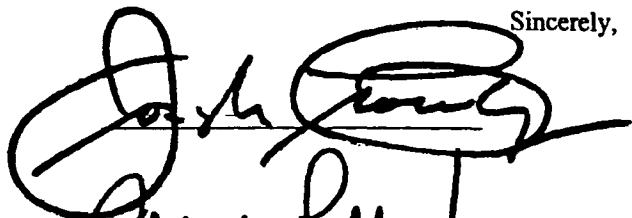
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the South Caucasus hinders U.S. policy goals of promoting regional stability based upon the development of strong political, economic and security ties among all countries of the Caucasus and the United States. Therefore, we believe that Armenia, which represents the most reliable, direct and cost-effective East-West oil and gas pipeline route, must not be excluded.

We strongly urge you to reexamine the NEPD Group's recommendations regarding the Caucasus and review all current and future oil and gas pipeline routes, as well as other east-west commercial corridors and regional development projects, to ensure that all countries of the South Caucasus are included.

Sincerely,



Frank Pallone Jr.

Janice Nyrelo

Mark Andrus

Jim Langerin

Jim LeRoux

Rhata Mendez

Peter J. Virella

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2001-011775

**The Secretary of Energy**

Washington, DC 20585

July 11, 2001

The Honorable Ralph Goodale  
Minister of Natural Resources Canada  
Ottawa, Canada K1A 0E4

Dear Minister Goodale:

Thank you for your letter of May 1, 2001, regarding our two recent meetings and the overall importance of United States-Canada energy relations. I appreciate your perspective on the energy issues facing our two countries and agree that, in many areas, we face similar challenges. I look forward to our continued and enhanced collaboration on bilateral activities and on our newly formed North American Energy Working Group with Mexico, as well as in the global arena.

The Administration, as outlined in our National Energy Policy, supports a practical, market-based approach that encourages the adoption of more efficient technologies including natural gas, clean coal, nuclear, and renewable energy technologies.

Encouraging greater diversity of energy production and, as appropriate, transport facilities is a worthwhile goal with obvious benefits to all. Our goal is to provide a secure and stable energy supply not only for the United States but for the region as well. The Report of the National Energy Policy Development Group also underscores the high priority we place on our energy partnership with Canada. The Report recognizes the important shared environmental and economic benefits of Atlantic Canada natural gas, endorses the importance, to both our countries, of Northern Gas development, and views the continued development of Canadian heavy oil as a pillar of North American energy security.

I agree with your recommendation for expanding and deepening our cooperation, including through our Memorandum of Understanding (MOU) on vehicle fuel efficiency and alternative transportation fuels. I understand that preparations are underway for meetings in Canada this October to discuss new areas of cooperation. In preparation for the October meeting under the MOU, my Office of International Affairs will begin to identify possible areas of cooperation. We recently signed an implementing arrangement in fossil fuels, which we should now actively pursue.

Our departments are working toward a joint conference, tentatively scheduled for September 2001, on transportation fuels research and development. The National Energy Policy is an important step for the United States, and we look forward to working with Natural Resources Canada on issues of mutual concern.



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**Jeffrey K. Skilling**  
*President & Chief Executive Officer*

**Enron Corp.**  
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July 12, 2001

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

Dear Mr. Secretary,

It's clear to me that the time for a rational discussion on this country's energy policy is long overdue. That's why I'm writing to invite you to participate as a guest commentator at an energy scenarios forum this fall. This event will only yield solutions if we have true representation of the diverse range of opinions on this complex subject. It's time we come together to create a dialogue around the future of the U.S. energy environment and the recent events in California – no matter how much our opinions differ. I think you'll agree that we don't need any more empty rhetoric. We need solutions.

The forum, "U.S. Energy Policy at a Crossroads: Alternative Futures for the Current Energy Crisis," will be held at The Ritz-Carlton just outside of Washington, DC on October 3-4, 2001. We want to bring together some of the country's leading thinkers and stakeholders to actively explore the real scenarios that affect us all. While certain members of the press are invited, the discussions on October 4 will be entirely off the record.

