

**Summary – NASEO State Energy Assurance Technical Assistance Grants
Energy Assurance Planning & Organizational Coordination
2005-2006**

Overview

On May 16, 2005, the National Association of State Energy Officials (NASEO) issued a Request for Proposals to state energy offices for a pilot to provide limited funding for energy assurance planning and organizational coordination. With support from the U.S. Department of Energy's (DOE) Office of Electricity Delivery and Energy Reliability (OE) Infrastructure Security and Energy Restoration Division, NASEO was able to award small grants ranging from \$9,000 to \$12,551 to states with a minimum 40% cost-share match requirement. Funds for the pilots were focused in the areas of assisting states in addressing inter-organizational planning and coordination in order to address energy assurance and assisting states in updating and revising their energy emergency plans based on the Energy Assurance Guidelines.

To date, all participating states (with the exception of Washington) have completed their pilots and submitted final reports to NASEO. The Washington State Department of Community, Trade and Economic Development (CTED), Energy Policy Division expects to have their pilot completed within the next few months. Please see below for a summary of each state's pilot.

Alabama

The Alabama Department of Economic and Community Affairs-Energy, Weatherization and Technology Division (EWT) received funding, as well as 20 hours of NASEO staff and consultant time to assist in updating a State Energy Assurance Plan and appendices, as well as other technical assistance.

The Plan was revised and updated with input from a variety of sources, including key participation by the Alabama Energy Emergency and Assurance Task Force. The task force included representatives from the petroleum and natural gas industries, as well as the electric utilities; and key State agencies including the Alabama Emergency Management Agency, the Alabama Office of Homeland Security, the Alabama Public Service Commission. The EWT Division has a long-standing relationship in working with these agencies.

The Plan was revised to determine key contacts for energy emergencies and assurance in Alabama, accurately reflecting the latest organizational relationships and responsibilities. This included documenting the current role of agencies and energy companies participating in emergency responses at the Alabama Emergency Operations Center (EOC). The role of the Alabama Office of Homeland Security was defined and incorporated into the Plan.

The planning process worked to coordinate Alabama's Plan with the activities of the surrounding States. The EWT Division contacted their EEAC counterparts in adjoining States to determine the key contacts in each of these States and their plans for responding to energy shortages. Discussion with the States was held to determine opportunities to work cooperatively and the appropriate procedures to be used.

The EWT Division led the effort to review the Alabama energy profile and energy facilities. EWT's access to the iMapData was beneficial in the analysis of the State energy profile and in determining vulnerabilities. Vulnerabilities were assessed in Alabama's electricity infrastructure, petroleum infrastructure, propane infrastructure, and natural gas infrastructure.

An important feature of the Plan was the clarification of legal authorities. The EWT Division researched and clarified the State's legal authorities and the options that are available to the State in responding and taking action in the event of an energy crisis or shortage. An example of a legal authority that was addressed was the energy supply allocation issue regarding the Uniform Commercial Code.

The EWT Division reviewed the response strategies in the previous Alabama Energy Emergency plan and determined the appropriate strategies to incorporate in a revised Plan. The plan was revised to incorporate the five phases of energy emergency response procedures, as defined in the NASEO Energy Assurance Guidelines.

The EWT Division led the effort in revising the written plan to include the latest organizational relationships and responsibilities, the State energy profile, the legal authorities, the appropriate response strategies and the responsible entities for each response. The revision of the Alabama Energy Emergency and Assurance Plan also resulted in the revision of the Alabama Emergency Management Agency - Emergency Operations Plan, Emergency Support Function (ESF) #12 (Energy).

The Plan included guidelines for public information and dissemination during an energy emergency. It also included several features determined to be important to Alabama:

- Waiver of driver and load restrictions measures
- Waiver of Reid Vapor Pressure fuel requirements
- Waiver to allow on-road use of off-road diesel fuel
- Emergency fuel allocation measures
- Energy demand reduction strategies

The EWT Division developed a budget for routine monitoring of the Alabama energy situation and an alternative budget for responding to energy emergencies

and energy shortages. The EWT Division will keep the Plan current by annually coordinating and working with the identified agencies to maintain and update the plan to handle any necessary actions as a result of an energy emergency or energy shortage.

District Of Columbia

The District of Columbia Energy Office (DCEO), as the lead for Emergency Support Function 12 (ESF-12), convened a workshop on March 7, 2006 of the organizations within the DC government and in the private sector that serve as ESF-12 partners. The workshop was funded by the grant. ESF-12 partners included the city's Department of Public Works, Department of Transportation, Emergency Management Agency, and the Public Service Commission. The other ESF-12 partners -- the Metropolitan Washington Council of Governments, and the local electric power and gas supply companies that serve Washington, DC were included. Representatives of the DC Department of Department of Homeland Security were also invited.

