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Record Group/Collection:	George H.W. Bush Presidential Records
Collection/Office of Origin:	Chief of Staff, White House Office of
Series:	Sununu, John, Files
Subseries:	Issues Files

OA/ID Number:	29154
Folder ID Number:	29154-008

Folder Title:
National Energy Strategy (2 of 2) 1991 [1]

Stack:	Row:	Section:	Shelf:	Position:
G	**15**	**25**	**1**	**6**

Withdrawal/Redaction Sheet
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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Letter	From James D. Watkins to POTUS Re: National Energy Strategy Legislation (1 pp.)	11/14/91	P-5	
02a. Memo	From Roger Porter to John Sununu Re: Proposed Presidential Letter on S. 1220 (2 pp.)	11/13/91	P-5	
02b. Draft Letter	To Senator George Mitchell Re: S. 1220 (2 pp.)	11/13/91	P-5	
03. Memo	From Bob Grady to John Sununu Re: Attached Letter from Canadian Ambassador (1 pp.)	10/25/91	P-5	
04a. Memo	From J. Bennett Johnston to POTUS Re: National Energy Strategy Follow-up (2 pp.)	10/1/91	P-5	
04b. List	Republican Senators who have not committed to NES (1 pp.)	10/1/91	P-5	
04c. List	Suggestions for White House Roosevelt Room Meeting for Industrial Energy Users (2 pp.)	n.d.	P-5	
05. Memo	From Shawn Smeallie to John Sununu Re: Follow up on Wallop Meeting on CAFÉ (1 pp.)	9/9/91	P-5	

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WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Pinksheet Number: KO0912
OA/ID Number: 29154-008
Date Closed: 1/4/2005
FOIA/Sys Case #: 1998-0004-F[1]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
06. Memo	From Shawn Smeallie to John Sununu Re: Follow up on Wallop Meeting on CAFÉ (same as doc 05) (1 pp.)	9/9/91	~~P-5~~	
07. Letter	From James D. Watkins to POTUS Re: NES (1 pp.)	2/1/91	~~P-5~~	
08a. Memo	From Carla Hills to POTUS Re: Your comment on page 2 on Senator Bentsen on fast track authority (1 pp.)	2/1/91	(b)(1)	S
08b. Memo	From Carla Hills to POTUS Re: Meetings with the EC on the Uruguay Round (2 pp.)	1/28/91	(b)(1)	S
09. Memo	From Clayton Yeutter to POTUS Re: Agriculture/RNC Comments for the Week [Open Upon Deed of Gift - March 16, 2015] (2 pp.)	2/1/91	~~PRM~~	
10. Memo	From Ede Holiday to POTUS Re: National Energy Strategy (1 pp.)	2/1/91	~~P-5~~	
11a. Memo	From James D. Watkins to John Sununu Re: National Energy Strategy - Follow up on our Meeting (1 pp.)	2/1/91	~~P-5~~	
11b. Paper	Attachment 1: Renewable Energy Tax Credit (2 pp.)	n.d.	~~P-5~~	
11c. Paper	Attachment 2 Taxation of Utility Efficiency Rebates (3 pp.)	n.d.	~~P-5~~	

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Withdrawal/Redaction Sheet
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12. Memo	From Ede Holiday to John Sununu Re: National Energy Strategy (1 pp.)	2/1/91	~~P-5~~	
13. Letter	From James D. Watkins to John Sununu Re: Restart of Reactors (2 pp.)	2/1/91	(b)(1)	
14a. Memo	From Ede Holiday to John Sununu Re: National Energy Strategy (3 pp.)	2/11/91	~~P-5~~	
14b. Paper	Executive Summary of Energy Issues (5 pp.)	2/9/91	~~P-5~~	
15. Memo	From Roger Porter to John Sununu Re: Kauffman Letter on PUHCA Reform (2 pp.)	2/11/91	~~P-5~~	

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FOIA/Sys Case #: 1998-0004-F[1]
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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 20, 1991

FACT SHEET:

THE NATIONAL ENERGY STRATEGY

President Bush today proposed a comprehensive and balanced strategy for an energy future that is secure, efficient, and environmentally sound. The National Energy Strategy is designed to diversify U.S. sources of energy supplies and offer more efficiency and flexibility in the way energy is consumed.

The National Energy Strategy is the product of twenty months of public recommendations and Administration consideration. In developing this strategy, the Department of Energy conducted eighteen public hearings and received thousands of written comments.

With the benefit of this input, the Administration analyzed the full array of energy options and has developed a strategy that will support continued economic growth, increase energy efficiency, protect the environment, and reduce America's vulnerability to energy supply disruptions.

The Strategy is consistent with the Administration's policy of reliance on market forces. Over the next two decades, the Strategy will make the U.S. more energy efficient and enhance our competitiveness without resorting to heavy-handed regulations, taxes, or import fees that can hurt consumers and cost Americans jobs.

The Strategy acknowledges that the U.S. is part of an energy interdependent world. It is not in our interest to adopt measures that may reduce imports, but inflict severe economic or environmental damage. Therefore, the National Energy Strategy balances economic, environmental and energy security objectives.

Over the next twenty years, this balanced approach to production and conservation will power a larger U.S. economy while using less energy. At the same time, the U.S. will produce more of the energy it uses. The National Energy Strategy by the year 2010 will:

- o reduce domestic oil demand by 3.4 million barrels per day, below projected levels.

- o increase domestic oil production by 3.8 million barrels per day above projected levels.

- o increase the electricity produced from renewable sources, such as solar, hydropower, and geothermal by 16 percent.

- o raise the use of alternative transportation fuels, such as compressed natural gas, ethanol and methanol, thereby reducing the need for approximately 2.0 million barrels of oil per day.

- o reduce growth in electricity demand by over 10 percent, by unlocking market forces through elimination of costly regulation, thereby saving consumers approximately $27 billion in electricity costs in the year 2010.

The Strategy will also benefit the environment. Proposals to increase the use of clean coal technology, natural gas, and nuclear energy to generate electricity, as well as the development of new energy efficient technologies will:

- o hold U.S. emissions of greenhouse gases by the year 2000 at or below 1990 levels.

- o improve air quality by reducing emissions of pollutants that contribute to acid rain and smog.

- o mitigate solid waste problems by reducing coal ash waste 25 million tons per year, and by lowering coal cleaning wastes by 50 million tons per year.

The Strategy incorporates and complements a number of Bush Administration initiatives. These include (1) the 1990 revisions to the Clean Air Act; (2) natural gas well-head decontrol legislation; (3) incentives provided to domestic renewable and fossil energy producers in fiscal year 1991 budget agreement; (4) the energy research and development initiatives announced in the President's FY 92 budget; (5) the Administration's domestic energy supply and demand measures adopted in response to the Iraqi oil disruption; and (6) the Administration's science and mathematics education initiatives.

To meet the challenges ahead, the National Energy Strategy calls on Federal, State, and local governments to work together to encourage energy conservation and new energy production through reduced regulation and streamlined licencing procedures, particularly in the natural gas, oil and gas pipeline and hydropower areas. At the Federal level, the Administration intends to lead by improving the energy efficiency of federal buildings, federal housing and accelerating the purchase of alternative fuel vehicles for the federal fleet.

INCREASING ENERGY AND ECONOMIC EFFICIENCY

Transportation Efficiency

Highlights

The National Energy Strategy will increase transportation efficiency by:

- requiring centrally-fueled fleets to purchase vehicles capable of using alternative fuels, such as compressed natural gas, ethanol and methanol.
- increasing Federal purchases of alternative fuel vehicles.
- increasing the Corporate Average Fuel Economy credit that automakers currently receive for producing alternative fuel vehicles.
- promoting State and local government and private-sector programs that offer a "bounty" for scrapping older, high pollution, gas guzzling cars.
- increasing use of public transit, vanpooling and ridesharing by raising the limit on tax-free commuter subsidies that employers can give employees.
- proposing to invest a Federal share of up to $150 million from FY 92 to FY 96 in a new research program with the automobile industry to accelerate the development of electric vehicles.
- accelerating R&D in new energy efficient technologies, including high performance aircraft engines, vehicle propulsion systems, MAGLEV and high-speed rail and by widely implementing Intelligent Vehicle/Highway systems.

These measures are projected to save the equivalent of 3.0 million barrels of oil per day by 2010 without the harmful effects of higher taxes, oil import fees, or unjustifiable CAFE levels. The Administration has commissioned an independent study by the National Academy of Sciences on feasible fuel economy levels. The number of passenger miles driven is estimated to increase by 60 percent by 2010; however, under the Strategy the volume of gasoline purchased by consumers is projected to fall by 13 percent.

Electricity Generation and Efficiency

Highlights

The National Energy Strategy will raise electricity efficiency by removing barriers to greater competition that currently raise the cost of electricity and by encouraging energy efficient investments by utilities and consumers:

- amending the Public Utility Holding Company Act (PUHCA) to allow power suppliers to build, own and operate power facilities in more than one area.
- supporting state and utility efforts to invest in energy efficiency as an alternative to power plant additions (Integrated Resource Planning).
- reforming the Public Utility Regulatory Policies Act (PURPA) to modify size and fuel use restrictions for small power producers.
- providing tax-free treatment of utility discounts on consumers' electricity bills for efficiency investments.
- expanding access to electricity transmission for utility and non-utility wholesale buyers and sellers.
- reducing Federal subsidies for the debt of Federal Power Marketing Administrations.

These measures are projected to reduce electricity demand growth by over 10 percent in 2010 and save consumers $27 billion in electricity costs in the year 2010.

Residential and Commercial Building Efficiency

Highlights

The National Energy Strategy will raise efficiency levels for residential and commercial buildings by:

- accelerating R&D for building technologies by increasing Federal funding to $55 million in FY 92, a 22 percent increase.
- encouraging providers of home mortgages to share energy efficiency ratings with prospective home buyers.
- setting cost-effective energy efficiency standards for appliances and equipment as provided under current law.
- expanding energy efficiency labeling programs to include

certain other equipment including light bulbs.

- o develop and encourage the use of cost-effective building efficiency standards.

These measures will reduce building energy demand. The amount of floor space in malls, office buildings, and other commercial building is projected to grow by 57 percent, but the energy needed to heat, cool, and light that space will grow by less than half that amount. In the year 2010, the U.S. is forecast to have 24 percent more occupied housing than today, but will use only 10 percent more energy to service that housing.

Industrial Energy Efficiency

Highlights

The National Energy Strategy will raise industrial energy efficiency by:

- o increasing research and development for industrial waste reduction and recycling.
- o encouraging the use of industrial energy audits at the state and local level.
- o modifying existing regulation where needed to ensure that the use of waste minimization technologies is not discouraged.

By the year 2010, industrial output is projected to grow 80 percent; yet if the Strategy is implemented, the United States is projected to use only 27 percent more energy to power our factories, plants, mills, and similar facilities. In addition, the negative environmental impacts of industry will decline.

SECURING FUTURE ENERGY SUPPLIES

Securing Petroleum Supplies

Highlights

The National Energy Strategy will reduce our vulnerability to oil supply disruptions by:

- o encouraging oil production in other countries outside the Persian Gulf.
- o expanding worldwide strategic petroleum stocks available to offset future oil supply disruptions, including our

Strategic Petroleum Reserve.

- o expanding joint Federal/private investment in advanced oil recovery technology by increasing Federal funding in FY 92 by 24 percent to $52 million.
- o providing environmentally responsible access to areas of the coastal plain of ANWR and resolving technical and regulatory barriers to greater Alaska North Slope oil development.
- o allowing environmentally responsible access to Outer Continental Shelf areas, consistent with the President's decision last year.
- o deregulating oil pipelines in competitive markets.
- o increasing production of California heavy oil and allowing access to export markets.
- o evaluating the refining sector's ability to meet future demand for a variety of liquid fuels.

These measures will increase domestic oil production by up to 3.8 million barrels per day in 2010, and raise economically recoverable resources by 25 to 70 billion barrels.

Securing Natural Gas Supplies

Highlights

The National Energy Strategy will promote domestic and international natural gas production by:

- o streamlining gas pipeline construction reviews and developing more efficient environmental review procedures.
- o deregulating pipeline sales rates in competitive markets and reforming gas pipeline rate designs.
- o supporting environmentally responsible exploration and development in certain offshore areas, consistent with the President's OCS decision last year.
- o improving third party access to gas pipeline transportation services.
- o eliminating certain import/export regulations on natural gas.
- o expanding use of natural gas in alternative fuel vehicles.

These measures are projected to save up to 600,000 barrels of oil per day by 1995, and increase natural gas consumption by almost 1 trillion cubic feet in 2000. Residential consumers are projected to save $200 million in 2000 and $850 million in 2010 in reduced costs.

Securing Future Coal Supplies

Highlights

The National Energy Strategy will promote the use and export of clean coal resources by:

- o accelerating use of clean coal technology through Federal and State regulatory incentives.
- o clarifying the applicability of the Clean Air Act to refurbished power plants.
- o creating favorable export markets for U.S. coal and coal-burning technologies.
- o removing barriers to constructing coal slurry pipelines.
- o pursuing research and development on environmental protection during mining.

These measures will allow the U.S. coal industry to capture a major share of the growing international coal and coal technology markets, while improving our ability to more cleanly and efficiently utilize the large U.S. supplies of low cost coal.

Securing Nuclear Power

Highlights

The National Energy Strategy will promote the ability of nuclear power to meet electricity needs by:

- o reforming and streamlining the nuclear plant licensing process, as well as the process for siting and licensing of waste facilities.
- o developing standardized designs for "next generation" power plants, so that the licensing process is not delayed and financial risks are reduced.
- o accelerating research and development of "next generation," passively safe design nuclear reactors.

These measures will enhance the ability of nuclear technology to meet electricity needs by reducing costs and increasing safety and reliability. Nuclear power production could increase by 10 percent over levels otherwise projected for the year 2010.

Securing Renewable Resources

Highlights

The National Energy Strategy will promote the development and use of renewable resources by:

- o extending the current investment tax credit for renewable energy technologies through 1992.
- o streamlining hydropower licensing processes at existing dams and eliminating unwarranted Federal regulation of small hydropower projects.
- o amending PURPA to encourage renewable power production by small power producers.
- o supporting conversion of municipal solid waste to energy as part of a comprehensive waste management strategy.
- o developing cost-competitive liquid fuels from non-food crops with new research and development support.

These measures will increase electricity generation from renewables by 16 percent in 2010. In addition, they would reverse the losses of hydropower generation capacity and increase fuel and technology choices for transportation.

Securing Fusion Technology

The National Energy Strategy will intensify international collaboration in fusion research and focus investments in magnetic and inertial confinement reactor concepts.