Don't expect a traditional meeting. Enron has engaged a third party global information solutions firm—Intellibridge Corporation—which uses simulation techniques at conferences all over the world. We will use them to explore the impact of energy supply, markets and regulatory policies.

That's where you come in. Given your high profile in advocating the new Bush energy plan as well your well-known ability to assimilate a range of perspectives, I would be honored if you would add your point of view as a featured commentator for the Differing Visions of America's Energy Future, from 7:00 - 9:00 p.m. on Wednesday, October 3. These are moderated discussions in which guest commentators are called upon to speak multiple times and invited to participate throughout the entire program. Please note that the preliminary program agenda is attached and includes names of a number of commentators who have not yet confirmed.

I very much hope you'll join us for this important event. Please call (202) 298-7946 if you have any questions. We'll be in touch with your office in the next few days to discuss your participation.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey K. Skilling".

Endless possibilities.™

28515

# U.S. ENERGY POLICY AT A CROSSROAD: ALTERNATIVE FUTURES FOR THE CURRENT "ENERGY CRISIS"

PRESENTED BY ENRON IN PARTNERSHIP WITH INTELLIBRIDGE CORPORATION

October 3-4, 2001

The Ritz-Carlton Hotel, Pentagon City, Arlington, VA

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## WEDNESDAY, OCTOBER 3

5:30-7:00 p.m. Cocktail Reception and Registration for Delegates

7:00-9:00 p.m. "Differing Visions of America's Energy Future"  
A keynote address followed by a dinner conversation with a panel of leading policy makers:

- Richard B. Cheney, Vice President of the United States
- Spencer Abraham, Secretary, Department of Energy
- Jeffrey K. Skilling, President & CEO, Enron Corp.
- Bill Richardson, Former Secretary, Department of Energy
- Gray Davis, Governor, California
- Dianne Feinstein, California, Committee on Energy and Natural Resources

## THURSDAY, OCTOBER 4

7:30-8:30 a.m. Continental Breakfast and Registration for Delegates

PLEASE NOTE: OPENING AND CONCLUDING PLENARY SESSIONS WILL BE OPEN TO THE GENERAL PRESS. IN THE INTEREST OF CANDOR, ALL OTHER SESSIONS WILL BE OFF THE RECORD WITH PRESS PARTICIPATION BY INVITATION ONLY.

8:30-9:30 a.m. Opening Plenary Session: "Markets vs. Regulation: Finding the Proper Mix"

Featured Remarks: Pat Wood, Commissioner, FERC

9:45-11:45 a.m. Scenario Session I

**Scenario A - The Crisis is Contained. Anticipating the Next Challenge:** Under this first scenario, natural gas and electricity prices continue to subside. Public concern fades as energy prices gradually decline. The crisis remains contained to California. Hydro conditions improve during Winter 2001, and other western states are able to manage any emerging supply problems. Potential trouble states in other regions, like New York, manage to install enough capacity and alleviate

transmission constraints, both in gas and electricity. Efforts to mitigate the energy crisis overachieve in some regions. The nation's energy supply mix shifts slightly in response to policy changes.

**Scenario B - Crisis Worsens, Spreads to Other States:** Efforts to mitigate California's electricity crisis prove insufficient, or even exacerbate the problem. Shortages worsen in the Pacific Northwest, and Desert Southwest, pinching import-dependent California even further. Neighboring states refuse to export to California. Other resource supply shortages emerge as well: Natural gas prices surge, sharing of water resources between California and the Pacific Northwest become a serious point of contention. California quickly burns through the money raised by its bond issue, and the state finds itself in severe financial trouble. Federal and state authorities respond to perceived infrastructure shortages by relaxing right-of-way and environmental regulations. States in other regions also suffer supply shortages during the summers. Trends toward deregulation are halted in various states, reversed in others.

