

Policy
Documents
2 of 5

Fifth Hemispheric Energy Ministers Meeting
March 7-9, 2001, Mexico City
Pull Aside Meeting with Carlos Contreras
Bolivian Vice-Minister of Energy and Hydrocarbons

Key Objectives:

The primary purpose of this meeting with Vice Minister Contreras is to establish a working relationship and advocate on behalf of U.S. companies regarding a tariff issue.

The following are points that Vice Minister Contreras may raise in his meeting with you:

- **Bilateral Energy Cooperation:** He may ask for bilateral agreement on energy cooperation. The previous Administration had entertained the idea with Bolivia.
- A. **Indicate that you are in the process of putting together your international team and will be reviewing international activities. You can encourage him to send a proposal for review.**
- **Climate Change:** He might discuss Bolivia's plans to develop a voluntary greenhouse gas emissions target. *(The previous administration sponsored capacity building activities to encourage meaningful participation in the Kyoto Protocol by developing countries.)*
- A. **Indicate that we are reviewing our position on climate change.**

You should propose the following points:

- **Need for approval of Supreme Decree on gas surcharge:** [

You should indicate that private companies (in particular, Enron which partly owns the pipeline system) have been absorbing the costs based on Bolivia's assurance that a system would be developed to recoup their losses. You should mention that failure to do so would adversely impact investor confidence and may cause companies to rethink their investment. You may want to stress that private investment is critical for Bolivia's plans to become a regional natural gas hub and that Bolivia must continue to promote a transparent and fair regulatory framework and ensure a level playing field for all companies. *(An advocacy letter from State is attached)* -

To:

Joe Hillings

Fax:

~~466-7091~~

828-3372

From:

Russ Probstich 586-2699

Date:

4/22/98

Pages:

6, including the cover page.

fax

Joe, This is a redraft
of the energy services
matrix that Don Eiss
asked me to send to
you for distribution to
industry participants.
Give me a call if you
need to.

Thanks,

Russ

ENERGY SECTOR SERVICES MATRIX

A. Oil & Natural Gas Development Services

1. **Exploration.** Exploration includes collecting scientific data through gravity, magnetic, seismic and geologic methods to assess the earth's subsurface characteristics and intimate the presence of oil and gas reserves. Governments through production sharing contracts or royalty/tax regimes often offer areas of exploration. Other services also are provided, such as exploration and production information systems, software and computer modeling services to help petroleum companies find, produce and manage oil and gas reservoirs.
2. **Drilling.** Drilling is the process of creating a well to locate and recover oil and gas. Drilling is often referred to as the production phase. Drilling is accomplished by using many specialized industry-specific contractors with unique equipment and services. These contractors include drilling, mud, downhole tools, logging, cementing, testing, stimulation and completion.
3. **Processing, Gathering & Refining.** This is the process of isolating saleable crude oil and natural gas products from a mixed raw production stream. Crude oil is isolated from water and gas, hydrocarbon liquids and other inert gases. Gathering occurs by gathering oil from a group of wells to isolate saleable products and at a larger level where these saleable products are distributed by pipeline, barge, etc. to a market. Crude oil is processed at refining installations into a number of refined products, such as lubricants, fuels and gasoline. Other oil services under this heading include evaluation of producing formulations, production enhancement and well maintenance services.

Natural gas is isolated from water, hydrocarbon liquids and other inert gases. Gathering occurs by gathering gas from a group of wells or from coal bed methane seams or land fills to isolate saleable products and at a larger level where these saleable products are distributed by pipeline to market. Natural gas also can be liquified for transportation by specially designed cargo ships to port facilities where it is regasified and injected into pipeline systems for transportation to markets.
4. **Design & Engineering.** Extensive specialized design, engineering, procurement and construction services are required in building production processing equipment, pipelines and gathering systems. In offshore situations there is also the matter of designing and construction platforms, processing equipment and gathering systems.
5. **Production (Construction, Operation & Maintenance).** This includes workover rigs and associated support services, which are similar to drilling listed above, except that these workover rigs are generally more specialized using different equipment. Operation and maintenance includes the support technical personnel, chemicals and service equipment to continuously process the oil and gas.

6. **Storage.** Crude oil is stored in large tanks at atmospheric pressure and temperatures. Natural gas can be stored in liquified form in specialized tanks or as compressed vapor in underground reservoirs.
7. **Support Services.** These include analysis of rock and other production field samples in order to assess the commercial viability of a field. These tests and their results enhance completion and stimulation designs.
8. **Waste Management & Disposal.** This includes disposing of produced water, drill cuttings, drilling fluids and spent process fluids.

B. Natural Gas Sale, Transportation and Distribution Services.

1. **Design & Engineering.** Extensive specialized design, engineering, procurement and construction services are required in building natural gas production facilities, processing equipment, pipelines and gathering systems. In offshore situations there is also the matter of designing and construction platforms, processing equipment and gathering systems. These services also include the design and operation of information and communication equipment to facilitate communication between field and market participants (such as trading floors).
2. **Transportation.** Pipelines typically move natural gas from gathering and processing facilities, or from liquified natural gas regasification facilities, to local distribution entities and end-use markets. Additional services in this area include the repair and maintenance of pipelines and associated equipment, response to customers' needs, management training, installation, up grade and expansion of pipelines, meters, storage and compression equipment, and installation of service to additional customers.
4. **Distribution.** Natural gas service is provided to end-use customers by a local distribution entity, which transports the gas from the high pressure transportation pipeline to consumers through lower volume and pressure pipelines. Additional services in this area include the repair and maintenance of mains, response to customers' needs, management training, installation of additional mains, meters, storage, compression and end-use equipment, and installation of service to additional customers.
5. **Storage.** Natural gas can be stored in liquified form in specialized tanks or as compressed vapor in underground reservoirs. Storage services help coordinate gas supply and consumption patterns, thereby increasing the efficiency of the gas production, transportation, distribution and end-use system.
6. **Demand-Side & Other Customer Services.** These include programs to reduce or restructure a customer's consumption of natural gas in order to conserve natural gas, shape overall consumption patterns, and enhance the efficiency of the production and

delivery system. These services include energy audits, replacement or up grades of existing customer equipment, and other efficiency and conservation services that help an end-use customer manage the efficient use of natural gas. These also include metering and billing services.

7. Trading, Marketing & Brokering. These services include the buying and selling of natural gas or natural gas services for resale or for sale to the ultimate customer, and the arrangement of transactions between buyers and sellers of natural gas. A gas trader or marketer will buy natural gas and take the risk that the gas can either be used or resold to another party. A trader also will aggregate supplies of gas and provide customers with natural gas supplies and services that are custom fit to the consumer's needs. Traders also arrange for the transportation of gas to consumers. Brokers do not purchase natural gas supplies or services, but arrange transactions between buyers and sellers and also may aggregate suppliers and sellers in order to take advantage of large volume transactions.
8. Commodity & Price Risk Management. These services include the providing of calls, puts, swaps, options and commodity price risk management tools whose underlying values are attached to the price of natural gas. These services enhance the efficient operation of natural gas markets by providing price discovery and price risk management tools to those dealing in the underlying physical commodity. These services also can lead to substantial benefits in the deployment of capital in the industry and improve economic efficiency. Even though these services are utilized by businesses worldwide, they can involve activities that may be prohibited under certain jurisdiction anti-gaming laws, because they are not tied directly to a physical commodity.

C. Electricity Project Development and Generation Services.

1. Design & Engineering. This includes configuration of the power plant, transmission system, substations, and various other equipment. Also included is the use of technology such as gas-fired or steam turbines, fluidized beds, or wind, solar or other renewable energy technologies. Design and engineering services can be greatly affected by requirements to include in-country materials or in-country design mandates. Design and engineering services also include all customary development work, such as acquiring all necessary permits and approvals, and contracts for fuel, transportation and other supplies.
2. Generation (Construction, Operation & Maintenance). This includes actual construction of the facility, start-up services, training of personnel, safety and security of personnel, material fabrication and installation, equipment financing, and equipment and construction warranties. Operation and maintenance services include the actual operation and maintenance of the facility as well as financial and management services, environmental and safety safeguards, periodic equipment replacements and upgrades, and efficiency programs. Included in the operation category are fuel procurement services, acquisition of spare parts, and preventative and periodic maintenance.

D. Electricity Sale, Transportation and Distribution Services

1. **Transportation.** Transportation in the electricity service sector involves the movement of electricity along high voltage transmission lines. Additional services in this area include control room services of the central network, scheduling of electricity transmission, provision of ancillary services (such as, load following, stability services, reactive power, and spinning reserves), and access to the transmission system. These services also include the operation and maintenance of the transmission lines and upgrading of these lines based on advancements in technology.
2. **Distribution.** Distribution involves transporting electricity from high voltage lines to low voltage lines, including associated transformer and substation facilities, for delivery to end-use customers. These are the lines that are customarily seen in residential areas to deliver electricity to consumers. Additional services in this area include the repair and maintenance of distribution lines and facilities, response to customers' needs, installation of additional lines, up grades of lines and facilities, and installation of service to additional customers.
3. **Trading, Marketing & Brokering.** These services include the buying and selling of electricity and electricity services for resale or for delivery to the ultimate customer, and the arrangement of transactions among buyers and sellers of these services. An electricity trader or marketer will buy (take title to) the electricity and take the risk that the electricity can be used or sold to another party. An electricity trader will also aggregate supplies of electricity and provide customers with custom fit services to meet their individual needs. Traders also arrange for the transportation of electricity to end-use customers. Brokers do not buy (take title to) electricity services but arrange transactions for buyers and sellers. They also may aggregate supplies and purchasers in order to take advantages of economies of scale involved in large volume transactions.

In addition, electricity can be effectively "stored" by trading or swapping electricity for natural gas or other energy services during emergency, peak-load, or other high-cost hours. These services are highly specialized and case-specific and allow the various energy services to be substituted for each other in order to maximize efficiency and increase profitability. These services include the use of technologies for supplementing energy during peak hours or at the time other technologies are not available.

4. **Commodity & Price Risk Management.** These services include the providing of calls, puts, swaps, options and commodity price risk management tools whose underlying values are attached to the price of electricity. Development of these services enhances the efficient operation of electricity markets by enhancing price information available to market participants and improving their ability to manage risk associated with fluctuating prices for electricity commodities. These price discovery and price risk management tools also contribute substantial benefits by improving the economic efficiency of electricity

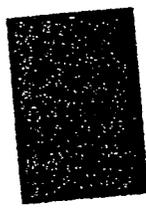
commodity markets and by reducing the risk associated with the deployment of capital in the industry. Even though these services are utilized by businesses worldwide, they can involve activities that may be prohibited under certain jurisdiction anti-gaming laws, because they are not tied directly to a physical commodity.

5. Demand-Side & Other Customer Services. These include programs to reduce or restructure a customer's consumption of electricity in order to conserve electricity, shape overall consumption patterns, and enhance the efficiency of the production and delivery system. These services include energy audits, replacement or up grades of existing customer equipment, and other efficiency and conservation services that help an end-use customer manage the efficient use of electricity. These also include metering and billing services.
6. Waste Management & Disposal. This involves the handling and disposal of the residue from the combustion phase of electricity generation (coal ash, solid particulates, etc.). Other aspects include include pollution control services such as fuel gas stack scrubbers, particulate reduction, and water treatment and disposal.

Person, George

From: Person, George
Sent: Thursday, June 07, 2001 11:21 AM
To: Downs, Sharon
Subject: FW: 5/30 - 6/1/01

b5



Original Message

From: Person, George
Sent: Friday, June 01, 2001 6:57 PM
To: Pumphrey, David
Cc: Coburn, Leonard; Gale, Barry; Price, Robert S; Cutler, Thomas; Sacks, Steve; Lahood, Samuel; Angulo, Veronica; DL-IA-3.2; Hudome, Randa
Subject: DAR:5/30 - 6/1/01

National Energy Policy: Continued efforts to develop baseline on existing and planned international activities that support recommendations. (Andrea Lockwood)

Caribbean and Latin American Action: On May 30, 2001, Randa Hudome and representatives from International Affairs (IA) met with the Caribbean and Latin American Action (C/LAA), a non-profit organization, to discuss the issue of deregulation in Latin America and the Caribbean, as well as promotion of private investment in the energy sector. Participants included private sector representative who are on the C/LAA Board, such as the President of ExxonMobil InterAmerica Inc. and Director General of Grupo Imperial of Mexico. Topics included: the National Energy Policy; an upcoming regulators conference (possibly September in Miami) that will help promote regulatory coordination and cooperation in the Hemisphere; ways of advancing the formation of the Energy Business Forum or Network under the Hemispheric Energy Initiative (HEI); and considering a focus on regional cooperative agreements and coordination and energy sector issues in order to gain greater support. The outcomes from the HEI Ministerial in Mexico (March), the Summit of the Americas in Quebec (April), and recent Electricity Working Group Meeting in Mexico were discussed. Also, the meeting covered the upcoming North American Energy Initiative Working Group (with Mexico and Canada) on June 27-28th and C/LAA's initiatives on trade and investment in energy and Miami Conference (December 4-7th). (Gary Ward, Debra Smith, Gina Erickson, Erika Benson)

Mexico: Prepared one-pager to the Secretary on the Electricity and Gas Interconnections and Trade Working Group and provided debriefing. Follow-up actions include evaluating Mexican proposals for corridor study and a process for the Working Group, developing concept paper for cross-border infrastructure workshop with state representatives (possibly in San Antonio in July), and exploring the viability of the North American Development Bank for energy projects with potentially significant environmental benefits. (Kathy Deutsch)

Canada: Worked on revised letter to Minister Goodale and obtained concurrence from State Department and Policy. Fielded calls regarding proposed luncheon meeting at the Canadian Embassy with the Secretary and Alberta Premier Klein (S-2 to be proposed as a surrogate).

Reviewed request for DOE participation in an industry conference on "Far North Oil & Gas", which will be held in September (Calgary). The conference is sponsored by Insight Information and the sub-topic is "Experience Gained, New Developments for Oil & Gas Operations in the Northwest Territories, the Yukon and Alaska". A surrogate to Pumphrey may be the proposed option.

Discussed the Energy Consultative Mechanism Meeting, which State Department has proposed for July 17th in Ottawa.

North American Energy Initiative Working Group: Memorandum from the Secretary to White House Chief of Staff Card, Commerce Secretary Evans, and National Security Council Rice signed and faxed. Agenda revised and sent to State and Commerce for comment. Draft press release reviewed.

Bolivia: Vice President Quiroga briefed State's Undersecretary Larsen on the development of Bolivian natural gas fields. The discussion followed earlier ones between President Banzer and U.S. Officials in Québec and Washington. President Banzer expressed an interest in selling Bolivian gas to California. Several options are being explored for shipping Bolivian natural gas to the U.S. market. BG International, and partners, BP Amoco and Repsol, are studying a proposal to build a Liquefied Natural Gas (LNG) Plant in Chile to export Bolivian natural gas to Mexico and California.

Noteworthy points include: Bolivia increased gas exports to Brazil to help alleviate the electricity crisis in Brazil; Enron

15

recently put up for sale its interest in the former-state owned energy transportation company (Transredes) and potential buyers are Shell and Petrobras; and Vice President Quiroga will be meeting with BP, Exxon-Mobil, TotalFinaElf, Repsol and others with stakes in Bolivian natural gas (June 11-12th) to seek agreement on a joint approach in the exploration, development and transmission of the gas. (Erika Benson) 5b

Erika Benson and Gina Erickson attended Mission Plan Review at State Department.

U.S.-Africa Energy Partnership: Transmitted letter of invitation from the Secretary to 12 African countries on the Women in Energy Program, which will be held in Washington (two weeks in July). Program is being sponsored by the Office of Economic Impact and Diversity. (Andrea Lockwood)

Discussed strategy for reinvigorating the Ministerial process and moving forward on the follow-up activities to the Oil Spill Response Workshop.

Hemispheric Energy Initiative: Discussed goals and strategy, including proposed Caribbean Gas Workshop (July), Electricity Regulators Workshop (September), process for evaluating activities, the pending requirement to hold a Steering Committee Meeting under the Mexican Ministerial Declaration, and the functioning and placement of the Coordinating Secretariat. (Gary Ward)

Peru: Discussed viable approaches for getting the bilateral agreement signed and efforts on organizing the Clean Cities Workshop in Lima (mid-July). (Gina Erickson).

Nigeria: Carolyn Gay reviewed outside proposals and responded to requests for information from Price Waterhouse and the consulting firm Thompson Cobb Brazilio and Associates. Worked on updating work plan and financial report related to the DOE-USAID interagency agreement and coordinating a meeting with USAID Nigeria Director Hobgood (in town) and DOE to discuss efforts under the joint program.

Brazil: An Interagency Working Group met on May 31st, to review issues that may be impacted by Brazil's 2002 Presidential Campaign and to plan next steps on existing/planned bilateral agreements and consultative mechanisms. Energy issues were dominant topic at the meeting in light of the current Brazilian energy crisis (energy rationing was scheduled to begin in Brazil June 1st). DOE, State and Commerce agreed to plan for energy consultations in support of the National Energy Policy. DOE emphasized that consultations should cover electric power generation issues, including fossil fuels, renewable energy and energy efficiency, and exploring ways of increasing oil production in Brazil. See additional (and similar) information via IA-41 write-up and collaboration of Soliman/Ward.

Gary Ward started preparing an assessment of the current energy situation in Brazil and possible roles for DOE, including policy or advocacy interventions on behalf of U.S. companies. Fielded inquiry from Enron representative regarding the situation.