Through these efforts a demonstration plant could be developed by 2025 and an operating commercial plant could cost-effectively supply power by 2040.

Enhancing Research and Development for Energy Security

The National Energy Strategy includes a major commitment to advanced energy technology. The FY 92 budget includes $903 million, or 34 percent above 1991 levels, for increased investments in support of National Energy Strategy research and development initiatives.

To ensure that research and development efforts pursue useful goals and result in ultimate commercialization of technologies, these initiatives will utilize industry cost-sharing and will be carried out as joint government-industry programs. In addition, a national awards program will be created, offering prizes for energy-related innovations that meet specific technological challenges.

Major research initiatives include: advanced transportation fuels from biomass, vehicle propulsion technologies, electric vehicle technology, aeronautical technologies, high speed rail and magnetic leviation, intelligent vehicle/highway systems, telecommuting, air traffic control, advanced oil recovery technologies, industrial technologies, and advanced light water nuclear reactors concepts.

By 2030 these research and development initiatives could save between 5 million and 8 million barrels per day of oil equivalent.

ENERGY AND THE QUALITY OF AIR, LAND AND WATER

Highlights

The National Energy Strategy will enhance environmental quality by:

- increasing the use of natural gas, renewable energy sources, and alternative fuels.
- improving energy impact assessments in federal regulatory proceedings.
- developing model programs for energy facilities siting.
- minimizing waste from energy production, transformation, and use.

These measures, in conjunction with the Clean Air Act Amendments, are projected to reduce sulphur dioxide emissions by 40 percent, nitrogen oxides by 30 percent, and volatile organic compounds emissions by 25 percent from projected levels by 2030. In addition, they will improve the economics and efficiency of environmental compliance, which currently costs over $100 billion per year and is rising.

ENERGY AND THE GLOBAL ENVIRONMENT

The National Energy Strategy and previous Bush administration actions, coupled with ongoing Federal research aimed at reducing scientific uncertainty on the potential for global climate change, will reduce greenhouse gas emissions and demonstrate U.S. international leadership on this issue.

In 2000, U.S. greenhouse gas emissions are projected to be at or below their 1990 levels, despite steady increases in U.S.

economic growth.

FORTIFYING FOUNDATIONS: Science and Engineering Research, Technology Transfer, Science and Math Education

The National Energy Strategy will continue the administration's commitment to science and engineering research, technology transfer, and science and math education by:

- increasing the Federal investment in the nation's basic science research portfolio to over $12 billion in FY 92.

- re-aligning Federal research and development priorities to better serve National Energy Strategy goals.

- ensuring the viability of world class U.S. facilities and pursing international agreements to support high-cost facilities.

- increasing industry participation in research and development and commercialization.

- protecting intellectual property rights.

- promoting technology exports.

- promoting the Administration's commitment to math/science education through, for example, strengthened curriculum; Federal technical assistance and training for teachers; and broadened public science literacy programs.

LEGISLATIVE PACKAGE

A legislative package to implement National Energy Strategy measures that require statutory change will be transmitted to Congress shortly. As an addition to that legislative package, the Administration will propose bringing the Federal Energy Regulatory Commission (FERC) into the Department of Energy.

DRAFT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 20, 1991

FACT SHEET:

THE NATIONAL ENERGY STRATEGY

President Bush today proposed a comprehensive and balanced program to ensure all Americans an energy future that is secure, efficient, and environmentally sound. By providing leadership in international, regulatory, and technological arenas, the National Energy Strategy will diversify U.S. sources of energy supplies and offer more efficiency and flexibility in the way energy is used.

The National Energy Strategy will accomplish these goals without sacrificing economic growth. A keystone of the National Energy Strategy is continuing the successful policy of market reliance. Over the next two decades, the Strategy will make the U.S. more energy efficient--without resorting to heavy-handed regulations or import fees that can hurt consumers and our allies.

Implementation of the Strategy will lead to greater opportunities for developing energy supplies. A goal of the National Energy Strategy is to reduce the U.S.' vulnerability to oil supply disruptions. Yet the Strategy acknowledges that the U.S. is part of an energy interdependent world. It is not in our interest to adopt measures that may reduce imports but inflict severe economic or environmental damage. Therefore, the National Energy Strategy balances economic, environmental and energy security objectives.

Over the next twenty years, this balanced approach to production and conservation will power a larger U.S. economy while using less energy. At the same time, the U.S. will produce more of the energy it uses. By the year 2010

- o the U.S. will consume 38 percent less oil for each unit of GNP we produce.
- o domestic oil production will rise by 3.8 million barrels per day.
- o electricity produced from renewable sources will rise by 16

percent.

- alternative transportation fuel production will rise by up to 2.5 million barrels of oil equivalent per day.

Not only will U.S. production climb, but the environment will benefit. By 2010, the National Energy Strategy will contribute to

- reducing the potential threat of global warming by reducing U.S. emissions of greenhouse gases at or below 1990 levels.

- enhancing air quality by reducing emissions of pollutants contributing to acid rain and smog. Sulfur dioxide emissions fall by 40 percent, nitrogen oxide emissions by 20 percent, and volatile organic compounds by 20 percent.

- enhancing water quality by scaling down solid effluent.

- addressing solid waste problems by reducing coal ash waste 25 million tons per year, and by lowering coal cleaning wastes by 50 million tons per year.

The Strategy builds on a number of Bush Administration initiatives. These include (1) the 1990 revisions to the Clean Air Act; (2) natural gas well-head decontrol legislation; (3) incentives provided to domestic renewable and fossil energy producers in fiscal year 1991 budget agreement; (4) the unprecedented international consensus forged in the wake of the Persian Gulf crisis; (5) the fiscal year 1991 and 1992 realignments of the Department of Energy's research and program priorities; (6) the Administration's domestic energy supply and demand measures adopted in response to the Iraqi oil disruption; and (7) the Administration's science and mathematics education initiatives.

To meet the challenges ahead, the National Energy Strategy calls for action by Federal, State, and local government and by domestic and international energy producers and consumers. This National Energy Strategy will provide a more secure and cleaner energy future through greater energy and economic efficiency and new technology.

INCREASING ENERGY AND ECONOMIC EFFICIENCY

Transportation Efficiency

Highlights

The National Energy Strategy will increase transportation efficiency by:

- o requiring centrally-fueled fleets to purchase vehicles capable of using alternative fuels; by increasing Federal purchases of such vehicles; and by lifting the cap on CAFE incentives for automakers who build alternative fuel vehicles.
- o scrapping high pollution, low efficiency vehicles by promoting State and local government and private-sector programs that offer a "bounty" for older cars.
- o increasing use of public transit, vanpooling and ridesharing through larger tax-free commuter subsidies.
- o accelerating research and development of more efficient technologies, including electric, gas turbine, and high efficiency aircraft engines.
- o reducing technological barriers to MAGLEV and high-speed rail and by widely implementing Intelligent Vehicle/Highway systems.

These measures are projected to displace 1.8 million barrels of oil per day by 2010, reduce the transportation sector's total reliance on oil, and increase consumer choice without penalizing consumers or U.S. industry competitiveness. The number of passenger miles driven could rise 60 percent from 1990, but the volume of gasoline purchased by consumers would fall 13 percent.

Electricity Generation and Efficiency

Highlights

The National Energy Strategy will raise electricity efficiency by:

- o amending the Public Utility Holding Company Act (PUHCA) to enhance competition in the electricity industry and allow power suppliers to build, own, and operate plants in more than one area.
- o expanding efforts to treat electricity conservation programs equitably with power plant additions (Integrated Resource Planning).
- o reforming the Public Utility Regulatory Policies Act (PURPA) to modify size and fuel use restrictions for small power producers.
- o providing tax-free treatment of utility discounts on consumers' electricity bills for efficiency investments.

- o expanding access to electricity transmission for utility and non-utility wholesale buyers and sellers.

- o phasing-out Federal subsidies for the debt of Federal Power Marketing Administrations.

These measures will reduce electricity demand growth by 1.6 quads in 2010 and save consumers $27 billion in electricity costs through greater use of competitive forces and new technologies.

Residential and Commercial Building Efficiency

Highlights

The National Energy Strategy will raise efficiency levels for residential and commercial buildings by:

- o accelerating research for building technologies and supporting State and utility programs that use it.

- o expanding mortgage financing incentives for energy efficient homes.

- o setting cost-effective appliance and equipment standards and expanding labeling programs to include light bulbs and other equipment.

- o strengthening building efficiency standards and providing technical assistance to States to expand their use.

- o improving Federal energy efficiency.

These measures will reduce building energy demand in 2010 by at least 0.5 quads. The amount of floor space in malls, office buildings, and other commercial building will grow by 57 percent, but the energy needed to heat, cool, and light that space will grow by less than half that amount. The U.S. will have 24 percent more occupied housing than today, but we will use only 10 percent more energy to service that housing. At the same time, these measures will increase the affordability of housing, especially for low-income consumers, and improve indoor comfort and air quality.

Industrial Energy Efficiency

Highlights

The National Energy Strategy will raise industrial energy efficiency by:

- o increasing research and development for industrial processes and industrial waste minimization.

- o expanding the use of energy audits and speeding up adoption of high efficiency technology.
- o removing regulatory disincentives to using waste minimization technology.

By the year 2010, industrial output is projected to grow 80 percent, yet use only 27 percent more energy to power all of our factories, plants, mills, and similar facilities. In addition, the environmental impacts of industry will decline.

SECURING FUTURE ENERGY SUPPLIES

Securing Petroleum Supplies

Highlights

The National Energy Strategy will reduce our vulnerability to oil supply disruptions by:

- o removing institutional and trade barriers to oil production outside the Persian Gulf.
- o expanding worldwide strategic stocks.
- o increasing Federal and private investment in enhanced oil recovery technology.
- o providing environmentally responsible access to discrete areas of the coastal plain of ANWR and resolving technical and regulatory barriers to greater Alaska North Slope oil development.
- o allowing environmentally responsible access to discrete Outer Continental Shelf areas.
- o deregulating oil pipelines in competitive markets.
- o increasing production of California heavy oil and allowing access to export markets.
- o evaluating the refining sector's ability to meet future demand for a variety of liquid fuels.

These measures will increase domestic oil production by up to 3.8 million barrels per day in 2010, and raise economically recoverable resources by 25 to 70 billion barrels.

Securing Natural Gas Supplies

Highlights

The National Energy Strategy will promote domestic and international natural gas production by:

- o streamlining gas pipeline construction reviews and developing more efficient environmental review procedures.
- o deregulating pipeline sales rates in competitive markets and reforming gas pipeline rate designs.
- o supporting environmentally responsible exploration and development in certain currently restricted areas
- o improving third party access to pipelines transportation services.
- o eliminating certain import/export regulations
- o expanding use of natural gas in alternative fuel vehicles and enhanced oil recovery

These measures will displace up to 600,000 barrels of oil per day by 1995, and increase natural gas consumption by almost 1 trillion cubic feet in 2000. Residential consumers will save $200 million in 2000 and $850 billion in 2010.

Securing Future Coal Supplies

Highlights

The National Energy Strategy will promote the use and export of clean coal resources by:

- o accelerating use of clean coal technology through Federal and State regulatory incentives.
- o clarifying the applicability of New Source Review provisions for refurbished power plants under the Clean Air Act.
- o creating favorable export markets for U.S. coal and coal-burning technologies.
- o removing barriers to constructing coal slurry pipelines.
- o pursue research and development on environmental protection during mining and studying global climate change implications.

These measures will allow the U.S. coal industry to capture a major share of the growing international coal and coal technology markets, while improving our ability to more cleanly and efficiently utilize the large U.S. supplies of low cost coal.

Securing Nuclear Power

Highlights

The National Energy Strategy will promote the ability of nuclear power to meet electricity needs by:

- reforming the nuclear plant licensing process, as well as the process for siting and licensing of waste facilities.
- developing standardized designs for current generation power plants.
- accelerating research and development of advanced technology, inherently safe reactors.

These measures will enhance the nuclear technology option by reducing costs and increasing safety and reliability. Nuclear power production would increase by 10 percent by 2010 and the U.S. would maintain its technological leadership and its leadership in achieving global climate change mitigation objectives.

Securing Renewable Resources

Highlights

The National Energy Strategy will promote the development and use of renewable resources by:

- extending the current investment tax credit through 1992.
- streamlining hydropower licensing processes and eliminating unwarranted Federal regulation of small hydro projects.
- amending PURPA to encourage renewable power production by small power producers.
- supporting conversion of municipal solid waste to energy as part of a comprehensive waste management strategy.
- developing cost-competitive liquid fuels from non-food crops with high priority research and development investments.

These measures will increase electricity generation from renewables by 1.1 quads in 2010 and production of liquid fuels from biomass by 0.4 quads in 2010 and 3.3 quads in 2030. In addition, they will reverse the losses of hydropower generation capacity and increase fuel and technology choices for transportation.

Securing Fusion Technology

The National Energy Strategy will intensify international collaboration in fusion research and focus investments in magnetic and inertial confinement reactor concepts.

Through these efforts a demonstration plant could be developed by 2025 and an operating commercial plant could cost-effectively supply power by 2040.

Enhancing Research and Development for Energy Security

The National Energy Strategy includes a major commitment to advanced energy technology. The fiscal year 1992 budget includes $903 million, or 34 percent above 1991 levels.

To ensure ensure that research and development efforts pursue useful goals and result in ultimate commercialization of technologies, these initiatives will utilize industry cost-sharing and will be carried out as joint government-industry programs. In addition, a national awards program will be created, offering large cash prizes for energy-related innovations that meet specific technological challenges.

Major research initiatives include: advanced transportation fuels from biomass, vehicle propulsion technologies, electric vehicle technology, aeronautical technologies, high speed rail and magnetic leviation, intelligent vehicle/highway systems, telecommuting, air traffic control, advanced oil recovery technologies, industrial technologies, and advanced light water nuclear reactors concepts.

By 2030 these research and development initiatives could save between 5 million and 8 million barrels per day of oil. They will improve U.S. competitiveness and help make the U.S. a cleaner, safer, more desirable place than ever in which to live and work.

ENERGY AND THE QUALITY OF AIR, LAND AND WATER

Highlights

The National Energy Strategy will enhance environmental quality by:

- o making maximum use of market mechanisms, informed by fuel cycle costs analysis, to protect the quality of air, land, and water.

- o increase the use of natural gas, renewable, and alternative energy.

- o improve cumulative energy impact assessments and regulatory structures.

- o develop model programs for energy facilities siting.

- o minimize waste from energy production, transformation, and use.

