

NASEO Energy Security Committee
Thursday, May 15, 2014, 3:30 p.m. – 4:30 p.m.
Conference Call Summary

Attendees:

Mark Sylvia, Committee Chair	Massachusetts Department of Energy Resources
Matt Milam	Tennessee Office of Energy Programs
Jessica Quinn	Delaware Division of Energy and Climate
Russell Duncan	North Carolina Division of Energy
Kris Anderson	Georgia Energy Resources Division
Karl Frost	Alabama Energy Division
Doris Janksy	Nebraska Energy Office
John Buchanan	Missouri Division of Energy
Lewis Mills	Missouri Division of Energy
Doug Renier	Minnesota Division of Energy Resources
Mark Want	Hawaii State Energy Office
Lisa Smith	Maine Governor's Office of Energy Independence
Jake Scoggins	South Carolina Energy Office
Susan Thorne	New Hampshire Office of Energy and Planning
Joe Costa	New Jersey Board of Public Utilities
Stephanie Matheson	New Jersey Board of Public Utilities
Kerry Campbell	Pennsylvania Office of Pollution Prevention and Energy Assistance
Josh Dziubek	Pennsylvania Office of Pollution Prevention and Energy Assistance
Heidi Kunsch	Pennsylvania Office of Pollution Prevention and Energy Assistance
Roy Willis	Propane Education and Research Council
Jeff Genzer	National Association of State Energy Officials
Jeff Pillon	National Association of State Energy Officials
Shemika Spencer	National Association of State Energy Officials

Welcome and Introductions

Mark Sylvia, Committee Chair, thanked everyone for being on the call. This call is part of NASEO's work to engage states, facilitate discussion, provide information, and receive feedback from the members on energy data and security issues and reaffirmed the importance of the topic especially as it relates to the ongoing U.S. Department of Energy (DOE) Quadrennial Energy Review, energy assurance and risk analysis.

Report on National Petroleum Council Emergency Preparedness Stakeholder Engagement Meeting

Mr. Pillon provided a brief report on the April 30, 2014, meeting conducted by the National Petroleum Council (NPC) at the behest of DOE to review emergency preparedness across the sectors. The meeting is part of a series of meetings to be hosted by NPC across the nation with the end goal of producing a report for DOE. The report is expected to be released in mid- to late-summer 2014. David Terry, NASEO's Executive Director, was in attendance at the meeting.

The two state representatives at the meeting were Russell Duncan from the North Carolina Division of Energy and Thom Pearce from the Public Utilities Commission of Ohio. According to Mr. Duncan, the main interest of the private sector attendees was on waivers although other items such as mitigating energy problems and planning for the future were also addressed. Mr. Pillon stated that one recommendation that will most likely be identified in the upcoming report is the need for improved communication and information sharing between the states and private sector especially as it relates to response plans. According to Mr. Pillon, this meeting, along with the upcoming meetings, reinforces the importance of energy assurance planning and the need for states to maintain both their energy assurance plans as well as their response capabilities.

Commissioner Sylvia suggested that NASEO send out a schedule of the upcoming stakeholder engagement meetings to the members to encourage state participation.

Follow-up Actions to the Winter Propane Shortage

As a follow-up to stakeholders meeting convened by NASEO on February 5, 2014, Mr. Terry sent out a meeting summary to the membership which included a set of mid- and long-term actions for consideration in addressing propane supply disruptions and price volatility. The summary is available for download on the NASEO [website](#).

Mr. Pillon briefly discussed two recent committee hearings on Capitol Hill. The first hearing he discussed was the Senate Energy and Natural Resources Committee Hearing entitled, “Short on Gas: A look into the propane shortages this winter” which was held on May 1, 2014. Melanie Kenderdine, DOE’s Director of the Office of Energy Policy and Systems Analysis and Energy Counselor to the Secretary, testified at the hearing and made a specific point to reference the stakeholder meeting as well as NASEO activities coordinate with other trade associations to host lessons learned meetings with the states and requested that NASEO’s meeting summary be inserted into the record for consideration by the Committee. To view the webcast, click [here](#).

The second hearing discussed was the House Energy and Commerce Committee’s Subcommittee on Energy and Power entitled, “Benefits of and Challenges to Energy Access in the 21st Century: Fuel Supply and Infrastructure” which was held on March 6, 2014. The hearing focused on the critical need for modern infrastructure to meet new challenges of increasing U.S. energy abundance, including the transmission, storage, and distribution of fuel for consumers. It also explored how rail, pipelines, and trucking play a key role in moving supplies to markets and examined how inadequate infrastructure has contributed to recent regional shortages of natural gas and propane. Testimony was provided by several industry experts as well as Administrator Adam Sieminski of the U.S. Energy Information Administration (EIA). To view the webcast, click [here](#).