Personnel/Administrative: Continued efforts to improve cable review and distribution process. Met with staff on different issues, including proposed travel, performance plan, developmental objectives, and strengthening the back-up desk officer process. On leave, Carolyn Haylock-White (Thursday). Person on leave Monday (June 4th), Andrea Lockwood will be acting.

Person, George

From: Person, George
Sent: Thursday, June 07, 2001 11:21 AM
To: Downs, Sharon
Subject: FW: 5/30 - 6/1/01

b5

—Original Message—

From: Person, George
Sent: Friday, June 01, 2001 6:57 PM
To: Pumphrey, David
Cc: Coburn, Leonard; Gale, Barry; Price, Robert S; Cutler, Thomas; Sacks, Steve; Lahood, Samuel; Angulo, Veronica; DL-IA-3.2; Hudome, Randa
Subject: DAR:5/30 - 6/1/01

National Energy Policy: Continued efforts to develop baseline on existing and planned international activities that support recommendations. (Andrea Lockwood)

Caribbean and Latin American Action: On May 30, 2001, Randa Hudome and representatives from International Affairs (IA) met with the Caribbean and Latin American Action (C/LAA), a non-profit organization, to discuss the issue of deregulation in Latin America and the Caribbean, as well as promotion of private investment in the energy sector. Participants included private sector representative who are on the C/LAA Board, such as the President of ExxonMobil InterAmerica Inc. and Director General of Grupo Imperial of Mexico. Topics included: the National Energy Policy; an upcoming regulators conference (possibly September in Miami) that will help promote regulatory coordination and cooperation in the Hemisphere; ways of advancing the formation of the Energy Business Forum or Network under the Hemispheric Energy Initiative (HEI); and considering a focus on regional cooperative agreements and coordination and energy sector issues in order to gain greater support. The outcomes from the HEI Ministerial in Mexico (March), the Summit of the Americas in Quebec (April), and recent Electricity Working Group Meeting in Mexico were discussed. Also, the meeting covered the upcoming North American Energy Initiative Working Group (with Mexico and Canada) on June 27-28th and C/LAA's initiatives on trade and investment in energy and Miami Conference (December 4-7th). (Gary Ward, Debra Smith, Gina Erickson, Erika Benson)

Mexico: Prepared one-pager to the Secretary on the Electricity and Gas Interconnections and Trade Working Group and provided debriefing. Follow-up actions include evaluating Mexican proposals for corridor study and a process for the Working Group, developing concept paper for cross-border infrastructure workshop with state representatives (possibly in San Antonio in July), and exploring the viability of the North American Development Bank for energy projects with potentially significant environmental benefits. (Kathy Deutsch)

Canada: Worked on revised letter to Minister Goodale and obtained concurrence from State Department and Policy. Fielded calls regarding proposed luncheon meeting at the Canadian Embassy with the Secretary and Alberta Premier Klein (S-2 to be proposed as a surrogate).

Reviewed request for DOE participation in an industry conference on "Far North Oil & Gas", which will be held in September (Calgary). The conference is sponsored by Insight Information and the sub-topic is "Experience Gained, New Developments for Oil & Gas Operations in the Northwest Territories, the Yukon and Alaska". A surrogate to Pumphrey may be the proposed option.

Discussed the Energy Consultative Mechanism Meeting, which State Department has proposed for July 17th in Ottawa.

North American Energy Initiative Working Group: Memorandum from the Secretary to White House Chief of Staff Card, Commerce Secretary Evans, and National Security Council Rice signed and faxed. Agenda revised and sent to State and Commerce for comment. Draft press release reviewed.

Bolivia: Vice President Quiroga briefed State's Undersecretary Larsen on the development of Bolivian natural gas fields. The discussion followed earlier ones between President Banzer and U.S. Officials in Québec and Washington. President Banzer expressed an interest in selling Bolivian gas to California. Several options are being explored for shipping Bolivian natural gas to the U.S. market. BG International, and partners, BP Amoco and Repsol, are studying a proposal to build a Liquefied Natural Gas (LNG) Plant in Chile to export Bolivian natural gas to Mexico and California.

Noteworthy points include: Bolivia increased gas exports to Brazil to help alleviate the electricity crisis in Brazil; Enron

155

recently put up for sale its interest in the former-state owned energy transportation company (Transredes) and potential buyers are Shell and Petrobras; and Vice President Quiroga will be meeting with BP, Exxon-Mobil, TotalFinaElf, Repsol and others with stakes in Bolivian natural gas (June 11-12th) to seek agreement on a joint approach in the exploration, development and transmission of the gas. (Erika Benson) 5b

Erika Benson and Gina Erickson attended Mission Plan Review at State Department.

U.S.-Africa Energy Partnership: Transmitted letter of invitation from the Secretary to 12 African countries on the Women in Energy Program, which will be held in Washington (two weeks in July). Program is being sponsored by the Office of Economic Impact and Diversity. (Andrea Lockwood)

Discussed strategy for reinvigorating the Ministerial process and moving forward on the follow-up activities to the Oil Spill Response Workshop.

Hemispheric Energy Initiative: Discussed goals and strategy, including proposed Caribbean Gas Workshop (July), Electricity Regulators Workshop (September), process for evaluating activities, the pending requirement to hold a Steering Committee Meeting under the Mexican Ministerial Declaration, and the functioning and placement of the Coordinating Secretariat. (Gary Ward)

Peru: Discussed viable approaches for getting the bilateral agreement signed and efforts on organizing the Clean Cities Workshop in Lima (mid-July). (Gina Erickson).

Nigeria: Carolyn Gay reviewed outside proposals and responded to requests for information from Price Waterhouse and the consulting firm Thompson Cobb Brazilio and Associates. Worked on updating work plan and financial report related to the DOE-USAID interagency agreement and coordinating a meeting with USAID Nigeria Director Hobgood (in town) and DOE to discuss efforts under the joint program.

Brazil: An Interagency Working Group met on May 31st, to review issues that may be impacted by Brazil's 2002 Presidential Campaign and to plan next steps on existing/planned bilateral agreements and consultative mechanisms. Energy issues were dominant topic at the meeting in light of the current Brazilian energy crisis (energy rationing was scheduled to begin in Brazil June 1st). DOE, State and Commerce agreed to plan for energy consultations in support of the National Energy Policy. DOE emphasized that consultations should cover electric power generation issues, including fossil fuels, renewable energy and energy efficiency, and exploring ways of increasing oil production in Brazil. See additional (and similar) information via IA-41 write-up and collaboration of Soliman/Ward.

Gary Ward started preparing an assessment of the current energy situation in Brazil and possible roles for DOE, including policy or advocacy interventions on behalf of U.S. companies. Fielded inquiry from Enron representative regarding the situation.

Personnel/Administrative: Continued efforts to improve cable review and distribution process. Met with staff on different issues, including proposed travel, performance plan, developmental objectives, and strengthening the back-up desk officer process. On leave, Carolyn Haylock-White (Thursday). Person on leave Monday (June 4th), Andrea Lockwood will be acting.



Department of Energy
Washington, DC 20585

SEP 14 2001

b-5

MEMORANDUM FOR THE SECRETARY

THROUGH: KYLE MCCLARROW
CHIEF OF STAFF

FROM: VICKY A. BAILEY
ASSISTANT SECRETARY
OFFICE OF POLICY AND INTERNATIONAL AFFAIRS

SUBJECT: ACTION: Attendance by Senior DOE Officials at Proposed Indo-U.S. Conference on Natural Gas in New Delhi, India on November 7-8, 2001

ISSUE: What senior DOE officials will attend the proposed conference.

BACKGROUND: I was very pleased by your positive reaction to our memo of August 14 describing our efforts to organize an "Indo-U.S. Conference on Natural Gas" November 7-8 in New Delhi. This conference represents the first deliverable in implementing the recommendation in the President's National Energy Policy (NEP) report that we "work with India's Ministry of Petroleum and Natural Gas (MPNG) to help India maximize its domestic oil and gas production". It is my understanding that you have expressed an interest in participating in this event, and since it is desirable for DOE to be represented at a senior level, this memo outlines the role we envision for the lead DOE official.

The senior departmental representative will need to deliver tough messages on the deteriorating investment climate in India's electric power sector, which directly influences progress in the natural gas sector. If the Indians are responsive to our message that more needs to be done, then we are prepared to propose programs for follow-up cooperation and other enticements, including perhaps a visit by you later, if the Deputy Secretary attends the conference. Since my last memo to you, the Indian state of Tamil Nadu has announced it will cap the price it pays for electricity and not honor Power Purchase Agreements (PPAs) signed with American developers CMS, Covanta Energy, El Paso and PSEG. In addition, this move by Tamil Nadu could jeopardize two U.S.- promoted projects in which CMS has an additional \$97 million stake and Covanta a \$23 million stake. This development follows prior and continuing problems of non-payment for electricity encountered by ENRON in the state of Maharashtra and AES in Orissa. The senior DOE official must tell the Indian central government in no uncertain terms that its failure to resolve these problems make untenable further investment in India's energy sector by foreign firms.



Printed with soy ink on recycled paper

101-119780

101

In addition to a keynote address at the conference and possibly spending some additional time there, the lead DOE official's schedule would include meetings on Wednesday, November 6, with the Ministers for Petroleum and Natural Gas and for Coal. Additional meetings with Indian ministers also might be arranged, such as with the Ministers of Power, Finance, External Affairs, and Non-Conventional Energy Sources, schedules permitting. I am planning to serve as the U.S. co-chair for session two (see revised schedule) on "The Importance of a Viable Regulatory Framework" and may give one of the presentations during that session. If you or the Deputy Secretary are unable to stay for the second day of the conference, I am prepared to participate in your place during the closing session.

SENSITIVITIES: If the issue of non-payment of contracted tariffs to U.S. power developers is not resolved prior to the conference, it might be impolitic for a U.S. cabinet secretary to be involved in the conference. This is particularly the case with Enron's Dabhol case, which not only represents a \$2 billion power plant, but would be India's first LNG receiving terminal.

Assistant Secretary of State for South Asia Christina Rocca has expressed enthusiasm for your visiting India this year, as State and NSC are planning for a potential visit in early 2002 by President Bush. The question is whether this gas conference provides the best venue.

RECOMMENDATION: That we inform the Indian Ministry of Petroleum and Natural Gas that Deputy Secretary Frank Blake will be the senior DOE representative to the conference, but that you would be interested if the Dabhol and other power purchase disputes with U.S. companies can be resolved before the planned November 7-8 gas conference. A DOE team will be in Delhi the week of September 24 so ideally they will be able to inform the Indians of your decision.

CONCUR _____ NON-CONCUR _____ DATE _____

Attachment:

Revised Agenda

b-5

July 9, 2001

General Guaicaipuro Lameda
Presidente de PDVSA
Av. Libertador, Torre Oeste, PH
Caracas, Venezuela

Re: Enron LNG Project Jose

General Lameda:

I want to thank you for your time in meeting with us on Friday July 6. I believe the meeting resulted in a very useful exchange of views and Enron looks forward to receiving the decision regarding Project Jose that you indicated would be made by the end of this month. The purpose of this letter is to provide you with a summary of the current situation and issues from Enron's perspective.

As we discussed, demand for natural gas in North America is and is projected to remain very strong. LNG will play an important role in serving this demand, but faces severe constraints due to limited existing import terminal capacity and the difficulties and delays in trying to permit and construct new terminal capacity. At this point in time, Enron's capacity at the Elba Island LNG terminal (160,000 mmbtu/d) and at the new Bahamas terminal being developed by Enron (400,000 mmbtu/d) represents the only remaining unsubscribed terminal capacity into the North American market. With respect to this terminal capacity, Enron's preferred and desired alternative is to use LNG supply coming from Project Jose to fill a large part of its requirements. Nevertheless, due to the significant delays in moving Project Jose forward, Enron has now received proposals from and is in various stages of negotiation with potential LNG suppliers for nearly three times the terminal capacity available, deliverable in the 2005-2006 time frame.

Enron believes that participation in this early round of LNG supply is critical to the success of a prospective new LNG supplier like Venezuela. Worldwide, there is in excess of 4 Bcf/d of LNG coming to market in the 2004-2006 time frame, with an additional 2.5 Bcf/d under development and intending to come to market in the 2007-2008 time frame. Delay in making a firm delivery commitment in the near term will

significantly reduce the probability of success of Venezuela's entry into the LNG market due to terminal capacity constraints, uncertainty regarding development of additional terminal capacity, and increasingly tough competition from alternative existing and new LNG suppliers in the region.

Enron's primary objective is to acquire LNG supplies in the 2005-2006 time frame to fill its terminal capacity and to take advantage of the opportunities in the North American market. Enron believes that a commitment by Venezuela to provide gas to Project Jose in this time frame would be in our mutual interest and would allow Enron to reserve a portion of its remaining terminal capacity to accept the LNG supply coming from Project Jose. If Venezuela is unable to make such a commitment in the near term, however, Enron will nonetheless need to fill its LNG supply requirements in the near term from other sources and would view Venezuela as a potential future LNG supplier if market demand and available terminal capacity support such future purchases.

Again, thank you for your time in meeting with us. If you have any questions regarding the points raised in this letter or wish to discuss further please do not hesitate to contact me.

Very truly yours,

Eric Gonzales

Cc: Vincenzo Paglione, Nelson Nava

JOSE LNG PROJECT

WHY GOVERNMENT OF VENEZUELA SHOULD SUPPORT THE PROJECT

While Enron has not received an official response from the Venezuelan government regarding the Jose Project, a negative indication was provided in a speech delivered by Rafael Ramirez, President of ENAGAS, on October 11 at a U.S.-Venezuela energy conference. Mr. Ramirez laid out Venezuela's plans for entering the LNG market and focused entirely on development of a macro-project on the Paria peninsula. No mention was made of the Jose Project; in fact, the associated gas at the Anaco hub (which would supply the Jose project) was described as being dedicated to domestic use in furthering Venezuelan industrialization.

It would appear that the decision in favor of the Paria project stems from two factors: First, Paria is a macro-project; it is expected to deliver multiple benefits to Venezuela. Those benefits, according to Mr. Ramirez include development of currently undeveloped offshore, unassociated gas reserves and industrial development for the Paria peninsula, which currently has no industrial base. This industrial development is expected to include a 4.5 MMTPA LNG liquefaction plant and a pipeline connection to the domestic grid, power generation plant, LPG plant, petrochemical plant, and possibly GTL plant. Secondly, Venezuela appears still unable to get comfortable with the gas availability issue and its ability to commit to and deliver by 2006 the 350,000 mmbtu/d the Jose Project would require. This concern flies in the face of Venezuela's already massive reserves and its plans for proving up more.

The GOV reasoning against the Jose Project, though, is seriously flawed:

1. The Paria and Jose projects are not mutually exclusive. They provide different benefits and can both be pursued; Paria provides for infrastructure development while Jose draws on existing infrastructure but provides significant demand in developing the domestic gas market.
2. Under any realistic analysis, the Jose project can come to market much more quickly than Paria. This would provide near-term incremental revenue to Venezuela in excess of \$1 billion and help to ensure that it does not miss out on the current round of regas terminal capacity.
3. Pursuit of this near-term project would also provide concrete evidence of Venezuela's commitment to bilateral energy relations with the U.S. and support of President Bush's energy policy.
4. Finally, from all reports the Venezuelan government's own gas availability study has shown that sufficient reserves will be available in 2006 to support the Jose project. This would appear self-evident given Venezuela's huge reserves and its announce intent to pursue an aggressive development program in the next few years. Further, the Venezuelan government will in large part be in control of commitment of reserves in its industrialization program and will thus be in a position to ensure that its contractual commitments will be met.

JOSE LNG – DIRECT ECONOMIC BENEFITS TO VENEZUELA

Benefits during Construction:

Total Investment:	Approximately \$800 Million
Construction Labor:	Direct Employee Payroll: \$130 Million in 3 years Direct employees at peak: 1,500 Indirect jobs created: 3,000
Equipment and Services sourced locally (Excluding labor):	\$ 70 Million
Equipment Import Taxes:	\$ 35 Million
Infrastructure Development:	Construction of pier that will initially have excess capacity for additional LNG or LPG loading operations. Significant upgrade of the Jose Complex's electric power infrastructure that will be available for other new industries. Improvement and construction of road infrastructure
Anaco-Jose Pipeline:	Option to develop 70mile 36" gas pipeline from Anaco to Jose. Dramatically increasing gas deliverability to Jose Complex at very low incremental costs for LNG expansion projects or other industrial developments All investment, labor and tax figures indicated above would be increased accordingly

Benefits During Operations

Revenues to the Project in Venezuela	\$ 300 million/year
Revenues to Venezuela for:	Gas Sales: \$150 million/year Income Taxes: \$20 million/year on average Withholding Taxes on Interest and Insurance: \$2.5 million/year on average
Operations Labor:	Direct employees: 150 Indirect jobs created: 300
Supplies and Services Sourced locally:	Electric Power: \$4 million/year Water/Nitrogen/Ethylene/Other: \$0.4 million/year Various supplies and materials: \$3.5 million/year

LPG Industry in Venezuela Need: Tariff Increases

THE CRISIS SITUATION

Vengas is the leading transporter and distributor of LPG in Venezuela and 97 percent owned by Enron. The LPG industry in Venezuela is currently in a financial crisis because of the failure of the Government of Venezuela to make tariff adjustments to compensate for inflation and cost increases. The inflation rate in Venezuela in FY 2000 was 13 percent and is expected to reach more than 12 percent this year. The lack of tariff adjustments has forced the industry to limit their investment and maintenance programs.

BACKGROUND

Between June 1997 and May 2000 quarterly adjustments were made to the LPG tariffs to reflect the country's inflation. These adjustments allowed the LPG industry to continue investing in the infrastructure, safety and expansion of their services – reflecting investments of approximately \$50 million during that period.