#### Featured Commentators

- Paul J. Joskow, Director, Center for Energy and Environmental Policy Research, Massachusetts Institute of Technology
- Robert Hahn, Director, AEI-Brookings Joint Center for Regulatory Studies
- Linda Breathitt, Commissioner, FERC
- Jeff Bingaman, New Mexico, Chairman, Committee on Energy and Natural Resources
- Brian Malnak, Staff Director, Senate Committee on Energy and Natural Resources

12:00-2:00 p.m.

**Luncheon Roundtable “Virtual Energy Markets: A Look Ahead”**

This luncheon discussion will focus on the challenge ahead for the energy industry itself. To what extent will “virtual” energy contracts overcome physical imbalances? Is there a trend toward “financialization” of the energy industry? What mitigating role might risk management instruments have played in California’s energy crisis? Could they help avert possible future crises elsewhere?

Opening Remarks: Jeffrey K. Skilling, President & CEO, Enron Corp.

Featured Commentators

- James Newsome, Acting Chairman, Commodities Futures Trading Commission
- Lawrence Eagles, Director of Research, GNI, Ltd.
- Kit Konolige, Managing Director, Morgan Stanley Dean Witter, New York
- Vito Stagliano, Policy Advisor, Electric Sector Restructuring and Regional Transmission Organizations (RTOs) in association with Arthur Andersen LLP
- Vijay Vaitheeswaran, Energy and Environment Reporter, *The Economist*

2:15-4:15 p.m.

**Scenario Session II**

**“Political Aftershocks and Regulatory Responses”**

**Scenario A – More government, less markets:** Under this first scenario, regulators react to the energy crisis by taking a more active role in state electricity markets. As other states experience their own, or inherit California’s, electricity shortages, public opinion calls for price caps, not just mitigation, and at least some regulators respond. Congress drafts comprehensive energy legislation extending powers of a number of federal agencies to facilitate the building of infrastructure.

**Scenario B – More markets, less government:** Price mitigation measures are removed after a time in California, and other states (like New York) considering such measures drop their plans. Customers either benefit from lower prices, or at last come to grips with realities of a deregulated power sector, finding other ways (fixed price contracts, load curtailment programs, installing their own energy sources) of protecting themselves from price spikes. Comprehensive energy legislation fails to emerge or serves to ease restrictions on infrastructure development.

### Featured Commentators

- Lawrence Makovich, Senior Director, Cambridge Energy Research Associates (CERA)
- John Tuck, Former Deputy Energy Secretary, Of Counsel, Baker Donelson
- Fiona Woolf, Director Utilities Practice, CMS Cameron McKenna
- Glenn Lovin, Director, Power Marketing Association
- Keith Stuart Richman, State Assemblyman, 38th District, California
- John D. Dingell, Michigan, Ranking Member, Committee on Energy and Commerce

4:30-6:00 p.m.     **Cocktail Reception and Concluding Plenary Session**  
**"Lessons from Elsewhere and Arriving at Consensus"**

How have other states (or other countries) dealt with, or how do they plan to deal with impending energy shortages? Which represents the best path forward for U.S. state and federal energy policy?"

Opening Remarks: John Hanger, Former Pennsylvania PUC Commissioner

### Featured Commentators

- Dennis E. Eyre, Executive Director, Western Systems Coordinating Council
- Larry Ruff, Independent Consultant and Former Senior Vice President, National Economic Research Associates (NERA)
- Robert Littlechild, Director, London Economics Consulting Group, Former UK Director General of Electricity Supply
- Peter Behr, Columnist, *The Washington Post*
- Peter Overby, Correspondent, National Public Radio
- Andrew Cassell, Columnist, *The Philadelphia Inquirer*
- Kathryn Kranhold, Reporter, *The Wall Street Journal*

Includes proposed names of some commentators who have not yet confirmed as of 7/11/01.



