

Appendix A. Letter from Senator Frank Murkowski

12/20/2001 18:38 FAX 202 224 4068

ENERGY & NAT RES

002

JEFF BINGAMAN, New Mexico, Chairman

DANIEL K. AKAKA, Hawaii	FRANK H. MURKOWSKI, Alaska
BYRON L. DORGAN, North Dakota	PETE V. DOMENICI, New Mexico
BOB GRAHAM, Florida	DOM NICKLES, Oklahoma
HON. WYDEN, Oregon	LARRY E. CRAIG, Idaho
TIM JOHNSON, South Dakota	BEN NIGHTHORSE CAMPBELL, Colorado
MARY L. LANDRIEU, Louisiana	CRAIG THOMAS, Wyoming
EVAN BAYH, Indiana	RICHARD C. SHELBY, Alabama
DIANNE FEINSTEIN, California	CONRAD BURNS, Montana
CHARLES E. SCHUMER, New York	JON KYL, Arizona
MARIA CANTWELL, Washington	CHUCK HAGEL, Nebraska
THOMAS R. CARPER, Delaware	GORDON SMITH, Oregon

ROBERT H. SIMON, STAFF DIRECTOR
SAM E. FOWLER, CHIEF COUNSEL
BRIAN P. MALNAK, REPUBLICAN STAFF DIRECTOR
JAMES P. BEIRNE, REPUBLICAN CHIEF COUNSEL

United States Senate

COMMITTEE ON
ENERGY AND NATURAL RESOURCES

WASHINGTON, DC 20510-6150

ENERGY.SENATE.GOV

December 20, 2001

Dr. Mary Hutzler
Acting Administrator
Energy Information Administration
1000 Independence Avenue, SW
Washington, DC, 20585

Dear Acting Administrator Hutzler:

The Senate is considering comprehensive legislation to update U.S. national energy strategy in light of the volatility of energy markets in calendar year 2000 and the growing energy security concerns in light of recent events that highlight our dependence on foreign imported oil. To this end, there have been several legislative proposals introduced in the 107th Congress on the subject of national energy policy, and the Majority Leader has indicated that the Senate will debate energy policy early in the next session of Congress. Our decisions will benefit from an analysis of the strengths and weaknesses of the various energy policy proposals that have been introduced to date.

With that in mind, I request that the Energy Information Administration (EIA) analyze the potential costs and benefits of proposed legislation to update and revise our national energy strategy, namely, H.R. 4 as passed by the House of Representatives in August 2001, and S. 1766 as proposed by Senators Daschle and Bingaman earlier this month. I understand that EIA has the ability to conduct such analysis, including the use of both sectoral and economy-wide energy models. Using the most recent *Annual Energy Outlook 2002* as a reference case, I ask that EIA assess the impacts of these energy policy proposals on, at minimum:

- macroeconomic indicators (jobs, Gross Domestic Product, trade balance, etc.);
- energy supply and demand by fuel and process;
- energy prices to consumers (residential, industrial, and commercial) by fuel;
- dependence on foreign oil imports and impacts on energy security;
- impacts on energy infrastructure (transmission, pipelines, refineries, etc.); and
- emissions of greenhouse gases and air pollutants.

Murkowski: Hutzler

December 20, 2001

Page 2 of 2

As the Daschle/Bingaman bill (S. 1766) contains several "placeholders" reserved for future legislative proposals, I ask that for the purposes of your analysis, you include for Section 801 of S. 1766, S. 804, introduced by Senators Feinstein, Snowe and Reed making changes to the Corporate Average Fuel Economy (CAFE) program. For Section 1821 of S. 1766, use the provisions contained in S. 1746, introduced by Senator Reid on nuclear facility security. Also, to ensure a consistent comparison, please exclude from your analysis of H.R. 4 the amendments to the tax code contained in Division C of that bill. I expect to request from EIA a follow-up analysis of the tax-related proposals contained in H.R. 4 and an expected Senate Finance Committee mark at a subsequent date.

When assessing the costs and benefits of these legislative proposals, please be sure to point out which specific policy actions have the most significant positive or negative impacts on the factors outlined above. In order to inform our deliberations on national energy policy which are due to begin in the next several weeks, I ask that the requested information be made available by January 23, 2002. In addition, I request that a briefing of your results prior to release of any written report.

If you have any questions regarding this request, or desire further clarification with respect to translating legislative proposals into assumptions you will use in your analysis, please contact Bryan Hannegan with my Senate Energy and Natural Resources Committee staff at 224-7932. Thank you for your timely attention to this request, and for your efforts to ensure that our Nation's energy policy decisions are informed with the best available analysis.

Sincerely,



Frank H. Murkowski
Ranking Member