The Ministry of Energy and Mines currently regulates the Venezuelan liquefied petroleum gas (LPG) industry, including the LPG tariff regime. There have been no adjustments to the LPG tariff since June 2000 that take into account inflation. Any resolutions dealing with regulated tariffs have to be approved by the President's Economic Cabinet.

The country's LPG industry includes 248 private companies located throughout the country. Liquid fuels account for 26 percent of Venezuela's energy mix, mainly as motor fuels and LPG for residential cooking.

Vengas has held more than 25 meetings with Ministry of Energy and Mines officials in the last 18 months either independently or working with its industry associations. In addition, LPG industry position papers have been provided to the President's Economic Cabinet communicating the crisis situation currently facing this sector; but no action has been taken.

SOLUTION

We would like DOE to urge Venezuela to take the necessary steps to immediately enact short and long term tariff adjustments. The resolution must take into account inflation and other external issues affecting the industry, as well as create a process for continued modification of LPG tariffs moving forward. This will allow for the industry to continue investing in maintenance and upgrades.

VENGAS

Venezuela's leading transporter and distributor of LPG, Vengas, has been operating in Venezuela for more than 40 years and has more than 2,500 employees. Headquartered in Caracas, the company serves more than 2.5 million of Venezuela's industrial, commercial and residential consumers. Vengas transports LPG from government-owned refineries to filling plants and bottles the LPG at these facilities for sale and delivery to customers. Houston based Enron Corp. own 97 percent of Vengas and has had a stake in the company for more than 30 years.

Natural Gas Roundtable

Minister Chair: -- Jose Luis Lupo, Minister of Economic Development, Bolivia
2nd Minister: Finbar K. Gangar, Minister of Energy and Energy Industries,
Trinidad and Tobago

Participants: Phillip Vasquez, Deputy Assistant Secretary of Energy for Natural
Gas and Petroleum, U.S. (Facilitator)
James Bannantine, Enron International, U.S.
Dr. Domingo Marsicobertre, PDVSA, Venezuela
Eduardo Ojea Quintana, TGS, Argentina
James Thompson, Consolidated Natural Gas International, U.S.

The Natural Gas Roundtable focused on the fact that while natural gas is increasingly seen as an environmentally friendly "fuel of choice," it is often stranded from major markets. As a result, regional harmonization of regulations and standards is crucial to natural gas development in the Hemisphere.

To this end, Trinidad and Tobago has developed the only LNG export facility in Latin America, which links the Caribbean gas grid to grids in New England and Europe. Argentina and Bolivia have used gas pipelines to link gas reserves to markets in both countries.

Countries throughout the region are beginning to share their experiences and expertise in the natural gas sector. These exchanges provide positive examples of natural gas development. For example, Venezuela, which possesses the region's largest gas reserves, is moving ahead with an ambitious new gas law that promotes sound fiscal framework, pricing policies and private sector involvement in the transmission and distribution sectors.

Argentina can be used as a model for transition from a state dominated natural gas (and hydrocarbons) sector to a privatized system monitored and governed by effective, transparent incentive based regulations. Efficient regulations, which are of high quality and minimal interference, benefit the environment and the economy.

North America's relatively mature, deregulated natural gas market will continue to compete for capital with other regions. An ideal regulatory framework was described as an independent and consistent tariff based system which allows for an unlimited rate of return. Such a framework requires sound fiscal policies, non-discriminatory tax policies, anti-corruption safeguards and reduced labor protectionism.

Similarly, it was suggested that gas markets should ideally be integrated geographically along the production chain and deregulated as to foster sustainable gas-based development. For example, Brazil comprises a major gas market, which will allow Bolivian gas to increase Brazilian natural gas demand by 70%.

Another example, the "Heart of South America" Law in Bolivia provides for a streamlined permit

process for approving pipelines which service eleven export corridors for natural gas and telecommunications.

There is debate regarding the deregulation process for the transmission sector from a monopoly to an open access system. Nevertheless, countries can work together to link natural gas production and energy transmission to reach third markets.



July 27, 1999

Jose Luis Lupo, Minister of Economic Development, Bolivia (Chair)
Finbar K. Gangar, Minister of Energy and Energy Industries, Trinidad and Tobago
Phillip Vasquez, Deputy Assistant Secretary for Natural Gas and Petroleum,
US Department of Energy (Facilitator)
Eduardo Ojea Quintana, CEO, Transportadora de Gas del Sur, Argentina
James Bannantine, Managing Director-Southern Cone, Enron International, United States
Oscar Prieto, Director, COMGAS, Brazil
Domingo Marsicobertre, PDVSA, Venezuela
James Thomson, President, CNG International, United States

Climate Change Flexibility Mechanisms – La Salle B

Explore ways to structure the flexible mechanisms under the Kyoto Protocol to make clean energy and energy efficiency programs and projects more cost effective, and consequently reduce greenhouse gas emissions from our energy sectors.

Participants:

Elizabeth Odio Benito, Second Vice President and Minister of Environment and Energy,
Costa Rica (Chair)
Maxwell Samuels, Minister of Public Utilities, Transportation and Communications, Belize
Mark Mazur, Acting Director of the Office of Policy, US Department of Energy (Facilitator)
Thomas Black-Artselez, Chief Economist to the Minister of Environment, Colombia
Joseph Aldy, Senior Advisor, Council of Economic Advisors, United States
Mark Stanga, Vice President, York International, United States
Jack Cogen, President, Natsource, United States

Rural Electrification – La Salle C

Develop strategies that will promote private sector interest in the application of cost effective and cleaner ways to increase energy services to rural communities.

Participants:



July 27, 1999

Christian Nicolai, Secretary of the National Commission on Energy, Chile (Chair)

Silvia Xiomara Gomez de Caballero, Minister of Natural Resources and the Environment,
Honduras

David Goldwyn, Assistant Secretary for International Affairs, US Department of Energy (Facilitator)

Ivan Azurdia, Fundacion Solar, Guatemala

Judy Siegel, Renewable Energy Program Leader, Winrock, United States

Michael Davis, President, Golden Genesis and S.E.I.A.

11:30 am **Buses depart Hotel Inter-Continental for World Trade Center**

12:00-1:30 pm **Lunch at the World Trade Center - open to all participants**

New Orleans World Trade Center

Remarks: *George Muñoz*, President of the Overseas Private Investment
Corporation, United States

Keynote Speaker:

Jorge Quiroga, Vice President of Bolivia

1:30 am **Buses depart World Trade Center for Hotel Inter-Continental**

2:00-3:30 pm **Concurrent Roundtables II - open to all participants**

Clean Power Technologies - La Salle B

Find innovative financial approaches to increase the awareness and the deployment of clean technologies throughout the Hemisphere.

Participants:

Julio Campos Bonilla, Minister of Energy and Mines, Guatemala (Chair)

Temistocles Montas, Technical Secretary of the Presidency, Dominican Republic

Robert Gee, Assistant Secretary for Fossil Energy, US Department of Energy (Facilitator)



July 27, 1994

Larry B. Buetikofer, Vice President and Area Manager for LAC, Harza Engineering Company,
United States

Peter W. Camp, Vice President, Calpine Corporation, United States

Blake McBurney, President and CEO, McBurney Corporation, United States

Rhett Ross, President, International Fuel Cells Council, United States

Carlos Borregales, President, BITOR, Venezuela

Garrick Spaulding, Vice President, Business Development for the Americas, ABB, United States

Energy Efficiency - Pontalba

Develop strategies to promote energy efficiency as an economic sustainable way to increase energy services and assist in attaining the environmental protection needs for the 21st century.

Participants:

Julio Herrera, Minister of Energy, Uruguay (Chair)

Fernando Robleto Lang, Chairmah of the Natural Energy Commission, Nicaragua

Dan Reicher, Assistant Secretary for Energy Efficency, US Department of Energy

Ed Malon, President, Caribbean Hotel Association, Bahamas

Tom Dreessen, CEO, EPS Capital Corporation, United States

Odon de Buen, Technical Secretary, CONAE, Mexico

Ian Jarvis, President, Rose Technology Group, Canada



July 27, 1999

The Caribbean Region – Poydras

Develop strategies to address the issues affecting the ability of the Caribbean nations to pursue cost effective, integrated energy development, and the unique characteristics of the region.

Calvin Humphrey, Principal Deputy Assistant Secretary of International Affairs, US Department of Energy (Convener)

Brian Atwood, Citizens Energy and Former Administrator of the US Agency for International Development (Facilitator)

Participants:

Frank Watson, Deputy Prime Minister, Bahamas

Maxwell Samuels, Minister of Public Utilities, Transportation and Communications, Belize

Earl M. Williams, Minister of Communications, Works and Housing,
Commonwealth of Dominica

Temistocles Montas, Technical Secretary of the Presidency, Dominican Republic

Gregory Bowen, Minister of Communications, Works and Public Utilities, Grenada

Robert Pickersgill, Minister of Public Utilities, Mining and Energy, Jamaica

Cedric Liburd, Minister of Communications, Works, Public Utilities and Ports,
Saint Kitts and Nevis

Cyprian Lansiquot, Parliamentary Secretary of Communications, Works, Transport and Public
Utilities, Saint Lucia

Finbar K. Gangar, Minister of Energy and Energy Industries, Trinidad and Tobago

Electricity Restructuring – La Salle B

Obtain private sector views on how to best restructure the electricity sector to achieve a system that is able to supply low-cost, efficient and reliable power to the users.

Participants:

Luis Tellez, Secretary of Energy, Mexico (Chair)

Luis Carlos Valenzuela Delgado, Minister of Mines and Energy, Colombia

Michael Copps, Assistant Secretary for Trade Development,
US Department of Commerce (Facilitator)



July 27, 1996

Fernando Ponasso, President, EDENOR, Argentina
Charles Wortman, Managing Director, Chase Manhattan, United States
George Liparidis, Senior Vice President, Sempra Energy International-Mexico, United States



July 27, 1999

5:30-6:00 pm

Briefing on the Release of "Energy in the Americas"

by Jay Hakes, Administrator, Energy Information Administration,
U.S. Department of Energy - Exhibit Hall

6:30 pm

Buses depart Hotel Inter-Continental for New Orleans Museum of Art

7:00-9:00 pm

Cocktail Reception at New Orleans Museum of Art

- open to all participants

Speakers:

*J. Bennett Johnston, former Senator of Louisiana and
Chairman of the Ministerial Host Committee*

Bill Richardson, Secretary of Energy, United States

8:30-9:00 pm

**Buses depart New Orleans Museum of Art for Gala Dinner,
Hotel Inter-Continental**

9:00-11:00 pm

Gala Dinner - open to all participants

Hotel Inter-Continental Ballroom

Entertainment: Los Hombres Calientes



July 27, 1999

Friday, July 30, 1999

<u>Time</u>	<u>Event</u>
<u>7:30-11:30 am</u>	<u>Private Sector Breakfast and Roundtable – open to all participants</u> Hotel Inter-Continental - LaSalle C Hosted by <i>Caribbean Latin American Action</i>
<u>1:00-1:30pm</u>	<u>Ministerial Press Conference</u> Windsor Court Hotel - Gallery A, B & C; 4 th Floor
<u>3:00-6:00 pm</u>	<u>Optional Ministerial Activities</u> One-on-One Meetings: Industry and Ministers Energy Related Site Visits City Tour
<u>3:45-4:30 pm</u>	<u>Central American Roundtable</u> Hotel Inter-Continental - Poydras Presentation of the Executive Summary of the <i>USDOE/ USAID Central American Energy Sector "Roadmap"</i>
<u>6:30 pm</u>	<u>Buses depart Hotel Inter-Continental for River Boat Cruise</u>
<u>7:00-8:30 pm</u>	<u>Mississippi River Boat Cruise and Closing Reception</u> - <u>Open to all participants</u> - The Cajun Queen Riverboat

Folder Profile	
Control # 2002-002411	Name E-mail to Secretary Spencer Abraham from Larry Lambeth
Priority Routine	Folder Trigger E-Mail Message
DOE Addressee Spencer Abraham	Source PM-1
Subject Text Larry Lambeth supports any energy plan that allows drilling in the ANWR	Date Received 2/7/02
Action Office #	Correspondence Date 2/5/02
Signature/Approval NA	RIDS Information Head of Agency
Action Requested Prog Determination	Sensitivity Not Applicable
Special Instructions	Classification None
	Point of Contact CUNNINGD
	Organization ID EXECCORR2
	Assigned To FE
	Date Due
	Date Completed 2/8/02

Response?

Secretary, The

(b)(6)

From:
Sent: Tuesday, February 05, 2002 3:08 PM
Subject: Bush-Cheney lies

002411

2002 FEB 7 10:40 AM

It appears that this administration has no shame. Deliberate lies told from the highest office in the face of all that is right and true just to advance a flawed energy policy that was established by dubious methods and shows favoritism to cronies in a greedy polluting destructive industry.

Attached are a couple of obvious Bush-Cheney distortions, along with a link to read what the Sierra Club really said about the 12 key benchmarks for achieving a sound energy policy.

I ask that you not support any energy plan that allows drilling in the ANWR and does not include at least some of the Sierra Club's 12 key benchmarks. I would be interested in hearing in detail your position on each of these benchmarks.

Sincerely,

Larry Lambeth

(b)(6)

Currents <http://www.sierraclub.org/root_images/green_headers/currents_green.gif>

January 30, 2002
Who's Checking the Math?
Cheney Claim Distorts the Truth

The message is the same whether it's coming from White House spokespersons, Ari Fleischer and Mary Matalin, or Dick Cheney himself: According to Administration officials, The Bush Energy Plan contains 11 out of 12 proposals put forward by the Sierra Club
<http://www.sierraclub.org/energy/bush_plan/factsheet.asp>.

This is news to the Sierra Club.

In fact, even a cursory comparison of the two plans reveals a very different story than Mr. Cheney would have us believe. As executive director Carl Pope puts it, "If the Bush Administration thinks they've got 11 of our 12 points in their energy plan, then Arthur Andersen must be checking their math."

While it might be correct to say that the Bush Energy Plan touches upon many of the same subjects as discussed in the Sierra Club proposal, the two visions of America's energy policy are as different as night and day.

A.

Consider:

The Sierra Club supports raising fuel economy standards for cars and trucks to 40 mpg by 2012 from the current levels of 27.5 mpg for cars, 20.7 for SUVs and light trucks. This measure alone would save the country three million barrels of oil per day over the next ten years, more than offsetting any need to drill in the Arctic National Wildlife Refuge. The Bush plan, by contrast, only recommends studying the idea of raising fuel economy standards and views arctic drilling as essential. The energy bill that just passed the House of Representatives will increase fuel economy standards by less than a single mile per gallon between 2004 and 2010.

Consider:

The Sierra Club's plan would require that fully 20 percent of the nation's power be supplied by non-hydro renewable sources by the year 2020. The Administration, on the other hand, would cut funding for renewables nearly in half while only increasing the level of non-hydro renewable energy by 2.8 percent over the same period.

At the same time, the Administration aims to build anywhere from 1300 to 1900 new conventional power plants, including coal-fired and nuclear facilities. For its part, the Sierra Club wants to see old, inefficient plants replaced by cleaner, more efficient combined-cycle gas-fired units. The Sierra Club does not support the development of new coal and/or nuclear plants.

Consider:

The Sierra Club plan would give Production Tax Credits to solar and geothermal power producers. The Bush administration would not extend the tax credit to either technology. Furthermore, the Administration is preparing to weaken the New Source Review provisions of the Clean Air Act which are designed to protect citizens against pollution increases caused by the expansion of existing power plants. The Sierra Club has been unwavering in its support of New Source Review.

These are only a few of the all-too-obvious differences between the Sierra Club's energy prescriptions and the Administration's final package. Anyone interested in a more thorough comparison of the two should read the Sierra Club's [12 Key Benchmarks for Achieving a Sound Energy Plan](http://www.sierraclub.org/energy/bush_plan/12pointsofenergy.PDF) <http://www.sierraclub.org/energy/bush_plan/12pointsofenergy.PDF>.

Note however that these discrepancies haven't stopped the administration from trotting out the claim that the two energy plans are nearly identical. In fact, if anything, the frequency of the assertion has increased of late, just as the shadow of the Enron scandal looms over the White House.

Chat with friends online, try MSN Messenger: [Click Here](http://go.msn.com/bql/hmtag1_etl_EN.asp) <http://go.msn.com/bql/hmtag1_etl_EN.asp>

Lockwood, Andrea

From: Brodman, John
Sent: Tuesday, August 08, 2000 4:44 PM
To: DL-IA-3.2; Billig, Michelle; Person, George; Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; David Pumphrey; Donna Bobbish; Emma Gilliard; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello
Subject: Daily Report From IA-32: 08.08.00

S. AFRICA:

-We have scheduled a conference call with S. Africa for 9:00am Thursday to discuss the Clean Energy Working Group and Ministerial.

We will need to know our position about holding the Clean Energy Working Group meeting at a lower than S2 level in advance of the call.

HSEF: A lot of activity, meeting planned for tomorrow.

HEI: Meeting planned for tomorrow. To OLADE or not to OLADE is the issue, and how do we make it happen.

MOZAMBIQUE: Where are we on this???

