

Energy - Power

PHOTOCOPY
PRESERVATION

8-16-99

THE WHITE HOUSE
WASHINGTON

August 13, 1999

MR. PRESIDENT:

Attached is Secretary Richardson's memo on power outages that he mentioned to you at the last Cabinet meeting. *Your advisors asked DOE to submit this revised version of an August 5 memo on the same subject.*

Richardson believes that more needs to be done to alleviate the public's fears about electric supply reliability during heat waves and proposes that you (1) issue a directive to DOE to develop an Administration strategy for short-term alleviation of power outages, before the long-term benefits of electricity restructuring area realized; (2) implement emergency measures to reduce energy consumption when needed by local utilities (in addition to your recent EO on reducing overall energy consumption) and form an interagency task force; and (3) call on Congress to increase funding for energy efficiency.

OMB urges caution with respect to Richardson's recommendation to issue a directive (item 1, above) because it could harm the Administration's electricity restructuring efforts (i.e., Congress could conclude that you believe reduced reliability is tied to restructuring and that you are second-guessing your own electricity restructuring plan). OMB supports, however, Richardson's proposal to develop emergency energy consumption-reducing measures.

David Goodfriend

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ENERGY-
Power

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Mr. Richardson
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(2)



The Secretary of Energy

Washington, DC 20585

August 13, 1999

8-16-99

*Good / Power
1. Use this - not
Sun Club's fear
well founded*

MEMORANDUM FOR THE PRESIDENT

FROM:

BILL RICHARDSON *BR*

99 AUG 13 AM 11:47

SUBJECT:

Proposed Action Plan to Address Power Outages

The heat wave that gripped the eastern two-thirds of the Nation during July put enormous strains on many electric utility systems. Utilities cut-off power to industrial customers, reduced voltage and made urgent appeals to their customers to reduce their electricity consumption. While major system-wide outages were narrowly avoided, some utilities were forced to impose rolling blackouts. In addition, the stress on distribution cables and transformers caused power outages in a number of cities and localities.

On July 19, 1999, I announced a Department of Energy initiative designed to reduce the prospects for future weather-related power outages. However, more needs to be done to alleviate the public's fears about the reliability of their electricity supply when the thermostat rises. Your leadership in the following endeavors would be helpful.

- **Presidential Directive** – We expect heat-related power outages to continue to be a problem in the short-term. Electricity consumption continues to set records while supply has remained stagnant. Although the situation should improve when Congress and the States enact electric restructuring legislation to establish the rules of the road which are necessary to attract new capital investment, changes in the way we generate, transmit and consume electricity are needed to alleviate this situation now. You should direct the Department of Energy to develop an Administration strategy to address these changes.



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- **Leading by Example** – The Federal Government, which is the largest electricity consumer in the country, is making progress in reducing our consumption. Your recent Executive Order directing agencies to further reduce energy use will have a substantial beneficial impact. However, we do not have a formal agency-wide process for undertaking emergency measures to reduce electricity consumption in Federal buildings and facilities when utilities make urgent appeals for customers to cut back on usage. You should direct each Agency to implement emergency measures when conditions warrant and form an interagency task force led by the Department of Energy and the General Services Administration to develop a comprehensive plan so that we can lead by example.
- **Funding for Existing Programs** – Through the Administration's climate change initiative and other programs, we are engaged in a variety of activities designed to improve efficiency in the ways we generate, transmit and consume electricity in a manner that helps to grow the economy and protect the environment. Unfortunately, Congress has failed to fund these programs at the levels you have requested. You should call on Congress to increase funding for them as a means of reducing the burden on our power supply system.