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STATE OF TENNESSEE

EXECUTIVE ORDER

BY THE GOVERNOR

No. 27

AN ORDER ESTABLISHING THE GOVERNOR'S INTERAGENCY ENERGY POLICY WORK GROUP AND ADVISORY COMMITTEE

WHEREAS, the State of Tennessee has consistently supported and been dedicated to preserving Tennessee's abundant natural resources and protecting and improving the quality of our air, land and water; and

WHEREAS, the availability of affordable, reliable energy is the keystone of Tennessee's economy; and

WHEREAS, increasing population, economic growth, and energy shortages in other states highlight the need for a consistent, forward-thinking approach to energy production and use in Tennessee; and

WHEREAS, state and federal air quality standards place stringent limits upon the amount of emissions of nitrogen oxides, sulfur dioxide and other pollutants from power generating facilities, vehicles and other sources of air pollution in Tennessee; and such standards require that Tennessee carefully evaluate any and all additional sources of such pollution at a time when many are seeking to locate in Tennessee; and

WHEREAS, the State of Tennessee has provided energy efficiency assistance and information to schools, hospitals, small businesses, local governments, and the citizens of Tennessee resulting in significant economic savings; and

WHEREAS, the State recognizes that its own facilities and practices serve as the best proving grounds for energy efficiency, innovative telecommuting options and other efforts to conserve resources, and as such has implemented numerous energy conservation efforts; and

WHEREAS, the State must take a comprehensive approach to energy policy that includes an evaluation of new and existing sources of energy, energy use, and new methods for energy conservation and use of energy efficient technologies; and

WHEREAS, the term energy source refers to oil, natural gas, propane, coal, electricity, and renewable forms of energy, such as biomass, ethanol, geothermal, wind and solar, that supply heat or power;

NOW, THEREFORE, I, Don Sundquist, Governor of the State of Tennessee, by virtue of the power and authority vested in me by the Constitution and Laws of the State of Tennessee, do order and direct the following:

1. There is established the Governor's Interagency Energy Policy Work Group, with a Chairman designated by the Governor. The Work Group shall consist of representatives from the following agencies:

- (a) Tennessee Department of Agriculture
- (b) Tennessee Department of Correction
- (c) Tennessee Department of Economic and Community Development
- (d) Tennessee Department of Environment and Conservation
- (e) Tennessee Department of Finance and Administration
- (f) Tennessee Department of General Services
- (g) Tennessee Department of Human Services
- (h) Tennessee Department of Military
- (i) Tennessee Department of Personnel
- (j) Tennessee Department of Transportation
- (k) Tennessee Emergency Management Agency

The Chairman shall invite the Comptroller of the Treasury and the Tennessee Regulatory Authority to designate representatives for the Work Group. Representatives of other state agencies may be added to the Work Group as needed.

2. The Work Group will meet periodically with its Advisory Committee to gain insights on new technologies and approaches and to receive input on its work and proposals. The Advisory Committee may include, but not necessarily be limited to, representatives from the following organizations:

- (a) Tennessee Valley Authority
- (b) Tennessee Valley Public Power Association
- (c) Tennessee Electric Cooperative Association
- (d) Tennessee Municipal Electric Power Association

- (e) Tennessee Gas Association
- (f) Tennessee Oil Marketers Association
- (g) Tennessee Petroleum Council
- (h) Oak Ridge National Laboratory
- (i) Southern Alliance for Clean Energy
- (j) American Institute of Architects - Tennessee
- (k) Tennessee Municipal League
- (l) Tennessee County Services Association
- (m) Tennessee Association of Business
- (n) Tennessee Farm Bureau Federation
- (o) Tennessee General Assembly
- (p) Tennessee Public Transportation Association
- (q) Tennessee Road Builders Association
- (r) Transportation Management Association Group (The TMA Group)
- (s) Middle Tennessee State University, Center for Energy Efficiency
- (t) University of Tennessee, County Technical Advisory Service
- (u) University of Tennessee, Municipal Technical Advisory Service
- (v) University of Tennessee, Energy, Environment and Resources Center
- (w) Cumberland Region Tomorrow (Nashville region)
- (x) Nine Counties, One Vision (Knoxville region)
- (y) League of Women Voters of Tennessee

Representatives of other organizations may be added to the Advisory Committee as needed.