Andrea

Pumphrey, David

Tuesday, March 28, 2000 5:56 PM

King, Rachel; Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; George PERSON; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl

DAR 3/28/00 IA-32

Subject:

Nigeria Emergency Power Assistance: Continued to work relevant issues and prepare for possible trip to Nigeria. S1 letter to President Obasanjo cleared by NSC. State's clearance anticipated in the morning. Coordinated issues with AID, Enron, World Bank and other representatives. AID team is to be in Nigeria starting April 7 for about a week. They will be preparing a "Road Map" for energy sector in Nigeria. DOE invited to participate. George could stay on. Drafted country clearance cable for team and tried to confirm (through various sources) organizational change that would "strip" energy responsibilities from Minister Bola Ige's portfolio (Power & Steel). Also, Defense Secretary Cohen reportedly will be in Nigeria (Friday/Saturday) and Embassy may feel "overly taxed" (overwhelmed).

South Africa Binational Commission Energy Committee Meeting: Planning continued for proposed meeting around April 12 or 13, depending on schedule of principals. A senior officials meeting will be held prior to Ministers Meeting. DOE program representatives canvassed for input on deliverables and proposed new activities, table of content prepared for S1 briefing book, and coordination continues with other USG reps on environmental [as in climate change] (AID/EPA) and nuclear safety (NRC) issues.

DOE-US AID Cooperation on Africa: Prepared talking points for working luncheon between Calvin Humphrey and Assistant Administrator Vivian Lowery Derryck. Emphasis on gaining support for DOE-OPIC Sustainable Program proposal submitted for Africa Trade and Investment Policy (ATRIP) Program funding (\$1.3M); Nigeria activities, including DOE/AID programs to be developed; and possible cooperation with Mozambique under USG reconstruction efforts.

Mexico - Representatives from IA-32 and IA-41 attended an Interagency Working Group meeting chaired by State Department to begin preparing for the 17th U.S.-Mexico Binational Commission Meeting on May 18, 2000 in Washington. They expect to follow last year's format and have a one-day meeting encompassing these events: 1) an Opening Plenary session; 2) half the Working Groups (there are 15 total) will meet for two hours in the morning while the Secretary of State and the Foreign Minister have their bilateral and then drop by the Working Group sessions; 3) the Secretary of State will probably host a private lunch for Cabinet Members and Ministers only; 4) the remaining Working Groups will meet for two hours in the afternoon; and 5) there will be a Closing Plenary session with reports from the Working Group chairs. The Energy Working Group will meet during the morning session, and Secretary Tellez is tentatively scheduled to attend for Mexico but has to leave at mid-day. We understand the meeting is also on Secretary Richardson's calendar. Over the next five weeks, we will work with our Mexican counterparts to develop an agenda and identify deliverables for the meeting. State has asked each Working Group to provide an agenda, list of U.S. and Mexican participants, list of deliverables, and a two-page backgrounder by May 5 for inclusion in the official briefing book.

OPIC Africa Sustainable Energy Fund- IA, GC and EE met with OPIC officials to work out the Interagency Agreement for the US-Africa Sustainable Energy Program. OPIC is eager to get this up and running. Next steps include identifying criteria for project selection and developing a process for project approval. DOE will provide comments to OPIC's draft agreement by next week and OPIC will finalize the document and send it over for approval shortly thereafter

Memorandum of Cooperation to support energy sector restructuring and privatization in Nigeria.

- **Propose that the Department of Energy and the Ministry of Power and Steel develop a formal policy dialogue through which we could exchange information and technical expertise on a broad range of energy sector issues. Agree to designate a lead entity within respective agencies to develop an agenda, venue and date for the first Joint Nigeria-U.S. Energy Consultation.**

Background

This meeting provides an opportunity follow up on the recent joint DOE/USAID scoping mission to Nigeria and to discuss specific initiatives that could be undertaken with the Government of Nigeria under the U.S.-Nigeria Memorandum of Cooperation on Energy.

In August, Secretary Richardson traveled to Nigeria where he met with President Obasanjo, Minister of Power and Steel, Bola Ige, Special Advisor to the President for Petroleum Affairs, Rilwanu Lukman, the Managing Director of the NNPC, Jackson Gaius Obeseki, activists from the Delta region, and members of the U.S. business community. Minister Ige hosted a luncheon in honor of the Secretary, and signed the U.S.-Nigeria Memorandum of Cooperation on Energy with the Secretary

The Secretary met with Minister Ige in Washington in September, when Ige came to attend the IBRD/IMF annual meetings. His U.S. visit included stops in several U.S. cities to visit U.S. power and steel companies with business interests in Nigeria.

Since that time DOE has been an active participant in the Nigeria IWG, and in the planning process for the Joint Economic Partnership Committee (JEPC). Also, DOE and USAID have been in active discussions to develop a joint, short-term program of work to provide technical assistance and promote energy sector reform in Nigeria, including restructuring and privatization.

DOE is also developing a longer term program of cooperation with Nigeria that will include: restructuring and privatization; rural electrification; deployment of clean energy and renewable energy technologies; promotion of energy efficiency; technical assistance and training; and development of an independent regulatory authority.

As a follow-up to the Multi-Agency Assessment Team Mission to Nigeria during June 19 to July 2, 1999, and your trip in August 1999, a joint DOE/USAID team visited Nigeria on November 7-12, 1999, to assess the current state of affairs in the Nigerian energy sector, review the plans of the Government of Nigeria (GON) to restructure the energy sector and develop prospects for

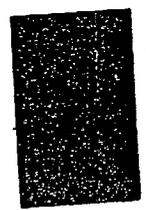
technical assistance and training activities that might be provided by USAID and DOE in conjunction with other U.S. Government and multilateral agencies.

During this mission, the team met with representatives from all segments of the Nigerian energy sector, including the World Bank, U.S. private sector and the executive and legislative branches of the Government of Nigeria. The team identified a number of issues that could be addressed through bilateral discussions between the Department of Energy and the Ministry of Power and Steel. These include:

- The GON needs to be encouraged to make decisions on pricing of petroleum products and electricity and development of the independent power producer (IPP) segment of the electricity sector.
- There is an urgent need for capacity building and training on the basic concepts of energy sector restructuring, privatization and regulation with the GON. DOE could explore options for addressing this need in cooperation with USAID, other U.S. Government agencies and, multilateral entities.
- A major priority for the GON is to develop legislation to set up an independent regulator, which it hopes to have in place in 2000. The Department of Energy could participate in activities to provide assistance in this area.
- The GON seems particularly interested in completing the negotiations with Enron and Mobil to develop IPPs in Lagos and the Delta. The Department of Energy could promote and participate in technical assistance and training activities for the Government of Nigeria that would address issues, such as developing competitive bidding mechanisms and power purchase agreements and developing implementing energy sector restructuring legislation, that would support successful completion of these negotiations as well as promote opportunities for other U.S. companies.
- The GON also expressed interest in developing an expanded natural gas pipeline system to provide gas to power suppliers and to support economic development. The Department of Energy could provide assistance to Nigeria to help develop a basic natural gas infrastructure and a pricing mechanism for natural gas supplies.

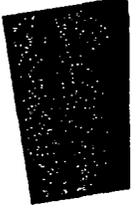
65

The initiation of a formal policy dialogue through which we could exchange information and technical expertise on a broad range of energy sector issues appears to be the best venue for continued cooperation. This dialogue could be used to support specific activities undertaken by the Department of Energy and other U.S. Government entities under specific technical assistance and training programs.



The purpose of this Consultation would be to lay the groundwork for specific follow-up activities relating to energy sector restructuring and privatization and to encourage increased trade and cooperation between our two nations.

65



MEMORANDUM TO THE SECRETARY

FROM: David L. Goldwyn
Assistant Secretary for International Affairs

SUBJECT: Bilateral Meeting with Chief Bola Ige, Nigerian Minister of Power and Steel.

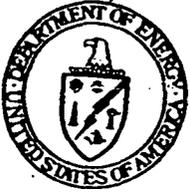
SETTING: U.S.-Africa Energy Ministers Conference, December 14, 1999; Tucson
Convention Center, Agate Room; 4:30 PM-4:50 PM

PARTICIPANTS: TBD

65

65

st



Department of Energy
Washington, DC 20585

#13

release

JUL 16 1999

MEMORANDUM FOR THE SECRETARY

From: Calvin Humphrey 
Acting Assistant Secretary
Office of International Affairs

Thru: Theresa M. Fariello *T. Fariello*
Deputy Assistant Secretary
Office of International Energy Policy, Trade and Investment

Subject: Action: Letter to Arnoldo Aleman, President of the Republic of Nicaragua

Issue: An Enron subsidiary's project in Nicaragua to provide electricity to the national grid has been caught up in a bureaucratic muddle related to the exercise of a right-of-way for the construction of the transmission lines. Secretary of Commerce, William Daley, is planning to send a similar letter.

Background: Enron is experiencing problems completing a barge mounted power plant project. The company claims to have met all legal requirements to use an abandoned railroad right-of-way to run a transmission line free of charge from the Barge to a substation in Leon. The Government subsequently determined that the company needed to pay \$1.5-2.0 million for the use of the right-of-way. Enron believes this is excessive but is willing to move some of the transmission poles to accommodate the Government's contention that the location of the poles interferes with future plans for the right-of-way, the basis for the money claim. Nicaragua has placed a Cease and Desist order on the project until the issue is resolved.

Sensitivities: None.

Urgency: The delay is making the project economically marginal and President Aleman needs to make a decision soon or Enron will seek to exercise a clause in the contract that requires the Government to buy out the private sector's interest. Such a move will send a negative signal to other investors interested in Nicaragua.

Recommendation: That you sign the attached letter to President Aleman.

Attachments



1604

releas

MEMORANDUM FOR THE SECRETARY

From: Calvin Humphrey
Acting Assistant Secretary
Office of International Affairs

Thru: Theresa M. Fariello
Deputy Assistant Secretary
Office of International Energy Policy, Trade and Investment

Subject: Action: Letter to Arnaldo Aleman, President of the Republic of Nicaragua

Issue: An Enron subsidiary's project in Nicaragua to provide electricity to the national grid has been caught up in a bureaucratic muddle related to the exercise of a right-of-way for the construction of the transmission lines. Secretary of Commerce, William Daley is planning to send a similar letter.

Background: Enron is experiencing problems completing a barge mounted power plant project. The company claims to have met all legal requirements to use an abandoned railroad right-of-way to run a transmission line free of charge from the Barge to a substation in Leon. The Government subsequently determined that the company needed to pay \$1.5-2.0 million for the use of the right-of-way. Enron believes this is excessive but is willing to move some of the transmission poles to accommodate the Government's contention that the location of the poles interferes with future plans for right-of-way, the basis for the money claim. Nicaragua has placed a Cease and Desist order on the project until the issue is resolved.

Sensitivities: None.

Urgency: The delay is making the project economically marginal and President Aleman needs to make a decision soon or Enron will seek to exercise a clause in the contract that requires the Government to buy out the private sector's interest. Such a move will send a negative signal to other investors interested in Nicaragua.

Recommendation: That you sign the attached letter to President Aleman.

Attachments

CONCURRENCE
ROUTING SYMBOL 1-3
INITIALS JANITA HAYES
DATE 11/13/99
ROUTING SYMBOL 1-32
INITIALS
DATE 11/13/99
ROUTING SYMBOL 1-3
INITIALS <i>[Signature]</i> TERRI FARIELLO
DATE 11/13/99
ROUTING SYMBOL 1-1
INITIALS <i>[Signature]</i> BARRON PETERS
DATE 11/13/99
ROUTING SYMBOL 1-1
INITIALS CALVIN HUMPHREY
DATE 11/13/99
ROUTING SYMBOL
INITIALS
DATE

r. Aleman

MEMORANDUM FOR THE SECRETARY

From: Calvin Humphrey
Acting Assistant Secretary
Office of International Affairs

Thru: Theresa M. Fariello
Deputy Assistant Secretary
Office of International Energy Policy, Trade and Investment

Subject: Action: Letter to Arnaldo Aleman, President of the Republic of Nicaragua

Issue: An Enron subsidiary's project in Nicaragua to provide electricity to the national grid has been caught up in a bureaucratic muddle related to the exercise of a right-of-way for the construction of the transmission lines. Secretary of Commerce, William Daley is planning to send a similar letter.

Background: Enron is experiencing problems completing a barge mounted power plant project. The company claims to have met all legal requirements to use an abandoned railroad right-of-way to run a transmission line free of charge from the Barge to a substation in Leon. The Government subsequently determined that the company needed to pay \$1.5-2.0 million for the use of the right-of-way. Enron believes this is excessive but is willing to move some of the transmission poles to accommodate the Government's contention that the location of the poles interferes with future plans for the right-of-way, the basis for the money claim. Nicaragua has placed a Cease and Desist order on the project until the issue is resolved.

Sensitivities: None.

Urgency: The delay is making the project economically marginal and President Aleman needs to make a decision soon or Enron will seek to exercise a clause in the contract that requires the Government to buy out the private sector's interest. Such a move will send a negative signal to other investors interested in Nicaragua.

Recommendation: That you sign the attached letter to President Aleman.

Attachments

CONCURRENCE
ROUTING SYMBOL 1-3
INITIALS JANITA HAYES
DATE 7/13/99
ROUTING SYMBOL 1-32
INITIALS
DATE 7/1/99
ROUTING SYMBOL 1-3
INITIALS TERRI FARELLO
DATE 7/1/99
ROUTING SYMBOL 1-1
INITIALS ARREN PETERS
DATE 7/1/99
ROUTING SYMBOL 1-1
INITIALS CALVIN HUMPHREY
DATE 7/1/99
ROUTING SYMBOL
INITIALS
DATE



Department of Energy
Washington, DC 20585

re: Enron

Ralph - I'd like to discuss ASAP - IA seats approval today

State - her approval. Pretty

MEMORANDUM FOR THE SECRETARY

From: Calvin Humphrey
Acting Assistant Secretary
Office of International Affairs

[Handwritten signature]

Strong but since no US competitor (2)

Thru: Theresa M. Fariello
Deputy Assistant Secretary
Office of International Energy Policy, Trade and Investment

2 Danell there are foreign CO partners, I'd be included

Subject: Action: Letter to Arnaldo Aleman, President of the Republic of Nicaragua

Issue: An Enron subsidiary's project in Nicaragua to provide electricity to the national grid has been caught up in a bureaucratic muddle related to the exercise of a right-of-way for the construction of the transmission lines. Secretary of Commerce, William Daley, is planning to send a similar letter.

*to ok
Sam
66738*

Background: Enron is experiencing problems completing a barge mounted power plant project. The company claims to have met all legal requirements to use an abandoned railroad right-of-way to run a transmission line free of charge from the Barge to a substation in Leon. The Government subsequently determined that the company needed to pay \$1.5-2.0 million for the use of the right-of-way. Enron believes this is excessive but is willing to move some of the transmission poles to accommodate the Government's contention that the location of the poles interferes with future plans for the right-of-way, the basis for the money claim. Nicaragua has placed a Cease and Desist order on the project until the issue is resolved.

Sensitivities: None.

Urgency: The delay is making the project economically marginal and President Aleman needs to make a decision soon or Enron will seek to exercise a clause in the contract that requires the Government to buy out the private sector's interest. Such a move will send a negative signal to other investors interested in Nicaragua.

Recommendation: That you sign the attached letter to President Aleman.

Attachments

*GC - TO
7/10/99
CSB
Shred
7/14/99*

Corinto Power Plant and Transmission Line Issue-July 6, 1999

The Corinto Power Plant is owned by Empresa Energética Corinto Ltd. (EEC) and will generate 70.5 Megawatts from a barge-mounted facility. EEC is owned by Enron (35 percent), Centrans Energy Services, Inc. (35 percent) and the Commonwealth Development Corporation -CDC (30 percent). Total cost of the project is approximately \$73.8 million, of which \$50.0 million is a loan guaranteed by the U.S. Maritime Administration (MARAD). The project includes a 54 Km., 138 Kv transmission line that runs from the plant to the León substation. Most of the transmission line (89%) runs through the former railroad right-of-way (ROW). This ROW is state-owned and is currently abandoned.

The Electric Industry Law of Nicaragua grants free access, use and occupation of state property for construction and operation of electrical facilities. As a holder of a Generation License issued by the Nicaraguan Energy Institute (INE), EEC has these rights. EEC satisfied all legal requirements for the establishment of easements on the ROW. On 02/05/99, INE issued a resolution imposing all the easements requested by EEC. In most cases, poles were placed at the edge of the ROW to avoid conflict with future potential uses of the property.

In spite of having all necessary legal permits, since March 1999, EEC has been subjected to pressures from several agencies of the Government of Nicaragua (GON), including orders to cease and desist work on the transmission line. In some cases, these institutions have argued that they are the owners of the ROW and have claimed payment for its use. Most recently, the Ministry of Transportation and Infrastructure (MTI) argued that 49 poles are supposedly interrupting other potential uses that have not been clearly defined and are not imminent.

Since March, EEC has tried to negotiate with the GON to resolve this issue; the negotiations have not been successful. The requests of GON entities have been as high as \$2.0 million for the use of the ROW, although the Electric Industry Law clearly grants free access, use and occupation of state property for this purpose.

In spite of the interruptions caused by the various GON agencies, the transmission line was completed in early June. It has been tested and it is ready to be operated. Likewise, the power plant is tested and ready to deliver power to the grid. However, the plant cannot be operated because on June 4, 1999, Empresa Nicaragüense de Electricidad (ENEL), the GON entity that signed the Power Purchase Agreement (PPA) with EEC, denied access to the León substation to EEC's subcontractors, until the ROW issue has been resolved with the GON. The key interconnection at that substation has not been completed and the project's schedule has been, and continues to be delayed, in violation of the PPA terms.

The U.S., British and German Ambassadors, U.S. DOC officials, as well as IDB officials in Nicaragua have tried to mediate and achieve a resolution to this problem. To this date, the GON continues to deny access the León substation.