These measures, in conjunction with the Clean Air Act Amendments, are projected to reduce sulphur dioxide emissions by 40 percent, nitrogen oxides by 30 percent, and volatile organic compounds emissions by 25 percent from projected levels by 2030. In addition, they will improve the economics and efficiency of environmental compliance, which currently costs over $100 billion per year and is rising.

ENERGY AND THE GLOBAL ENVIRONMENT

The National Energy Strategy and previous Bush administration actions, coupled with ongoing Federal research aimed at reducing scientific uncertainty on the potential for global climate change, will reduce greenhouse gas emissions and demonstrate U.S. international leadership on this issue.

In 2010, U.S. greenhouse gas emissions are projected to be at or below their 1990 levels, despite steady increases in U.S. economic growth.

FORTIFYING FOUNDATIONS: Science and Engineering Research, Technology Transfer, Science and Math Education

The National Energy Strategy will continue the administration's commitment to science and engineering research, technology transfer, and science and math education by:

- o maintaining Federal basic science research portfolio valued at over $11 billion annually.

- o making Federal research and development priorities congruent with National Energy Strategy goals.

- o ensuring the viability of world class U.S. facilities and pursing international agreements to support high-cost facilities.

- o increasing industry participation in research and development and commercialization.

- o protecting intellectual property rights.

- promoting technology exports
- aggressively promoting the Administration's commitment to math/science education through, for example, a strengthened curricula; enhanced career incentives for teachers; Federal technical assistance and training for teachers; and a broadened public science literacy programs.

These are but a few of the many initiatives aimed at securing an energy future in which the U.S. has skilled professionals who can develop and enhance the new technologies that will increase economic growth and the quality of life.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Letter	From James D. Watkins to POTUS Re: National Energy Strategy Legislation (1 pp.)	11/14/91	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
FOIA/SYS Case #: 1998-0004-F[1]	**Appeal Case #:**
Re-review Case #: 2005-0426-S	**Appeal Disposition:**
P-2/P-5 Review Case #:	**Disposition Date:**
AR Case #:	**MR Case #:**
AR Disposition:	**MR Disposition:**
AR Disposition Date:	**MR Disposition Date:**

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

November 14, 1991

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

Dear Mr. President:

Thank you very much for meeting today with Members of the Senate on the National Energy Strategy legislation. While the outcome was not all that encouraging on the surface, it was vital for them to hear personally from you on how important this is to you. Otherwise, there can be little hope for any subsequent success in trying to deal with their concerns.

I will follow up and will report back to you on whether we are successful in getting the votes for a second cloture vote. In this connection, I have suggested a slight modification to a draft letter to the Senate Leader which is being prepared for your signature. I believe it is still important for that letter to go soonest.

Respectfully,

Jim

James D. Watkins
Admiral, U.S. Navy (Retired)

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02a. Memo	From Roger Porter to John Sununu Re: Proposed Presidential Letter on S. 1220 (2 pp.)	11/13/91	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed:	1/4/2005	**OA/ID Number:**	29154-008
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
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THE WHITE HOUSE

WASHINGTON

November 13, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER RBP

SUBJECT: Proposed Presidential Letter on S. 1220

THE CHIEF of STAFF has seen -- sent to staffing

As you requested, I have reviewed the attached draft letter from the President to Senator Mitchell on S. 1220 that Secretary Watkins sent earlier today. In addition to several changes in the text of the letter, it seems worth considering the following:

1. The letter begins with a criticism of the use of the filibuster and the device of a vote on a motion to proceed. In this instance, as in the instance of capital gains, the need to invoke cloture has denied us something that we would like.

But, the filibuster is a device most commonly used by those in the minority, and the need to invoke cloture has often served us well in the past,and presumably will do so in the future. For example, we would have had much less leverage in the Clean Air negotiations if we had not needed to get 60 votes on a motion to proceed. Mitchell knew that and it was a powerful motivating force in getting the Administration to the table.

Where we had far less leverage, in the House, we were treated very differently.

This is not to suggest that we should not make the argument that it is irresponsible for the Senate to refuse to even debate a National Energy Strategy. But, we need to avoid frontally attacking the filibuster as a procedural device.

2. The second portion of the letter deals the claims we are making about S. 1220. As the letter reads (understandably given a desire to make the numbers look as large as possible), it combines the <u>non-legislative</u> components of the National Energy Strategy with provisions in S. 1220.

We have long argued that we have a viable National Energy Strategy without legislation. Indeed, we have gone to great pains to highlight the administrative elements of our energy strategy so that we could successfully assert this in the event that we were unsuccessful in getting acceptable legislation from the Congress.

3. Are we advantaged pressing for energy legislation now, given that we do not want to keep the Congress in session after November 26? We can make the same argument about the need for energy legislation, if we choose to do so, in January as part of our domestic agenda.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02b. Draft Letter	To Senator George Mitchell Re: S. 1220 (2 pp.)	11/13/91	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
FOIA/SYS Case #: 1998-0004-F[1]	**Appeal Case #:**
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DRAFT: JDWatkins:mm

November 13, 1991

The Honorable George J. Mitchell
United States Senate
Washington, D.C. 20510

Dear Senator Mitchell:

On November 1, 44 Members of the Senate ~~successfully~~ filibustered S. 1220, The National Energy Security Act of 1991, a balanced BIPARTISAN comprehensive energy bill sponsored by ~~Energy Committee Chairman~~ SENATORS Bennett Johnston ~~(D-LA)~~ and ~~Ranking Minority Member~~ Malcolm Wallop ~~(R-WY)~~. This ~~filibuster~~ ACTION NOT ONLY ~~effectively~~ prevented the Senate from ~~even~~ OF considering ~~the~~ THIS IMPORTANT LEGISLATION, BUT OF DEBATING OUR NATION'S ENERGY STRATEGY. ~~merits of the bill.~~ ~~Avoiding debate on a subject so fundamental to our very standard of living merely feeds the fires of American distrust of the legislative process.~~

~~As the Senate begins consideration of unemployment compensation legislation~~, ~~keep in mind the following facts about S. 1220.~~ Along with the non-legislative components of my National Energy Strategy, S. 1220~~:~~ WOULD

-- ~~Adds~~ CREATE 315,000 more jobs ~~to~~ IN the U.S. ~~workforce in the~~ BY year 2000; AND approximately 485,000 JOBS ~~in~~ BY 2005.

-- Increase~~s~~ real GNP in the U.S. by $30 billion in the year 2000; over $40 billion by 2010.

-- Reduce~~s~~ domestic energy consumption by twice as much as it increases domestic energy production as of 2010.

-- Decreases our dependence on foreign oil by 40 percent from levels projected ~~in~~ BY 2010.

In short, S. 1220 represents jobs, economic growth and national security. It is balanced, fair and comprehensive.

I respectfully request that the Senate leadership reconsider the motion to proceed on S. 1220 at its earliest convenience. Earlier this year, I challenged Congress to act affirmatively on the Administration's initiatives on transportation, AND crime. ~~and banking reform.~~ I now request that you send to me an acceptable balanced and comprehensive energy package by March 31, 1992.

A sound energy policy is one of my Administration's top domestic priorities. I challenge you to act and act now.

The Secretary of Energy
Washington, DC 20585

March 19, 1991

MEMORANDUM FOR THE HONORABLE JOHN H. SUNUNU
CHIEF OF STAFF TO THE PRESIDENT

SUBJECT: COMPARISON OF ADMINISTRATION NES ACT AND JOHNSTON/WALLOP BILL

John!

As you requested, we have prepared a comparison of the Administration's National Energy Strategy (NES) Act and the Johnston/Wallop bill. Attached are two documents:

1. A summary of key issues between NES Act and the Johnston/Wallop bill (TAB A); and

2. A detailed legislative side-by-side of the NES Act and the Johnston/Wallop bill (TAB B).

Please let me know if we can provide you with any additional information.

Jim

James D. Watkins
Admiral, U.S. Navy (Retired)

Attachments

COMPARISON OF ADMINISTRATION NES ACT

AND JOHNSTON/WALLOP BILL

TAB A: Summary of key issues between NES Act and the Johnston/Wallop bill

TAB B: Detailed legislative side-by-side of the NES Act and the Johnston/Wallop bill

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Memo	From Bob Grady to John Sununu Re: Attached Letter from Canadian Ambassador (1 pp.)	10/25/91	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Open on Expiration of PRA
(Document Follows)
By JJ (NLGB) on 10/28/05

Date Closed:	1/4/2005	**OA/ID Number:**	29154-008
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
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8

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 25, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU
DIRECTOR DARMAN
GENERAL SCOWCROFT

FROM: BOB GRADY, OMB Bob G.

In case you had not seen it, I attach herewith a copy of a letter from the Canadian Ambassador to various Senators opposing the opening of ANWR, which, as you know, is a key element of our National Energy Strategy.

I believe the Canadian Government must know that this is a top priority of the President's, one about which he has personally and repeatedly taken a very public position.

I thought therefore that you and perhaps the President should know about this letter.

Attachment

Canadian Embassy Ambassade du Canada

501 Pennsylvania Avenue, N.W.
Washington, D.C. 20001

October 16, 1991

same letter to:

- Warner (R-VA)
- Smith (R-NH)
- Graham (D-FL)

The Honourable Harris Wofford
United States Senate
283 Russell Senate Office Building
Washington, D.C. 20510-3803

Dear Senator Wofford,

As the Senate Environment and Public Works Committee prepares to mark up S39, which would designate the coastal plain of the Arctic National Wildlife Refuge (the Refuge) as wilderness, I would encourage you to take the following points into account.

Canada is concerned that opening the Refuge to oil and gas development would threaten the continued viability of shared wildlife populations, which migrate annually from Canada into the Refuge. We are particularly concerned about the impact on the Porcupine Caribou Herd, on which thousands of Canadian (and Alaskan) aboriginal people depend for subsistence. The coastal plain of the Refuge is <u>the</u> calving area for the herd. Canada believes the best way to protect the caribou and other shared wildlife populations, including polar bears, would be for the United States to designate the so-called 1002 area of the Refuge as wilderness. In 1984, Canada protected its portion of the caribou's calving grounds by creating the Northern Yukon National Park. We are on record as offering to twin the Park with the Refuge to protect the calving grounds on both sides of the border.

The United States has recognized the transboundary nature of wildlife in the Refuge by signing the 1987 Canada-USA Agreement on the Conservation of the Porcupine Caribou Herd, and the 1976 Agreement on Conservation of Polar Bears.

The attached paper details our concerns and answers some frequently raised questions about Canada's actions to protect the Porcupine Caribou Herd. Supplementary material on polar bears, taken from Canada's 1987 position paper on the effects of opening the Refuge to development, is also included. I would be grateful if you could take these points into account in your deliberations.

Yours sincerely,

original signed by / original signé par
D. H. Burney

D.H. Burney
Ambassador

CANADIAN PERSPECTIVE
ARCTIC NATIONAL WILDLIFE REFUGE DEVELOPMENT

Canadian Concerns

- The Arctic National Wildlife Refuge (the Refuge) is home to significant shared wildlife populations which migrate annually from Canada. Of particular concern to Canada is the Porcupine Caribou Herd (PCH), which has traditionally calved in the precise area under consideration by Congress for development.

- In the long term, development activity in the sensitive calving grounds could reduce the herd's size and, in the short term, its associated infrastructure, such as pipelines, could disrupt the herd's migratory routes. This could have a devastating impact on the Canadian and Alaskan communities who have depended on this herd for subsistence and cultural survival for centuries. The best means to ensure continued protection for the herd is to designate the entire Refuge as wilderness.

Canadian Interests

- In the Alaska National Interest Lands Conservation Act of 1980 the Secretary of the Interior is instructed to consult with Canada in evaluating the impacts of development, "particularly with respect to the Porcupine Caribou Herd". In the 1987 Canada /U.S.A. Agreement on the Conservation of the Porcupine Caribou Herd, the U.S. agreed "to conserve the Porcupine Caribou Herd and its habitat" and to consult promptly in the event of significant damage to the herd or disruption of its migration routes.

Caribou and Development: the Facts

- Advocates of development argue that an increase in the size of the Central Arctic Herd (CAH) during the development of Prudhoe Bay proves caribou can co-exist with development. However, according to long-term observations of the herd by wildlife biologists, the actual productivity of the CAH, i.e. the cow:calf ratio during mid-June, has been reduced in the last 10 years by 10%, particularly among those animals associated with development.

- The real reason for the increase was that development wiped out the CAH's natural predators thereby reducing normal attrition. There is a significant risk that, in the long term, development in the Refuge will similarly affect the PCH's productivity and, absent mitigating activities, such as wiping out the PCH's natural predators, lead to a reduction in its size.

- The impact of development is likely to be more severe for the PCH than was the case for the CAH. The CAH is much smaller than the PCH, yet has a much larger area of the coastal plain in which to calve. When displaced by development, the CAH had acceptable alternative calving areas. The PCH's traditional calving area is much smaller. If displaced by development, the alternatives open to it are unsatisfactory and would expose the caribou to increased danger from predators, poor nutrition, and insect harassment.

...2

- In the CAH, during the post-calving period, groups of caribou have shown difficulty crossing roads associated with pipelines. Cows and calves, and large groups, have shown particular sensitivity. The larger the group the greater the difficulty. In the CAH a large group is 100 animals. In the PCH a large group can be on the order of 50,000 animals. Pipelines and development infrastructure could change the PCH's migratory routes.

Land Use and Protection in the PCH's Canadian Range

- In Canada, areas where the PCH has occasionally calved have been given permanent protection in the Northern Yukon National Park, established in 1984. Before the sensitivity of this area was known, 15 - 20 years ago, three exploratory wells were drilled in the periphery of this area. This by no means indicates that this area might not contain significant oil and gas resources. A further 69 exploratory wells were drilled between 1957 and 1985 in the remainder of the PCH Canadian range, not in the Canadian calving grounds, as some have claimed.

- In spite of significant pressure for further mineral exploration and other development, e.g. of a port at Stokes Point, the Canadian Government, through the Western Arctic (Inuvialuit) Claims Settlement Act, established wilderness protection for the most sensitive areas of the PCH range with the creation of the Northern Yukon National Park, and a special conservation regime for the remaining areas of the Yukon North Slope.

- The Dempster Highway was completed in 1979 across a portion of the PCH southern wintering range. The highway does not cross the herd's Canadian calving grounds. This road is comparatively easy for the PCH to cross because it is a single, low-use route in mountainous terrain, unlike the road-pipeline complexes on the flat coastal plain. Furthermore, no hunting is allowed for one kilometer on either side of the highway at any time.

The People

- There are seven thousand members of the Gwitch'in Nation in the Yukon Territory and in Alaska who have depended on the PCH for vital subsistence and cultural needs for centuries. If this herd becomes unavailable to them, either because of dwindling numbers or through a change in its migratory route, the Gwitch'in do not have other options, unlike some coastal communities on the North Slope. The herd is also important to other Indians and Inuit in the Canadian north.