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Administrative Office  
2101 Meadow Lane  
Grand Prairie, TX 75050

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Congressman Joe Barton  
President

Austin Office  
P.O. Box 26171  
Capitol Station  
Austin, Texas  
78755-0171

(512) 322-9069

State Representative Ray Allen  
Executive Director

July 13, 2001

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

Dear Secretary Abraham:

We would like to invite you to speak at the Texas Conservative Forum's summer 2001 conference on **Texas' Role in the National Energy Policy**, which will be held on Thursday, August 30, 2001, at 10:00 a.m. in the Thompson Conference Center at University of Texas in Austin.

*We would like to hear from you regarding the recent National Energy Policy Development Group report and the President's new energy policy.* The conference will target the role Texas will play in the new national energy strategy. In recent months, California's power shortages and rising fuel and energy costs nationwide have kept Americans guessing at the future of our country's energy policy. As the Bush Administration works to formulate a new energy strategy for America, what impact should Texans expect? What are some positive contributions Texas can make, and what, if any, are the challenges Texans face in developing a new national policy? This conference intends to address these and other questions.

Other invited speakers include Vice President Dick Cheney and the members of the National Energy Policy Development Group, Andrew Lundquist, Executive Director of the National Energy Policy Development Group, Texas Railroad Commissioners Tony Garza, Michael Williams, and Charles Matthews, Congressman Ralph Hall, Texas State Representative Ron Lewis, Chairman of the House Committee on Energy Resources, Texas State Representative Warren Chisum, Chairman of the House Committee on Environmental Regulation, and various industry leaders from around the state.

This will be our eleventh conference in a series which began in 1994. Texas Conservative Forum conferences explore major public policy questions, airing a broad spectrum of ideas with the intent of strengthening relationships among active conservatives while helping to build a broad-based conservative consensus about issues.

Please contact us at your earliest convenience as to your intentions and any special accommodations you may require. Thank you for your time and consideration. If you have any questions please contact us or TCF's staff at (512) 322-9069 or (512) 914-4000.

Congressman Joe Barton

Sincerely,

State Representative Ray Allen

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**INSTITUTE OF THE AMERICAS**

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La Jolla, California, July 13, 2001

To: Spencer Abraham

The Institute of the Americas is proud to invite you to participate in the forum "US Energy Policy and its effects on Latin American Economies," scheduled to take place on September 5, 2001 at the St. Regis Hotel in Washington, D.C.

The Institute is convening this high-level forum to analyze the Bush Administration National Energy Policy and its linkages with Latin American energy strategies and their economies.

We anticipate participation of a very selected group of representatives from the US Secretaries of Energy, Commerce, and State; Latin American Energy Ministries, particularly Bolivia, Brazil, Mexico and Venezuela; and international private sector representatives of the financing and energy industries interested in Latin American investment. Included among the key topics to be covered are: the benefits and challenges of hemispheric energy globalization; cross-boundary energy trade; the prospect of South American gas trade for US Markets, lessons learned, similarities and correlation of electric power crises; and multilateral and bilateral trade agreements advancing competition and investment.

The US Energy Policy Roundtable will take place at The St. Regis Hotel, 923 16th & K Streets, NW., Washington, D.C., 20006 USA, Tel. +(202) 879-6903, Fax +(202) 347-4758. For an updated agenda, please access our calendar of events at <http://www.iamericas.org/events/>

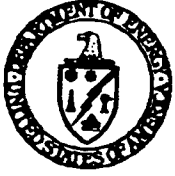
We have attached a registration form, which can be returned to us via fax at: + (858) 453-2165. Advanced registration is necessary. For additional information regarding the roundtable registration, please contact Susana Crews at +(858) 453-5560, extension 103 or via email at [susana@iamericas.org](mailto:susana@iamericas.org). For information regarding sponsorship of the program, please contact Erica Roberts +(858) 453-5560, ext. 123, or [erica@iamericas.org](mailto:erica@iamericas.org).