EEC's position is that it is willing to continue negotiating with the GON, either the movement of a reasonable number of poles, or a compensation that is contemplated under the laws of Nicaragua. However, EEC requests that access to the León substation is

granted immediately to complete the interconnection with the Nicaraguan system, allowing the delivery of power, in compliance with the PPA signed with ENEL.



Department of Energy
Executive Secretariat

1999-010542

July 21, 1999

Note for Rebecca Gagen
Rachel King

We submit the attached document, prepared by the
Office of International Affairs, for your concurrence.

Concur: Nonconcur Date 7/21

Comments: Has Commerce cleared
on advocacy?

Please return the document to the Office of the
Executive Secretariat for further processing.

ES 99-010542

yes - 7/22 - T.F.

See edits.



Department of Energy
Executive Secretariat

1999-010542

July 21, 1999

Note for Rebecca Gaghen
Rachel King

We submit the attached document, prepared by the
Office of International Affairs, for your concurrence.

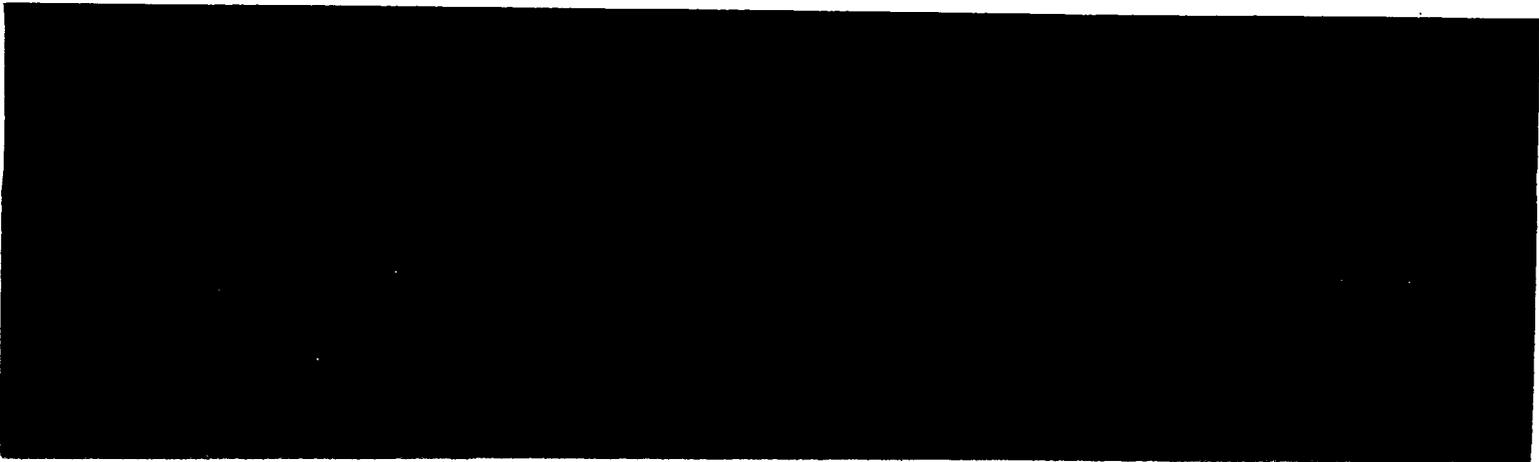
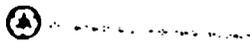
Concur: / Nonconcur Date 7/21

Comments: _____

Please return the document to the Office of the
Executive Secretariat for further processing.

ES 99-010542

FINE
RD Gaghen





Department of Energy
Executive Secretariat

July 21, 1999

Note for Rebecca Gaghen
Rachel King

We submit the attached document, prepared by the
Office of International Affairs, for your concurrence.

Concur: Nonconcur Date 7/22

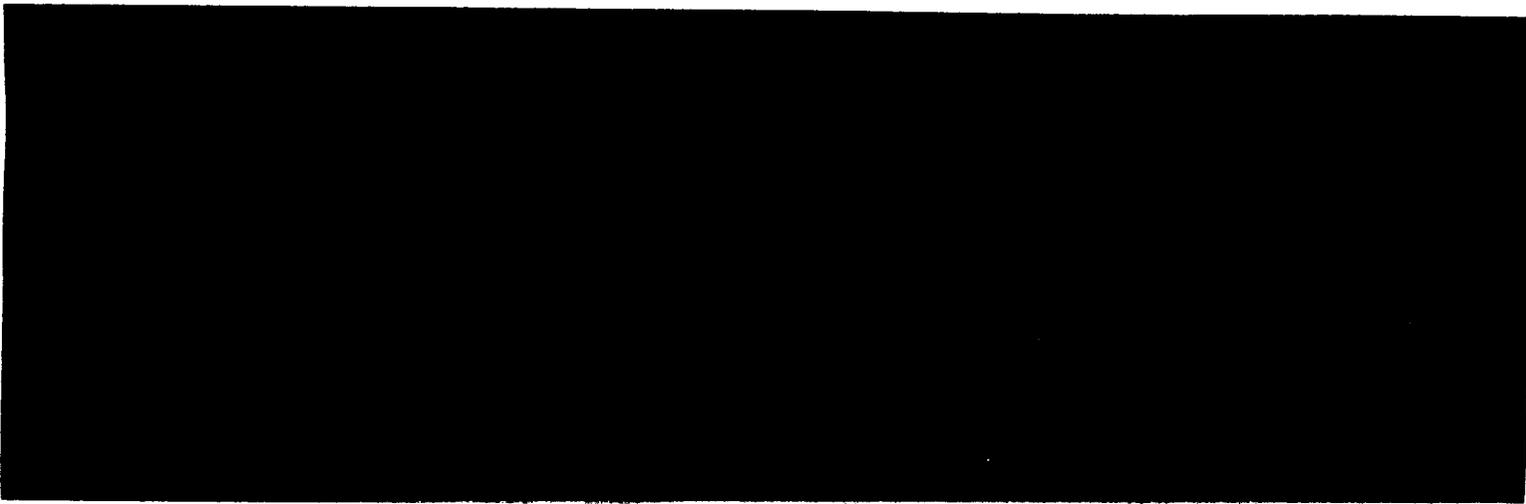
Comments: This comment should
in advisory

Please return the document to the Office of the
Executive Secretariat for further processing.

ES 99-010542

Yes - 7/22 - T.F.

See units



Office of the Executive Secretariat

ES Number: 1999-010542

Due Date:

Action Date: 7/16/99

Subject Summary: Letter to Arnaldo Aleman, President of the Republic of Nicaragua re: a problem facing a U.S. investor

Action Requested: Secretary sign letter to Aleman

Chronology: 7/16 GC/Bradley concurred

7/16 to ES/Atcherson for review; completed

7/16 to ES/West for further review

7/20 David Alarid concurrence, Desk Officer, Nicaragua, State Department

7/20 GC/Goldenberg

7/21 to OS/Gaghen and King for concurrence

7/21 OS/Gaghen concurred with comment.

7/21 Package forwarded to Bettie to send to program office to obtain Dept. of Commerce's concurrence.SB

7/22 to OS/Gaghen for final review

7/23 OS/Gaghen approved

7/23 Package forwarded to Bettie for dispatch.

7/26 document sgd by Secretary; original returned to PO for dispatch

From Org: Office of International Affairs

Officer: Calvin Humphrey

Alert Information: The delay is making the project economically marginal and President Aleman needs to make a decision soon or Enron will seek to exercise a clause in the contract that requires the Government to buy out the private sector's interest. Such a move will send a negative signal to other investors interested in Nicaragua.

Highlighted Policy: None

Background Information:

1999-010542

Return folder and contents to the Office of the Executive Secretariat upon completion of action. Executive Secretariat Contact: Bettie Atcherson, x65064



1999-010542

The Secretary of Energy
Washington, DC 20585

July 26, 1999

Release

His Excellency
Arnoldo Aleman
President of the Republic of Nicaragua
Managua, Nicaragua

Dear Mr. President:

I respectfully request your attention to a problem facing a U.S. investor in your country that could seriously jeopardize the project and adversely affect investor confidence in Nicaragua, if not satisfactorily resolved in an appropriate manner.

Empresa Energetica Corinto Ltd., a company jointly owned by Enron, Commonwealth Development Corporation, and Centrans Energy Services, is nearing completion of a barge mounted electric power plant in Corinto. Enron is a U.S. company that is active in Latin America and the United States in promoting vitally needed natural gas and electricity projects to meet the needs of consumers for these services.

Empresa's efforts to complete the Corinto project is delayed because of difficulties associated with the construction of a transmission line using the right-of-way of a non-operating railroad line. Empresa has offered to resolve the problem by moving the transmission poles in question, but it needs to first complete construction by making the final connection of transmission lines to the substation at Leon.

I urge you to allow Empresa to complete construction of the line and connect onto the Leon substation so that the power plant may provide critically needed electrical power to the customers on the system. Empresa has committed to you and U.S. Ambassador Lino Gutierrez to move the necessary transmission lines to accommodate the concerns of the Nicaraguan government. It is now imperative that the *Cease and Desist order* issued by your government against the project be removed so that the project may move forward.



The satisfactory resolution of this matter will ensure that the favorable attitude that many United States and other private investors have toward investments in Nicaragua will continue, providing Nicaragua's citizens with the energy infrastructure needed to fuel the country's economic development.

With best regards.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Bill Richardson", with a long horizontal flourish extending to the right.

Bill Richardson

Exhaustive Single items Report
Folder Profile data for 1999-010542

profile.docname Memo from IA/Humphrey forwarding a letter Arnoldo Aleman, President of Nicaragua
Name

profile.abstract Advocacy letter re: Enron's Electric transmission project in Nicaragua
Subject Text

profile.creation_date profile.control Date Created Control # 1999-010542 7/16/99
profile.org(addresses) doeorg DOE Addressee Bill Richardson
profile.date_completed Date Completed 7/26/99 ldoeorg.description Secretary of
ergy

profile.date_corr Correspondence Date 7/16/99 ldoeorg(assign to) doeorg Assigned To

profile.date_due Date Due 7/20/99 ldoeorg.description International
fairs

profile.progoff_num Action Office # IA
people.fullname Point of Contact Browne, Sam ldoeorg(signature) doeorg Signature/Approval Bill
Richardson

action.action Action Requested Approval/Signature ldoeorg.description Secretary of
ergy

event.jobevent Folder Trigger Internal Memo
priority.priority Priority Essential source.source Source A

sensitivity.sensitivity Sensitivity Not Applicable source.description Action
mo

classif.classif Classification None topic.topic Topical Index
classif.description None topic.description

rids.rids RIDS Information
rids.description Head of Agency
 Executive Correspondence materials

profile.instructions Special Instructions

Folder Components:

Component Name	Component Type
1. Memo from IA/Humphrey forwarding a letter Arnoldo Aleman, President of Nicaragua	Job Folder
2. Action Memo the Secretary	Internal Action Item - Image
3. Proposed Response	Response Letter - WP File Only
4. IA Concurrence	Concurrence Letter - Image
5. Terry Fariello verifies that Commerce has concurred 7/22	Concurrence Letter - Image
6. Rachel King concurred 7/21/99	Concurrence Letter - Image
7. Rebecca Gaghen concurred 7/21/99	Concurrence Letter - Image
8. CONCURRENCES (IA & GC)	Concurrence Letter - Image
9. BACKGROUND	Reference Material
10. OSE Form	Notes or Other Comments
11. Chronology	Notes or Other Comments
12. Letter to President Arnoldo Adelman sgd by the Secretary dtd 7/26/99	Final Letter or Memo - Image Only

Folder Name: 1999-010542

Browne, Sam

Active Tasks

Dispatch Task Pending for _ES Dispatch
 Review Task Received and Read by Atcherson, Bettie on Friday Jul 16 1999 at 14:06

Completed Tasks

ES Review Task received by Atcherson, Bettie on Friday Jul 16 1999 at 02:06
ES Review Task read by Atcherson, Bettie on Friday Jul 16 1999 at 04:22
ES Review Task re-routed by Atcherson, Bettie on Friday Jul 16 1999 at 04:23
ES Review Task re-routed by Atcherson, Bettie on Friday Jul 23 1999 at 09:39

Comments Entries:

Route Name: 1999-010542

Browne, Sam

Active Tasks

ES Review Task Completed by Atcherson, Bettie on Friday Jul 16 1999 at 15:32
Dispatch Task Received by _ES Dispatch on Tuesday Jul 27 1999 at 13:06

Completed Tasks

ES Review Task received by Atcherson, Bettie on Friday Jul 16 1999 at 03:32
ES Review Task read by Atcherson, Bettie on Tuesday Jul 27 1999 at 01:05
ES Review Task completed by Atcherson, Bettie on Tuesday Jul 27 1999 at 01:06
Dispatch Task received by _ES Dispatch on Tuesday Jul 27 1999 at 01:06

Comments Entries:

Atcherson, Bettie(7/27/99 1:06 PM):
7/26 Secretary signed letter to Adelman; original returned to PO for dispatch

Route Name: 1999-010542

Atcherson, Bettie

Active Tasks

Go ES Director for Review - ES/OSE Task Completed by West, Yvonne on Friday Jul 16 1999 at 16:23
OSE Action Task Completed by OSECORD on Monday Jul 19 1999 at 16:12
Notification of completion Task Completed by Atcherson, Bettie on Wednesday Jul 21 1999 at 15:08

Completed Tasks

Go ES Director for Review - ES/OSE Task received by _ES Director on Friday Jul 16 1999 at 04:23
Go ES Director for Review - ES/OSE Task read by West, Yvonne on Monday Jul 19 1999 at 04:12
Go ES Director for Review - ES/OSE Task completed by West, Yvonne on Monday Jul 19 1999 at 04:12
OSE Action Task received by OSECORD on Monday Jul 19 1999 at 04:12
OSE Action Task read by OSECORD on Wednesday Jul 21 1999 at 03:05
OSE Action Task completed by OSECORD on Wednesday Jul 21 1999 at 03:08
Notification of completion Task received by Atcherson, Bettie on Wednesday Jul 21 1999 at 03:08
Notification of completion Task read by Atcherson, Bettie on Friday Jul 23 1999 at 09:35
Notification of completion Task completed by Atcherson, Bettie on Friday Jul 23 1999 at 09:38

Comments Entries:

Atcherson, Bettie(7/23/99 9:36 AM):
7/23 forwarded to YWest for review. ba
OSECORD(7/21/99 3:08 PM):
7/21 OS/Gaghen concurred with comment.

7/21 Package forwarded to Bettie to send to program office to obtain Dept. of Commerce's concurrence.SB

We

st, Yvonne(7/19/99 4:12 PM):

To OS/Solit for Review

Returned to ES/Atcherson to obtain DOS concurrence

Atcherson, Bettie(7/16/99 4:23 PM):

7/16 review completed; forwarded to YWest for further review

Route Name: 1999-010542

Atcherson, Bettie

Active Tasks

To ES Director for Review - ES/OSE Task Completed by West, Yvonne on Friday Jul 23 1999 at 09:39

OSE Action Task Completed by OSECORD on Friday Jul 23 1999 at 10:20

notification of completion Task Completed by Atcherson, Bettie on Monday Jul 26 1999 at 07:24

Completed Tasks

To ES Director for Review - ES/OSE Task received by _ES Director on Friday Jul 23 1999 at 09:39

To ES Director for Review - ES/OSE Task read by West, Yvonne on Friday Jul 23 1999 at 10:20

To ES Director for Review - ES/OSE Task completed by West, Yvonne on Friday Jul 23 1999 at 10:20

OSE Action Task received by OSECORD on Friday Jul 23 1999 at 10:20

OSE Action Task read by OSECORD on Monday Jul 26 1999 at 07:22

OSE Action Task completed by OSECORD on Monday Jul 26 1999 at 07:24

notification of completion Task received by Atcherson, Bettie on Monday Jul 26 1999 at 07:24

notification of completion Task read by Atcherson, Bettie on Tuesday Jul 27 1999 at 01:26

notification of completion Task completed by Atcherson, Bettie on Tuesday Jul 27 1999 at 01:28

Comments Entries:

Atcherson, Bettie(7/27/99 1:27 PM):

7/26 Secretary sgd letter to Adelman; original returned to PO for dispatch

OSECORD(7/26/99 7:24 AM):

7/22 OS/Gaghen for review

7/23 OS/Gaghen approved

7/23 Package forwarded to Bettie for dispatch.

West, Yvonne

e(7/23/99 10:20 AM):

To OS/Solit for Review

Atcherson, Bettie(7/23/99 9:39 AM):

Atcherson, Bettie(7/23/99 9:36 AM):

7/23 forwarded to YWest for review. ba

OSECORD(7/21/99 3:08 PM):



The Secretary of Energy
Washington, DC 20585

His Excellency
Arnoldo Aleman
President of the Republic of Nicaragua
Managua

Dear Mr. President:

I am writing to respectfully request your attention to a problem facing a U.S. investor in your country. Before providing you with the details, I would like to first thank you for your quick and decisive resolution of the Empresa Energetica Corinto Ltd. matter which involved Enron. The satisfactory resolution of that matter ensures that the favorable attitude that many U.S. and other private investors have towards investments in Nicaragua will continue.

dear

(b) (5)

Yours sincerely,

Bill Richardson

(b) (5)

His Excellency
Arnoldo Aleman
President of the Republic of Nicaragua
Managua

Dear Mr. President:

I am writing to respectfully request your attention to a problem facing a U.S. investor in your country. Before providing you with the details, I would like to first thank you for your quick and decisive resolution of the Empresa Energetica Corinto Ltd. matter which involved Enron. The satisfactory resolution of that matter ensures that the favorable attitude that many U.S. and other private investors have towards investments in Nicaragua will continue.

clear

Yours sincerely,

Bill Richardson

RTG SYMBOL
NTALS SG
DATE
4/29
RTG SYMBOL
NTALS SG
DATE
RTG SYMBOL
NTALS SG
DATE
RTG SYMBOL
NTALS SG
DATE
RTG SYMBOL
NTALS SG
DATE
RTG SYMBOL
NTALS SG
DATE
RTG SYMBOL
NTALS SG
DATE
RTG SYMBOL
NTALS SG
DATE

release

Israel's New Ambassador, the Tickling Ivry

By Nora Boustany
Washington Post Foreign Service
Wednesday, February 9, 2000 ; A18

Underneath the armored exterior of Maj. Gen. David Ivry and his specialized jargon on all matters military is a funny diplomat struggling to get out.