Northern Development

- Canada is not opposed to environmentally sensitive development in the North or in any other frontier areas. However, Canada is especially conscious of the need to protect lands that have particular environmental sensitivity, such as the calving grounds of the Porcupine Caribou Herd, and to guard against potential transboundary impacts of development.

Canadian Embassy Ambassade du Canada

:TAWA
)VEMBER
)87

CANADIAN COMMENTS ON
ARCTIC NATIONAL WILDLIFE REFUGE, ALASKA,
COASTAL PLAIN RESOURCE ASSESSMENT: REPORT AND RECOMMENDATIONS TO THE CONGRESS OF THE UNITED STATES AND FINAL LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT

PAGE 9

Effects on polar bears

The Final Report does not differ significantly from the Draft Report in its assessment of the impact of development on polar bears. Canada agrees that loss of the eastern onshore denning sites will be an unavoidable effect of a marine facility at Pokok. Canada also agrees that the undisturbed onshore denning sites are important, and believes that their loss would cause a reduction in the Beaufort Sea population. These denning sites should be protected from the effects of development so that this shared wildlife population will not be reduced.

PAGE 12

International obligations

Canada and the United States have long recognized mutual responsibilities and obligations to protect and conserve transboundary wildlife. In addition to the Migratory Birds Convention (1916), the purpose of which is the preservation of shared populations of migratory birds, Canada and the United States have each signed the following accords:

Agreement on the Conservation of Polar Bears (1976). Article 11 of this agreement "requires that appropriate action be taken to protect ecosystems of which polar bears are a part, especially denning and feeding sites".

North American Waterfowl Management Plan (1986). This plan recognizes the need for joint co-operation in conservation of waterfowl and their habitats. Under the proposed recommendation of full leasing even with mitigation, the first four principles recognized in the N.A.W.M.P. will have been violated. Further, the likelihood of achieving the stated winter index goal for Western Arctic Lesser Snow Geese (page 12) will have been diminished.

Agreement on the Conservation of the Porcupine Caribou Herd (1987). Under this Agreement Canada and the US are committed to "take appropriate action to conserve the Porcupine Caribou Herd and its habitat."

Canadian Embassy Ambassade du Canada

501 Pennsylvania Avenue, N.W.
Washington, D.C. 20001

October 16, 1991

same letter to:
- Warner (R-VA)
- Smith (R-NH)
- Graham (D-FL)

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United States Senate
283 Russell Senate Office Building
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Yours sincerely,

original signed by
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D. H Burney

D.H. Burney
Ambassador

CANADIAN PERSPECTIVE
ARCTIC NATIONAL WILDLIFE REFUGE DEVELOPMENT

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- Advocates of development argue that an increase in the size of the Central Arctic Herd (CAH) during the development of Prudhoe Bay proves caribou can co-exist with development. However, according to long-term observations of the herd by wildlife biologists, the actual productivity of the CAH, i.e. the cow:calf ratio during mid-June, has been reduced in the last 10 years by 10%, particularly among those animals associated with development.

- The real reason for the increase was that development wiped out the CAH's natural predators thereby reducing normal attrition. There is a significant risk that, in the long term, development in the Refuge will similarly affect the PCH's productivity and, absent mitigating activities, such as wiping out the PCH's natural predators, lead to a reduction in its size.

- The impact of development is likely to be more severe for the PCH than was the case for the CAH. The CAH is much smaller than the PCH, yet has a much larger area of the coastal plain in which to calve. When displaced by development, the CAH had acceptable alternative calving areas. The PCH's traditional calving area is much smaller. If displaced by development, the alternatives open to it are unsatisfactory and would expose the caribou to increased danger from predators, poor nutrition, and insect harassment.

...2

- In the CAH, during the post-calving period, groups of caribou have shown difficulty crossing roads associated with pipelines. Cows and calves, and large groups, have shown particular sensitivity. The larger the group the greater the difficulty. In the CAH a large group is 100 animals. In the PCH a large group can be on the order of 50,000 animals. Pipelines and development infrastructure could change the PCH's migratory routes.

Land Use and Protection in the PCH's Canadian Range

- In Canada, areas where the PCH has occasionally calved have been given permanent protection in the Northern Yukon National Park, established in 1984. Before the sensitivity of this area was known, 15 - 20 years ago, three exploratory wells were drilled in the periphery of this area. This by no means indicates that this area might not contain significant oil and gas resources. A further 69 exploratory wells were drilled between 1957 and 1985 in the remainder of the PCH Canadian range, not in the Canadian calving grounds, as some have claimed.

- In spite of significant pressure for further mineral exploration and other development, e.g. of a port at Stokes Point, the Canadian Government, through the Western Arctic (Inuvialuit) Claims Settlement Act, established wilderness protection for the most sensitive areas of the PCH range with the creation of the Northern Yukon National Park, and a special conservation regime for the remaining areas of the Yukon North Slope.

- The Dempster Highway was completed in 1979 across a portion of the PCH southern wintering range. The highway does not cross the herd's Canadian calving grounds. This road is comparatively easy for the PCH to cross because it is a single, low-use route in mountainous terrain, unlike the road-pipeline complexes on the flat coastal plain. Furthermore, no hunting is allowed for one kilometer on either side of the highway at any time.

The People

- There are seven thousand members of the Gwitch'in Nation in the Yukon Territory and in Alaska who have depended on the PCH for vital subsistence and cultural needs for centuries. If this herd becomes unavailable to them, either because of dwindling numbers or through a change in its migratory route, the Gwitch'in do not have other options, unlike some coastal communities on the North Slope. The herd is also important to other Indians and Inuit in the Canadian north.

Northern Development

- Canada is not opposed to environmentally sensitive development in the North or in any other frontier areas. However, Canada is especially conscious of the need to protect lands that have particular environmental sensitivity, such as the calving grounds of the Porcupine Caribou Herd, and to guard against potential transboundary impacts of development.

Canadian Embassy

Ambassade du Canada

'TTAWA
'OVEMBER
987

CANADIAN COMMENTS ON
ARCTIC NATIONAL WILDLIFE REFUGE, ALASKA,
COASTAL PLAIN RESOURCE ASSESSMENT: REPORT AND
RECOMMENDATIONS TO THE CONGRESS OF THE UNITED STATES
AND FINAL LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT

PAGE 9

Effects on polar bears

The Final Report does not differ significantly from the Draft Report in its assessment of the impact of development on polar bears. Canada agrees that loss of the eastern onshore denning sites will be an unavoidable effect of a marine facility at Pokok. Canada also agrees that the undisturbed onshore denning sites are important, and believes that their loss would cause a reduction in the Beaufort Sea population. These denning sites should be protected from the effects of development so that this shared wildlife population will not be reduced.

PAGE 12

International obligations

Canada and the United States have long recognized mutual responsibilities and obligations to protect and conserve transboundary wildlife. In addition to the Migratory Birds Convention (1916), the purpose of which is the preservation of shared populations of migratory birds, Canada and the United States have each signed the following accords:

Agreement on the Conservation of Polar Bears (1976). Article 11 of this agreement "requires that appropriate action be taken to protect ecosystems of which polar bears are a part, especially denning and feeding sites".

North American Waterfowl Management Plan (1986). This plan recognizes the need for joint co-operation in conservation of waterfowl and their habitats. Under the proposed recommendation of full leasing even with mitigation, the first four principles recognized in the N.A.W.M.P. will have been violated. Further, the likelihood of achieving the stated winter index goal for Western Arctic Lesser Snow Geese (page 12) will have been diminished.

Agreement on the Conservation of the Porcupine Caribou Herd (1987). Under this Agreement Canada and the US are committed to "take appropriate action to conserve the Porcupine Caribou Herd and its habitat."

Canadian Embassy — Ambassade du Canada

501 Pennsylvania Avenue, N.W.
Washington, D.C. 20001

October 16, 1991

same letter to:

- Warner (R-VA)
- Smith (R-NH)
- Graham (D-FL)

The Honourable Harris Wofford
United States Senate
283 Russell Senate Office Building
Washington, D.C. 20510-3803

Dear Senator Wofford,

As the Senate Environment and Public Works Committee prepares to mark up S39, which would designate the coastal plain of the Arctic National Wildlife Refuge (the Refuge) as wilderness, I would encourage you to take the following points into account.

Canada is concerned that opening the Refuge to oil and gas development would threaten the continued viability of shared wildlife populations, which migrate annually from Canada into the Refuge. We are particularly concerned about the impact on the Porcupine Caribou Herd, on which thousands of Canadian (and Alaskan) aboriginal people depend for subsistence. The coastal plain of the Refuge is <u>the</u> calving area for the herd. Canada believes the best way to protect the caribou and other shared wildlife populations, including polar bears, would be for the United States to designate the so-called 1002 area of the Refuge as wilderness. In 1984, Canada protected its portion of the caribou's calving grounds by creating the Northern Yukon National Park. We are on record as offering to twin the Park with the Refuge to protect the calving grounds on both sides of the border.

The United States has recognized the transboundary nature of wildlife in the Refuge by signing the 1987 Canada-USA Agreement on the Conservation of the Porcupine Caribou Herd, and the 1976 Agreement on Conservation of Polar Bears.

The attached paper details our concerns and answers some frequently raised questions about Canada's actions to protect the Porcupine Caribou Herd. Supplementary material on polar bears, taken from Canada's 1987 position paper on the effects of opening the Refuge to development, is also included. I would be grateful if you could take these points into account in your deliberations.

Yours sincerely,

original signed by / original signé par
D. H. Burney

D.H. Burney
Ambassador

CANADIAN PERSPECTIVE
ARCTIC NATIONAL WILDLIFE REFUGE DEVELOPMENT

Canadian Concerns

- The Arctic National Wildlife Refuge (the Refuge) is home to significant shared wildlife populations which migrate annually from Canada. Of particular concern to Canada is the Porcupine Caribou Herd (PCH), which has traditionally calved in the precise area under consideration by Congress for development.

- In the long term, development activity in the sensitive calving grounds could reduce the herd's size and, in the short term, its associated infrastructure, such as pipelines, could disrupt the herd's migratory routes. This could have a devastating impact on the Canadian and Alaskan communities who have depended on this herd for subsistence and cultural survival for centuries. The best means to ensure continued protection for the herd is to designate the entire Refuge as wilderness.

Canadian Interests

- In the Alaska National Interest Lands Conservation Act of 1980 the Secretary of the Interior is instructed to consult with Canada in evaluating the impacts of development, "particularly with respect to the Porcupine Caribou Herd". In the 1987 Canada /U.S.A. Agreement on the Conservation of the Porcupine Caribou Herd, the U.S. agreed "to conserve the Porcupine Caribou Herd and its habitat" and to consult promptly in the event of significant damage to the herd or disruption of its migration routes.

Caribou and Development: the Facts

- Advocates of development argue that an increase in the size of the Central Arctic Herd (CAH) during the development of Prudhoe Bay proves caribou can co-exist with development. However, according to long-term observations of the herd by wildlife biologists, the actual productivity of the CAH, i.e. the cow:calf ratio during mid-June, has been reduced in the last 10 years by 10%, particularly among those animals associated with development.

- The real reason for the increase was that development wiped out the CAH's natural predators thereby reducing normal attrition. There is a significant risk that, in the long term, development in the Refuge will similarly affect the PCH's productivity and, absent mitigating activities, such as wiping out the PCH's natural predators, lead to a reduction in its size.

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- In spite of significant pressure for further mineral exploration and other development, e.g. of a port at Stokes Point, the Canadian Government, through the Western Arctic (Inuvialuit) Claims Settlement Act, established wilderness protection for the most sensitive areas of the PCH range with the creation of the Northern Yukon National Park, and a special conservation regime for the remaining areas of the Yukon North Slope.

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Canadian Embassy Ambassade du Canada

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OVEMBER
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Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04a. Memo	From J. Bennett Johnston to POTUS Re: National Energy Strategy Follow-up (2 pp.)	10/1/91	~~P5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
FOIA/SYS Case #: 1998-0004-F[1] **Re-review Case #:** 2005-0426-S **P-2/P-5 Review Case #:**	**Appeal Case #:** **Appeal Disposition:** **Disposition Date:**
AR Case #: **AR Disposition:** **AR Disposition Date:**	**MR Case #:** **MR Disposition:** **MR Disposition Date:**

RESTRICTION CODES

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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

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J. BENNETT JOHNSTON
LOUISIANA

United States Senate

WASHINGTON, DC 20510-1802

MEMORANDUM FOR THE PRESIDENT

From: J. Bennett Johnston

Subject: National Energy Strategy Follow-up

Date: October 1, 1991

I appreciate your taking the time to discuss the National Energy Strategy legislation and related activities with me on Friday.

Per our conversation, I am providing you a run-down on where we could use your personal involvement to help ensure passage of the NES legislation, in addition to one other item of interest.

A. Where your help would be most useful:

1. <u>Make clear to the administration's staff from top to bottom that you, and therefore they, support S. 1220.</u> Thus far, neither I, the Senate, nor the community at large, believes that the White House really supports our legislation.

2. <u>Personal contacts with undecided Senators.</u> Your congressional affairs office has identified 12 Republican senators (in addition to some key Democrats), who have not committed to the NES. A personal call from you, or a White House visit asking for their support would likely help to win some critical votes.

3. <u>Major industrial energy users CEO meeting.</u> Your public liaison office has scheduled a meeting with 14 energy user CEOs for October 18, hosted by Governor Sununu and Admiral Watkins. (I've attached a list of the invitees). Support from these major industries, who have been relatively quiet to date on the NES, is critical. A drop-by by you, which underscores the importance of affordable and reliable energy resources, would really make the point.

4. <u>Room 450/Rose Garden-type event for out-of-town supporters.</u> Working with my staff, NES coalition organizers have discussed a Room 450 or Rose Garden event with your public liaison's office and have yet to

get a confirmation. It would be a perfect opportunity for you to publicly announce October as "Energy Awareness Month." The invitees would be a broad list of supporters -- senior industry executives and interest groups. Most important, the White House event would be the hook to get these folks to town, just prior to the bill being brought up on the floor, who would be asked to lobby their Senators on the NES. We would suggest some time the week of October 14-18 for the event.

B. Presidents Ford and Carter letter of support.

Presidents Ford and Carter have signed a letter of support for comprehensive energy legislation that will be sent to all 100 senators during the week of October 14-18. I have attached a copy of the letter for your information.