Respectfully,

Patricia Bennett  
Director of Energy Programs  
Institute of the Americas  
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**28521**





**Department of Energy**

Washington, DC 20585

2001-012807

July 16, 2001

Mr. David A. Bradley  
Executive Director  
National Community Action Foundation  
Suite 530  
810 First Street, NE  
Washington, DC 20002

Dear Mr. Bradley:

This is in response to your letter of May 22, 2001, to Secretary Abraham, expressing support for the National Energy Policy and the Weatherization Assistance Program. The National Community Action Foundation's long-standing representation of and advocacy for both the Department of Energy's Weatherization Assistance Program and the Department of Health and Human Services' Low-Income Energy Assistance Program (LIHEAP) are very much appreciated.

We are interested in hearing your recommendations on policy initiatives for both moderate- and low-income consumers. Ms. Gail McKinley, Director of our Office of Building Technical Assistance, is responsible for managing the Department's Weatherization Assistance Program. I have asked her to contact you to explore those ideas.

If you have additional questions on these matters, please feel free to contact me or Ms. McKinley at (202) 586-4074.

Sincerely,

David K. Garman  
Assistant Secretary  
Energy Efficiency and Renewable Energy

*SORRY WE  
MISSED GETTING  
TOGETHER THE  
OTHER DAY -*



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# **CONEG**

COALITION OF NORTHEASTERN GOVERNORS

Governor George E. Pataki, Chair  
Governor Howard Dean, M.D., Vice Chair  
Anne D. Stubbs, Executive Director

July 16, 2001

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

Dear Mr. Secretary:

As the Administration and Congress takes up legislation addressing the nation's energy strategy, we are pleased to share with you this policy statement which represents the perspective of the Coalition of Northeastern Governors (CONEG) on the important principles and federal actions necessary to an effective national energy policy.

The CONEG Governors believe that a comprehensive, balanced national energy policy should include a mix of public policy and market signals that will promote effective and competitive markets for reliable and reasonably priced energy for the nation's economy. Domestic energy production from diverse sources and an effective energy delivery infrastructure are essential for a reliable energy supply, and conservation and energy efficiency are critical to a productive economy and environmental quality. The ongoing transformation in the nation's energy markets also requires a regulatory framework that encourages and fosters workable competition and interstate cooperation. Finally, national energy policy should strengthen state-federal energy partnerships, as well as the federal commitment to assist the nation's most vulnerable citizens to meet their essential energy needs.

The nation's energy strategy must also address the needs of the distinct regional energy markets with their differing patterns of energy resource availability, fuel use and delivery infrastructure. The Northeast is uniquely dependent upon imported energy, particularly heating oil, gasoline and natural gas. Even as the region depends upon the continued availability of diverse fuel supplies from both domestic and international sources, the Northeast is strongly committed to energy efficiency and renewable energy such as biomass, reliable energy delivery systems, and effective, competitive wholesale and retail markets. Regional solutions to energy infrastructure are important, but they must also respect state siting authority and take into account the needs of individual states.

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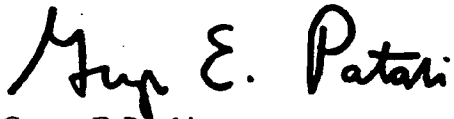
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The Honorable Spencer Abraham  
July 16, 2001  
Page Two

We appreciate this opportunity to share our views. We stand ready to work with you in the coming weeks and months to provide additional information on these matters as the discussion about a national energy policy continues.

