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## The Energy Information Administration's Role In the Federal Information System

Remarks by Dr. Calvin A. Kent  
Administrator, Energy Information Administration  
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I want to begin by saying thank you--not just for the opportunity to be with you today and to talk about EIA, but to thank you for what you have done for me for the last 35 years. Because beginning when I was a high school debater, I began to know and appreciate the value of government documents and government depositories, but more important, those wonderful people who run them. I don't think we would have ever managed to win the State championship and ultimately the national championship if we hadn't had the opportunity of working in the libraries and with the government depository librarians.

When I became an undergraduate I discovered something that I'm not sure my daughter has yet discovered, and that is you can make good grades by going to the library when you need to write a term paper. It was a very good experience for me as an undergraduate and certainly as a graduate student. I can well remember at the University of Missouri that I would have never made it through my Ph.D. program if I hadn't had the sympathetic and incredible cooperation I got from the librarians there. And of course when I was at the University of South Dakota, before I came to Baylor, it was also great support I got there.

I understand that John Wilson from Baylor is here. John, where are you? There he is right down front! This person was a pillar of support to me when I was at Baylor. As he could probably tell you, I took my classes in Public Finance and Government Regulation over to him every semester, because one of the things I required of my students was that they write a comprehensive paper using government documents as the basis of that paper. And the thing that amazes me is now that I'm in Washington, I've encountered at least a hundred of my students who have come by my office and have called me. In fact, the other day at one of the Texas society functions one of them came up and he said, "You know, I don't remember anything you taught me in the economics class, but, boy, it was sure great because I learned how to use government documents." And so, John, thank you, and thank you to all of you for what you have done for me over all of these years, because as the James Bond theme says, "nobody does it better," and I do want to say thank you again.

I want to talk to you about EIA, the Energy Information Administration. We are the third largest statistical agency in Washington D.C. We're not as well known as the Census Bureau and the Bureau of Labor Statistics, but we like to think we're every bit as important. EIA is an independent agency within the Department of Energy. We have the same relationship to Energy that Commerce has with the Census Bureau and that Labor has with the Bureau of Labor Statistics. As such, we are not beholden to the Administration, and we are required to maintain independence in

our data analysis as well as in our data gathering, because we are equally responsible to Congress and Congress guards our independence with fierce jealousy.

We are the nation's primary source of comprehensive energy information. If it has to do with energy, we collect it and we analyze it. We are given by statute the responsibility to provide relevant and timely energy data, analysis, reports and forecasts for use by not just the Executive Branch, but by Congress, the States, the industry out there as well as the general public. We are somewhat unique among the agencies that deal with statistics; as part of our legislative mandate, we do policy-related research. And that is, people bring us questions, whether from within the Administration or from Congress and say, what if we enacted this piece of energy legislation? What effect would that have on energy markets? What would it cost consumers? What would it do to the oil industry? And we deal with these what-if questions, and that is not a legislative responsibility that has been given to the other statistical agencies; and so we are somewhat unique, and that means that we have unique publications that would be available to the public that you can disseminate.

What do we do? Well as I've said, we collect, we analyze and we disseminate data and forecasts on energy. We are, of course, always concerned about our energy resources and reserves and the rather catastrophic decline that is continuing, for example, in the oil reserves in the United States, forcing us to become increasingly dependent upon unstable sources elsewhere. We are, of course, very concerned about the production of energy, and as more and more we prefer to consume our energy in the form of electricity. We are of course very concerned about that industry and where the additional capacity will come from so that when we flip the switch, there will be lights, and cooling, and heat available to us. We are concerned very much about consumption, because even though you may have heard that we are the world's energy wastrels in the United States, let me assure you that is not the case. If you compare us to the other industrialized nations of the world, then you make two adjustments, number one for our dispersed population and number two for the simple fact that we live in larger houses than they do in places like Japan, then we are more energy efficient than the nations with whom we are compared. But we still could be even more efficient, and so we are concerned about consumption and measuring it and doing evaluations. We are concerned with distribution, because often times we find, as with the case in 1989 and 1990 when we had a fuel oil and propane crisis, we had plenty of supply; it was just located in the wrong place and couldn't get to where it was needed. And we are of course concerned about new energy technologies. Everything from ceramic engines and new batteries to windmills and solar power and turning municipal waste into electricity. These are all questions with which we deal.

Our mission is first of all to be timely. While we present a lot of data in a historical format, the reason that we have them is so that we can be timely when the questions come. We can answer them in a manner that would be appropriate and quickly enough that they can be used for policy decision making. We are comprehensive, in that we want to look at the whole of all energy production and consumption from whatever source and however used in the United States. And of course we want to be relevant. We want to make sure that we are capable of answering the questions that people are indeed asking. Our last and most important criteria is that we are objective, and the one thing that we are held accountable for more than anything else is the objectivity of our analysis. We are not like many other government agencies who do statistical work, which do not have objectivity as part of their requirement. Indeed, they are the handmaidens of the policy shops of the various departments which have established them.