Attachments

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04b. List	Republican Senators who have not committed to NES (1 pp.)	10/1/91	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

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(Document Follows)
By JP (NLGB) on 10/28/05

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FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
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Republican Senators who have not committed to NES:

Coats
Danforth
Grassley
Kassenbaum
Kasten
Lugar
McCain
Packwood
Pressler
Rudman
Smith
Specter

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04c. List	Suggestions for White House Roosevelt Room Meeting for Industrial Energy Users (2 pp.)	n.d.	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Open on Expiration of PRA
(Document Follows)
By JF (NLGB) on 6/28/05

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
FOIA/SYS Case #: 1998-0004-F[1] **Re-review Case #:** 2005-0426-S **P-2/P-5 Review Case #:**	**Appeal Case #:** **Appeal Disposition:** **Disposition Date:**
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SUGGESTIONS FOR
WHITE HOUSE
ROOSEVELT ROOM
<u>MEETING FOR INDUSTRIAL ENERGY USERS</u>

INVITEES	IMPORTANCE
Robert D. Kennedy Chairman and Chief Executive Officer Union Carbide Corporation	Company's Washington office lobbyist chairs the National Energy Coalition
William R. Timken, Jr. Chairman and Chief Executive Officer The Timken Company	Chairs American Iron and Steel Institute
Frank P. Popoff President and Chief Executive Officer The Dow Chemical Company	Chairman, Executive Committee, Chemical Manufacturers Association
John A. Georges Chairman and Chief Executive Officer International Paper Company	Chairs the American Paper Institute
Dexter F. Baker Chairman, President and Chief Executive Officer Air Products and Chemicals, Inc.	National Energy Coalition Member Company; Next year's Chairman of the National Association of Manufacturers
William O. Bourke Chairman and Chief Executive Officer Reynolds Metals Company	Company President; Chairs the Aluminum Association; National Energy Coalition Member Company
Ronald W. Allen Chairman, President and Chief Executive Officer Delta Air Lines, Inc.	Major transportation company and consumer of fuel

INVITEES	IMPORTANCE
Jack F. Reichert Chairman, President and Chief Executive Officer Brunswick Corporation	Prominent company in the American Recreation Coalition
M. Anthony Burns Chairman, President and Chief Executive Officer Ryder Systems, Inc.	Company is huge consumer of fuel
Thomas J. Donahue President and Chief Executive Officer American Trucking Association	Major consumer of fuel
Frederick W. Smith Chairman and Chief Executive Officer Federal Express Corporation	Major consumer of fuel
Craig Koch Executive Vice President and President North American Hertz	Major consumer of fuel
Frank A. Shrontz Chairman and Chief Executive Officer The Boeing Company	Largest aircraft manufacturer
Robert L. Crandall Chairman, President and Chief Executive Officer AMR Corporation	Large airline holding company and consumer of fuel

NES

April 15, 1991

On March 20, 1991, Steven E. Plotkin, Senior Associate, Office of Technology Assessment, testified before the Senate Committee on Energy and Natural Resources. He was accompanied by Mr. K. G. Duleep, Director of Engineering for Energy and Environmental Analysis, Inc. (EEA), who is assisting OTA with its work on automobile fuel economy.

Plotkin testified that for 1995:

> With no new fuel economy regulations or other new policies that could alter fuel economy (e.g. gasoline taxes), and no significant changes in market forces, domestically manufactured new car fleet fuel economy will be about 28.3 mpg. The import car fleet will be about 31.1 mpg. Total new car fleet will be about 29.2 mpg assuming a 35% import share. We note that the values for the domestic fleet will change if imports capture more market share in the smaller car sizes.

This so-called "product plan" case is reportedly based on EEA's examination of publicly available material about company product plans and assumes continuation of current trends in increasing vehicle size and performance, application of expected emissions and safety standards, and no new fuel economy standards.

The comprehensive energy bill, S. 341, co-sponsored by Senators Johnston and Wallop, contemplates a percentage increase approach to CAFE standards. Thus, the implied percentage increase in manufacturer's new passenger car CAFE's would be 3.9% using the 29.2 mpg estimate and the current Department of Transportation 1990 model year new passenger car fleet fuel economy estimate of 28.1 mpg. (The final number will not be available until later this year.)

Plotkin also testified:

> If the size and performance of the new car fleet could somehow be rolled back to 1990 levels -- the criterion specified in S. 341 -- the domestic/total new car fleet fuel economies would be about 29.3/30.2 mpg.

Plotkin noted "that this is a theoretical case to show the effects of actual and expected market changes between 1990 and 1995". The implied percentage increase, again using a 1990 28.1 mpg value, is about 7.5%.

4-15 to Phil Brady for staffing

DRAFT: 4-15-91

The Honorable J. Bennett Johnston
and the Honorable Malcolm Wallop
Committee on Energy and
Natural Resources
United States Senate
Washington, D.C. 20510

Dear Senators Johnston and Wallop:

As the Committee begins its deliberations on legislation to implement a portion of the National Energy Strategy, I wanted to follow up on our February 20th meeting to reiterate my interest and support.

Over the next few weeks, the Committee will be discussing many difficult issues. My Chief of Staff, John Sununu, and my Secretary of Energy, Jim Watkins, will be working closely to coordinate the Administration's responses to your legislation as it develops. Working together, we have an opportunity to produce comprehensive energy legislation which will ensure a vibrant economy, ~~improve~~ protect the environment and increase our energy security.

Sincerely,

GB

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Memo	From Shawn Smeallie to John Sununu Re: Follow up on Wallop Meeting on CAFÉ (1 pp.)	9/9/91	P/5	

Collection:

Record Group: Bush Presidential Records
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THE WHITE HOUSE

WASHINGTON

September 9, 1991

MEMORANDUM TO GOVERNOR SUNUNU

THROUGH: Fred McClure

FROM: Shawn Smeallie

SUBJECT: Follow up on Wallop meeting re: CAFE

Over the recess, I met with members of Senator Wallop's committee staff to discuss his CAFE approach. Below is an explanation of the proposal. I reiterated to staff that it was imperative to keep this effort confidential. We agreed that any technical assistance needed from the agencies would be in the context of individual proposals, and not part of any CAFE package.

The Wallop proposal would immediately establish both a national CAFE Minimum Baseline (27.5 mpg) and an Individual Manufacturer CAFE Minimum Baselines (IMMB) based on each manufacturer's current CAFE. An IMMB can be no lower than the national minimum baseline. (Importers with high CAFE numbers would only be required to use 110% of national minimum baseline, or 30.2 mpg, as their initial IMMB.) DOT would set both the national minimum baseline and the individual minimum baseline for MY 1996-2001 and MY 2002-beyond.

The Johnston amendment numbers (30.2 mpg in 1996, 34 mpg in 2001, and 37 in 2006) would be used as "targets" for those model years. But the national minimum baseline will use the "product plan" number for 1996 (i.e. the CAFE number--29.2 mpg--industry is expected to reach by 1996 <u>without</u> using additional technology) as the minimum baseline. 30.2 mpg in 2001 and 34 mpg in 2006 will be used as the minimum baselines (taken from the previous model year CAFE numbers from the Johnston amendment).

Manufacturers can use CAFE credits to lower their IMMBs through a program to scrap older, less fuel efficient, autos, and through extended alternative fuels credit. Like Johnston's amendment, Wallop would allow DOT discretion to use "milestone reviews" to permit qualified manufactures to roll back CAFE targets (maximum 1 mpg in 1996, 2 mpg in 2001 and 3 mpg in 2006). These credits cannot be used to go below the minimum baseline.

Wallop expects that by fully utilizing the credits and the discretion given to DOT, that the end result of this proposal will mandate 29.2 mpg in 1996, 30.2 in 2001, and 34 in 2006. Wallop would like the proposal to be offered as a compromise amendment on the floor or in conference.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06. Memo	From Shawn Smeallie to John Sununu Re: Follow up on Wallop Meeting on CAFÉ (same as doc 05) (1 pp.)	9/9/91	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Open on Expiration of PRA
(Document Follows)
By JF (NLGB) on 10/28/05

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
FOIA/SYS Case #: 1998-0004-F[1]	**Appeal Case #:**
Re-review Case #: 2005-0426-S	**Appeal Disposition:**
P-2/P-5 Review Case #:	**Disposition Date:**
AR Case #:	**MR Case #:**
AR Disposition:	**MR Disposition:**
AR Disposition Date:	**MR Disposition Date:**

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

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THE WHITE HOUSE

WASHINGTON

September 9, 1991

MEMORANDUM TO GOVERNOR SUNUNU

THROUGH: Fred McClure Fm

FROM: Shawn Smeallie SS.

SUBJECT: Follow up on Wallop meeting re: CAFE

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Wallop expects that by fully utilizing the credits and the discretion given to DOT, that the end result of this proposal will mandate 29.2 mpg in 1996, 30.2 in 2001, and 34 in 2006. Wallop would like the proposal to be offered as a compromise amendment on the floor or in conference.

THE WHITE HOUSE
WASHINGTON

Date: 5/14/91

FOR: Governor Sununu

FROM: ROGER B. PORTER

☐ Action

☐ Draft Response

☐ FYI

☐ Let's Talk

COMMENTS:

As we discussed.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07. Letter	From James D. Watkins to POTUS Re: NES (1 pp.)	2/1/91	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 4/21/08

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
FOIA/SYS Case #: 1998-0004-F[1]	**Appeal Case #:**
Re-review Case #: 2005-0426-S	**Appeal Disposition:**
P-2/P-5 Review Case #:	**Disposition Date:**
AR Case #:	**MR Case #:**
AR Disposition:	**MR Disposition:**
AR Disposition Date:	**MR Disposition Date:**

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THE PRESIDENT HAS SEEN

The Secretary of Energy
Washington, DC 20585

February 1, 1991

Desk
Monday –
First thing

MEMORANDUM FOR THE PRESIDENT

SUBJECT: NATIONAL ENERGY STRATEGY (NES)

I was informed yesterday by the Chief of Staff that you had decided the remaining non-consensus issues for the National Energy Strategy. I have just analyzed the resultant outcomes and found that two are so significant as to compel me to ask for your reconsideration. These two issues include: (1) the tax treatment of utility efficiency rebates, and (2) renewable energy production incentives. Our analysis has been forwarded to both the Chief of Staff and to the Cabinet Secretary.

— No
— YES

On the first and most important issue, Mr. President, I regard the utility efficiency rebate issue as a critical symbol of whether you are serious about conservation in the NES. In fact, it was the Exhibit A that I intended to use when asked by Congress and others what you meant when you talked about "conservation" in your State of the Union Speech. Without it, I have little with which to parry the charge that the Strategy is unbalanced -- with a complete package on energy production on one side and an incomplete package on energy conservation and efficiency on the other. Taking into account your decisions on both issues, our analysis indicates that renewable electricity production is cut in half, electricity demand reduction is halved, and carbon emissions are significantly increased.

In an effort to afford you with some constructive and perhaps more palatable alternatives, I have made modifications to my initial proposals on each of these two issues. I forwarded these to the Chief of Staff. If, on the other hand, it is not possible to accept the modified positions I advocate on both the renewable incentive and the utility efficiency rebate, I hope you will find it possible to accept at least the utility efficiency rebate modification.

I have hesitated until this eleventh hour to impose on your time, given the burdens you now bear. But this is so crucial to ensuring the success of one of your important domestic agenda items, I would like the opportunity to meet with you to discuss this further.

Jim

James D. Watkins
Admiral, U.S. Navy (Retired)

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08a. Memo	From Carla Hills to POTUS Re: Your comment on page 2 on Senator Bentsen on fast track authority (1 pp.)	2/1/91	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
FOIA/SYS Case #: 1998-0004-F[1]	**Appeal Case #:**
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Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08b. Memo	From Carla Hills to POTUS Re: Meetings with the EC on the Uruguay Round (2 pp.)	1/28/91	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
FOIA/SYS Case #: 1998-0004-F[1] **Re-review Case #:** 2005-0426-S **P-2/P-5 Review Case #:**	**Appeal Case #:** **Appeal Disposition:** **Disposition Date:**
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from
Sec. Watkins

circulated by
JOHNSTON

May 13, 1991

SUMMARY OF JOHNSTON CAFE AMENDMENT

CAFE standards for cars and light trucks

Preserves existing law for MY 1992-95.

Creates 3 new tiers:
- MY 1996-2000
- MY 2001-2005
- MY 2006 and thereafter

The Department of Transportation (DOT) is required to set individual miles-per-gallon CAFE standards (one for cars and one for light trucks) for each manufacturer, by rule, within 18 months of enactment.

How individual CAFE standards are set

DOT first determines the "maximum feasible" fuel economy for the industry as a whole (one number for cars; one for light trucks) for each of the three tiers. (The concept of "maximum feasible" fuel economy is found in existing law and includes consideration of both technological feasibility and economic practicability.)

In determining "maximum feasible" fuel economy, DOT is to assume the industry is using the "maximum practicable achievable" fuel-saving technology. "Maximum practicable achievable" assumes the use of all economically practicable fuel-saving technologies capable of being commercialized by the beginning of the applicable tier. It also assumes maintaining the vehicle performance, fleet size mix, and interior volume of 1990 models.

DOT would then establish the percentage increase in fuel economy from MY 1990 to the first year of each of the three tiers and multiply each auto maker's MY 1990 average fuel economy by each of the percentages to determine the auto maker's CAFE standards. For each tier, one percentage would be used for all auto makers.

% increase is limited so it does not require downsizing

Limitations on DOT's discretion

The uniform percentage increase used to calculate each auto maker's CAFE standard can be no less than:

for MY 1996-2000 ___%
for MY 2001-2005 ___%
for MY 2006--- ___%

Johnston memo numbers

S.341 criteria - Maximum Practicable Achievable Technology.

Hausker 1996 - 30.2 MPG (OTA source)
2001 - 34 MPG
2006 - 37 "

In addition, the actual miles-per-gallon (MPG) CAFE standard assigned to an auto maker must be within a certain range:

Tier	Minimum	Maximum
MY 1996-2000	27.5 mpg	40 mpg
MY 2001-2005	28.5 mpg	42 mpg
MY 2006---	30 mpg	45 mpg

Additional DOT discretion

DOT's authority under existing law to amend CAFE standards so long as the amended standard still reflects "maximum feasible" fuel economy is retained.

Because of the difficulty of predicting "maximum practicable achievable" technology may be 10 and 15 years from now, DOT is required to review the uniform percentage increases one year before each tier takes effect. If necessary, DOT can raise or lower them and amend individual CAFE standards under its existing amendment power.

DOT cannot decrease the uniform percentage more than:

1 mpg	for MY 1996-2000
2 mpg	for MY 2001-2005
3 mpg	for MY 2006---

DOT can also adjust an auto maker's MY 1990 "baseline" fuel economy rating before multiplying it by the uniform percentage increase, if necessary to remove any artificial competitive advantages among auto makers. An adjustment could not be made, however, if it would result in a reduction in the industry's overall fuel economy.