In addition, Mr. Pillon discussed efforts by the Midwest Governors Association (MGA) to establish a propane supply chain working group. Jesse Heier, MGA’s Executive Director, participated on the NASEO Midwest Region conference call held earlier in the week to discuss the effort. According to Mr. Pillon, Wisconsin Governor Scott Walker is the recently elected 2014 MGA chair and his agenda focus on propane and, in particular, regional supply delivery and infrastructure. In the following months MGA will be holding a series of conference calls as well as an in-person meeting to further address the issue. The press release for the in-person meeting is available for download on the MGA [website](#). Finally, Mr. Pillon discussed recent NASEO efforts to coordinate with EIA and DOE’s Infrastructure Security and Energy Restoration Division to address better quantification of shortages and improve information sharing through the energy emergency assurance coordinators program.

Jeff Genzer, NASEO General Counsel, asked about the issues that have been raised in light of the Administration’s announcement on the gasoline reserves in the Northeast and the possibility of establishing a similar reserve for propane. According to Mr. Genzer the question of a national propane reserve will be taken up on Capitol Hill in the coming months and to stay tuned for more information. In response to Mr. Genzer’s question Roy Willis, President and Chief Executive Officer of the Propane Education and Research Council (PERC), the primary concern of the Council related to the reversal of the Cochin Pipeline is the loss of access by U.S. consumers to the third largest propane cavern in Northern America in Alberta, Canada. This reversal changes the strategic storage position in the Midwest as there is no current substitute for the region’s propane supply other than shipping from Kansas and Texas. In response to a question raised by Mr. Pillon regarding how long propane can be stored Mr. Willis replied that propane can be stored indefinitely so long as the storage container remains intact. Longer term storage may have some odor issues but there is not the same issue with degradation that is faced when storing petroleum.

Mr. Willis briefly discussed PERC consumer safety campaign encouraging summer propane tank filling as a way to avoid some of the problems that were experienced this last year winter. This will be a multimedia campaign primarily targeted to regions of the country that were most affected. In response to a question by John Buchanan from the Missouri Division of Energy regarding the status of the SHOPP program funding Mr. Pillon replied that

EIA is most likely experiencing a procurement slowdown related to their efforts over the last several months to add additional states to the program.

Report on Prudent Cybersecurity Investments and Opportunities for Utilities Working Group

Mr. Pillon provided an updated on NASEO's involvement in the voluntary framework activities to evaluate cybersecurity vulnerabilities. The U.S. Department of Homeland Security (DHS) is leading the Critical Infrastructure Cyber Community C³ Voluntary Program which is an effort designed to encourage adoption of the Cybersecurity Framework through a set of incentives designed to promote participation in the program. The White House established a work plan for ten separate incentive working groups. For the energy, telecom and water sectors the Prudent Cybersecurity Investments and Opportunities for Utilities Working Group was established in April 2014 to promote the voluntary adoption of the Framework. More information on the Critical Infrastructure Cyber Community C³ Voluntary Program is available on the DHS [website](#).

Mr. Pillon briefly mentioned NASEO's work to glean best practices from states that have developed innovative ways to design cybersecurity policy at the state level as a way to increase states' capacity to effectively implement statewide cybersecurity policies and regulations and inform future DOE investments. As part of this project, NASEO will identify best practices in cybersecurity by examining legislative, regulatory, and policy actions in a couple of states, convene working groups, and promote information sharing and exchange. NASEO will continue to provide updates to the states on federal activities as well as NASEO's efforts in the coming months.

Alternative Fuel Vehicles in States' Energy Assurance Plans

According to Mr. Pillon, this effort is a direct result of state actions during Superstorm Sandy where alternative fuel vehicles (AFV) were used during pre- and post-event activities. NASEO is working with the Clean Cities Coalition to identify what kind of data sources currently exist on numbers/natures of states' AFV fleets as well as to provide education and outreach resources. More information will be available in the coming months.

Commissioner Sylvia suggested NASEO invite a Clean Cities Coalition representative to present on a future Energy Security Committee conference call. In addition, he discussed the ongoing vehicle-to-grid pilot projects in Massachusetts, California, and New York which are seeking ways to use AFV fleet vehicles as a back-up power source for shelters and other critical facilities during a disaster.

Energy Emergency Assurance Coordinator Program – Update and Training

Mr. Pillon discussed the opportunities NASEO, in partnership with DOE, will be exploring to enhance the energy emergency assurance coordinators (EEAC) program as well as information sharing. NASEO will be sending out a reminder email to states in the coming weeks to review the current EEAC contacts and make any updates as needed to ensure the accuracy of the list.

Clear Path Event

Mr. Pillon discussed the upcoming DOE Clear Event Exercise being held in Washington, DC at DOE Headquarters on May 28, 2014. To view the webcast, click [here](#).

Action Items for Members:

1. NASEO is seeking lessons learned from states that were impacted from the propane shortages. Please email any after action reports or lessons learned to Jeff Pillon (jpillon@naseo.org) and Shemika Spencer (sspencer@naseo.org).
2. The next committee conference call will be scheduled for late July. NASEO will send out the call invitation and draft agenda in the coming weeks.