Since he presented his credentials last week, Israel's new ambassador to Washington--a brilliant military strategist, we are told, not a diplomat--chose to talk about tactical ballistic missiles, chemical warheads and the loss of conventional deterrence. It takes a general to recall a caricature in which American- and Russian-made missiles say "hello" to one another in midair, before explaining that one side has a time advantage over the other. Armament buffs attending the Israel Policy Forum lunch on Monday followed up with more sophisticated queries, further befuddling the rest who came for a tea-leaf reading on prospects for Middle East peacemaking.

When asked how far the talks had gone between Israeli defense officials and the Pentagon on the security package Israel was seeking in exchange for peace with Syria, a little bit of the general's humor came out. He quipped, "We did not go to the Golan to [make] a better wine," referring to Israel's vineyards along the Syrian border. Then he continued explaining his country's need for strategic depth, early warning systems, artillery range and "a lot of compensation." Peace is not achieved by signing a piece of paper, he added, "People should be able to trust one another." Textbooks are being revised to help remove some of the hatred, but, "in the meantime, we have to be strong," Ivry said. "Peace is very expensive, but war is much more expensive."

Ivry, who is credited with being the architect of his country's security alliance with Turkey, a NATO member state bordering Syria, said it was very important to signal that Israel can have such close ties with a Muslim country. "If we can do it with Iran, we would like to do it. We had it at the time of the shah [Iranian Shah Mohammad Reza Pahlavi]. Why not today?" he asked. The strategy of pursuing alliances with states adjacent to Israel's Arab neighbors has been a consistent theme of Israeli foreign policy.

The ambassador-general has a raconteur side as well. He told of how rabbis were always being called upon to settle conflicts between neighbors in small Jewish communities in Eastern Europe. When the village rabbi talked to the first neighbor, he concluded: "After what you told me, you are right." After hearing out the second, the rabbi said: "According to what you have just said, you are right." The rabbi's wife, who was listening in the background, told her husband: "If everybody is right, there is no solution." The moral of the story, said the ambassador, is: "You do not always have to go to the rabbi. Talk to your neighbors. Also, listen to your wife, she is always right." A nice plug for the peace process?

Ringing in the New

It is not too late to say "Kung Hsih Fa Tsai" or "May You Be Prosperous," the Chinese greeting for the new Year of the Dragon. No champagne was uncorked last Thursday evening, but Taiwan's representative to the United States, Stephen Chen, reveled with senior Taiwanese officials and a host of Washington guests. Here to attend the 2000 National Prayer Breakfast, Hsu Shui-teh, president of Taiwan's Examination Yuan, one of its five branches of government, gathered with other guests Feb. 3 at Taiwan's snow-capped Twin Oaks estate in Cleveland Park for a seven-course meal. He joked that Chinese custom dictated that guests had to stay for nightlong games and celebrations. Nobody talked about controversial defense contracts, but Chen said the prayer breakfast was a reminder to look "beyond the petty problems of the day and election campaigns and to focus on what is important in life." If he had one complaint, he said,

it was that "everything served this morning was cold, except for the coffee. The fruit was cold, the bagels and the muffins were cold. But the friendship was warm."

Bhutto's Vision

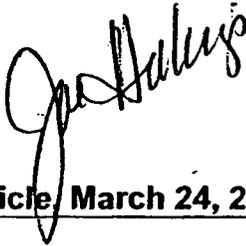
If this is the town of political reinvention, former Pakistani prime minister Benazir Bhutto came close. Now living in exile in London and Dubai with her mother and children while her husband remains imprisoned in Pakistan on corruption charges, Bhutto has made a habit of hopping over the Atlantic every couple of months to make the rounds and speak of her vision for her native country. Addressing guests at a Sunday luncheon hosted by Pakistani American entrepreneur Riffat Mahmoud, Bhutto raised some interesting questions about Pakistan's changing role and dwindling fortunes. "Can our economies sustain the pressure of the policies of the past?" she asked.

Bhutto spoke of mistakes made in her last term, which ended in 1996, of the failure to create a South Asia market and to open borders with India. She challenged the role of religious schools in her country, which she said were meant to teach how humans should treat other humans and not train people to fight wars and coach militants seeking to destabilize other countries. "Do we want to be another Afghanistan, Sudan or Iran, or do we want to join the global community? The Cold War is over," she said. Bhutto disclosed she met with President Clinton last week and urged him to visit Pakistan in March as part of his planned trip to India and Bangladesh. "We in Pakistan deserve a better future than we the leaders have enabled them to have," she said.

ENRON, WASHINGTON
TRANSMITTAL SHEET
1775 Eye Street, NW
Suite 800
Washington, DC 20006
202-466-9145
202-827-3372 (fax)
jhillin@enron.com

Release

FROM: Joe Hillings
DATE: 3/27/00
RE: Oil Daily Article March 24, 2000



Please see attached Oil Daily Article dated March 24, 2000 regarding Enron's web-based transaction service which I thought would be of interest.

Best regards.

Joe Hillings

Encl.



Release

E. Joseph Hillings
Vice President and General Manager
Federal Government Affairs

Enron Corp.
1775 Eye Street, NW, Suite 800
Washington, DC 20006-4607
(202) 466-9145
Fax (202) 828-3372
jhilling@enron.com

VIA FAX
202-586-0861 (fax)

May 30, 2000

The Honorable David Goldwyn
Assistant Secretary for International Affairs
Department of Energy
1000 Independence Avenue, SW
Routing Symbol IA-1, (Room #7C-016)
Washington, DC 20585
202-586-5800

Dear Secretary Goldwyn:

We wanted to bring to your attention Enron's serious concerns about a Memorandum of Understanding (MOU), which was signed this week by the Governments of Bolivia and Brazil regarding a second gas pipeline to provide additional natural gas to Brazil for the benefit of Petrobras, the state-owned Brazilian energy company. Earlier today, I sent to your attention a letter sent last Friday by Enron South America LLC to Economic Development Minister Lupo and Finance Minister MacLean of Bolivia, outlining the situation.

As described in the letter, the terms of this MOU are counter to the objectives of energy integration and fair treatment of investors that have been supported at the Miami Summit of the Americas, the Santa Cruz Energy Summit, and the Santiago Summit of the Americas. This matter deserves prompt attention and action by the U.S. Government. We must ensure that at the highest levels of the Governments of Bolivia and Brazil, as well as in other Mercosur countries, the risks of allowing market domination by Petrobras to run unchecked are known and understood. I would highlight that while the discussions leading to this MOU involved high-level participation of Petrobras with the Governments of Bolivia and Brazil, neither Transredes nor other private investors or potential participants were offered a seat at the table.

I hope that we can count on the strong support of the U.S. Government to promote open competition in the participation of private and foreign investors in the crucial Mercosur energy sector. This week will be a critical time, as a technical meeting will be held between Bolivia and Brazil in Rio de Janeiro to work out the details of the MOU. The Government of Brazil must understand that it cannot preach about open energy integration, on the one hand, while pressuring the Government of Bolivia for preferential treatment for Petrobras, on the other. Such behavior is good neither for regional investment nor for energy integration.

It would be helpful if a coordinated U.S. message could be sent to the Mercosur Governments on this issue. In the short term, we would like to prevent the non-competitive nature of the MOU from being solidified in the bilateral meetings in Rio this week. However, issues of energy integration are an integral part of ongoing Mercosur discussions; a working group meeting of the Mercosur Energy Subgroup is taking place Monday and Tuesday of this week in Buenos Aires, while the Mercosur Energy Ministers will meet later this month. As such, it is critical that the key Mercosur Governments hear from the U.S. Government on the importance of open competition and access in energy investments, as well as the economic benefits to be gained by an even playing field as the region contemplates deeper energy integration.

Please feel free to contact me for further information or details regarding this situation. We thank you for your consideration and your support.

Sincerely,

Natural gas. Electricity. Endless possibilities.™

FROM: JOE HILLINGS
ENRON CORP.
WASHINGTON, D.C.

Release

Jackie Gentle
Enron
44-20-7783-4141

Mark Palmer
Enron
713-853-4738

Tom McKeever
MG plc
44-20-7488-2244

**ENRON ANNOUNCES OFFER FOR MG PLC, WILL EXTEND SUCCESSFUL
BUSINESS MODEL TO METALS INDUSTRY**

FOR IMMEDIATE RELEASE: Monday, May 22, 2000

LONDON and HOUSTON – Enron Corp. announced today the terms of a cash offer to acquire the shares of London-based MG plc, the world's leading publicly traded metals marketer. The offer, which has been unanimously recommended by MG plc's board of directors, values the outstanding shares of the company at \$4.46 (£3.00) per share, or \$446 million (£300 million). The companies expect to close the transaction, following shareholder and customary regulatory approvals, by early third quarter of this year.

"Enron has been monitoring the global metals market for several years, and we believe now is the time to enter this \$120 billion market," said Kenneth L. Lay, Enron chairman and CEO. "Our business model, which we have proven in the natural gas and electricity markets, will give us a tremendous advantage in an industry that is undergoing fundamental change."

MG plc is a leading independent international metals market-making business providing financial and marketing services to the global metals industry.

"MG plc's recognized market-making capabilities and excellent market knowledge provide an immediate platform upon which to overlay Enron's proven ability to offer innovative e-commerce-enabled services to commodity-based industries," said Tom McKeever, MG plc executive chairman.

"In market after market, we have proven that our competitive advantage is our ability to deliver the physical commodity to customers at any time and at the best possible price," said

1169

Re: [Handwritten signature]



E. Joseph Hillings
Vice President and General Manager
Federal Government Affairs

Enron Corp.
1775 Eye Street, NW, Suite 800
Washington, DC 20006-4607
(202) 466-9145
Fax (202) 828-3372
jhilling@enron.com

[Handwritten initials]

VIA FAX
202-586-0861 (fax)

June 1, 2000

The Honorable David Goldwyn
Assistant Secretary for International Affairs
Department of Energy
1000 Independence Avenue, SW
Routing Symbol IA-1, (Room #7C-016)
Washington, DC 20585

Dear Secretary Goldwyn:

We have been advised the Brazilian Minister of Energy and Mines, Roberto Tourinho will be in Washington, DC next week to meet with the InterAmerican Bank and the World Bank.

Petrobras has not lived up to the conditions of their loan to sell their controlling interest in the Bolivia-Brazil Pipeline. They were to have submitted a plan to do so in November 1998, but neither of those institutions has taken action to require compliance. Petrobras continues to restrict capacity on the pipeline which allows them, despite privatization, to exercise control over the natural gas supply which they are now extending into power generation.

I hope you can use the opportunity of the Minister's visit to advise the Government of Brazil that this conduct has put a stranglehold on market access. The principals had agreed in the Summit of the Americas agreement and subsequent agreements to the principle of market access.

Sincerely,

[Handwritten signature]

→ David Zemi

- Let's set a meeting at Tourinho*
- update Enad's claim.*
- Let Joe know well follow up [unclear]*

last Several U.S. firms have asked you to advocate on their behalf in your meeting. In particular, ENRON and CMS would like to have projects accorded "mega-project" status so that they might receive tax and import duty benefits, as well as be able to deal with more creditworthy customers than the debt-ridden SEBs.



Release

Kenneth L. Lay
Chairman and
Chief Executive Officer

Enron Corp.
P. O. Box 1188
Houston, TX 77251-1188
713-853-6773
Fax 713-853-5313
Kenneth.Lay@enron.com

April 4, 2000

The Honorable William J. Clinton
The President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20501

Dear Mr. President:

Enron is committed to providing reliable and innovative energy plans that translate into economic progress in the US and overseas. In Bolivia, Enron and Transredes, SA which Enron operates with Shell and the Bolivian Pension fund, are developing one of the largest gas projects undertaken in South America – the natural gas pipeline from Bolivia to Brazil which covers over 1,800 miles. Projects such as this are indicative of Enron’s mission and our shared objective under your leadership to export US know-how in designing natural gas transportation systems that deliver clean-burning fuel to more consumers and contribute to cleaner air and a better environment.

Given Enron’s commitment to controlling global emissions, I wanted to highlight an initiative that we support. We understand that the US and Bolivia are finalizing discussions on a comprehensive clean energy cooperation package that would lead to Bolivia announcing its intention to adopt voluntary emissions restraints for greenhouse gases. Such an agreement would reinforce your Administration’s support of Bolivia’s interest in playing a positive role in the international debate on environmental protection – support that began when Vice President Gore visited Santa Cruz, Bolivia in 1996 for the hemispheric summit on sustainable development.

In our view, finalizing an environmentally-friendly agreement with the Government of Bolivia would bring US support of Bolivian efforts in the environmental realm full circle. Further, this would provide a compelling deliverable for a White House meeting between you and President Banzer of Bolivia.

Your Administration could send a clear message regarding its support of efforts made in our hemisphere to pursue growth alongside environmental responsibility. As the trade and investment ties between North and South America expand, the Administration should take advantage of opportunities to positively reward constructive environmental agendas in the hemisphere. Enron would strongly support doing so



Department of Energy
Washington, DC 20585

(b)(5)

MEMORANDUM FOR THE DEPUTY SECRETARY

FROM: David L. Goldwyn
Assistant Secretary for International Affairs

SUBJECT: Meeting with Mrs. Jayavanti Mehta, India's Minister of State for Power at 11:00 A.M., January 24

SETTING: The Secretary's Conference room. Attendees: Indian Ambassador Naresh Chandra; Mr. P. I. Suvrathan, Joint Secretary of Power; Mr. Sudhakar Rao, Minister for Economics, Embassy of India and possibly others to be determined. Other U.S. attendees include Bob Randolph, USAID Assistant Administrator for Asia and the Near East, USAID and Roger Ballantine, Deputy Assistant to the President for Environmental Initiatives

The Honorable William J. Clinton

April 4, 2000

Page two

through a meaningful White House signing ceremony to be scheduled as soon as a clean energy cooperation package could be finalized. Thank you for your attention to this matter and please contact me if I can be at all helpful in the attainment of this objective.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth G. Smith". The signature is written in a cursive style with a large, sweeping initial "K".



Department of Energy
Washington, DC 20585

1A-1

(b)(5)

MEMORANDUM FOR THE SECRETARY

From: David L. Goldwyn
Assistant Secretary for International Affairs

Subject: Meeting with new Israeli Ambassador, David Ivry (bio attached)

Setting: Your Office, Wednesday, February 15th, 2000 at 9:00 A.M.
DOE: David Goldwyn, Len Coburn, Robert Copaken, Rachel King, R. Gaghen
Embassy: Ambassador Ivry, Yossi Amrani.

Key Points to Make:

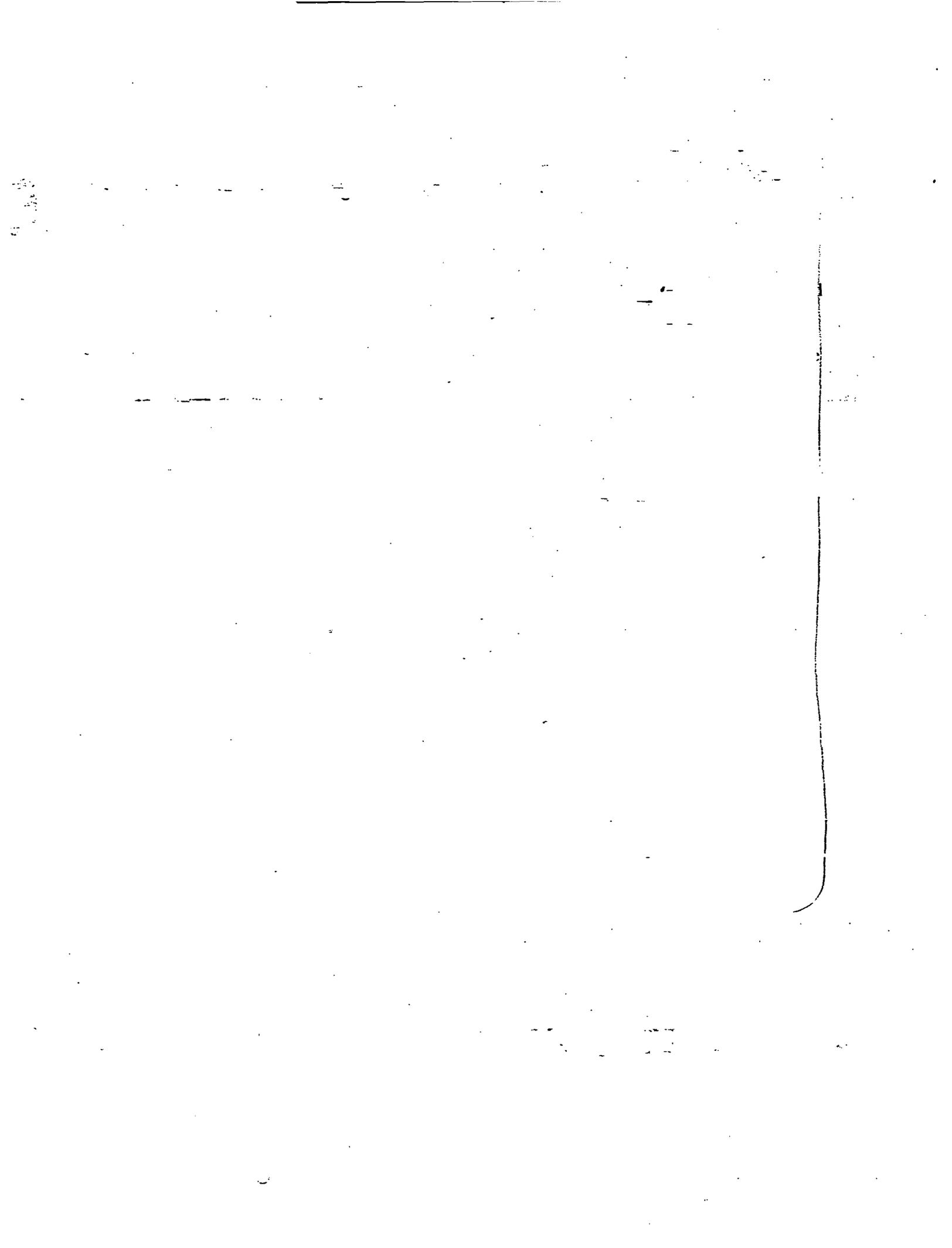
•

•

•

•

Handwritten vertical line on the right side of the page.



