



## The Secretary of Energy

Washington, DC 20585

August 18, 2022

The Honorable Charles D. Baker  
Governor of the Commonwealth of Massachusetts  
Massachusetts State House  
24 Beacon Street, Room 280  
Boston, Massachusetts 02133

Dear Governor Baker:

Thank you for your July 27 letter regarding the Department of Energy's (DOE) preparations to mitigate potential energy shortfalls in New England this winter. At DOE and across the Biden Administration, we recognize that the New England states face unique energy challenges, and your letter raises important areas for continued coordination and new collaboration with the Administration. As discussed below, we are prepared to work with you on these challenges throughout the winter fuels season.

Over the past few months, DOE's Office of Cybersecurity, Energy Security, and Emergency Response (CESER) has met with state energy officials and governors' homeland security advisors across the country, including State Energy Office Directors from six New England states, to discuss generation capacity issues, liquid fuels and inventories, and state-federal coordination.

Recent data shows, U.S. natural gas storage levels were at 2,501 billion cubic feet, 12% below the 5-year average, but within the 5-year range. Though levels remain within the 5-year range, these trends could indicate a continued tight market nationwide through the winter fuels season, which may impact prices.

In addition to winter fuel concerns, the Northeast region faces additional risks, given low inventories of gasoline and distillates as we approach peak hurricane season. According to U.S. Energy Information Administration data, commercial distillate inventories in three of the five Petroleum Administration for Defense Districts (PADDs) are below their 5-year averages. This is especially true along the East Coast where inventories are 20% below the seasonal 5-year average for gasoline and 47% below the seasonal 5-year average for distillates. In New England, the situation is even more severe, with diesel inventories 63% below their 5-year average.

With peak hurricane season upon us, these data points raise concerns about the impact of any physical disruption of supply and require that both states and the Federal Government are prepared to use all the tools in our toolkit to improve preparedness and respond if needed.

For my part, I have been meeting with domestic energy producers and refiners to discuss inventory levels and hurricane preparedness. DOE has also called on oil and natural gas industry partners to ensure they can safely meet their obligations to their consumers, the American people, by addressing the low product inventory levels across the country. We also continue to shore up energy supplies by taking historic action to ensure crude oil supply is uninterrupted for refiners by releasing from the Strategic Petroleum Reserve, consistent with President Biden's order this past spring to draw down one million barrels per day.

Additionally, I have directed my team to continue to proactively monitor these inventory levels and markets to inform engagement with industry, interagency, and state partners to assess issues affecting the energy sector, discuss preparedness efforts and potential options for mitigation, and provide coordination as needed to ensure preparedness for potential constraints.

In the spirit of continued collaboration, I ask that you and the other governors from the region join me in a convening to align on our response to this situation, as well as other challenges that may arise this winter.

And, ahead of that meeting, I urge you to consider what additional steps you can take in the coming weeks to improve preparedness, including using any legislative or executive tools at your disposal, working with responsible state agencies to require increased storage levels, and encouraging industry to voluntarily prioritize increasing gasoline and distillate inventories at this pivotal period of heightened risk. I will continue to engage with industry on this issue as well.

With respect to winter fuels supply, your letter raises three points – fuel supplies to New England, Strategic Energy Reserves, and coordination. On the first point, my team is tracking the natural gas markets closely. We understand the New England states already coordinate with each other and with industry partners. We encourage you to continue those efforts at the regional level to address energy security needs, and we are ready at the Federal level to address supply interruptions as needed. With regard to the Jones Act, the Department of Homeland Security (DHS), which reviews waiver requests under the Jones Act, has a process in place to expeditiously review any requests for waivers, and the Secretary of Homeland Security will make a determination for each request consistent with the requirements of 46 U.S.C. § 501. While the law does not enable DHS to issue pre-emptive blanket waivers, DHS will expeditiously consider each individual waiver request to determine if the waiver is necessary in the interest of national defense. DOE is a consulting agency for Jones Act waiver requests related to energy, and the Department works closely with DHS to provide input into how energy supplies impact national defense interests, as appropriate.

On the other points, we welcome your thoughts on how to modernize our strategic reserves given recent volatility in the energy markets and seek to coordinate closely with you and fellow governors in the region to ensure the reliability of energy supplies this winter. We also call on states to work with us to encourage increases in both liquid fuel

inventories and natural gas procurement ahead of the winter season, and – in these unprecedented times – consider if a minimum fuel stock holding requirement for liquid fuels is a necessity moving forward.

I know DOE's CESER recently met with New England State Energy Directors to ensure close coordination and response in the event these tools are called upon. We look forward to these engagements continuing on a regular basis.

As we navigate hurricane season, and approach the fall and winter heating season, DOE will continue active monitoring of the refined product market, including the home heating oil market, as well as the gasoline and natural gas market.

By working together, we will be best prepared for a range of challenging scenarios. We look forward to seeing you in the next several weeks to discuss these matters.

Again, we appreciate your concerns and stand ready to partner on solutions. If you have further questions, please contact Dr. Ali Nouri, Assistant Secretary for Congressional and Intergovernmental, at [Ali.Nouri@hq.doe.gov](mailto:Ali.Nouri@hq.doe.gov) or (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Granholm', with a stylized flourish at the end.

Jennifer Granholm