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C. 20250-0100

February 1, 1991

Clayt good letter GB 2-2

MEMORANDUM FOR THE PRESIDENT

FROM: **CLAYTON YEUTTER** CY

This will be a combination of Agriculture/RNC comments for the week.

First, congratulations on a fine State of the Union message, clearly the best in my memory. There was just no way for anyone to criticize what was said on the foreign policy side, and there wasn't much that critics could focus on domestically. Your domestic agenda is solid, so what we need to do is fervently articulate and support it as the future unfolds. If you continue to demonstrate leadership, confidence, and competence, in both the foreign and domestic arenas, we'll be well postured for next year's campaign. agree!

Second, thanks for giving me some cover on my comments re Congressional support of the Persian Gulf resolution. That all came from a reporter's question in the midwest, and I was astonished at the vehemence of the Democratic reaction. That vividly indicates that they are extremely vulnerable on the issue, and feel it. It is an issue that merits further embellishment on our part in the future, but not now. I should have been more careful on the timing.

Third, I really enjoyed meeting all the RNC folks from around the country. Many are long time friends, but there are also a lot of new faces. I'll undoubtedly hit a few minefields as I deal with people along the full philosophical spectrum, but I don't anticipate any major problems. And I do believe we can be well organized soon, and very supportive of their efforts at the state and local level. They are all inspired by the Administration's performance on the Persian Gulf situation, and that provides a good party building environment for us.

Most of the RNC members are still complaining about last year's budget summit, but both Newt Gingrich and I told them that we have to get beyond that and go to work with enthusiasm if we're going to elect you and other Republicans in 1992.

Ed Madigan is a solid choice as my successor. He'll quickly discover that running a Department with 110,000 employees and a $50 billion budget is a bit different than running a Congressional office, but he has a lot of good people to help him. He'll have superb relationships on the Hill because he is so well liked there, and the same applies to all but the extremist farm organizations. He also knows farm policy so well that he's not likely to make any significant political blunders. Ed is also a great friend; I campaigned for him in his first Congressional race almost 20 years ago. So the transition will be smooth and coordination good after I get to the RNC on March 1.

Finally, we've recently had some good Uruguay Round meetings with the European Community on agriculture. The seeds of reform have clearly been planted in the EC--for the first time ever--and if we cultivate them skillfully over the coming months, I truly believe they'll bear fruit. Carla is more cautious on this than I, and that may be wise. But the potential for a breakthrough is finally present, and it could be of tremendous value to American agriculture.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10. Memo	From Ede Holiday to POTUS Re: National Energy Strategy (1 pp.)	2/1/91	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

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(Document Follows)
By JF (NLGB) on 10/28/05

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THE WHITE HOUSE

WASHINGTON

February 1, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: EDE HOLIDAY

SUBJECT: National Energy Strategy

The attached memorandum from Secretary Watkins appeals your decisions on the National Energy Strategy with respect to the renewable energy tax credit and the utility efficiency rebate proposals.

Secretary Watkins has indicated to Secretary Brady that he is appealing the decision on these two proposals. Treasury will assess the Watkins appeal arguments as quickly as possible, although we do not expect this analysis until early next week.

If these options are to be reconsidered, I recommmend you also provide an opportunity for other members of the EPC who had previously opposed DOE's recommendations to assess the DOE points. The renewable energy tax credit was opposed by Treasury, OMB, CEA, and OPD, while DOE's utility efficiency rebate proposal was opposed by the Treasury, OMB, CEA, OPD, OSTP, and Commerce.

THE WHITE HOUSE
WASHINGTON

DATE: June 11, 1991

TO: ROGER PORTER

FROM: **GOVERNOR JOHN H. SUNUNU**

I hear Domenici is going to propose the attached as an amendment to the energy strategy.

International Technical Assistance Program
(ITAP)

The Problem

The United States has the best science and technical capabilities in the world, but they are not being fully-utilized in the U.S. economic mainstream. The Bush Administration is committed to strengthening the linkage between U.S. scientific and technological progress and U.S. economic competitiveness. Nowhere is this emphasis needed more than in the international marketplace, and specifically in the Developing World.

U.S. foreign assistance programs have filled an important role in U.S. foreign policy in alleviating human suffering, saving lives and improving Third World food and health circumstances. But the needs of the Developing World are changing rapidly. While still seriously burdened by the decade-old debt crisis and the legacy of developmental-policy mistakes, developing countries are nonetheless increasingly focused on privatization and investment in new generations of technology to give them a competitive edge in the future global marketplace. Unfortunately, as technological progress has assumed a predominant (and crucial) place in economic decision-making in the developing world, U.S. foreign assistance agencies have fallen short in efforts to broaden their capabilities to meet these changing needs.

The increasingly sophisticated technical demands of competitive economic and scientific development are beyond the scope of existing U.S. aid organizations traditionally geared toward providing basic human needs and elementary economic infrastructure. As a result, U.S. economic assistance is losing its relevance and effectiveness in what is potentially the most dynamic future international marketplace. This public sector disadvantage has serious consequences for the U.S. private sector as well, as foreign governments use a non-level playing field to capture capital-goods export markets in the Third World. Often inferior Italian, French, Japanese and other foreign technologies are incorporated into huge, heavily-subsidized foreign assistance programs and follow-on developmental projects, thus shutting-out U.S. competition--too often here in the Western Hemisphere. A competitive, future-oriented effort is needed to bridge the "technology-gap" in U.S. foreign assistance and to deal effectively in increasingly high-tech modes of economic development.

The Proposal

One of the goals of the President's Council on Competitiveness is to "Bring Science to Market." In other words, the Council supports policies that 1) promote commercialization of government research and that 2) facilitate leveraging scientific and technological progress to strengthen U.S. competitiveness. Thus far, these goals have been applied only in the U.S. domestic context, but they have crucial international utility as well. The Council's science goals should now be expanded to help support future U.S. technological leadership in the international marketplace.

The Council should direct that a new stand-alone program be created to transfer and apply advanced U.S. technologies and knowhow to support selected Third World industrialization. The program would utilize the Department of Energy (DOE) National Laboratories as a science and technological resource in support of emerging U.S. national security and foreign policy priorities relating to energy, environment and technological progress. The same creativity and dynamism that helped to ensure U.S. leadership in military technologies for the last half century to bring a peaceful end to the Cold War should now be harnessed to strengthen U.S. private sector competitiveness in the international marketplace.

The program, called the International Technical Assistance Program or ITAP, would have as goals to:

- o Enhance U.S. technical competitiveness in the Developing World and thus,
- o Increase U.S. capital goods exports,
- o Increase National Laboratory utilization in support of evolving U.S. national security and economic priorities.

The International Technical Assistance Program (ITAP)

Consistent with "bringing science to market," DOE's national laboratories have a vast array of technologies applicable to Third World development that should be unleashed to help win back America's technological preeminence in international trade, to buttress U.S. export penetration of developing economy markets in capital goods, to improve the trade balance, and to promote privatization. The ITAP approach is in line with recommendations in the National Energy Strategy, and it is responsive to Congressional pressures to promote the

National Labs' commercial applications and technology transfer. Furthermore, the energy (and alternative energy), environmental and resource development technologies that would be involved are among those identified in the "National Critical Technologies Report".

Two good prototype projects are the Los Alamos Central American Energy and Resources Project and the Lab's air pollution mitigation program underway in Mexico City. U.S.-Mexican cooperation on this project has been extraordinary, the Lab's scientific contributions are unprecedented and should lead to significant U.S. exports of environmental remediation equipment, and the impact on Mexico City's air pollution problem could be far-reaching. ITAP would operate independently of existing U.S. foreign assistance programs, with in-country project staff reporting directly to the U.S. ambassador or his designee.

Conclusions

The Council should recommend that an International Technical Assistance Program (ITAP) be undertaken and that it be housed in the Office of the Deputy Secretary of Energy (to simplify management). The ITAP would be managed by a working group made up of senior representatives from the Departments of Energy, State, Commerce, Defense, and the NSC. The Council would exercise executive guidance and serve as final arbiter for interagency disputes. A private sector representative would participate in an advisory capacity in working group deliberations.

The first task of the Working Group should be to develop a priority list of countries/projects at an annual cost of $1 million-$2 million each, and DOE should be given initial program authority for FY-1992 of $25 million for ITAP. Senator Domenici and other members of Congress have expressed strong support and a willingness to fight for such a program. OSTP has expressed support for the concept as well. Because of its outstanding performance and experience in such activities, Los Alamos Laboratory should serve as the lead Laboratory in project design, and in organizing the technical teams and the scientific and technical resources to be utilized.

There are dramatic changes underway in the geopolitical landscape. Traditional Cold War rivalries are being replaced by intensified global economic competition. ITAP can contribute importantly to strengthening America's global economic standing as well as meeting the increasingly-complex U.S.technical assistance requirements of the future.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
11a. Memo	From James D. Watkins to John Sununu Re: National Energy Strategy - Follow up on our Meeting (1 pp.)	2/1/91	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
FOIA/SYS Case #: 1998-0004-F[1] **Re-review Case #:** 2005-0426-S **P-2/P-5 Review Case #:**	**Appeal Case #:** **Appeal Disposition:** **Disposition Date:**
AR Case #: **AR Disposition:** **AR Disposition Date:**	**MR Case #:** **MR Disposition:** **MR Disposition Date:**

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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Freedom of Information Act - [5 U.S.C. 552(b)]

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The Secretary of Energy
Washington, DC 20585

February 1, 1991

MEMORANDUM FOR THE HONORABLE JOHN H. SUNUNU
CHIEF OF STAFF TO THE PRESIDENT

SUBJECT: NATIONAL ENERGY STRATEGY -- FOLLOWUP ON OUR MEETING ON THURSDAY, JANUARY 31, 1991

John:

You asked me to provide you with a modified version of one of our recommended non-consensus options -- Renewable Energy Tax Credit -- for your reconsideration. This modification expands the current investment tax credit to cover biomass and wind technologies. This would give the President some ability to claim that he is doing something for renewable energy. This is discussed in greater detail in Attachment 1.

Even more importantly, however, I must ask that you revisit with the President one of the other disapproved options --Taxation of Utility Efficiency Rebates. This is the pivotal conservation initiative in the National Energy Strategy (NES). It alone can give credibility to the President's State of the Union Message regarding "conservation." It is a powerful tool for gaining immediate acceptance of the NES as a balanced strategy. Moreover, Steve Symms has already introduced S. 83 which will do this anyway, and it will pass overwhelmingly. As a consequence, let's encourage the President to accept our option and reap the benefits for himself.

To be more acceptable to Treasury, and in order to reduce revenue losses of this option, the tax free rebates could be capped at $2000 for residential consumers and $5000 for business consumers. If the President goes along with me, I will effect these additional caps which were not previously included. This is all discussed more fully in Attachment 2.

Jim

James D. Watkins
Admiral, U.S. Navy (Retired)

Attachments

cc: The Honorable Ede Holiday

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
11b. Paper	Attachment 1: Renewable Energy Tax Credit (2 pp.)	n.d.	P5	

Collection:

Record Group:	Bush Presidential Records
Office:	Chief of Staff, White House Office of
Series:	Sununu, John, Files
Subseries:	Issues Files
WHORM Cat.:	
File Location:	National Energy Strategy (2 of 2) 1991 [1]

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(Document Follows)
By JF (NLGB) on 10/28/05

Date Closed:	1/4/2005	**OA/ID Number:**	29154-008
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

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ATTACHMENT 1

RENEWABLE ENERGY TAX CREDIT

The decision to extend by one year the current 10% investment tax credit for solar and geothermal will be of little political value to the President, and will make no significant difference to investors. In fact, the decision rewards the Democratic members of Congress who have extended this credit for the last 10 years over the Administration's opposition. (Senator Daschle already has introduced legislation to extend these tax credits through 1996.)

A simple one year extension of the credit will not bring about new renewable production because the timeframe is insufficient to mitigate the risk for new investors. It will simply continue to subsidize current investors without stimulating new capacity.

The NES proposal would reward only actual production of energy and would expand the tax credit to cover wind and biomass technologies. The NES proposal is a departure from traditional open-ended subsidy approaches in that it provides Federal support for a limited period of time and makes the investors not the taxpayers bear the loss of failed projects. At the very least, the current investment tax credit should be expanded to cover biomass and wind technologies. This would give the President some ability to claim that he is doing something for renewable energy.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
11c. Paper	Attachment 2 Taxation of Utility Efficiency Rebates (3 pp.)	n.d.	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed:	1/4/2005	**OA/ID Number:**	29154-008
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
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ATTACHMENT 2

TAXATION OF UTILITY EFFICIENCY REBATES

Exempting from federal taxation only utility rebates structured as discounts on the price of electricity is not an initiative. It is merely a reaffirmation of existing law. For example, members of Pepco's "Kilowatcher Club" are not taxed on the small discounts they receive in their rates as a result of conservation efforts. To represent a continuation of this tax treatment as a meaningful conservation initiative will subject the Administration to ridicule. Indeed, for a market-oriented Administration to say that we are only interested in supporting energy efficiency through reducing the purchase price (which of course has the effect of encouraging consumption) is the worst thing we could do.

It is the ability of utilities to provide significant, up front inducements to consumers to defray the costs of investing in more efficient equipment that gets energy conserving equipment put in place. The promise of reduced rates over time in exchange for the consumer's purchase of this equipment will not bring about efficiency investments. Why? Because to get the benefit of rate discounts over time, people and businesses have to stay in one place. In addition, the person who pays the electric bill has to be the person who buys the equipment. In many instances, that is not the case. It is for these reasons that the states have approved these utility rebate programs.

This one issue alone is sufficiently important to the environmental, utility and state regulatory community that resolving it as we advocate would give us a real chance to receive support for the NES in all those communities, much like the acid rain program did for the President's Clean Air Act proposal. If this issue is not resolved as we advocate, we have almost nothing left with which to defend the NES as a balanced package. We have almost nothing to point to that supports the President's words on conservation in the State of the Union.

One final note, Congress is almost certain to pass legislation this year exempting utility efficiency rebates from taxation. Steve Symms already has introduced legislation to do this. Last year, some 43 Congressmen, representing the entire political spectrum from Guy Vander Jagt and Bill Frenzel to Ed Markey, co-sponsored legislation to do what we advocate. We believe Treasury's estimate of the revenue losses here is grossly inflated because it assumes significant tax revenues from efficiency investments that we do not believe will occur if the investments are taxed. Assuming Treasury's estimates are right, however, this is the single best investment the Administration can make in accomplishing its entire energy agenda.