Who uses EIA products? Well the first and major user of our products is the U.S. Government, and I just thought I would show you the variety of government agencies with whom we have interacted. The Bureau of Economic Analysis uses our statistics in making their projections

regarding the gross domestic product for the United States, because energy is, as you probably know, our third largest industry so far as our economic base is concerned. The Bureau of Labor Statistics has to use our information in the calculations of the consumer, producer and wholesale price indexes which they issue monthly. The Environmental Protection Agency does not have an independent statistical branch, and so we do a lot of their work and analysis for them, including the production of what is called the National Allowance Data Base, which was required under the Clean Air Act Amendments of 1990, which all of you are familiar with because it is revolutionizing how we generate electricity in the United States and is also completely changing the ground rules for gasoline. If any of you don't believe that, just wait until you see what's going to happen about November, when the new regulations under the CAAA kick in to the price of gasoline at the pump. Now is the time to fill up, let me assure you.

The Department of Commerce makes extensive use of our material. Last year for example, they were extremely concerned about the availability of jet fuel for international tourism during the Gulf Crisis. The Department of Transportation is always concerned about our forecasts for motor gasoline production and prices. The Department of Agriculture uses us for our forecasts and data on farm fuels and also on farm heating, particularly distillate and propane. The Department of Health and Human Services uses us because we have the legislative responsibility for putting out the details that allow States to certify people for the Low Income Home Energy Assistance program. That is one of our responsibilities. The Department of Defense uses our data on fuel availability. In fact, one of the things that was omitted from my introduction was that I was confirmed by the Senate at 3:17 a.m. in the morning, the day after Saddam Hussein invaded Kuwait. I was sworn into office at 7:48 at night and at 8:00 the next morning I was appearing in front of my first committee testifying on what was going to be the impact of the invasion. That is a fairly fast on-the-job training, let me assure you. But I did spend the first three months on the job mostly working with the Department of Defense, because we did everything from helping and assisting in how we were going to get enough jet fuel and diesel fuel for the troops to planning bombing raids on Iraqi refineries, simply because we were the people that had the models within our database.

So far as the Council of Economic Advisors is concerned, we make a major contribution to the annual report on the economy which the President issues every January. The Office of Management and Budget has to use our data in making their projections about what the government's revenues will be. We work with the Commodity Futures Trading Commission, because almost all energy products now have futures markets, and what goes on in the futures markets is important. They need to have accurate information so that speculative booms and busts on rumors are not becoming the driving forces in the market. We do tax analysis on energy taxes for the Department of the Treasury. One of their current concerns is, what would be the effect if we actually put a tax of 1 percent on all of the oil companies to fill the Strategic Petroleum Reserve. The Congressional Budget Office and the General Accounting Office are in almost continual contact with us, but of course our biggest client does remain the Department of Energy. So far as other people who use our services, we have an ongoing program with State governments, particularly their State energy offices, many of which have a wide variety of programs dealing with regulatory issues as well as what the future holds. Public utility commissions are constantly using our data in rate cases and doing evaluations for regulatory relief that are brought to them. State environmental agencies are coming to us because we are the sole source for issues such as emissions from coal and oil and electric plants.

Internationally, you can see the many agencies with which we deal. The International Energy Agency in Paris makes use of the data that we supply them when we do a good deal of their modeling for them. The Organization of Economic Cooperation and Development is one of our

major clients, as is the United Nations. We are a major participant in doing the analysis and background work for the Rio conference that you may have heard about on the international agenda called Century 21. So far as the International Atomic Energy Agency is concerned, we do supply them the data and the analysis in doing quite a bit of the work on whether or not there has been complete dismantling in Iraq. And surprisingly enough, one of our biggest customers is the Organization of Petroleum Exporting Countries. You may recall that at the beginning of the Gulf Crisis, President Bush ordered an embargo of all Iraqi products and of all communications. Being a presidential appointee, I thought what could I do to do my part, so I cut off Iraq from our publications. The next day the ambassador from Iraq shows up and says, "How in the world could you do this to us because you are our sole source of data and we don't know what's going on any more." So believe it or not, these people do use the data that we generate. So far as the public is concerned, through our National Energy Information Center, we handle hundreds of calls every day from the press and our data have become the source that is most relied on by the media as they do their writing. We certainly don't want to take credit for the spins they put on them, but I certainly do want to point out that we are a major source also to them and to trade associations. Many, many scholars work with our data because energy research is a field that is growing both in engineering schools and physics departments and also within economic analysis as well. And then, of course, the general public is also a major customer of ours.