3. The duties of the Work Group shall be to:

- (a) Develop an energy policy vision for the State of Tennessee that will serve as the organizing framework for subsequent policy recommendations and program proposals.
- (b) Develop a comprehensive set of policy options and recommendations regarding energy use, supply, sources, technologies and efficiency. These options and recommendations will, at a minimum, address the following issue areas and strategies:

(1) Reliability/Availability/Quality/Price/Environmental Effects

In the last 25 years, national energy demand and usage has exceeded supply, resulting in significant increases in prices, interrupted service and regional spot shortages. In the future, population growth and increases in energy usage could lead to similar problems in Tennessee. Whether the energy source is electricity, natural gas, propane, petroleum, ethanol, coal or other fuel, that kind of market volatility would have a profound effect on Tennessee's citizens and economy. The Work Group may therefore:

(a) Develop State policies for securing adequate, affordable supplies of all forms of energy for Tennessee now and in the future. The Work Group shall consider a broad and diverse range of policies, programs and initiatives to accomplish this goal. Assess the impacts of energy choices and alternatives.

(b) Establish policies and guidelines for the approval and siting of new energy resource exploration activities, energy resource extraction activities, energy production facilities in order to remove barriers to energy development and protect the environment and to protect natural resources while making the most of Tennessee's potential.

(c) Partner with energy experts on the Advisory Committee and others to investigate new energy technologies and strategies and their potential application in Tennessee, and seek participation in all new appropriate national energy programs to achieve the maximum benefits for Tennessee citizens. Identify promising areas for research and help to obtain financial support for priority research efforts.

(2) Energy Efficiency

Energy efficiency is one of the quickest and most effective ways to meet short term increases in energy demand. Our economic well being depends on reliable, affordable supplies of energy. It is an established fact that energy efficiency provides a positive economic impact to not only its users but also to the communities in which they live. The economic well being of Tennessee's economy depends on the continued success of its businesses and industries and the cost of energy continues to be an

important factor in this success. Efforts must continue to assist Tennessee's businesses and industries in the identification of new and more efficient methods of energy use. The economic impact derived not only helps firms be more competitive in the marketplace but also benefits the communities in which these projects are located. The Work Group may therefore:

- (a) Continue state partnerships with communities and local governments that identify energy efficiency opportunities
- (b) Study and report on energy use in Tennessee state facilities in order to reduce expenditures, increase efficiencies, and implement new technologies with a goal of reducing energy consumption per gross square foot of its facilities. This effort will summarize existing programs, and identify opportunities for taking additional conservation steps.
- (c) Continue to develop and implement policies for state agencies requiring life cycle costing analyses when purchasing energy-using products.

(3) Transportation

New transportation technologies such as alternative fuel vehicles, improved petroleum products, advanced engines and automobile components can have a dramatic effect on the efficiency and emissions of vehicles using petroleum-based fuels. Likewise, alternative transportation techniques such as telecommuting, Intelligent Transportation Systems, mass transit and alternative transportation system strategies can help to reduce emissions and energy demand by decreasing the number of vehicle miles traveled. While the emissions per vehicle have decreased over the last 30 years, an increase in miles driven has resulted in an overall increase in the amount of pollutants discharged. The Work Group may therefore:

- (a) Evaluate the feasibility of increasing telecommuting opportunities at state offices across Tennessee to decrease energy needs at offices, reduce pollution and traffic congestion associated with daily

commuting, and increase employee productivity and job satisfaction.

The group will also identify ways to encourage the expansion of telecommuting among private sector employers and employees.

(b) Evaluate opportunities to provide new and enhanced alternatives to transport state employees and other commuters to and from work, including additional vans for van pools, buses, shuttles and eventually light rail and commuter rail systems.

(c) Assess incentives for encouraging more drivers to use mass transit, especially in the major urban centers of the state (i.e., Chattanooga, Clarksville, Jackson, Knoxville, Memphis, Nashville, and the Tri-Cities area). This will include assessment of the flexible tax benefits offered by the federal government under the Commuter Choice program.

(d) Identify and assess other strategies for managing vehicle miles traveled in Tennessee, and for increasing automobile efficiency.

(e) Assist and support the development of the refueling and maintenance infrastructure necessary to fuel and maintain alternative fuel vehicles in Tennessee. This includes private vehicles, local, state and federal government agency fleets, public transit agencies, and private company fleets.

