

# **Recommendations to Enhance Energy Security and Improve Federal and State Energy Emergency Mitigation and Response Capabilities**

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Submitted by the National Association of State Energy Officials (NASEO)

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It is vital that the states and the nation take steps to improve and enhance our ability to respond to energy emergencies. As this past winter demonstrated, the nation remains vulnerable to the global oil market and weather conditions. Moreover, we now face an issue of increasing concern since the move to more competitive electricity and gas markets-the reliability of the nation's electricity supply.

NASEO has a longstanding concern with energy emergency preparedness and response, which is described in *Issues 2000: NASEO's National Energy Issues Agenda* (see, [Sustain the Strategic Petroleum Reserve and Strengthen Energy Emergency Preparedness](#) ), a document that describes NASEO's views on the top issues priorities of the states. To assist both the U.S. Department of Energy (DOE) and the states and territories in strengthening energy emergency preparedness and response programs, NASEO has developed the suggested program improvements and recommendations described below.

## **Improving What Works**

NASEO suggests that any initiatives undertaken to improve our readiness to respond to energy emergencies should build upon and improve existing programs. The Energy Emergency Information Coordinators (EEIC) Program helped to provide information exchange during this past winter's problems, as did a series of regional conference calls. The State Heating Oil and Propane Program (SHOPP) between EIA and the states provided valuable and timely information to both states and the federal government and is a good example of a cooperative program where the benefits far outweigh the costs. The State Energy Program (SEP) has provisions that require states to have energy emergency plans, and NASEO recently began working with the National Petroleum Council to assess the vulnerability of critical infrastructure in the oil and gas industries to cyber attack.

The energy emergency-related provisions of each of the above efforts have served the nation well. However, these initiatives have suffered from a number of reductions in resources, particularly in the area of state-federal cooperation and planning. NASEO believes that it is essential to strengthen the SHOPP and EEIC programs in order to ensure the positive results they delivered this past winter.

Additionally, NASEO believes DOE's energy emergency functions should reside

within the department's Office of Policy. This structure is most appropriate in that it affords access to essential fossil and energy efficiency resources within the energy resources cluster. It should be a part of the energy resources group within DOE

We can build upon and improve our existing capability to meet the needs of our citizens in responding to energy emergencies. This can best be done through cooperative and joint efforts of both the state and federal governments. The following are specific recommendations, developed in conjunction with NASEO's Energy Data and Energy Security Committee, for areas that provide the best potential to improve existing programs and relationships.

1. The 1990 statutory rewrite of the State Energy Conservation Program included energy emergency planning as a mandatory feature at NASEO's request (P.L. 101-440). NASEO believes that DOE should assess the current status of states' and territories' energy emergency planning. This assessment should include information on the scope of the plans' coverage, energy sources covered, when plans were last updated, state agencies involved in the plans, and so forth. The results can be used to identify gaps and needs for emergency preparedness activities at both the state and federal levels.
2. DOE should work with states and territories to identify tools and specific contingency plans that can be used by states in energy emergencies to respond to specific conditions and circumstances. This should expand on the responses to the fuel oil and propane shortages in New England and other areas, such as: driver hours' waivers, Jones Act waivers, temporary environmental waivers, and public information programs to encourage energy efficiency. The process for releasing federal emergency funding should also be addressed. This includes emergency release of Low Income Home Energy Assistance Program (LIHEAP) funding and potentially other federal aid. It should also include states' actions and policy initiatives, such as provisions for interruptible natural gas tariffs to reduce the potential for sudden demand shifts. Model plans and policies could be developed for states' use.
3. DOE, states, and industry representatives need to identify mitigation measures in the form of policies, tax incentives, voluntary measures or permanent regulatory changes that will improve the resiliency of the energy distribution system and enhance supply reliability. The assessment should identify critical infrastructure vulnerability for all forms of energy supply and delivery. In the heating fuels industry, for example, just-in-time delivery has reduced the cushion that protected customers from short-term supply disruptions. We must work together to examine creative measures to increase product inventories, whether through non-legislative or legislative means. Increased market demand without a corresponding increase in truck transportation, bulk plant facilities, pipeline capacity and customer storage infrastructures have led to situations where there have been frequent requests for waivers of federal driver hour restrictions.