How does EIA disseminate its products? We do it in a variety of fashions. First of all we have our regular publications. We put out 61 periodicals that come out of our office alone. These are weekly, monthly, quarterly, and annual. And by far our most popular publication is our Monthly Energy Review, which is disseminated through most of you all as well as to a large list of other subscribers. We also have the weekly publications that we put out in the fuels areas, particularly for petroleum. We have monthly publications for electricity, coal, petroleum supply, as well as petroleum marketing. One of our quarterly reports, our second most popular publication, is our Short-Term Energy Outlook in which we look 18 months ahead and say how are energy markets going to behave in terms of prices, quantities, supply and demand. Our annual publications have become the bibles for the energy industry. In our Annual Energy Outlook, where we forecast 20 years into the future, the fact is that we are never right, but nobody ever seems to hold us accountable for that. Still, we present our best estimates.

That does remind me of a story, if I could just depart for a moment. Ken Arrow, who was a Nobel-prize-winning economist as you may recall, began his career in the Army. And the Army during World War II noticed that he had a great deal of background in mathematics and economics, so of course they put him into something for which he could use all that training, and that was in weather forecasting. After doing that for about six months, he wrote a letter to his commanding officer and asked to be relieved of duties, because he said in six months of doing this job he had never accurately forecast the weather, and he would like to do something useful to help the war effort. The general wrote back, and said, "Your complaint has been noted, but we're going to keep you on the job because your forecasts are absolutely necessary for our strategic planning." We feel probably about the same way about many of our forecasts. I'll say more about that in just a moment.

One of the other ways that we disseminate our information is through special reports. I certainly hope you'll visit our booth and Nancy Nicoletti out there, because we do have special reports that deal with a wide variety of topics; most of these are requested either by our Department or by Congress. For example, we were the ones that did most of the background work that has gone into the National Energy Strategy, and into the energy bills that are now being considered over in the House, and of course one has already passed the Senate. And we have a series of reports on the National Energy Strategy, and these are the background reports and the technical reports on

how the figures were derived that went into those calculations. For people who are interested in international trade issues, we published a recent report on U.S. electric trade between Canada and Mexico, because of the disputes that have resulted from the free trade agreements that we're attempting to implement with Mexico and have implemented with Canada. One of our path-breaking reports, because it's the first one that's been done in the United States on this subject, concerns geothermal energy in the western United States and Hawaii. It is the first comprehensive analysis of this alternate energy source. One report that has also been extremely interesting to the public in general is "Average Effective Income Tax Rates for Petroleum Operations." Are the petroleum companies ripping you off? I hate to tell you this, they're not. Because if you take a look at them you'll find that they're making below-average returns, they're not doing as well as basically most of American industry is, even though they're in recession. This report talks about the corporate tax rates that they pay, compared to other companies in the United States.

Another report that we have just released, about lighting in commercial buildings, is bound to have a major impact, because it points out the tremendous efficiencies that are to be gained by just improving commercial lighting. We can save almost 80 percent of the electricity that is consumed in commercial lighting, and we've documented it in this particular report. By the way, hotels are one of the biggest wastrels. In case you don't believe it, just walk through the lobby and see what's going on out there. So this just shows you some of the special reports that we do put out on a regular basis.

Our information is of course disseminated to the Government Printing Office, and you can obtain it directly there, but one of our major sources of dissemination is you, because most of the people with whom we come in contact and who use our material began because they first became familiar with our publications through a government depository library. Usually it's a student or is a young researcher in a think tank. So you are the ones who give most of the initial introduction to our customers out there who are using our products and using them seriously.

The National Energy Information Center is also a place that you can always call if you have a specific question about energy. It is extensively used. We responded to over 40 thousand phone calls last year from the general public. It has an extremely highly skilled and talented group of people. If you want to know something about energy facts, call them up and they'll be able to tell you or they'll be able to tell you where you can go to get that information. We also have a bulletin board called EPUB. We are intending to expand it in the years to come, but right now it contains the major tables and the data that are in our [Monthly Energy Review](#). We also contribute to the Commerce Department's National Trade Data Bank and Economic Bulletin Board.