**MEETING WITH ISRAELI AMBASSADOR DAVID IVRY
FEBRUARY 15, 2000
TALKING POINTS**

Lead

- Finally, we are also going to be meeting with Chairman Arafat and the head of the Palestinian Energy Authority, Mr. Hamad, to sign a statement of intent to cooperate in the area of energy. As you probably know, Enron has agreed to build a power plant jointly with the Palestine Electric Company in Gaza, which will depend on cooperation from the Israeli government for its success. My understanding is that both Minister Suissa and Yossi Kucik, Prime Minister Barak's Economic Advisor, have expressed their support for this Enron power plant.

1

2

re

ut

ion.

in

3

4



Department of Energy
Washington, DC 20585

(b)(7)

SEP 21 1999

10/13/99

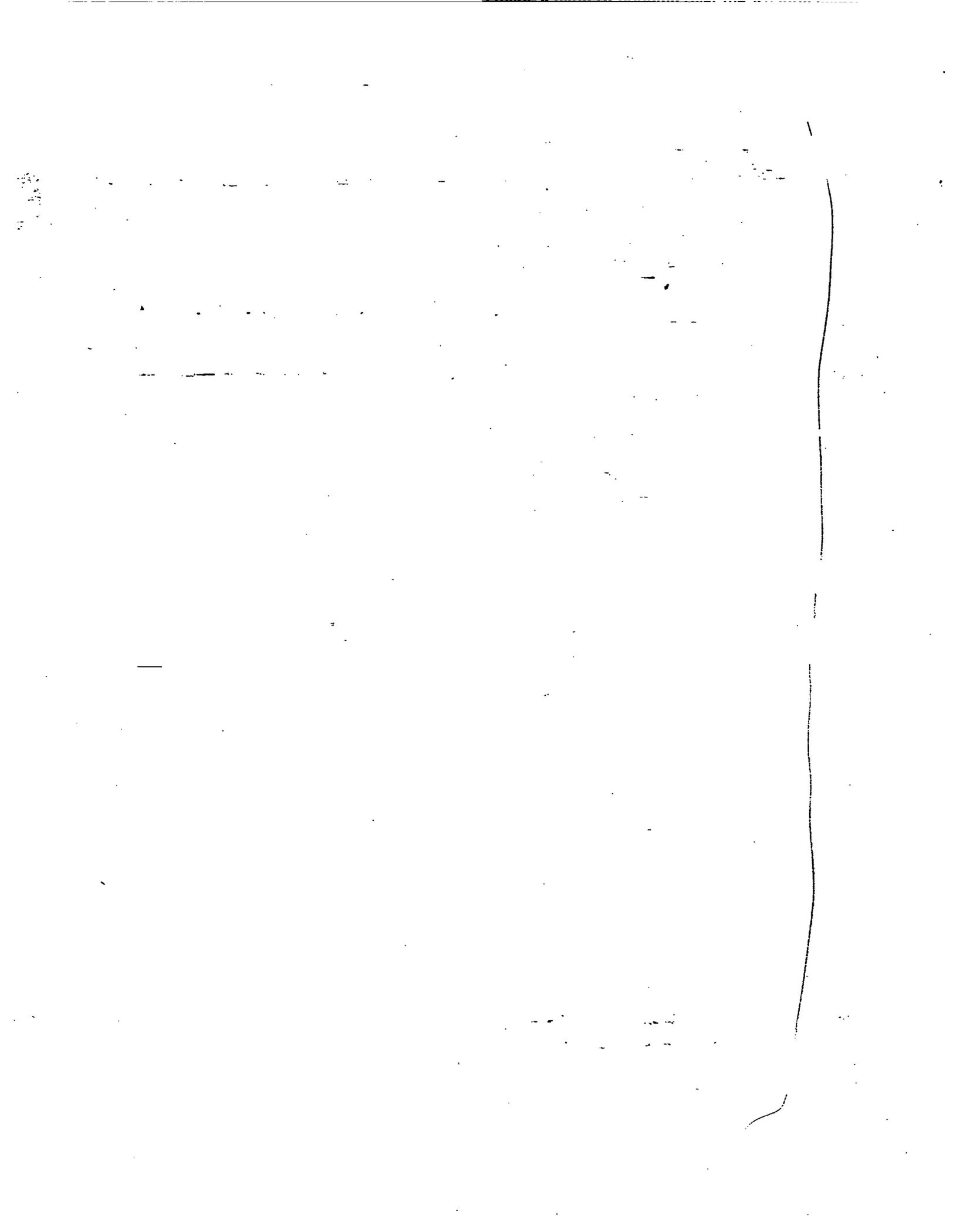
MEMORANDUM FOR THE SECRETARY

5-1 APPROVES ADCC
MINUTE

FROM: David L. Goldwyn
Assistant Secretary
Office of International Affairs

SUBJECT: Options for an Asian Energy Ministers Meeting

Use → -U.S. industry is very interested in APEC's energy program, especially the natural gas initiative, and will participate in the implementation advisory teams. They are very active in the EWG Business Network, spending considerable time and effort. For instance, Ken Thompson (ARCO) and Terry Thorn (Enron) attended the recent Business Network meeting in New Zealand and were present at the last meeting of the Energy Working Group in Oakland in April 1999.



Drafted by: D. Jhirad, IA-1; George Zeigler, IA-32
Concurrences: D. Pumphrey, IA-32
T. Fariello, IA-3
R. King, OSE



Department of Energy
Washington, DC 20585

SEP 23 1999

*release
this
page*

MEMORANDUM FOR THE SECRETARY

FROM: David L. Goldwyn
Assistant Secretary for International Affairs

SUBJECT: Thank you letters for Participants of the Hemispheric Energy Ministers Meeting in New Orleans

ISSUE: On July 30, 1999, you hosted the Fourth Hemispheric Energy Ministers Meeting in New Orleans, Louisiana. At the meeting, numerous individuals representing governments, energy companies, and non-governmental organizations throughout the Hemisphere contributed to the success of the conference. This is the first of a number of thank you letters to various individuals who contributed to the conference.

SENSITIVITIES: The information is public knowledge and is not sensitive.

RECOMMENDATION: That you sign the attached letter(s).

Approve: _____

Disapprove: _____

Date: _____



The Secretary of Energy
Washington, DC 20585

Mr. Phillip Carroll
Chairman and Chief Executive Officer
Fluor Corporation
1 Enterprise Drive
Alto Viejo, CA 92698

Dear Mr. Carroll:

I would like to thank you for your contribution in making the July 28-30, 1999, Hemispheric Energy Ministers Conference in New Orleans, Louisiana a tremendous success.

I was extremely delighted by the overwhelming response from the 400 Conference attendees representing governments, energy companies and non-governmental organizations throughout the Hemisphere. The City of New Orleans and their generous hospitality provided the perfect setting in which to discuss the development of an energy infrastructure for the 21st century. Participation from the hemisphere's leading energy ministers and business executives resulted in a truly historic event.

I would especially like to thank you for your participation in the CEO Roundtable. You presented many new and innovative ideas about strengthening Hemispheric energy integration. The session greatly benefitted from your insight and expertise in developing energy projects in the region. I believe that the private sector plays an important role in promoting energy integration and I look forward to continuing this dialogue.

Yours sincerely,

Bill Richardson



Mr. J. L. Frank
President
MARATHON ASHLAND-PETROLEUM, LLC
1240 L'Avenida Avenue, Suite B
Mountain View, California 94043

Mr. Victor Fryling
Chairman and CEO
CMS CORPORATION
330 Town Center Drive
Dearborn, Michigan 48126

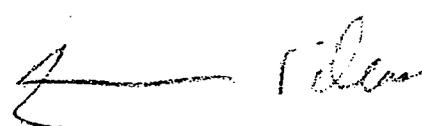
John Imle
Vice Chairman
UNOCAL
2141 Rosecrans Avenue
El Segundo, California 90245

Mr. Ian Jarvis
President
ROSE TECHNOLOGY GROUP LIMITED
255 Consumers Road, Suite 130
Willowdale, Ontario
CANADA
M2J1R4

Mr. John Kemp
President for Exploration
and Production in the Americas
CONOCO, INC.
P.O. Box 2197
Houston, Texas 77027

Mr. Ken Lay
CEO
ENRON
1400 Smith Street
Houston, Texas 77002

Mr. Eduardo Ojea Quintana
CEO
Transportadora de Gas del Sur
Don Bosco 3627, Piso 6
1206 Buenos Aires
ARGENTINA

A handwritten signature in black ink, appearing to read "E. Ojea", is located to the right of the contact information for Mr. Eduardo Ojea Quintana.



Department of Energy

Washington, DC 20585

November 22, 1999

MEMORANDUM FOR THE SECRETARY

THROUGH: David L. Goldwyn
Assistant Secretary for International Affairs

FROM: Donna J. Bobbish, Senior Director for Natural Gas and Regulatory Policy
Office of International Affairs

SUBJECT: Information: Opening and Liberalizing Energy Markets in China and Japan

This memorandum reports on two bilateral efforts to open and liberalize natural gas and electricity markets in Asia; in particular following-up on the APEC Natural Gas Initiative.

Promoting Increased Natural Gas Use and Market Liberalization in China

As you know, promoting the increased use of natural gas (both piped gas and liquefied natural gas (LNG)) is a priority topic for the U.S.-China Energy and Environment Forum, headed by Vice President Gore and Chinese Premier Zhu Rongji. Currently, natural gas accounts for only 2% of China's total energy consumption.

On November 9-10, I participated in the International Energy Agency-China Conference on the Natural Gas Industry, "Market Development, Regulatory Framework and Financing Needs," held in Beijing. On the Chinese side, the conference was co-sponsored by the State Development Planning Commission (SDPC) and the State Administration of Petroleum and Chemical Industries.

The *good news* from this conference was insight from senior Chinese officials into the development of China's natural gas policy, which is eagerly anticipated by U.S. energy companies. Numerous U.S. energy companies have significant interests in natural gas exploration and production, transportation and distribution and end-use of natural gas in China. (U.S. energy companies participating in this conference included: Unocal, Arco, Enron, Mobil, Phillips, Chevron, Texaco, and Exxon.) In his remarks, Zhang Guobao, Vice Chairman of the SDPC outlined China's new natural gas policy:

- Coal will continue to be China's main source of energy.
- China will focus on developing and using its own natural gas resources.
- Imports of natural gas will be supplementary in nature.
- China is moving from a "centrally planned economy to a "socialist economy."
- China will develop price, taxation and investment policies to promote market development.
- China will focus on further expanding gas markets and attracting foreign investors.

The *bad news* from this conference was that, although pressed repeatedly by other conference participants, the representatives of the Chinese government were unwilling to indicate *when* the new natural gas policy would be made public, other than to say it would be incorporated into China's Tenth Five-Year Plan.

In January, we will have the opportunity of raising these issues again with senior Chinese officials at the next meeting of the U.S.-China Environment and Energy Forum in Hawaii.

All conference participants emphasized the benefits of increased natural gas use to China's economy, security and environmental quality. Significantly, numerous conference participants (including those which have not heretofore been active in APEC) urged the Chinese to refer to the policy recommendations included in the APEC Natural Gas Initiative in developing its natural gas policy.

Promoting Deregulation of Electricity and Natural Gas in Japan

On November 11-12, I headed the U.S. delegation to the Energy Working Group talks in Tokyo held under the U.S.-Japan Enhanced Initiative on Deregulation and Competition Policy. This is the second year of the Energy Working Group, which is chaired by USTR and Japan's Ministries of International Trade (MITI) and Industry and Foreign Affairs (MOFA). The U.S. Delegation also included representatives from the Departments of Justice, State, Commerce and the U.S. embassy. The Japanese Delegation also included representatives from the Japan Fair Trade Commission.

The overall goal of this initiative is to encourage Japan to open its historically closed (monopolistic) energy markets in such a way that will allow U.S. companies to enter *and* succeed.

The two delegations discussed the status of deregulation of the electricity and natural gas sectors in their respective countries. The Japanese delegation highlighted its goals of (1) lowering energy prices in Japan, (2) promoting economic growth and (3) creating jobs.

The two delegations also discussed a recently released report from the Electricity Utility Industry Council regarding the implementation of Japan's revised electric utility law. When it takes effect next spring, this law will allow major users to purchase electricity from sources other than their local utility, including other utility and non-utility sources. This change should allow for competition among new market participants and existing utilities. The U.S. delegation provided comments on (1) the methodology for setting fair and transparent transmission charges, (2) the unbundling of different utility functions, (3) the terms and conditions for access to utility-owned transmission networks and (4) ensuring fair transactions during the transition to a competitive market.

In addition, the U.S. delegation successfully urged the Japanese government to accept comments from customers and other interested parties on utility tariff filings that will be made in January 2000, in compliance with Japan's new electricity regulations and directives.

The U.S. delegation also raised two concerns regarding the need for new entrant independent power producers that are not addressed under Japan's regulation: access to liquefied natural gas (LNG) as a generating fuel, and "open access" to LNG terminals currently controlled by utilities.

Finally, the U.S. delegation raised the need for Japan to (1) establish a regulatory regime that will provide the construction of new long-distance natural gas pipelines to serve Japan and (2) permit competition among gas supply sources. The delegation also urged Japan to refer to the policy recommendations included in the APEC Natural Gas Initiative in establishing such a regime.

The Japanese delegation indicated that they found this round of talks most constructive and helpful to policy development and implementation in Japan.

The U.S. delegation reported on these discussions to representatives of U.S. energy companies; including Exxon, Enron, Texaco and Mobil. These companies expressed appreciation for the U.S. delegation's efforts.



Department of Energy
Washington, DC 20585

September 22, 1999

(b)(5)

FILE

MEMORANDUM FOR THE SECRETARY

FROM: David Goldwyn, Assistant Secretary for International Affairs

SUBJECT: Meeting with Chief Bola Ige, Nigeria Minister of Power and Steel

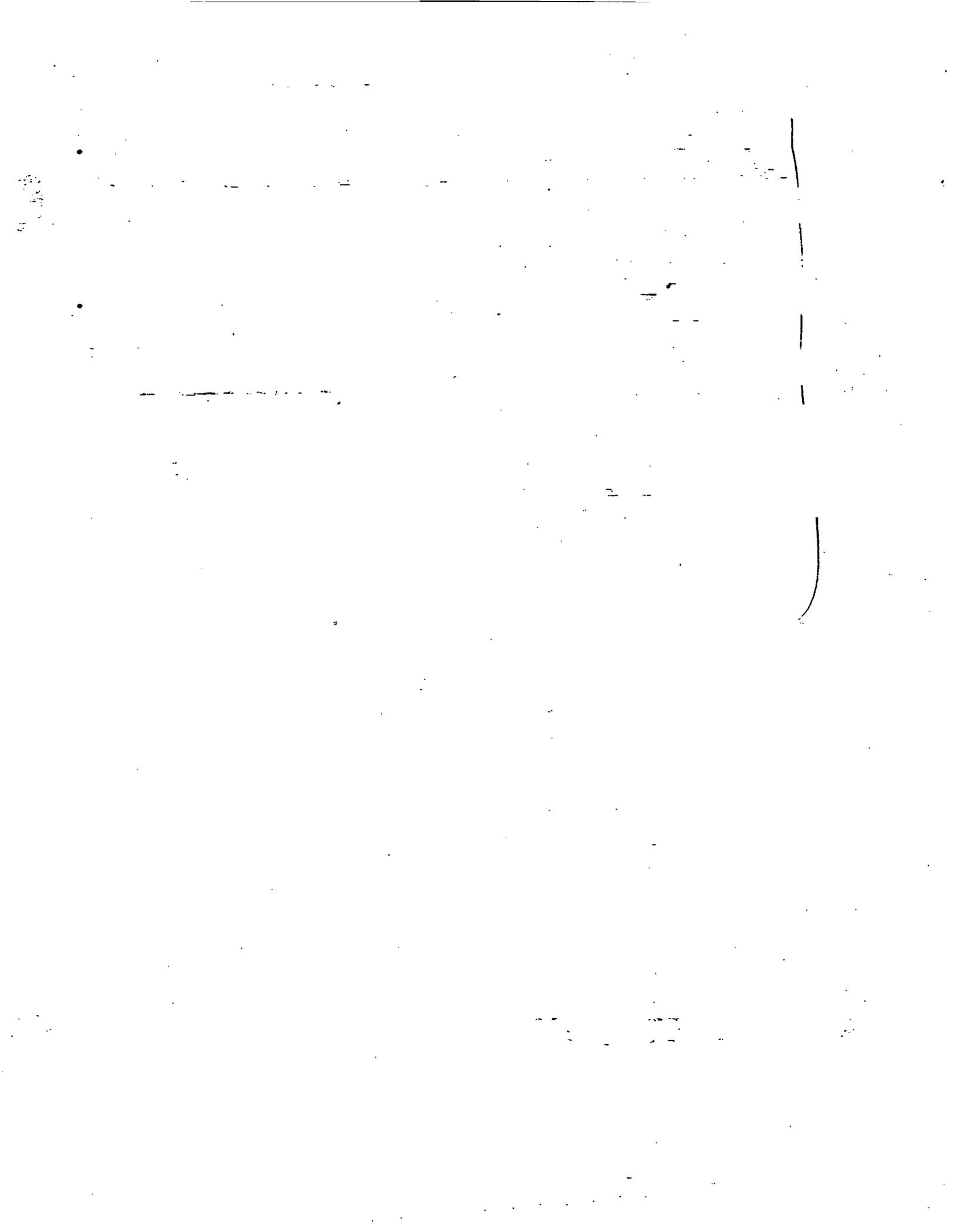
SETTING: Secretary's Conference Room, Thursday, September 23, 1999; 11:15 a.m. to 11:35 a.m.