Sincerely,



George E. Pataki  
Chair



Howard Dean, M.D.  
Vice Chair



Jeanne Shaheen  
Lead Governor for Energy

Enclosure

28525

## A Northeast Perspective on National Energy Policy Principles for Action

- Domestic energy production, undertaken in an environmentally sound manner, is needed from diverse sources — natural gas, oil, nuclear, hydroelectric, clean coal and, increasingly, renewable forms of energy such as wind, solar, biomass and fuel cells.
- Conservation, energy efficiency and demand management are viable and cost-effective strategies for meeting energy needs, and are necessary components of a balanced national energy strategy.
- Energy and environmental policy are linked and must be addressed in an integrated manner. Federal action that addresses power plant emissions of nitrogen oxides (NO<sub>x</sub>), sulfur dioxide (SO<sub>2</sub>), carbon dioxide (CO<sub>2</sub>), and mercury on a national basis is necessary to ensure that the health and other effects that result from the accumulation of these pollutants in the environment are appropriately addressed, and to maintain fairness between the various regions of the nation. Federal standards on emissions from the transportation sector should be further developed.
- Adequate and reliable energy delivery infrastructure is critical to a growing economy and to continued expansion of competitive markets, and the federal government must do all it can to provide incentives for cost-effective investments in delivery infrastructure, while promoting regional solutions that take into account the needs of individual states.
- Existing state authority governing energy facility siting must be strengthened by greater responsiveness from federal agencies and elimination of duplicative or unnecessary federal reviews.
- Effective, competitive energy markets benefit from rules set by federal and state governments that ensure equity, fairness and access to markets; provide vigilant market monitoring; account for regional differences in energy markets; and encourage interstate cooperation as these markets emerge.
- State-federal partnerships for energy programs must be continued and strengthened through increased funding and close program collaboration among federal agencies and between federal and state programs.
- Adequate assistance to help the nation's most vulnerable citizens meet their essential energy needs remains a federal responsibility which must be implemented in coordination with the states.

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## Policy Statement: A Northeast Perspective on National Energy Policy

Energy is a vital element of the economy of the nation and the Northeast. The Coalition of Northeastern Governors (CONEG) believes that a balanced, comprehensive national energy policy — backed by a commitment of financial and program resources necessary to achieve the policy goals — is essential for reliable, reasonably priced energy which strengthens the nation's economy and protects the environment.

**The Nation's Energy Industry Is in Transition.** The United States, with its energy-intensive economy and growing need for energy, is experiencing the supply shortages and volatile prices of today's energy markets. These challenges are not unexpected for an industry which has begun and is still undergoing significant transformation. The energy industry continues to adjust to the restructured markets, technological advances and increasing globalization which characterize the past decade. In response to these changes, energy markets have become increasingly complex, interdependent, international in scope and competitive. Energy resources and facilities, particularly production and delivery infrastructure designed for a different market system, are straining to meet the fast-growing demands of consumers. In this time of transition, a comprehensive national energy policy is an opportunity to identify and implement the mix of public policy and market signals that will promote effective and competitive markets which can deliver reliable and reasonably priced energy for the nation's economy.

**A Balanced, Comprehensive National Energy Policy Is Essential.** The challenges which the nation currently confronts in meeting its energy needs require a balanced, comprehensive national energy policy. A balanced energy strategy addresses near and longer-term energy needs. It encourages sound production of diverse fuel supplies from both domestic and international sources. It improves productivity and mitigates the risks of energy shortages and price volatility. It brings together environmentally sound strategies for energy planning, exploration and production; improved delivery infrastructure; and efficiency and demand management practices and technologies. A balanced, comprehensive national energy policy recognizes that truly competitive energy markets are still emerging, and that appropriate market mechanisms and rules must be developed. It also ensures that the essential energy needs of the nation's most vulnerable citizens are met.

**Regional Energy Markets Differ.** A balanced energy strategy must also address the needs of distinct regional energy markets with their differing patterns of energy resource availability, fuel use and delivery infrastructure. The Northeast is uniquely dependent upon imported energy, particularly heating oil, gasoline and natural gas, both from domestic and international markets. As a result, the region is strongly committed to energy efficiency and renewable energy, reliable energy delivery systems, and the emergence of effective, competitive wholesale and retail energy

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markets. At the same time, the region depends upon the continued availability of diverse fuel supplies from both domestic and international sources.