In the few moments that are left here, let me just talk about what EIA's new products are and projects are, what are our primary thrusts in the years to come. One of the things that we are doing is that we are building the National Energy Modeling System. What we are attempting to do is to pool together all of our existing models, as well as develop new models, so that we can do a better job of looking into the future and forecasting what that future is going to hold. But the other reason that we are doing it is to make it policy-sensitive, so that people in Congress or that people in the Administration can come to us and ask these questions: What if we enact this piece of legislation? What will this mean to consumers? What will it mean to producers? Is it really worthwhile in the future to have things such as increased automotive fuel efficiency standards? The core of what we do is to try to provide these data and analysis. This will be brought together in our National Energy Modeling System. When I was brought here, I was told that my number one responsibility was to build the best energy model in the world, and I certainly hope that I am able to accomplish that in the time that I will be here in Washington.

The second major project that we are undertaking concerns the Clean Air Act Amendments. This legislation vastly affects how electricity is being generated, what fuels are going to be used, clean coal, natural gas, and, of course the impact on the prices that people are going to pay for electricity. There are going to be regional realignments as the cost of energy shifts rather dramatically from one region to another, as some regions are able to come into compliance much more quickly than are others. Also, in addition to that, believe it or not, the Clean Air Act affects, as I indicated to you, the gasoline you're going to put in your car. I remember when I was a kid we had two types of gasoline. We had regular and ethyl. I bought regular if I didn't have any money; I bought ethyl if I did. You know it was an easy decision for me to make. Beginning as of November, there will be 44 different types of gasoline, depending upon what region of the country you live in, whether it's summer, whether it's winter, whether you're in a nonattainment or attainment area, and what your smog level is. It is up to us to redesign all of our data collection systems and modeling systems to accommodate the fact that indeed there have been dramatic, dramatic changes in how oil is refined into gasoline and how gasoline is going to be distributed throughout the United States. That is another one of our major undertakings.

The third one we have been asked to do is an analysis of Federal energy subsidies, in other words, what sorts of fuel are being subsidized, what types of energy consumption are being subsidized either directly through taxes or payments or indirectly through the regulatory process. We also are participating in the two major National Petroleum Council studies. One is on refineries and how refineries will be able to adapt to the Clean Air Act Amendments. The other one concerns natural gas. You probably know, if you follow anything about natural gas, and certainly my friends from Texas are aware of this, we have a major problem; natural gas has never been as cheap in real terms as it is right now. The industry is totally depressed, and there is a real question there about its continued profitability and maybe even about its survivability. The National Petroleum Council is doing a major study about the natural gas industry, and we are providing the analysis and backup for them on that.

A new area that we are also analyzing is energy demand and conservation. We are looking at new technologies because you are always picking up the newspaper and finding that if we just adopted this new technology, we would have no concerns about either the environment or energy security. We are right now being inundated with what we call technological optimism, and one of our responsibilities is to try to see what technologies really make a difference and what technologies do not. We are also very much concerned with the new area of demand-side management. The attitude in the past has been, if we needed more electricity, we should go out and build a new electricity generating plant. The philosophy now coming into vogue is, maybe there are things we can do to conserve and to cut down on the amount of electricity that we have to spin and distribute throughout the Nation; that maybe saving kilowatts is better than generating kilowatts. Utilities are now beginning to experiment with a variety of conservation and demand-side management programs, and we need to capture those so we can evaluate those for you and for Congress and for the Executive Branch. In addition to this, as I have indicated, we are doing our energy consumption surveys. We talked about the lighting survey we did for commercial buildings; we also do one for manufacturing industries and one for residential housing. We also have gone into the area of alternate and renewable fuels because this is an area of tremendous interest. We traditionally relied upon coal, nuclear, natural gas, and oil. What about the new fuels? What sort of penetration rate can we expect? How costly will they be when we're talking about nuclear or about municipal waste, or about solar, or any of the other many, many avenues that we could follow as we look for alternate sources of energy?

When I was first being interviewed for the job of coming to Washington, they asked me where I wanted to work. And I told them that I thought I wanted to work in energy and they said "Well, why

do you want to work in energy?" And I said "Because I think over the next ten years, the questions that are going to determine more than any other the quality of life that Americans have in the future are going to be questions concerning the production and the consumption of energy, and I want to be part of that action." I hadn't anticipated the Gulf War being my first assignment. But I certainly have not been disappointed because energy issues--even though we now face the situation where we have a glut of oil on the market and oil prices are as low as they have ever been in this country and the pump price of gasoline in real terms compared to the 1950's is about one cent a gallon, believe it or not, by the time you take out the taxes and you take out the other elements that are there--I am convinced that energy is going to be a major area of concern and activity. We're becoming more dependent upon a politically unstable area for our gas and for our oil. We have alternate fuels that we need to investigate and I'm just glad that I'm going to be part of that study and part of that inquiry. I think you can expect increased interest from your clients in energy topics. I'm thankful that you're out there, and you're the ones that are going to be fighting our front line battles and getting the good word out. Thank you again.