

NATIONAL PETROLEUM COUNCIL

An Oil and Natural Gas Advisory Committee to the Secretary of Energy

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July 29, 2016

The Honorable Ernest J. Moniz
Secretary of Energy
Washington, D.C. 20585

Dear Mr. Secretary:

In December 2014, the National Petroleum Council (NPC) was pleased to submit to you its report *Enhancing Emergency Preparedness for Natural Disasters*, which provided recommendations for industry and government to improve preparedness, response, and recovery. The 2014 report highlighted seven key recommendations. These recommendations fall into two broad categories: (1) leveraging operational frameworks that are appropriately staffed; and (2) maintaining readiness through sustaining mechanisms to address interdependencies, enhance capabilities, and continuously improve.

The NPC members, through approving the report, made a commitment to follow through with the Department of Energy (DOE) and support implementation of the recommendations. In your March 23, 2015 letter to the Council, you thanked the Council for the report and noted several areas where implementation of the report's recommendations was underway. In addition, you restated the Department's interest in working with industry partners to enhance energy system resilience.

In late 2015, DOE announced that the fourth annual "Clear Path" energy sector preparedness exercise would be revamped and move away from an academic session format of earlier Clear Path exercises toward a functional exercise in support of the Quadrennial Energy Review, the NPC's report recommendations, and the Deputy Secretary's desire for cross-sector coordination. Consistent with the commitment made in approving the report, the NPC and industry assisted DOE with the Clear Path IV exercise that took place in April 2016. This effort built upon previous work completed by DOE and industry in working toward implementing the 2014 NPC report recommendations.

The Clear Path IV exercise demonstrated the commitment of DOE's leadership to establishing a preparedness and response program and was an essential step in further program development. A fuels workshop on Day 1 of the exercise was an important opportunity for states to improve their understanding of industry supply chains and to use that knowledge in the development of their state fuel preparedness plans. The move to a functional exercise created the opportunity for industry and government to work together not just during the exercise, but during the planning and review processes. This created an ongoing dialogue and facilitated the development of working relationships that are likely to continue for years.

This DOE and industry collaboration highlighted opportunities for continuing improvement. Following are several important high-level observations:

Key Action Items for DOE

- Conform to the Incident Command System's organizational structure, roles, nomenclature, and processes.
- Develop a continuity and management-of-change strategy.
- Engage experienced, operational responders and practitioners as coaches to assist with emergency preparedness and response design, documentation, knowledge, tools, and training.
- Expand training and exercises. Continue collaboration with industry, states, and others.

Key Action Items for Industry

- Collaborate with the Energy Information Administration on the design of a sustainment process for the company liaison contact system with the Oil and Natural Gas Sector Coordinating Council.
- Formalize a process to share industry exercise schedules and engage both DOE and state governments' participation through the Energy Government Coordinating Council.

Key Action Items for States

- Establish routine review and update of state energy assurance plans.
- Expand understanding of energy system interdependencies.
- Improve understanding of oil and natural gas supply chains, including regional and national implications of disruptions.

An effective preparedness and response program is a long-term endeavor. The organizations with mature programs have been implementing and continuously improving their programs for many years, even decades. In order to sustain and build on past progress over time, the NPC cannot overemphasize the importance of a formal management-of-change process. A management-of-change process is an essential component in any program, but the added complexity of the change of the Administration and the large turnover of senior staff over a very short time heightens the criticality of change management. The NPC encourages DOE to make management of change a key priority in planning for a new Administration and an ongoing priority of the emergency preparedness and response program.

The enclosed presentation and working paper provide additional details on progress in implementing the 2014 report's recommendations, and opportunities for improvement. The NPC offers these suggestions in the spirit of continuing improvement and looks forward to continuing to work with the Department over the next years and decades as industry and government work jointly to improve preparedness and response programs.

Respectfully submitted,



Charles D. Davidson
Chair

Enclosures

cc: Hon. Elizabeth Sherwood-Randall