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The Secretary of Energy
Washington, DC 20585

July 21, 1993

The Honorable Philip R. Sharp
Chairman, Subcommittee on Energy and Power
Committee on Energy and Power
U.S. House of Representatives
Washington, D.C. 20515-6117

Dear Mr. Chairman: *Phil*

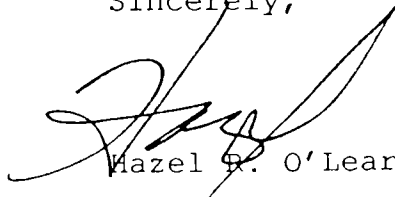
Thank you for your letter of July 9, 1993, concerning the Department of Energy's efforts to implement the provisions of the Energy Policy Act, particularly as they relate to reducing greenhouse gas emissions. We are in agreement on the importance of programs and technologies that contribute to this most important of goals. These activities were a top priority in building the Department's Fiscal Year 1994 budget and remain one of our highest priorities as we deliberate on the Fiscal Year 1995 budget.

We share your concern regarding some of the actions taken in the House mark-up of the Department's budget. We are actively appealing those areas that are most at odds with the Administration's priorities, including most of the actions noted in your letter. We will continue to work with both the House and the Senate staffs in an effort to ensure that the final appropriations bill reflects the important priorities presented in the Department's Fiscal Year 1994 budget.

With respect to your continuing interest in Energy Policy Act programs in support of the export of innovative technologies, the Department proposed modest funding for pre-solicitation export activities in Fiscal Year 1994. However, the House did not support this funding, and the Department has appealed this decision. We believe in the promise of these programs and are actively considering Fiscal Year 1995 funding for these initiatives.

We look forward to a continuing dialogue with you and your staff on these matters.

Sincerely,



Hazel R. O'Leary

cc:

The Honorable John Dingell
Chairman, Committee on Energy and Commerce

Ms. Katherine McGinty
Deputy Assistant and Director
White House Office on Environmental Policy

TO: Alan
FROM: Pam

o DELAYS IN RULEMAKING: The Johnston Amendment would unfortunately create massive gridlock. Requiring the kind of risk assessment outlined in the amendment would cause costly delays on all sorts of regulations, even ones passed unanimously by the Congress.

o COSTS IN RULEMAKING TO EPA: The impact from delays would be far from cost-free. Valuable time and Congressional and agency resources would be used up performing detailed risk assessments and cost assessments. Extensive economic assessments are already performed by federal and White House agencies. The Johnston amendment would only add another unnecessary layer to the legislative and rulemaking processes. EPA's budget does not provide for this extra time and effort.

o COSTS TO BUSINESSES: Delays in agency rulemaking -- such as the Clean Air Act -- are already causing businesses to suffer. Many businesses go through tremendous difficulties because EPA's rules and regulations are not out on time and they want to begin implementing the rules. When these rules are delayed because a risk and cost assessment needs to be done before they can be issued, that is an additional cost on businesses who do not know what to do. The same case applies to the states, who cannot plan or budget if EPA rules are late. The economic impacts of delays should not be underestimated.

o BURDEN TO EPA: The Johnston amendment unfairly singles out environmental regulations. By imposing this burden on EPA, it implies that this Administration does not care about the benefits of environmental regulations. EPA will be forced to go through a risk assessment unique to that agency alone. Instead of relying on current economic assessments conducted for all agencies on a similar basis, this amendment asks EPA alone to conduct these detailed assessments.

o DIFFICULTY IN DETERMINING BENEFITS: The Johnston amendment would disregard the benefits of government programs. Laws are passed because there is a public demand for clean air and water, etc, and determining both the costs and benefits of programs is nearly impossible. Additionally, risk assessments are an imperfect science for which absolute measures of risks versus costs can be nearly impossible to determine. It is especially difficult to compare different types of regulations for their relative benefit, as the Johnston amendment requires.

o RISKS SHOULD BE ADDRESSED IN LEGISLATIVE PROCESS: Asking EPA to perform the risk assessments -- regardless of whether the assessment changes the actual rule -- trivializes the legislative

process. EPA is punished for promulgating rules that Congress requires them to make. Risks can be addressed more appropriately during hearings and the legislative process, rather than after the fact when EPA is required by law to implement a rule already developed by Congress.

o OPPOSITION IN HOUSE: Environmentalists and key Committee chairs in the House are opposed to the EPA bill with the Johnston amendment. If we want to move a Cabinet bill this year, it must be with a modified Johnston amendment that is palatable to these constituencies.