

American Petroleum Institute Association of Oil Pipe Lines

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October 31, 2001

James L. Connaughton
Chair, Council on Environmental Quality
Executive Office of the President
1722 Jackson Place, NW
Washington, DC 20503

Attention: V.A. Stephens
Energy Projects Streamlining Task Force

Dear Chairman Connaughton:

The Association of Oil Pipe Lines and the pipeline segment of the American Petroleum Institute appreciate this opportunity afforded by your recent Notice (66 FR No. 161 (August 20, 2001) pp. 43586-7) to comment on plans to implement the President's Executive Order 13212.

The Association of Oil Pipe Lines (AOPL) is an unincorporated trade association representing 52 common carrier oil pipeline companies. AOPL members carry nearly 80% of the crude oil and refined petroleum products moved by pipeline in the United States. The American Petroleum Institute (API) represents the broader petroleum industry, with the pipeline segment representing pipeline operations.

We applaud the initiative the President has taken in Executive Order 13212 to recognize the importance of environmentally sound production and transmission of energy to all Americans. Creating a realistic and effective program to implement Order 13212 will provide the essential force to achieve the President's energy policy goals. We pledge our support and best efforts to assist you in implementing the President's Order so that its benefits can be available on a permanent basis.

In General

We believe that it is increasingly obvious that the infrastructure needed to deliver energy to consumers is not sufficient to meet the growing and geographically changing demand for energy. Moreover, unless significant changes in federal policy and practice occur, the country's failure to address energy infrastructure needs will cause unnecessary burdens

on consumers and limit the rate of economic growth. The terrorist attacks of September 11, 2001 have set in motion forces that call for even greater attention to the efficient management of energy policy, energy supply and the domestic economy generally.

A major constraint on the efficiency and effectiveness of our energy infrastructure has been the time involved in gaining the necessary federal permission for energy development and delivery projects. Environmental laws and regulations have expanded the data needed, the permits required and the departments and agencies involved in this permitting process for energy projects. The State and local governments have their own permitting requirements. Sequential, independent reviews by each authority are inefficient and create significant delays; in some cases the process itself disproportionately affects the outcome rather than the substantive review of the merits. Without changing the fundamental goals of the environmental reviews, greater coordination and a more efficient division of responsibilities can lead to more informed, responsive decision making and better results in energy delivery and environmental protection. AOPL and API urge the Administration, through the process on which you are embarking, to examine ways, administrative and if necessary legislative, to streamline these processes without losing the important benefits of the energy and environmental reviews. We believe the work of the Task Force should focus on inefficiencies in agency implementation processes and should assume no change in the substantive standards of our health, safety and environmental statutes and regulations.

Current practice in the federal establishment for reviewing energy-related projects affords ample opportunity to a broad range of interests to say "no" to a project or delay its progress. Federal agencies with an interest in improving the energy infrastructure need to have a role as well. We need one or more participants in this process to be able to say "yes" by speaking up for the public interest in maintaining an affordable and reliable supply of energy for consumers and for the national interest in energy security. Federal agencies with an interest in action as opposed to delay or no action deserve a role in the process.

Actions needed

As the President's Task Force moves forward, the following analyses prepared in the name of the Task Force may prove useful to enlighten the discussion of ways to carry out the President's Executive Order:

- Identify the range of reviews and approvals associated with key energy projects;
- Assess opportunities for consolidating data collection, conducting concurrent reviews, and adopting other mechanisms that would reduce the time involved in the approval process;
- Prepare proposed administrative directives that would achieve the time and cost savings goals;

- Participate in and encourage agreements with and among federal agencies to speed decision making;
- Conduct discussions with the states aimed at coordinating state and federal reviews;
- Analyze previous models for expediting permitting to derive “lessons learned” that would help shape this approach; and
- Identify statutory impediments to such process streamlining.

At your convenience, we would be pleased to address in detail the application of the ideas in the President’s Order to the concerns of the oil pipeline industry and to specific oil pipeline projects. For now, we offer a few preliminary observations of a general nature. .

It is important to have a broad definition of “energy-related” project for purposes of application of the Order. If the Order is successfully implemented, it can produce great efficiencies in the operation of government. These efficiencies should be available generally rather than confined to a few projects. In particular, there is a need to provide the benefits of the Task Force’s work to smaller projects that play important roles in the nation’s infrastructure but may not command national attention. We should not lose track of the potential of the work of the Task Force to increase efficiency broadly in the economy.

It is very important that the agencies with the responsibility for issuing permits for any project be required to make clear statements of what is required of applicants and set specific timetables for agency action. Those responsible for overseeing implementation of the Order should hold the agencies to these timetables with a publicly advertised scorecard that rewards maintaining the schedule and promptly punishes dilatory behavior. Public transparency in the process, accountability and internal peer pressure are effective tools in changing behavior. Attention at the highest level in the Administration should be called to the scorecard on a regular and frequent basis. This scorecard is a measure of progress for the President’s energy policy.

The Task Force should establish inter-agency project-expediting Teams of individuals with decision making responsibility organized on a regional basis to address any problems agencies encounter in meeting timetables. These Teams need to act with the authority of the President across agency jurisdictions and will need to be effective both in Washington DC and in the field where many of the most important details of project schedules are determined. The Task Force would co-ordinate the Teams’ efforts, where necessary.

These Teams should tap all the relevant expertise of the federal government. The agencies of government most interested in the focus of the Order – the production, transmission and conservation of energy – are not necessarily the agencies that issue

permits for energy-related projects. The Department of Energy, which is knowledgeable about the energy industry and the nation's energy needs, and the Department of Transportation, which is knowledgeable about pipelines and the transportation of fuels, deserve a place at the table in considering particular energy-related projects, even though these Departments may not issue project permits.

Finally, we urge the Administration to appoint a prominent spokesperson at Cabinet rank or higher who can speak and act in the President's name to represent the process under the Order with the public and with important political constituencies. This person may be the Chairman of CEQ. Whoever it is, he or she should take a high-profile and personal responsibility for the successful implementation of the Order. The work of the Administration's point person should be buttressed by a series of personal expressions of interest over time on the part of the President and Vice-President to lend maximum credibility to the effort. Reminders of the desire for success of this effort at the highest level will be essential to getting and keeping the attention of the bureaucracy.

We appreciate the opportunity to offer these comments and look forward to working with you to make the Order the success it promises to be.

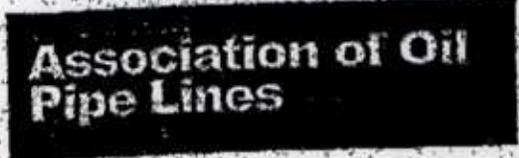
Yours truly

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General Manager, Pipelines
American Petroleum Institute

Sent by Email -
Just card copy! Nat

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Fax

To: V. A. Stephens From: Gail S. Winter

Fax: 202-456-6546 Pages: 5

Phone: _____ Date: _____

Re: _____ CC: _____

- Urgent For Review Please Comment Please Reply Please Recycle

• Comments:

We sent by e-mail & tried to deliver by
 Courier on 10/31; but learned ^{today (11/1)} that couriers
 items were not being accepted.
 This fax is in lieu of the courier's
 package

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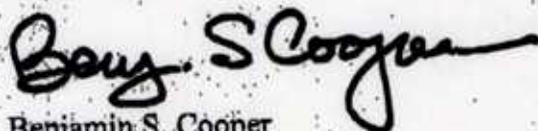
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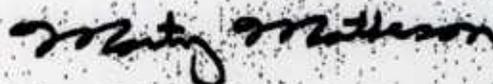
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