**Conservation and Energy Efficiency Contribute to a Productive Economy and a Quality Environment.** Efficient use of energy, through technologies, conservation or demand management practices, offers households, business, industry and governments a tool for managing immediate energy supply problems while also providing the foundation for longer term energy solutions. Conservation and energy efficiency contribute to improved productivity throughout the economy by reducing the amount of energy needed to manufacture products, transport goods to market, or provide commercial services; while also providing cost-effective strategies to reduce pollutants generated by these economic activities. Domestic and export markets for energy efficiency services, technology, and manufacturing create jobs. However, successful implementation of conservation, energy efficiency and demand management, as well as deployment of existing but under-utilized technologies, require adequate and sustained actions by the public and private sector to address market barriers and provide investment and other financing incentives.

**Delivery Infrastructure Needs To Be Strengthened.** Increased energy production alone will not address the nation's energy needs. The infrastructure which delivers energy — the transmission grids and pipelines, petroleum terminals, and the barge, rail and trucking fleets — is as vital to the nation's economy as the transportation infrastructure which supports the movement of people and goods across the nation and to global markets. Coordinated planning and monitoring among industry and federal and state governments, adequate investment, and the use of capacity-boosting technologies can strengthen the energy delivery infrastructure.

**Government Must Encourage and Foster Competition.** Robust retail markets cannot function without robust wholesale markets. Therefore, as the energy industry continues to restructure, federal and state governments must support a regulatory framework that encourages and fosters workable competition. Competitive energy markets require appropriate government oversight and monitoring to ensure equity, access to markets and services, and protection of the public health and safety. Competitive markets also require government support to guard against exclusivity or market power, and to develop and maintain an adequate infrastructure to meet the public needs for energy services.

## **National Energy Policy Principles**

The CONEG Governors urge the Administration and the Congress to develop, commit the necessary program and financial resources to, and implement a balanced and comprehensive national energy policy which incorporates the following principles.

1. Domestic energy production, undertaken in an environmentally sound manner, is needed from diverse sources — natural gas, oil, nuclear, hydroelectric, clean coal and, increasingly, renewable forms of energy such as wind, solar, biomass and fuel cells.

2. Conservation, energy efficiency and demand management are viable and cost-effective strategies for meeting energy needs, and are necessary components of a balanced national energy strategy.
3. Energy and environmental policy are linked and must be addressed in an integrated manner. Federal action that addresses power plant emissions of nitrogen oxides (NO<sub>x</sub>), sulfur dioxide (SO<sub>2</sub>), carbon dioxide (CO<sub>2</sub>), and mercury on a national basis is necessary to ensure that the health and other effects that result from the accumulation of these pollutants in the environment are appropriately addressed, and to maintain fairness between the various regions of the nation. Federal standards on emissions from the transportation sector should be further developed.
4. Adequate and reliable energy delivery infrastructure is critical to a growing economy and to continued expansion of competitive markets, and the federal government must do all it can to provide incentives for cost-effective investments in delivery infrastructure, while promoting regional solutions that take into account the needs of individual states.
5. Existing state authority governing energy facility siting must be strengthened by greater responsiveness from federal agencies and elimination of duplicative or unnecessary federal reviews.
6. Effective, competitive energy markets benefit from rules set by federal and state governments that ensure equity, fairness and access to markets; provide vigilant market monitoring; account for regional differences in energy markets; and encourage interstate cooperation as these markets emerge.
7. State-federal partnerships for energy programs must be continued and strengthened through increased funding and close program collaboration among federal agencies and between federal and state programs.
8. Adequate assistance to help the nation's most vulnerable citizens meet their essential energy needs remains a federal responsibility which must be implemented in coordination with the states.

Specific actions to implement these national energy policy principles are outlined in the accompanying CONEG Blueprint for Federal Actions. The CONEG Governors urge their serious consideration by the Congress and the Administration.