

ELCON INFO MEMO

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To: Member Representatives, Technical Committee, Federal Relations Committee & Affiliates

cc: Rick Bidstrup

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Subject: Obama Energy Appointments

President-Elect Barack Obama has now completed most of his major energy appointments providing a general guide to his approach to possible policy initiatives, but a lot of uncertainty remains, including the new Administration's position on electricity issues.

One question mark will be the role of the recently named "energy/environment czar" Carol Browner, who will be housed in the White House (her official title is Assistant to the President for Energy and Climate Change) with still unspecified duties. Browner, who served as head of the Environmental Protection Agency from 1993-2001, is known to hold strong environmental convictions. She is thought to be an advocate of early and stringent action on climate change but her views on specific electricity issues remain to be seen.

How her newly created position interfaces with the Council on Environmental Quality, to be chaired by Nancy Sutley, has not been made clear. And how policy formulation will be divided between Browner, Sutley, Energy Secretary Steven Chu and EPA Administrator Lisa Jackson is also a question mark.

Although the DOE Secretary traditionally has not been a major player in the energy policy world (a main function of the Department is management of nuclear weapons and federally generated nuclear waste), the incoming Secretary recently drafted a 100-day Energy Action Plan which recommended (1) adopting the world's leading energy efficiency standards including a system for labeling, measurement, and verification; (2) "leveling" the playing field regarding government subsidies for energy sources in the U.S.; (3) establishing a National Clean Energy bank, to provide long-term financing for breakthrough products or projects that improve energy efficiency or advance the ability to avoid or sequester greenhouse gas emissions; and (4) a public-private partnership fund to advance research and development for clean energy technologies. Dr. Chu's report is available at:

http://www.compete.org/images/uploads/File/PDF%20Files/CoC_Prioritize_090808.pdf

Hearings for both Chu and Salazar will be held by the Senate Committee on Energy and Natural Resources in January before the Inauguration. No Republican opposition has surfaced and at this point their confirmations seem assured.

Of special interest in the energy world is the appointment of Sen. Ken Salazar (D-CO), a Rocky Mountain native and former Director of the Colorado Department of Natural

Resources, to head the Department of Interior. The outgoing 110th Congress declined to renew the federal moratorium on oil and gas drilling in the Rockies and elsewhere, and that issue is sure to be revisited (though not necessarily revised) in the next Congress. Secretary-designate Salazar is also a supporter of coal for electricity generation, a position he couples with support for carbon capture and sequestration.

Most electricity policy, aside from that decided by Congress, now emanates from the Federal Energy Regulatory Commission, and President-elect Obama has not yet announced his choice for the new Chairman.

Absent a vacancy on FERC (if one of the five sitting Commissioners were to resign), presumably the new President will appoint one of the two sitting Democrats – Suedeen Kelly or Jon Wellinghoff – as the new Chair (the appointment of the Chair does not require Senate action; the appointment of a new Commissioner does require Senate confirmation). The Chairman of FERC is an important designation since the Chairman controls the Commission's agenda and its entire workforce, except for the minimal number of staff directly assigned to the four other Commissioners.

The new Administration's appointees will also have to deal with a Congress where the Democratic chairmen are used to being the party's leaders on policy issues. For example, Senate Energy Committee Chairman Jeff Bingaman (D-NM) has already directed his staff to draft an "economic stimulus/energy jobs" bill that could be folded into a more comprehensive measure or be considered on a stand-alone basis. Staff is combing through existing statutes to find programs that could be expanded or more fully funded to both provide new jobs and fulfill energy policy objectives. Early congressional action on legislation focusing on energy efficiency, advanced energy technologies and, possibly, renewable energy is expected. At present staff are asserting that new legislation will assist, not harm, the depressed manufacturing industries, but actions will speak louder than words.

Finally, Happy Holidays to all.