

April 13, 2005

MEMORANDUM

To: Western Interstate Energy Board  
From: Tony Usibelli, Washington State  
Subject: Proposal for Two Energy Assurance Initiatives

Summary

States operate in partnership with the US Department of Energy, Office of Energy Assurance (OEA) to plan for and deal with energy crises.<sup>1</sup> Two key state needs are to test energy contingency plans and to protect energy infrastructure.<sup>2</sup>

- It is proposed that WIEB initiate a partnership with OEA to conduct a western regional energy emergency exercise in the near future (approximately \$75,000), and encourage the OEA to take the lead in conducting periodic western regional exercises on a continuing basis.
- It is proposed that WIEB initiate a partnership with OEA to develop a process and forum (possibly a series of workshops and/or electronic conferences) on critical energy infrastructure identification and protection; addressing states' roles, best practices, and regional issues.

A. Energy Emergency Exercises

State contingency plans that address energy emergencies need to be updated periodically due to changes in technology, industry structures and markets, laws and policies, and institutions and personnel that have implications for emergency response options and implementation. For example, statewide fuel allocation programs that were the preferred federal option in the 1970s are no longer considered a good idea, except in the most extreme cases. The installation of small generators in gas stations during the late 1980's meant fuel could be pumped throughout blackouts. More recently, increasing reliance on electricity spot markets has moved control of pricing during electricity shortages from state utility commissions to the FERC. These kinds of changes – always ongoing - have implications for executive response that should be reflected in updated contingency plans.

The best way to test a contingency plan is through an exercise, because lessons learned there do not carry the same risk as in a real emergency. The last regional exercise held in the west to test state contingency plans was conducted by USDOE more than a decade ago, after a decade of periodic exercises. States today share information electronically, but it not a replacement for the focus and stress that can be brought to bear on a plan in a well conducted exercise. Recent energy emergencies in the west have underscored their regional nature, large economic impacts, and the importance of state energy emergency laws, policies, decision-making and communications.

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<sup>1</sup> The Office of Energy Assurance is currently being merged with the Office of Electricity and Transmission. It is expected that the new office title will be: Office of Electricity and Energy Assurance (OEEA).

<sup>2</sup> The OEA now calls state contingency plans Energy Assurance Plans.

It is proposed that WIEB support the updating and testing of state energy contingency plans by taking the following steps.

- Encourage OEA to take the lead in funding, organizing and conducting periodic energy emergency exercises in the western region;
- Partner with OEA to assist in the funding, organizing and conducting of such exercises; and
- Initiate planning for the first western regional energy exercise to be held as soon as feasible.

#### Goals & Tasks

1. OEA commits to holding periodic energy emergency exercises in west. Commitment includes planning lead, some funding, working with states. WIEB determines how best to solicit and attain this commitment.
2. OEA commits to holding initial energy emergency exercise in the west as soon as feasible. Set date. Organize planning team – involve western states. Purpose of the exercise should be to test state contingency plans, with a focus on gubernatorial advisors (State Energy Offices) and addressing problems particular to the west.
3. WIEB commits to partner with OEA to assist in funding, planning and conduct of periodic exercises.
4. WIEB establishes an Exercise Planning Team, made up of key states willing to provide material assistance to OEA for the initial exercise.
5. States on Exercise Planning Team meet together to strategize on best ways to assist OEA in exercise effort.
6. Exercise Planning Team discusses exercise with OEA for purpose of partnering to hold exercise – assume agreement can be reached.
7. OEA and WIEB Exercise Planning Team plan for and conduct exercise.
8. WIEB states support, advertise and participate in exercise.
9. OEA and WIEB Exercise Planning Team evaluate exercise, write up reports, and distribute lessons learned to WIEB states.
10. WIEB establishes an Exercise Planning Team to organize a second exercise.

## B. Energy Infrastructure Protection

States have significant resources that can be brought to bear to protect critical energy infrastructure, from the allocation of federal Homeland Security funds to the deployment of National Guard troops. However, the latest edition of the Energy Sector Plan, the USDOE addendum to the Department of Homeland Security National Infrastructure Protection Plan, provides little specific guidance to the states for identifying and protecting critical energy infrastructure. States need guidance from USDOE, would benefit from information sharing between states, and have infrastructure that crosses state boundaries with regional implications.

It is proposed that WIEB encourage OEA to take the lead in organizing a process and a forum that would:

- Instruct states in energy infrastructure protection;
- Facilitate states sharing best practices in energy infrastructure protection; and
- Address regional issues in energy infrastructure protection.

### Goals and Tasks

1. OEA completes final Energy Section of National Infrastructure Protection Plan, including development of consequence-based criteria for identification of critical energy infrastructure. Energy section should articulate role of states in infrastructure protection as well as expectations for what states' protection capabilities should be.
2. This summer, OEA conducts workshop instructing WIEB states on principles, goals, and details of energy infrastructure protection. If OEA has not completed the Energy Section by this summer, and is not prepared to instruct states, the workshop should be for the purpose of conducting dialogue with the states about what the principles, goals and details of energy infrastructure protection should be.
3. This summer or fall, OEA conducts workshop to facilitate the sharing of information about problems, issues and best practices about energy infrastructure protection between WIEB states. A key goal of the workshop is to identify and establish a process for states to address regional issues in infrastructure protection brought about by interstate nature of energy infrastructure.