If, notwithstanding these arguments, the revenue loss is deemed too steep, we could limit the revenue losses by capping the nontaxable rebate at $2000 for residential consumers and $5000 for business consumers. This is not great energy policy because larger efficiency rebates may well be more cost effective in terms of energy savings. However, it would provide a much more credible initiative than the rate-discount-only option.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
12. Memo	From Ede Holiday to John Sununu Re: National Energy Strategy (1 pp.)	2/1/91	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

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(Document Follows)
By ___ (NLGB) on 10/28/05

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
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RESTRICTION CODES

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THE WHITE HOUSE

WASHINGTON

February 1, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY

SUBJECT: National Energy Strategy

Secretary Watkins sent you today a memorandum appealing the President's decisions on the renewable energy tax credit and the utility efficiency rebate.

Secretary Watkins has also sent a copy of this memorandum to Secretary Brady for Treasury's consideration.

Treasury will assess the Watkins memorandum as quickly as possible, although we do not expect this analysis until early next week. If these options are to be reconsidered, we will also need to provide an opportunity for other agencies that had previously opposed DOE's recommendations to consider the DOE points. The renewable energy tax credit was opposed by Treasury, OMB, CEA, and OPD, while DOE's utility efficiency rebate proposal was opposed by the Treasury, OMB, CEA, OPD, OSTP, and Commerce.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
13. Letter	From James D. Watkins to John Sununu Re: Restart of Reactors (2 pp.)	2/1/91	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

Date Closed: 1/4/2005	**OA/ID Number:** 29154-008
FOIA/SYS Case #: 1998-0004-F[1] **Re-review Case #:** 2005-0426-S **P-2/P-5 Review Case #:**	**Appeal Case #:** **Appeal Disposition:** **Disposition Date:**
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
14a. Memo	From Ede Holiday to John Sununu Re: National Energy Strategy (3 pp.)	2/11/91	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

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(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed:	1/4/2005	**OA/ID Number:**	29154-008
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

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THE WHITE HOUSE

WASHINGTON

THE CHIEF of STAFF has seen

February 11, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY

SUBJECT: National Energy Strategy (NES)

Your guidance is needed by tomorrow morning on the presentation of two issues within the National Energy Strategy document now in White House clearance for public release:

- o the impact of the NES on oil imports
- o the depiction of the base case on greenhouse gas emissions

Oil Imports

You may recall that DOE's projections show oil imports reaching 65% of U.S. consumption by 2010 under current policies. If the NES is adopted, DOE projects imports stabilizing at about 42% of U.S. consumption (DOE has, over the weekend, revised this figure down from 48%, which was the figure in the decision memoranda to the President).

DOE has proposed that these figures and a graph depicting these projections (attached as Figure 4) be prominently displayed in the Executive Summary of the NES. DOE's draft Executive Summary also includes a graph showing imports as the difference between U.S. production and U.S. consumption (the so-called "jaws" chart, attached as Figure 3). DOE believes that the "jaws" chart best shows the balance between increasing domestic production and reducing consumption. Secretary Watkins feels strongly that excluding Figures 3 and 4 from the Executive Summary would hurt the credibility of the NES.

These figures raise the following concern: Should the Administration present the percentage of imports as a key test of the NES's effectiveness?

Mike Boskin, Roger Porter, and OMB staff (Dick Darman expressly defers to Boskin and Porter on this issue) have supported the following approach, which was suggested by White House staff comments:

- as to oil import dependence, the policy objective is managing vulnerability, not independence from oil imports;

- with regard to managing vulnerability, if any quantified measure is to be highlighted, it should be the intensity of oil use in GNP (attached as Figure 2), not the percentage of imports in U.S. oil consumption;

- the intensity of oil use in GNP measure should be referenced (including use of Figure 2) in the Executive Summary of the NES report, but would not be characterized as the litmus test of the NES or as a policy objective; rather it should be mentioned as one appropriate tool for assessing vulnerability;

- the projections of oil imports supplying 42% of consumption (Figures 3 and 4) should not be used (either graphically or verbally) in the Executive Summary;

- Instead, this material should be presented in the body of the paper, accompanied by prominent caveats regarding the sensitivity of models to assumptions about GNP, oil prices, etc. The 42% figure should not be characterized as a target or goal, but as a projection, if the NES package were adopted.

- in order to show balance, the Executive Summary should use two separate graphs showing the NES impact on production and consumption, respectively, rather than the combined "jaws" graph (see attached Suggested Figures 5 and 6).

Greenhouse Gas Emissions

The Administration must decide how to characterize the "base case" for greenhouse gas emissions beyond the year 2000. According to DOE's projections, the NES would significantly reduce greenhouse gas emissions beyond the year 2000. Therefore, DOE would like to highlight a comparison of the base case with the NES impact through the year 2030 (attached as Figure 7).

This raises a potential problem in light of current international discussions on global climate change: Because the recently released Administration brochure ("America's Climate Change Strategy") does not illustrate a base case beyond 2000, will the depiction of a rising base case after 2000 appear to contradict the Administration's prior position and increase pressure for U.S. commitments? Moreover, will the scientific uncertainty inherent in a projection to 2030 appear misleading?

CEA and OMB staff have recommended that Figure 7 remain in the NES (Roger Porter is skeptical about including it). Boskin and OMB staff do not believe that the graph, which might leak anyway, would undermine the Administration's position. More important, because the NES curve shows significant greenhouse gas reductions, it could help the Administration rebut environmentalists who criticize the NES for its alleged production bias.

In addition, depicting a rising base case in the future could dampen expectations that the U.S. could commit to fixed limits on emissions.

Issues for Decision

- Follow CEA, OPD, and OMB guidance on oil imports and delete import graphs from Executive Summary.

  Agree_______ Disagree______ Let's Discuss_______

- Permit DOE to depict base case beyond 2000.

  Agree______ Disagree______ Let's Discuss_______

Attachments

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
14b. Paper	Executive Summary of Energy Issues (5 pp.)	2/9/91	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

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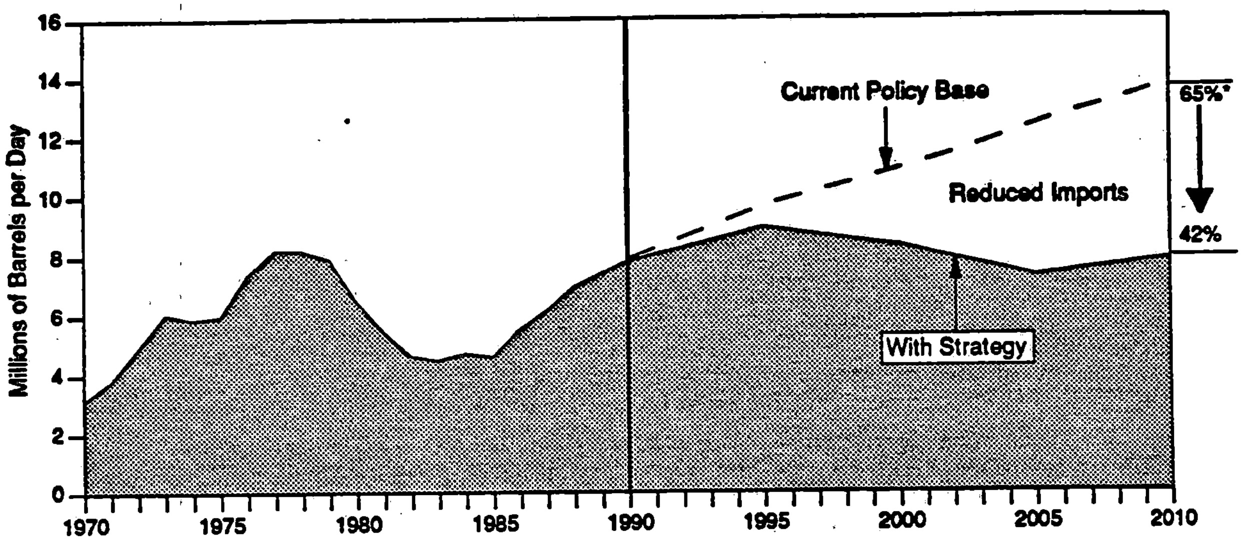
Figure 4. Reduced Oil Imports



*Note: Imports as percent of total oil consumption.

over, as the experience of Great Britain in 1979 pointed out, these tax, subsidy, and mandate measures would *not* necessarily shield the U.S. economy from the effects of future world oil market disruptions, not even if the United States were to eliminate virtually all oil imports. The economic impacts depend more on *price*, as set by the world market, than on the level of our imports.

What does the Strategy offer instead? A balanced program of greater energy efficiency, use of alternative fuels, and the environmentally responsible development of all U.S. energy resources.

Increasing Energy and Economic Efficiency

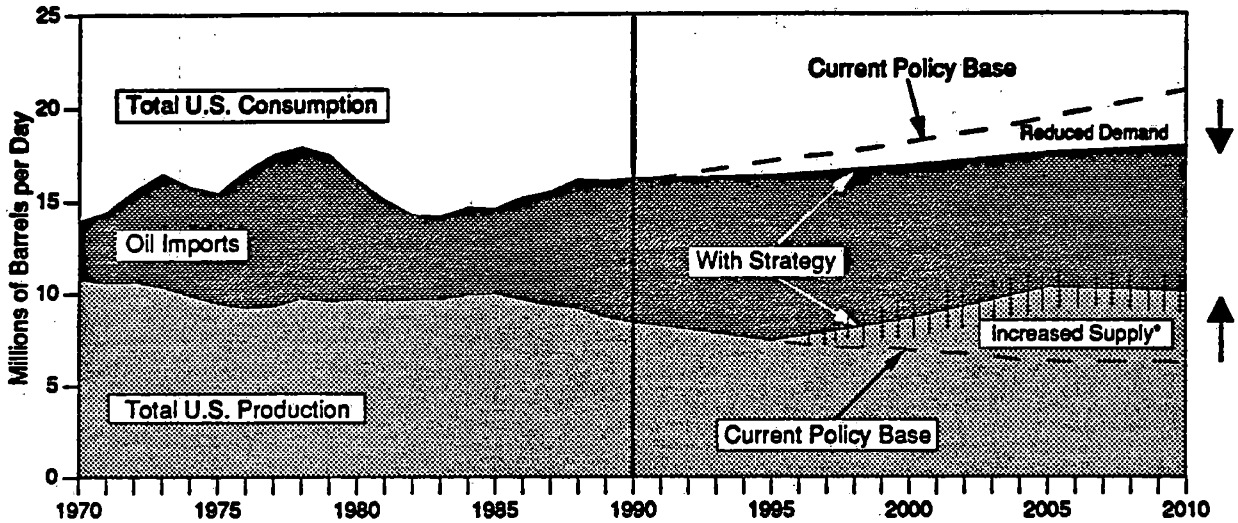
This National Energy Strategy reflects a National commitment to greater efficiency in every element of energy production and use. Greater energy efficiency can reduce energy costs to consumers, enhance environmental quality, maintain and enhance our standard of living, increase our freedom and energy security, and promote a strong economy. A common feature of every new technology supported in this National Energy Strategy is its potential to more efficiently transform energy raw materials into the energy services we need. Under this heading are the National Energy Strategy initiatives designed to increase the efficiency with which we use energy, in the generation and use of electricity, in our residences and offices, in the industrial sector, and in transportation.

Increasing Efficiency in Electricity Generation and Use

The United States is becoming increasingly electrified. By 2010, we project that 41 percent of our primary energy will be consumed in electricity generation, up from 36 percent today. Accordingly, it is extremely important that we produce, distribute, and consume electricity as efficiently and as cleanly as possible.

About 700,000 megawatts (MW) of electric generating capacity is now installed in the United States. For most of this century, U.S. electricity demand has increased at roughly the same rate as GNP. Even with aggressive conservation and

Figure 3. Oil Consumption and Production



*Production range represents uncertainty associated with R&D.

and electric utilities. As alternative fuels (compressed natural gas, electricity, and alcohol from natural gas, biomass, and coal) and the technologies to use them become more cost-competitive, they will become available across the country to a large and growing fleet of fuel-flexible and dedicated alternative-fuel vehicles and gradually erode petroleum's dominant role in the transportation sector.

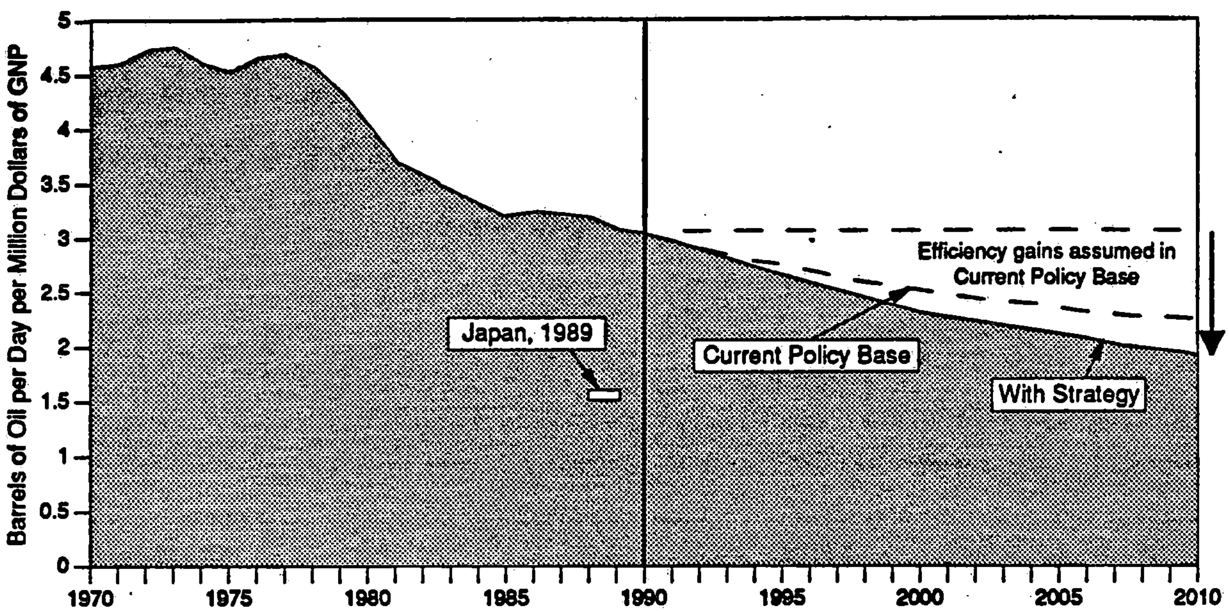
By reducing the volume of imports and our share of world oil demand, National Energy Strategy measures would also reduce the projected *cost* of oil imports in 2000 by as much as $36 billion (in 1989 dollars). In 2010, the projected cost of oil imports would be reduced by as much as $115 billion (again, in 1989 dollars).

