

## Chapter 3 Summary New & Reborn

Chapter 3 is, essentially, the chapter where the “main actors” of Chapter 2 carry out the plans and policy debates. This is the chapter of the study and the papers.

- Controversy begins with the previous assignment of Watkins to the energy policy debate and the release of NES:
  - media reports laud the Watkins study groups and report that the Bush administration are interested in the environment.
  - These reports disturb the Troika because:
    - >Self-preservation (of power)
    - >fear that “Free Market” policies would be slighted in favor of further intervention into prices, etc.
- Secretary of Energy Advisory Board (SEAB) groups created by Watkins to study NES.
- SEAB One returns with:
  - create constant purpose
  - change public behavior(modify energy use-reduce- by increasing price)
  - assume world leadership role
  - reflect the true cost of non-renewables (remove systematic underpricing of traditional fuels; this has had 4 consequences:
    - >energy tech not efficient
    - >energy-intensive society and tech over-emphasized
    - >developing nations are creating in-efficient energy and transportation infrastructures to the environment and economic long-term downside
      - >new tech are not being pursued.
- SEAB Two returns with:
  - economy should not be restrained by inadequate supply of reasonably priced energy
  - all energy supply should be conducted with benefit-cost ratios regarding environment
    - >regulatory action
    - >Building codes

- dependence on foreign supply must balance with cost & security
- aggressively convert to domestic sources
  - >new tech
  - >natural gas
- educate public regarding use and conservation choices
  - >mandate energy options and regulate use
- SEAB Three returns with:
  - consider full social costs of production and use options
  - taxes must be considered
  - present policy options for debate
  - enlarge range of tech options
  - specify when scientific uncertainties can be resolved by research
- SEAB Four returns with R&D Technical info.
- DOE support (Stuntz) yet pressure on to adhere to Admin policies. DOE does want right to control and analyze options and process.
- Troika against NES:
  - >Feel Watkins could embarrass President
  - >possible loss of political capital
  - >media un-desireable
  - >Public hearings not valid for formation of policy
  - >Sununu sees energy question merely in terms of policy and political capital
    - >High President popularity rating meant no NES policy really needed.
    - >S feels policy should remain internal
- Economic Policy Council provides mandate for study of externalities, markets, security and environment.
- Electric Working Group created to study demand and supply analysis (with emphasis on regulatory incentives, economic interests, rate base amortizement and the selling of federal hydropower below market rate.)
- Energy Security Working Group to study options regarding oil and gas supply(incentives to investment in domestic hydrocarbon development, access to denied Alaskan areas, alternative fuel, interruptions in supply and barriers to constructing new plants)
- P.154-155 w/Agency "Turf Wars" (p. 160 with older Admin policies and ANWR ideas)
- Natural Gas Polcy options to NES discussed (p.161)

- Watkins sought unity on NES but:
  - regional factionalism on energy use
  - education of public required
  - business more concerned with income
  - Fed Agencies (DOE) tied to previous Admin policies (p.163)
  - states concerned over loss of power and control
  - constituent businesses upset over turf infringement and loss of \$
- Troika only favors reform of regulatory and Permit process
- Watkins commissions the “White Paper” studies:
  - supported by Gore
  - wanted ideas on new tech and mechanics of transfer of industry
  - how far can we go on energy efficiency
  - renewable energy
  - needed info on climate change
    - >take action where there is scientific consensus
  - (“precautionary Principle?”)
    - >costs & benefit analysis
    - >share tech with developing countries
- Watkins requests CIA do NIE in 1990
  - oil use will remain dominate with stable prices
  - reliance on Gulf increase
  - supplies adequate
  - environmental groups and concern will rise but little policy impact to 2000
- DOE interested in NIE because of possible reduction of surplus seen at same time as adequate supply maintained. Troika will use this to reduce policies of NES due to security and economic concerns
- Moore (Chap 2) supports NES because it was populist and democratic process. Generated media and popular interest in policy issue.