The workshop was designed with three major objectives:

- To assure that DCEO's Energy Emergency Plan, updated in October 2005 to incorporate the NASEO Energy Assurance Guidelines, had accurate and up-to-date information on all ESF-12 support agencies.
- To clearly define the different roles and responsibilities that ESF 1,3, and 12 play during energy emergencies
- To familiarize agencies and organizations supporting the District's ESF-12 with the NASEO Energy Assurance Guidelines.

All of the ESF-12 support agencies were asked to review the updated DC Energy Emergency Plan for accuracy and clarity, and provide the DCEO with their comments. Those comments will be incorporated into the next version of the District's plan. Some interesting observations included information about the availability, regular testing, and refueling of portable generators to operate traffic lights and public critical facilities; the 24-hour staffed dispatch centers operated by local utilities; the willingness of the local electric utility to discuss its restoration policy and critical infrastructure with ESF-1, 3, and 12; and the need for a public information campaign on downed power lines.

An action plan was created to outline the specific roles and responsibilities of the various ESF-1, 3, and 12 agencies. A matrix identified 19 issues, along with action steps to address the issues, the agency (ies) responsible, and the date by when action steps were to be taken.

The workshop attendees agreed to implement the action steps and report back to the group via email with progress updates. If necessary, a follow-up meeting can be held. Participants agreed that the meeting created a useful opportunity for

ESF agencies to discuss specific issue that have affected their emergency response and recovery operations and start the process of resolving problems.

Massachusetts

NASEO awarded the Massachusetts Division of Energy Resources (DOER) grant funds so that DOER could update and augment the Massachusetts Energy Emergency Plan. DOER's proposal addressed inter-organizational planning and coordination for energy emergencies among pertinent State agencies, and between the State and the natural gas and petroleum industries.

Specifically, DOER resolved to:

- clarify the roles and responsibilities of State agencies and energy industry representatives prior to and during an emergency;
- provide key decision-makers with information on the State and federal legal authorities needed to implement actions in the Massachusetts Energy Emergency Plan; and
- received feedback from the energy industries about the industries' and/or State's proposed emergency actions to alleviate energy emergencies.

DOER had planned to hold State Agency Workshops and host Natural Gas Industry and Petroleum Industry Meetings. However, in light of the supply disruption resulting from hurricanes Katrina and Rita, DOER revised its plans for holding workshops for State agencies, and instead hosted and/or participated in many energy emergency meetings for key State agencies to share and discuss with the agencies the same information that had originally been proposed for the workshops. DOER also updated State officials about the State's petroleum and natural gas emergency plans and discussed next steps for State agencies to help alleviate potential problems during the winter of 2005-2006.

DOER met twice weekly for several months with the relevant State agencies (Office of Economic Development, Office of Consumer Affairs, Department of Telecommunications and Energy, the Division of Standards, etc.) to develop recommendations for higher level State officials and the Governor. The meetings engendered reporting on each agency's roles and responsibilities, gathering of information about the status of the affected energy sectors, contacts with neighboring State Energy Offices and Public Utility Commissions about their emergency actions, and coordination with the State Department of Environmental Protection to assess the pros and cons of implementing certain emergency actions. DOER also briefed State agencies that were not involved in the meetings.

One of the key findings of this process resulted in a recommendation that the roles of managing the emergency, making final decisions, and responding to the media needs to be reviewed with high level State officials to clarify expectations

and establish responsibilities prior to an energy emergency. Particularly with regard to newly appointed high level State officials, DOER recommended that it and other relevant State agencies brief the officials on the various potential relief actions in the State's Energy Emergency Plan, using DOER's databases and power point presentations.

The meetings also resulted in a memo to Department directors and the Governor's Legal Counsel on the Governor's and the federal government's legal authorities to implement emergency energy actions. The list of legal authorities was available as an appendix to the State's energy emergency plan, which in turn, was based upon NASEO's Energy Assurance Guidelines. The Guidelines were also provided to DOER senior staff.

In response to the issue of petroleum price gouging, DOER met with the Attorney General's office, the MA Petroleum Council, and gasoline industry representatives to discuss the State's gouging regulations and the reasons for increasing gasoline retail prices. DOER cautioned key State agency officials about proposing or supporting gasoline price cap legislation under consideration by some State legislators, and ultimately, such legislation was not filed.

As a result of the interagency meetings, DOER made several recommendations for State agencies:

- If the federal government approves a waiver to federal energy-related regulations, the appropriate counterpart State agency (e.g., EPA and the State environmental protection agency) should inform the affected energy industries in the State of any additional State requirements that must be met so that the industry is not in violation of State laws.
- State agencies that receive emergency information from their federal counterparts should use the State energy office as a central repository of all federal notices.

DOER also participated with ISO-NE and other State agencies in a Winter Operations Coordination Workshop and several other meetings to gain an understanding of the coordination and communications involved in managing the bulk power system during emergencies. A Winter Action Plan was developed and completed with DOER's input.