As Figure 3 illustrates, these economic and energy security benefits are accomplished over the next two decades by a sustainable, *balanced* strategy to increase supply and reduce demand. This first National Energy Strategy will be adjusted over time as technologies, markets, and knowledge change.

The Strategy is not specifically targeted at the problems of the moment. With regard to the short term, the Strategy builds upon a decade of energy market deregulation that has allowed the rapid and appropriate market response to the Iraqi crisis. In addition, the Strategic Petroleum Reserve, used as part of a coordinated international response, has demonstrated its capability to effectively address shortrun oil market disruptions.

Some will suggest that this progress in enhancing our energy security is not enough, that we should embark on measures such as oil import fees; large taxes on gasoline; subsidies for the production of liquid fuels from coal, shale, and natural gas; broadly mandated use of alternative transportation fuels; and sharply higher fuel-efficiency standards that would compel the use of smaller, possibly less safe, cars. These and other similar measures were *all* carefully examined in the development of the National Energy Strategy. Oil imports could be reduced substantially, depending on the level, type, and phasein of subsidy, taxation, or mandate. But the cost would be very high—in higher prices to American consumers, lost jobs, and less competitive U.S. industries. More-

Figure 2. Reduced Exposure to Oil Price Shocks



that reduce imports but impose high economic or environmental costs. Policy measures should be chosen that balance economic, environmental, and energy security objectives.

The National Energy Strategy aims to diversify the sources of oil supply *outside* the Persian Gulf by encouraging environmentally sensitive production in the United States (including certain areas of the Outer Continental Shelf (OCS) and the Arctic National Wildlife Refuge (ANWR)), other parts of the Western Hemisphere, Europe, and Asia and to further develop and maintain contingency mechanisms (including strategic oil reserves and stocks) and excess world production capacity.

Simultaneously, as Figure 2 illustrates, the National Energy Strategy would reduce the importance of oil to the U.S. economy—through conservation, efficiency improvements, and oil displacement by the use of improved technologies and alternative fuels.

As Figures 3 and 4 show, the Strategy's petroleum supply and demand reduction measures will substantially reduce U.S. dependency on insecure supplies of energy, keeping oil import levels at less than 50 percent of U.S. consumption after 2000. These projections, like any other in the uncertain world of energy supply and demand, should be regarded as illustrative, not as predictions. However, the Department of Energy estimates that domestic oil production would increase by 1.7 million barrels per day above the levels projected for the year 2000—largely because of the use of advanced oil recovery technology made possible by new investments in Federal and private-sector R&D and by environmentally responsible development of promising areas like ANWR and OCS. By 2010, domestic oil production could be augmented by 3.7 million barrels per day.

On the demand side, U.S. oil consumption in the year 2005 is expected to be 2 million barrels per day less than it would be in the absence of National Energy Strategy initiatives—largely because of displacement of oil by alternative fuels in vehicles

SUGGESTED FIGURES 5 and 6

Figure 5. Summary of the Effects of National Energy Strategy Actions on U.S. Oil Production

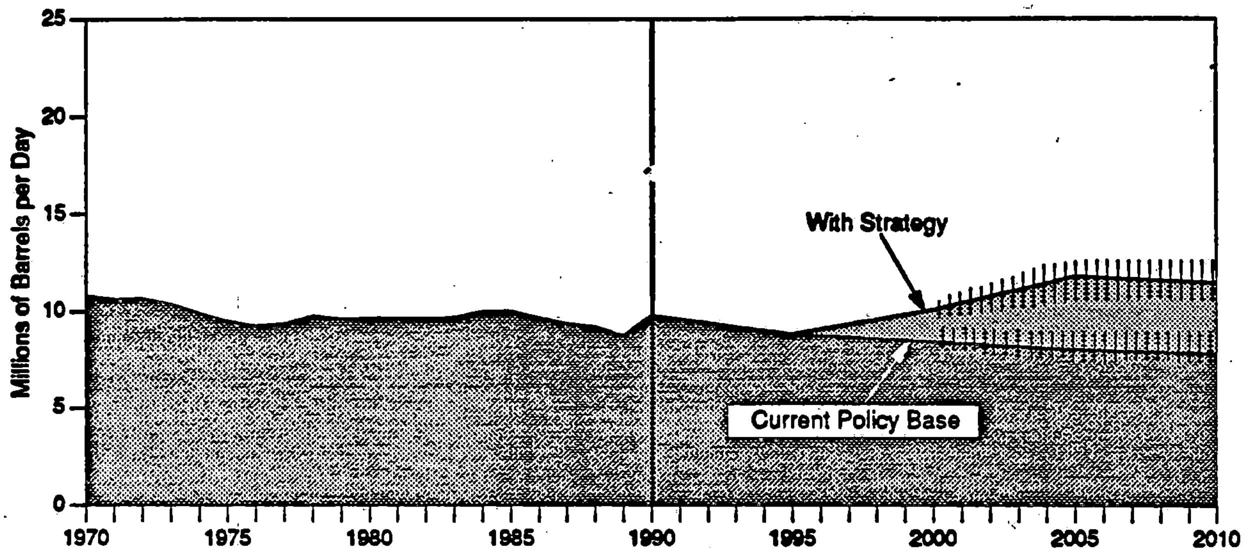


Figure 6. Summary of the Effects of National Energy Strategy Actions on U.S. Oil Consumption

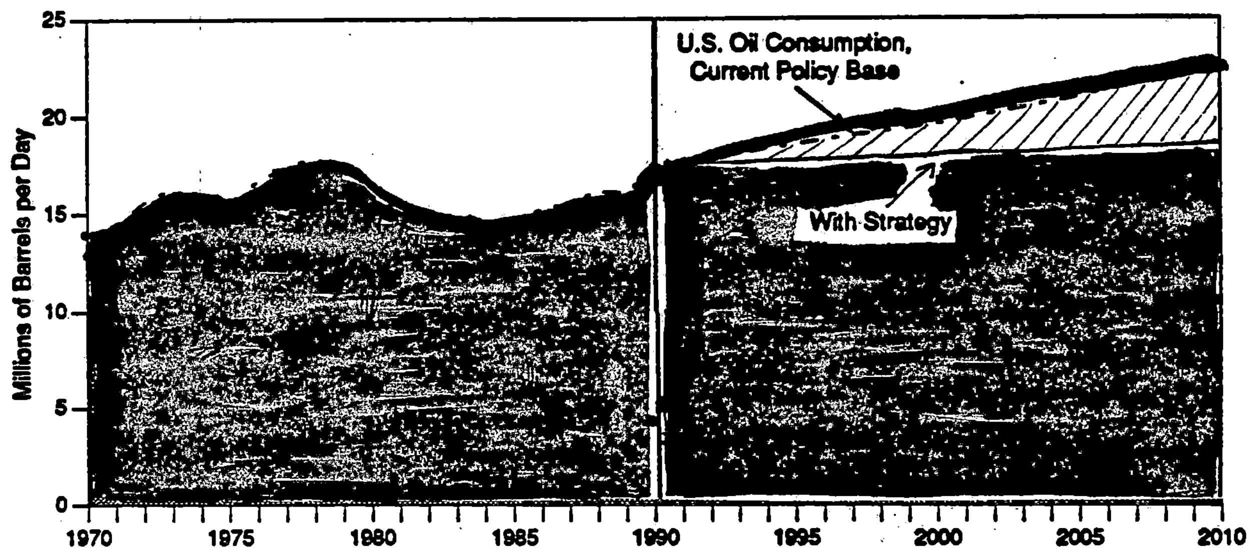
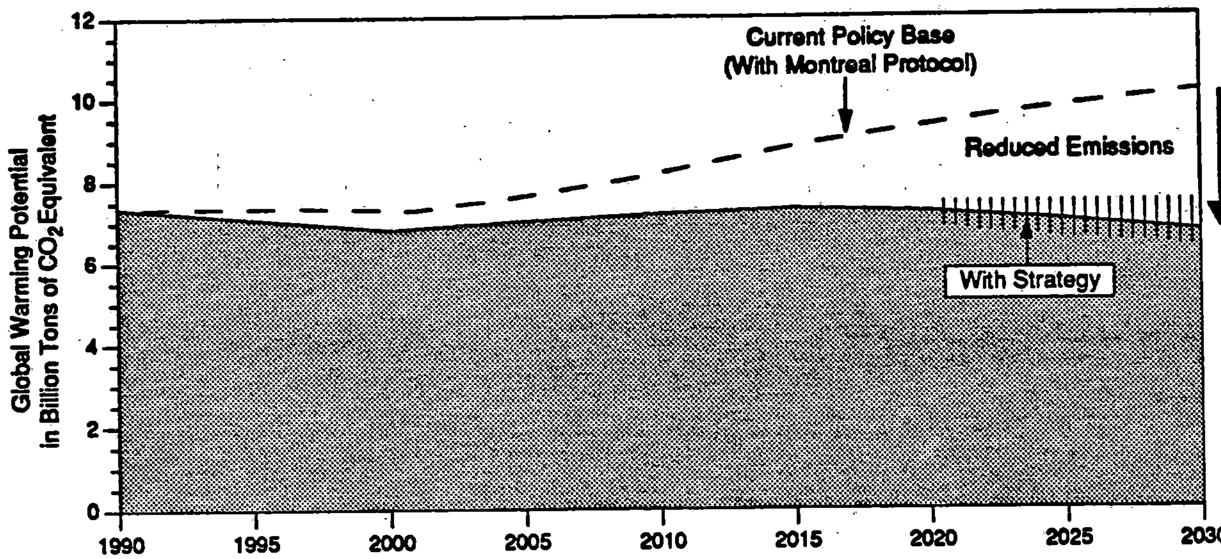


Figure 7. Reduced Potential for Global Warming



Note: Global Warming Potential (GWP)—Unit of 100-year global warming potential measured in million metric tons of CO_2 equivalents. Greenhouse gases vary in their atmospheric lifetimes and in their ability to absorb and reradiate heat. This chart is based on converting the projected volumes of greenhouse gases to one common measure, Global Warming Potential. If indirect gases that form tropospheric ozone (nitrogen oxides and volatile organic compounds) were to be included, a slightly lower GWP for the National Energy Strategy scenario would result.

improved energy efficiency in both the electricity and the transportation sectors and (2) other actions already taken by the United States (for example, the Clean Air Act Amendments of 1990). With all of these initiatives, the United States' contribution to potential global warming would, in the National Energy Strategy scenario (see Appendix C), remain at or below present levels for the foreseeable future. While the accuracy of any future projections diminishes as the time horizon under consideration lengthens, the National Energy Strategy will significantly reduce greenhouse gas emissions relative to any current policy baseline.

The National Energy Strategy actions are consistent with the recommendations of the United Nations' Intergovernmental Panel on Climate Change. Under its precepts, this country has taken a lead in adopting prudent strategies to reduce greenhouse gases that are also justified on grounds other than climate change (for example, reforestation, greater energy efficiency, and reducing the emission of chlorofluorocarbons and other substances that deplete the Earth's protective ozone layer).

Taken together, these actions accomplish both reductions in emissions from the sources of greenhouse gases and enhancement of sinks (for example, trees) that absorb gases. Consideration of both sources and sinks of all greenhouse gases allows for a comprehensive approach to the climate change issue, including scientific and economic research, monitoring, technology development, and action plan development.

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15. Memo	From Roger Porter to John Sununu Re: Kauffman Letter on PUHCA Reform (2 pp.)	2/11/91	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: National Energy Strategy (2 of 2) 1991 [1]

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By JF (NLGB) on 10/28/05

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As requested -

THE WHITE HOUSE

WASHINGTON

February 11, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER RBP

SUBJECT: Kauffman Letter on PUHCA Reform

In his letter, Mr. Kauffman opposes including in the NES recommendations to amend the Public Utility Holding Company Act (PUHCA) and to allow for increased transmission access. Both proposals are now in the NES. We support them for the following reasons:

Amendment of the Public Utility Holding Company Act (PUHCA)

PUHCA is a Depression-era law established to prevent utilities from using complex corporate structures to evade regulatory control at the expense of investors and consumers. It was enacted at a time when electricity supply systems were not integrated and when an area's electrical supply needs were met by local utilities. In addition to setting regulatory accounting structures for corporations, PUHCA requires utilities to fulfill certain public service obligations and to maintain low debt-equity ratios. The law also prevents utility companies from competing in wholesale electricity supply markets outside their service areas.

The integration of today's electrical supply system into large regional networks offers the potential for wholesale suppliers of electricity to compete if statutory restraints are removed. The NES proposes to modify PUHCA to allow businesses to build, own, and operate powerplants for wholesaling electricity in more than one geographic area. Allowing businesses to compete in wholesale markets would help develop electricity supplies and encourage greater market efficiency when compared to single supplier markets. Without this change, competition in wholesale generation would be limited to a small number on non-utilities who qualify for exemption under PUHCA.

As expected, utilities are divided on the issue of PUHCA reform. Some see opportunities, while most object to the increased competition from non-utility generators. These utilities point to inequities of requiring regulated entities to compete with non-utility generators who can reduce their cost of capital by being highly-leveraged. They also argue that non-utilities will build projects with high fuel-cost risks and low reliability.

We believe the case in support of PUHCA reform is much stronger than the expressed concern of utility companies over increased competition. Many of the arguments put forward by utility companies suggest that we may need to push for greater reform, but not less. Concerns over the quality of service, reliability, and risk can be addressed by State PUCs.

Access to Electricity Transmission

Although electricity transmission remains a monopoly service, there is sufficient market power in some areas to improve the efficient use of transmission facilities and encourage the construction of new facilities where needed. Currently, however, transmission owners can deny access or charge high transmission rates to wholesale buyers and sellers in order to protect wholesale markets from competition.

While FERC's authority to require transmission access is limited by statute, it can encourage greater access. For instance, FERC has permitted some companies to sell electricity at wholesale without cost-of-service price regulation, and has permitted other companies to merge -- provided that certain transmission access conditions are met. The NES recommends a review of existing authorities and policies to determine what actions can be taken to encourage more open access to transmission facilities. If future study shows that FERC's authority is too limited, the NES recommends legislation.

Utilities object to this recommendation because they fear increased competition from Independent Power Producers (IPPs) more than the market opportunities increased access would afford. They also express concerns over investments that were made to service utility customers who subsequently turn to cheaper electricity supplies. On balance, we believe the proposed benefits from subjecting the electricity production and transmission markets to competition outweighs the concerns expressed.