(f) Assess the availability of low-sulfur gasoline. Identify projected schedules and distribution of low-sulfur gasoline across Tennessee.

(g) Cooperate with regional planning efforts to develop alternative regional transportation strategies.

(4) New Technologies and Clean Power Alternatives

Advancing research and development and use of clean energy technologies offers a long-term energy strategy that recognizes the interdependence of energy, environment and economic development. The Work Group may therefore:

(a) Report on options for the State to support TVA's Green Power Switch program.

(b) Foster the use of clean renewable energy technologies and systems to mitigate environmental challenges.

(c) Support commercialization of new technologies that favorably position Tennessee manufacturers for growth as industries of the future in the highly competitive world market.

(d) Assess markets for ancillary service to further use of distributed generation technology, develop equitable incentives and reduce regulatory barriers that advance use of distributed generation technology.

(e) Support continued economic and environmental advantages of the use of clean coal technologies through tax credits for the conversion of existing coal-fired power plants.

(f) Support the use of geothermal energy to assist and/or provide heating and cooling for buildings throughout the state.

(5) Public Education and Information

Citizens need to be aware of how to use energy more efficiently and make their lives more productive by making good energy choices. Reducing energy demand by efficient use is often the most effective way to improve the adequacy of energy supply. The Work Group may therefore:

(a) Communicate to the public the findings and results of energy efficiency and conservation projects at state facilities in order to serve as a positive example to industry, small businesses, local governments, schools and homeowners and to support the use of new energy efficient building design, technology and operating procedures.

(b) Design a comprehensive energy awareness program for Tennessee citizens. Educate Tennessee citizens on the need for energy conservation, and steps each citizen can take to reduce their energy use without having a negative impact on their lifestyle. This education campaign would address measures to reduce the use of electricity, and other home heating fuels, encourage the purchase and use of cleaner vehicles such as hybrid-electric vehicles, automobile maintenance tips,

transportation alternatives, and the availability and potential advantage of alternative vehicle fuels such as ethanol (E85).

(6) Energy Emergency Planning

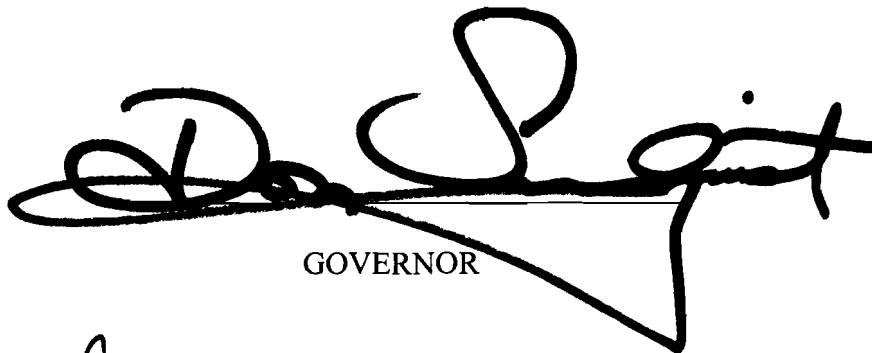
An energy policy must include contingency planning for emergencies that disrupt energy supplies. Such emergencies can have severe economic consequences and can threaten the health, safety and welfare of all Tennesseans. Planning involves analysis of energy sufficiency, damage assessment, estimates of service restoration, energy and fuel allocation and public information. The Work Group may therefore:

- (a) Review and update the existing Tennessee Emergency Management Plan for handling energy emergencies in the state.
- (b) Coordinate with other state and governmental entities with responsibilities during an energy emergency within the state.

4 The Governor shall designate the Chairperson(s) of the Work Group. The Work Group shall meet monthly and shall make periodic reports to the Governor. The Work Group's report should be made no later than January 1, 2002.

5 The Department of Economic and Community Development and the Department of Environment and Conservation will provide administrative support to the Work Group. Additional support will be provided by the Department of Finance and Administration, the Department of General Services, and the Department of Transportation.

IN WITNESS THEREOF, I have subscribed my signature and have caused the Great Seal of the State of Tennessee to be affixed this 24th day of July 2001.


GOVERNOR


SECRETARY OF STATE