4. DOE, State and Territory Energy Offices, and the Federal Energy Regulatory Commission should better coordinate their response procedures with the public utility commissions on emergency procedures covered by commission rules or orders governing electric and gas utilities and with the states' emergency management agencies to assure coordination with the states' disaster plans. Overall, better state-federal coordination needs to be formulated.
5. Electric system reliability is a critical concern of the states. In light of the department's recent outage report, the state and federal government (both DOE and FERC) should attempt to convene an ongoing series of dialogues to develop practical responses. The states are committed to working with the Department of the issue. This coordination needs to address the growing interdependency of energy systems. For example, the use of natural gas for electrical generation leaves open the potential for a natural gas distribution problem to become an electrical supply problem or to cause a distillate shortage as a result of fuel switching.
6. DOE should work with states to improve the operation of the Energy Emergency Information Coordinator Program . Information was not always distributed to states in a timely manner, nor did states always readily share important information on their supply conditions with the DOE and surrounding states. Another component of improved coordination and communication should include internal state government agency relationships. Some states have good working relationships and communications between their state energy office, Governor's office, public utility commission, and state emergency management offices. In other states the relationships may be less developed. Regional communication between states can be improved by fuller participation in the emergency communication procedures outlined in the agreement between NASEO and DOE .
7. States should encourage and work with their gas, electric and petroleum companies and the associations representing these companies to identify the vulnerability of critical infrastructure to cyber-attacks. These systems need to be protected to prevent potential disruption to energy supply.
8. The EIA-NASEO sponsored winter and summer fuel outlook conferences are designed to provide states and the industry with information to forewarn of potential problem areas, and it is another good example of information sharing. DOE should greatly enhance these successful meetings. With limited additional resources, a larger audience could be served and benefit from the important information provided by the Energy Information Administration (EIA) and other experts. EIA and NASEO have a cooperative agreement to work together to better meet the energy data needs of states . This has included regional workshops for the effective use of energy data and efforts to improve the accessibility of state energy data on the EIA Web site. These

efforts have included information on energy market monitoring and should be continued and enhanced.

9. Regional energy emergency planning workshops should be reestablished. These exercises were held for many years, but have not been held since the early 1990s. This is a mistake. These workshops should use a variety of techniques in order to encourage states to review and update their emergency plans, improve communications and their ability to assess energy market data to gauge an appropriate level of response. The use of scenario analysis and simulations are among the techniques that can be used, but they should not be the only methods employed. Coordination of planning and building of relationships between states and with the federal government is an important element of the effort. The assessment of the status of state contingency planning will be helpful in identifying areas in need of attention and provide a focus for the workshops. These workshops should also be seen as evolutionary in nature, building from one year to the next. The workshops should be seen as a tool for training, education and enhancing preparedness.

If the workshops were held in a multi-year repeating cycle, they could be conducted on a regional or national basis. The multi-year cycle could include a few common elements each year, such as updated threat assessments or vulnerability analyses. Ideally, we should work to ensure that two participants from each state and territory energy office participate in the workshops.

A three-year workshop cycle could include, for example, the following items:

- Year 1: Regional workshops focusing on state energy emergency plans and plan development.
- Year 2: A National workshop focusing on communications and coordination within and among states and DOE and industry.
- Year 3: Regional workshops devoted to energy emergency exercises. It is critical that these workshops have the active involvement of the private sector in both the planning and participation stages.

### **Conclusion**

It is NASEO's intent for the above recommendations to be a starting point for discussions with industry, the states, and DOE to strengthen and improve the nation's energy security initiatives and programs. NASEO and its state-based Energy Data and Energy Security Committee are committed to full cooperation with DOE in moving forward on this critical issue.