

**MEMORANDUM OF UNDERSTANDING
AMONG THE
U.S. DEPARTMENT OF ENERGY,
U.S. DEPARTMENT OF THE INTERIOR
U.S. DEPARTMENT OF AGRICULTURE
U.S. ENVIRONMENTAL PROTECTION AGENCY
COUNCIL ON ENVIRONMENTAL QUALITY
AND THE MEMBERS OF THE WESTERN GOVERNORS' ASSOCIATION
REGARDING ENERGY DEVELOPMENT AND CONSERVATION
IN THE WESTERN UNITED STATES**

I. Purpose

The purpose of this Memorandum of Understanding (MOU) is to establish a framework for cooperation between Western States and the Federal government to rapidly address immediate energy shortages and longer-term energy problems facing the West. This effort will involve the States and the Federal government, and will assist the work of the federal interagency task force that President Bush created under Executive Order 13212 to expedite energy-related projects. Other stakeholders may be called upon from time to time to provide advice to the extent permitted by law.

II. Objective

To encourage cooperation among the U.S. Department of Energy (DOE), U.S. Department of the Interior (DOI), U.S. Department of Agriculture (DOA), U.S. Environmental Protection Agency (EPA), the Council on Environmental Quality (CEQ) and the members of the Western Governors' Association (WGA) and for the following purposes:

- (1) Addressing our energy needs while protecting and improving environmental conditions;
- (2) Increasing the use of new, cleaner technologies and renewable energy sources;
- (3) Encouraging energy efficiency and energy conservation;
- (4) Increasing energy supplies;
- (5) Building needed energy infrastructure; and
- (6) Improving intergovernmental systems that authorize and enable planning, financing, permitting and siting of energy facilities;

III. Background

Energy prices and supplies in the Western United States have become uncertain and highly volatile over the past year. Electricity and natural gas transmission systems may no longer be adequate to provide reliable, secure energy to citizens, businesses and governmental and national defense facilities. Due to unique Western land ownership patterns, widely dispersed population centers and government facilities, and the isolated nature of the Western Interconnection for electricity transmission, this situation poses unique policy, management, and investment problems that must be addressed to ensure protection of public health, welfare, the environment and national security.

The Nation's energy policy must be broad-based and flexible so that each state and region in the nation can maximize its contributions to the economy and well being of its citizens. The signatories to this agreement and the offices, agencies and states they represent are committed to carrying out both short- and long-term, cost-effective efforts to resolve the energy crisis in the Western States. This may involve: obtaining and sharing necessary public information relating to energy markets and emerging energy technologies; identifying and implementing cooperative strategies for research, development, demonstration and adoption of policies, procedures and programs that will promote delivery of new energy supplies, greater efficiency, more sustainable conservation practices and new or improved energy technologies; and assessing the effectiveness of implementation policies and practices.

The signatories are committed to market-based approaches so that the selection and financing of energy facilities and strategies, including those for research and development, will be based on wide competition, broad participation and market discipline.

The signatories seek a regional, integrated, cooperative approach to identifying solutions to problems. The proposed approach for this MOU will bring together the signatories or their designated representatives to share information and collaborate.

IV. Authorities

Nothing in this MOU alters the responsibilities or statutory authorities of DOE, DOI, DOA, EPA, CEQ or the WGA, or its member States and insular areas. This MOU does not supersede existing agreements among any of the signatories.

V. Responsibilities

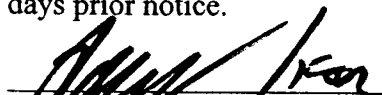
Consistent with Executive Order 13212, the signatories agree to collaborate on workplans and reports to address energy needs and requirements. Furthermore, the signatories will seek consensus on governmental approaches, including regulatory practices that affect the development of energy supply, conservation, and efficiency in the West, and policies

that affect environmental mitigation of such development. Such reports will discuss current funding levels and allocations for governmental energy activities, the most pressing energy production, transmission and efficiency problems, and suggestions for demonstration and/or implementation of the most promising potential solutions. The signatories will meet by October 15, 2001 to begin development of workplans.

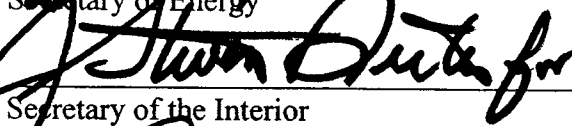
Reports will be completed no later than February of each year for use as a resource in the formulation and/or review of the States' and nation's energy policies.

VI. Effective Date and Duration

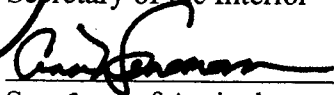
This MOU becomes effective upon signature by all parties. The MOU will continue in effect for three (3) years or until modified by mutual consent. Participation by any signatory member shall be terminated at the request of any signatory with ninety (90) days prior notice.



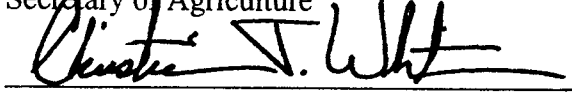
Secretary of Energy 8/13/01
Date



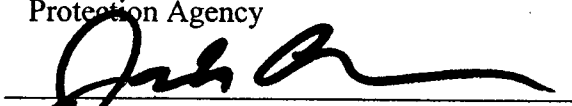
Secretary of the Interior 8/13/01
Date



Secretary of Agriculture 8/27/01
Date




Administrator of the Environmental Protection Agency 8/28/01
Date




Chairman, Council on Environmental Quality 8/14/01
Date

FOR THE WESTERN GOVERNORS' ASSOCIATION AND ITS MEMBER STATES



Chairman of the Western Governors' Association 8-13-01
Date



Vice Chair of the Western Governors' Association 8/14/01
Date

Jim Granger

Lead Governor of the
Western Governors' Association

8/13/01

Date

John A. Kistler

Lead Governor of the
Western Governors' Association

8/13/01

Date