Among the many important recommendations by DOER that resulted from the interagency coordination project were suggestions to:

- Enhance the State's Energy Emergency Plan to include estimates of the energy savings/supply increases associated with each action taken.
- Hold an annual in-house senior staff meeting to review the plan and schedule training exercises.

- Annually brief and train the agency heads and key staff on the State's energy supply system and energy emergency plan.
- Develop a continuity of operations plan to carry out essential services if an emergency occurs during non-work hours or if DOER leadership or offices are not available.
- Study on the impacts of dual fuel units on the heating oil market during supply disruptions
- Develop better energy saving metrics for emergency actions taken and incorporate the information into the State's Energy Emergency Plan.
- Share with other State agencies information about energy conservation tips and fuel assistance programs for consumers.

Missouri

The Missouri Department of Natural Resources Energy Center, with the grant funding from NASEO, obtained professional and administrative assistance to amend its State energy emergency plan so that it could be incorporated by the Missouri State Emergency Management Agency as a component of Missouri's Emergency Response Plan. It used a collaborative process that fostered the participation of the two agencies as well as Missouri's private-sector energy industry associations. To seek input and help plan the changes to the State energy emergency plan, Missouri Energy Center conducted regular meetings with:

- Missouri Public Service Commission (representing the utility regulatory authority and Missouri's investor owned electric and gas utilities);
- State Emergency Management Agency and the Missouri Office of Homeland Security, the formal emergency coordination agencies in Missouri;
- Missouri Public Utility Alliance (representing municipal electric and gas utilities);
- Association of Missouri Rural Electric Cooperatives, Inc.;
- Missouri Petroleum Marketers' and C-Store Association;
- Missouri Propane Gas Association; and,
- Missouri Propane Education and Research Council.

NASEO's contractor provided a review and critique of the planning documents resulting from the State's planning process.

The Missouri plan includes all of the features recommended by NASEO's Energy Assurance Guidelines, including an outline of the responsibilities of the relevant State Departments and offices, the procedures for an emergency declaration and assessing the severity of an energy emergency, management activities by energy emergency phase, and communication and public information procedures. It also outlines the State's petroleum fuel allocation program and petroleum set-aside program.

The plan incorporated seventeen appendices providing detailed descriptions of contingency measures, current emergency contacts, inventories of energy supply systems, and federal waiver procedures. Also included are examples of draft energy emergency declarations and sample news releases. The plan is designed for use electronically with hyperlinks and email contacts to facilitate communication. A training plan for staff that includes participation in state energy emergency exercises is being developed.

Washington State

The Washington State Department of Community, Trade and Economic Development (CTED), Energy Policy Division, with the assistance of grant funding from DOE, is writing a report on the coordination of the protection of critical cross-border energy infrastructure. While the infrastructure may be located in one state or province, it is of key importance to its neighbors, in this case, Washington, Oregon, Idaho, and British Columbia. For example, Oregon depends almost entirely on five Washington state refineries for its supply of petroleum products, and all three U.S. states rely on Canadian water storage dams and natural gas or oil pipelines.

The report will explain that there currently is little coordination between the states and provinces on these cross-border issues. For national and international energy companies, however, the report finds that they are generally more aware of critical energy infrastructure regardless of its location

Still in progress, the report will be completed in the near future with future funding from Washington state. Several key milestones in the report have been fulfilled:

- Discussions were held with EEAC representatives in Washington state, Oregon, Idaho, and with the British Columbia Ministry of Energy, Mines, and Petroleum Resources.
- CTED created a survey instrument to ask questions of each border state and British Columbia about coordination in four areas:
 - Intelligence efforts designed to prevent terrorist attacks;
 - Threat response efforts if specific threats are made concerning critical energy infrastructure;
 - Processes to identify and protect critical energy infrastructure; through vulnerability assessments and mitigation; and
 - Emergency response and recovery efforts in the wake of an attack
- Discussions or interviews were conducted with staff from state and provincial offices of emergency management, homeland security, state police, the Royal Canadian Mounted Police, and the Seattle office of the Federal Bureau of Investigation.

- CTED established three industry working groups that focus on critical energy infrastructure protection issues, made up primarily of organizations and companies that have facilities in Washington state but serve national or international in scope, such as Bonneville Power Administration and TransCanada. The working groups are:
 - Oil Industry Critical Infrastructure Protection Working Group
 - Natural Gas Industry Critical Infrastructure Protection Working Group
 - Electric Utility Industry Critical Infrastructure Protection Working Group

A key lesson learned from the process of conducting interviews and discussions includes the realization that generally the relevant state and provincial government agencies have not yet reached a point where they are able consider infrastructure protection outside of their own borders. Washington state's efforts with the private-sector industry working groups have allowed the state to better communicate Washington state's concerns to other jurisdictions, however it will take additional time to complete the collection of information and write the final report. Once completed, the report will be used to update the Washington State Energy Assurance Plan to include procedures for coordinating with energy offices and ministries in Idaho, Oregon, and British Columbia for both critical energy infrastructure protection and energy emergency response.

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