Participants: Chief Bola Ige, Minister of Power and Steel
Alhaji Abubakar, Permanent Secretary, Ministry of Power and Steel
Dr. Olu Agunloye, Special Advisor to the Minister of Power and Steel
Alhaji Bala Mohammed, Personal Assistant to the Minister of Power and Steel
James Schweikhard, Reynolds Metals Company

DOE: Rebecca Gaghen, Deputy Chief of Staff
David Goldwyn, Assistant Secretary for International Affairs
Calvin Humphrey, Principal Deputy Assistant Secretary for International Affairs
Russell Profozich, Economist, Office of International Affairs

Key Points to Make:

(b)(5)



Background:

NEPA has a major program underway (\$500 million in contracts) to rehabilitate its generation and transmission facilities. NEPA also has indicated an openness to private investment in the electricity sector and is negotiating with Mobil for development of a 500 MW natural gas fired generating plant in the Delta Region and is involved with a proposal by ENRON to build a 500 MW gas-fired plant in Lagos.

Talking Points

31



Department of Energy
Washington, DC 20585

SEP 21 1999

FILE

MEMORANDUM FOR THE SECRETARY

FROM:

David L. Goldwyn
Assistant Secretary
Office of International Affairs

(b)(5)

SUBJECT:

Options for an Asian Energy Ministers Meeting

The last course...

-U.S. industry is very interested in APEC's energy program, especially the natural gas initiative, and will participate in the implementation advisory teams. They are very active in the EWG Business Network, spending considerable time and effort. For instance, Ken Thompson (ARCO) and Terry Thorn (Enron) attended the recent Business Network meeting in New Zealand and were present at the last meeting of the Energy Working Group in Oakland in April 1999.

John

100



Negative considerations:



Drafted by: D. Jhirad, IA-1; George Zeigler, IA-32
Concurrences: D. Pumphrey, IA-32
T. Fariello, IA-3
R. King, OSE

release

Pumphrey, David

From: Hardy Jr, John [John.Hardy@enron.com]
Sent: Friday, November 02, 2001 4:27 PM
To: Pumphrey, David
Subject: LPG PAPER



LPG Industry in
Venezuela.doc

David,

Will talk to you on Monday. This is something we would like to include in the bilateral for Venezuela.

John
<<LPG Industry in Venezuela.doc>>

This e-mail is the property of Enron Corp. and/or its relevant affiliate and may contain confidential and privileged material for the sole use of the intended recipient (s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the sender or reply to Enron Corp. at enron.messaging.administration@enron.com and delete all copies of the message. This e-mail (and any attachments hereto) are not intended to be an offer (or an acceptance) and do not create or evidence a binding and enforceable contract between Enron Corp. (or any of its affiliates) and the intended recipient or any other party, and may not be relied on by anyone as the basis of a contract by estoppel or otherwise. Thank you.

Call

LPG Industry in Venezuela Need: Tariff Increases

THE CRISIS SITUATION

Vengas is the leading transporter and distributor of LPG in Venezuela and 97 percent owned by Enron. The LPG industry in Venezuela is currently in a financial crisis because of the failure of the Government of Venezuela to make tariff adjustments to compensate for inflation and cost increases. The inflation rate in Venezuela in FY 2000 was 13 percent and is expected to reach more than 12 percent this year. The lack of tariff adjustments has forced the industry to limit their investment and maintenance programs.

BACKGROUND

Between June 1997 and May 2000 quarterly adjustments were made to the LPG tariffs to reflect the country's inflation. These adjustments allowed the LPG industry to continue investing in the infrastructure, safety and expansion of their services – reflecting investments of approximately \$50 million during that period.

The Ministry of Energy and Mines currently regulates the Venezuelan liquefied petroleum gas (LPG) industry, including the LPG tariff regime. There have been no adjustments to the LPG tariff since June 2000 that take into account inflation. Any resolutions dealing with regulated tariffs have to be approved by the President's Economic Cabinet.

The country's LPG industry includes 248 private companies located throughout the country. Liquid fuels account for 26 percent of Venezuela's energy mix, mainly as motor fuels and LPG for residential cooking.

Vengas has held more than 25 meetings with Ministry of Energy and Mines officials in the last 18 months either independently or working with its industry associations. In addition, LPG industry position papers have been provided to the President's Economic Cabinet communicating the crisis situation currently facing this sector; but no action has been taken.

SOLUTION

We would like DOE to urge Venezuela to take the necessary steps to immediately enact short and long term tariff adjustments. The resolution must take into account inflation and other external issues affecting the industry, as well as create a process for continued modification of LPG tariffs moving forward. This will allow for the industry to continue investing in maintenance and upgrades.

VENGAS

Venezuela's leading transporter and distributor of LPG, Vengas, has been operating in Venezuela for more than 40 years and has more than 2,500 employees. Headquartered in Caracas, the company serves more than 2.5 million of Venezuela's industrial, commercial and residential consumers. Vengas transports LPG from government-owned refineries to filling plants and bottles the LPG at these facilities for sale and delivery to customers. Houston based Enron Corp. own 97 percent of Vengas and has had a stake in the company for more than 30 years.

relax

Pumphrey, David

From: Hardy Jr, John [John.Hardy@enron.com]
Sent: Monday, October 22, 2001 4:15 PM
To: Pumphrey, David; Hudome, Randa
Subject: ENRON'S JOSE LNG PROJECT



JH-JOSE LNG-2.doc



JH-JOSE LNG-1.doc

David/Randa,

Attached is some additional information regarding arguments for countering the Venezuela position on Jose LNG. Please review and I would be happy to discuss if that would be helpful.

John Hardy
(202) 466-9156

<<JH-JOSE LNG-2.doc>> <<JH-JOSE LNG-1.doc>>

This e-mail is the property of Enron Corp. and/or its relevant affiliate and may contain confidential and privileged material for the sole use of the intended recipient (s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the sender or reply to Enron Corp. at enron.messaging.administration@enron.com and delete all copies of the message. This e-mail (and any attachments hereto) are not intended to be an offer (or an acceptance) and do not create or evidence a binding and enforceable contract between Enron Corp. (or any of its affiliates) and the intended recipient or any other party, and may not be relied on by anyone as the basis of a contract by estoppel or otherwise. Thank you.

JOSE LNG PROJECT

WHY GOVERNMENT OF VENEZUELA SHOULD SUPPORT THE PROJECT

While Enron has not received an official response from the Venezuelan government regarding the Jose Project, a negative indication was provided in a speech delivered by Rafael Ramirez, President of ENAGAS, on October 11 at a U.S.-Venezuela energy conference. Mr. Ramirez laid out Venezuela's plans for entering the LNG market and focused entirely on development of a macro-project on the Paria peninsula. No mention was made of the Jose Project; in fact, the associated gas at the Anaco hub (which would supply the Jose project) was described as being dedicated to domestic use in furthering Venezuelan industrialization.

It would appear that the decision in favor of the Paria project stems from two factors: First, Paria is a macro-project; it is expected to deliver multiple benefits to Venezuela. Those benefits, according to Mr. Ramirez include development of currently undeveloped offshore, unassociated gas reserves and industrial development for the Paria peninsula, which currently has no industrial base. This industrial development is expected to include a 4.5 MMTPA LNG liquefaction plant and a pipeline connection to the domestic grid, power generation plant, LPG plant, petrochemical plant, and possibly GTL plant. Secondly, Venezuela appears still unable to get comfortable with the gas availability issue and its ability to commit to and deliver by 2006 the 350,000 mmbtu/d the Jose Project would require. This concern flies in the face of Venezuela's already massive reserves and its plans for proving up more.

The GOV reasoning against the Jose Project, though, is seriously flawed:

1. The Paria and Jose projects are not mutually exclusive. They provide different benefits and can both be pursued; Paria provides for infrastructure development while Jose draws on existing infrastructure but provides significant demand in developing the domestic gas market.
2. Under any realistic analysis, the Jose project can come to market much more quickly than Paria. This would provide near-term incremental revenue to Venezuela in excess of \$1 billion and help to ensure that it does not miss out on the current round of regas terminal capacity.
3. Pursuit of this near-term project would also provide concrete evidence of Venezuela's commitment to bilateral energy relations with the U.S. and support of President Bush's energy policy.
4. Finally, from all reports the Venezuelan government's own gas availability study has shown that sufficient reserves will be available in 2006 to support the Jose project. This would appear self-evident given Venezuela's huge reserves and its announce intent to pursue an aggressive development program in the next few years. Further, the Venezuelan government will in large part be in control of commitment of reserves in its industrialization program and will thus be in a position to ensure that its contractual commitments will be met.

JOSE LNG – DIRECT ECONOMIC BENEFITS TO VENEZUELA

Benefits during Construction:

Total Investment: Approximately \$800 Million

Construction Labor: Direct Employee Payroll: \$130 Million in 3 years
Direct employees at peak: 1,500
Indirect jobs created: 3,000

Equipment and Services sourced locally (Excluding labor): \$ 70 Million

Equipment Import Taxes: \$ 35 Million

Infrastructure Development: Construction of pier that will initially have excess capacity for additional LNG or LPG loading operations.

Significant upgrade of the Jose Complex's electric power infrastructure that will be available for other new industries.

Improvement and construction of road infrastructure

Anaco-Jose Pipeline: Option to develop 70mile 36" gas pipeline from Anaco to Jose. Dramatically increasing gas deliverability to Jose Complex at very low incremental costs for LNG expansion projects or other industrial developments.
All investment, labor and tax figures indicated above would be increased accordingly

Benefits During Operations

Revenues to the Project in Venezuela \$ 300 million/year

Revenues to Venezuela for: Gas Sales: \$150 million/year
Income Taxes: \$20 million/year on average
Withholding Taxes on Interest and Insurance: \$2.5 million/year on average

Operations Labor: Direct employees: 150
Indirect jobs created: 300

Supplies and Services Sourced locally: Electric Power: \$4 million/year
Water/Nitrogen/Ethilene/Other \$0.4 million/year
Various supplies and materials: \$3.5 million/year



Department of Energy
Washington, DC 20585

release

#18

September 24, 1999

MEMORANDUM FOR THE SECRETARY

THROUGH: David L. Goldwyn
Assistant Secretary
Office of International Affairs

FROM: Theresa M. Fariello *T. Fariello*
Deputy Assistant Secretary
Office of International Energy Policy, Trade & Investment

SUBJECT: UPDATE: Nicaragua's Barge Mounted Power Plant

ISSUE: Advocacy for Nicaragua Enron Project.

I would like to bring to your attention a company's problem in an overseas market which, through your intervention, was successfully resolved.

In late July, Enron advised the Office of International Affairs of a problem they were having in Nicaragua with a barge mounted power plant. After receiving all of the necessary approvals, Enron's subsidiary, Empresa Energetica Corinto Ltd., was advised in March, that its electric line connecting the power plant to the Nicaraguan transmission system violated the right-of-way of a non-operating railroad. This claim was made after it had received clearance from the Nicaraguan Electricity Company to use the right-of-way.

On July 26, you signed a letter to President Aleman urging that this issue be resolved in a speedy and amicable manner. Shortly after receipt of your letter, Nicaraguan Government officials met with Enron's subsidiary and began negotiations. On September 3, Enron announced that the two sides had successfully reached an amicable agreement, and that the project would be completed providing much needed electricity to the citizens of Nicaragua.

Enron has advised us that your letter was the catalyst that led the Nicaraguan Government to sit down and negotiate seriously after months of inaction.

Attached is a letter to you from Ken Lay of Enron in which he thanks you for your intervention.

Attachment



Kenneth L. Lay
Chairman and
Chief Executive Officer

Enron Corp.
P. O. Box 1188
Houston, TX 77251-1188
(713) 853-6773
Fax (713) 853-5373
klay@enron.com

September 14, 1999

The Honorable William Richardson
Secretary of Energy
US Department of Energy
1000 Independence Avenue, SW
Room 7A-257
Washington, DC 20585

Dear Bill:

I am happy to report that after long and difficult negotiations, an agreement was reached and signed between Enron and the other relevant parties regarding the Leon substation transmission line issue in Nicaragua. On behalf of Enron, I would like to express our appreciation for the excellent support we received from you in this very difficult situation. I especially appreciate your letter of support that achieved a favorable resolution.

The agreement allows Empresa Energética Corinto (EEC), Enron's subsidiary in Nicaragua, to start testing procedures for the power plant immediately and to dispatch energy to the national system during the testing period and after it is completed. EEC agreed to move a total of 44 poles during a period of 15 months. In addition, EEC agreed to donate equipment and materials for the installation of 600 street lights in populations along the transmission line, up to a sum of \$450,000. The signed agreement will be complemented by another document that will be signed by the Attorney General of Nicaragua, confirming that the agreed payments and actions constitute the entire compensation that will be claimed related to the use of the right of way or any other government property. Actions to reinstate all project activities have been taken and it is expected that the plant will be delivering the full contractual capacity to the system as soon as the testing period is completed.

Thank you again for all your assistance and to those in your international division.

Sincerely,

Natural gas. Electricity. Endless possibilities.

** TOTAL PAGE.02 **

A.

Exhaustive Single items Report

Folder Profile data for 1999-014722

profile.docname Memo to the Secretary from IA-Goldwyn
name

profile.abstract Advocacy for Nicaragua Enron Project: Barge Mounted Power Plant
subject Text

<u>profile.creation_date</u>	<u>profile.control</u>	Date Created	Control #	1999-014722	9/28/99
<u>org(addresses).doeorg</u>	DOE Addressee		Bill Richardson		
<u>profile.date_completed</u>	Date Completed		9/24/99	<u>ldoeorg.description</u>	Secretary of
<u>profile.date_corr</u>	Correspondence Date		9/24/99	<u>ldoeorg(assign_to).doeorg</u>	Assigned To
<u>profile.date_due</u>	Date Due		10/05/9	<u>ldoeorg.description</u>	International
<u>profile.progoff_num</u>	Action Office #		IA		
<u>people.fullname</u>	Point of Contact		Browne, Sam	<u>ldoeorg(signature).doeorg</u>	Signature/Approval
<u>action.action</u>	Action Requested		Information Only	<u>ldoeorg.description</u>	Secretary of
<u>event.jobevent</u>	Folder Trigger		Internal Memo		
<u>priority.priority</u>	Priority		Important	<u>lsource.source</u>	Source
<u>sensitivity.sensitivity</u>	Sensitivity		Not Applicable	<u>lsource.description</u>	Memo from the
<u>classif.classif</u>	Classification		None	<u>ltopic.topic</u>	Topical Index
<u>classif.description</u>			None	<u>ltopic.description</u>	
<u>ids.rids</u>	RIDS Information		Head of Agency		
<u>ids.description</u>			Executive Correspondence materials		
<u>profile.instructions</u>	Special Instructions				

Folder Components:

- | Component Name | Component Type |
|--|------------------------------|
| 1. Memo to the Secretary from IA-Goldwyn | Job Folder |
| 2. Memo to the Secretary from IA-Goldwyn | Internal Action Item - Image |
| 3. Incoming from Ken Lay to Secretary Richardson | Reference Material |

Profile Name: 1999-014722

Browne, Sam

Active Tasks

- 3 Review Task Completed by Atcherson, Bettie on Tuesday Sep 28 1999 at 12:33
- Dispatch Task Received by _ES Dispatch on Thursday Sep 30 1999 at 15:45

Completed Tasks

- S Review Task received by Atcherson, Bettie on Tuesday Sep 28 1999 at 12:33
- S Review Task read by Atcherson, Bettie on Wednesday Sep 29 1999 at 08:05
- S Review Task re-routed by Atcherson, Bettie on Wednesday Sep 29 1999 at 09:31
- S Review Task completed by Atcherson, Bettie on Thursday Sep 30 1999 at 03:45
- Dispatch Task received by _ES Dispatch on Thursday Sep 30 1999 at 03:45

Comments Entries:

Atcherson, Bettie(9/29/99 9:31 AM):

9/29 ES/Atcherson completed review and forwarded to Tracey for briefing books

Task Name: 1999-014722

Atcherson, Bettie

Active Tasks

- ES Director for Review - ES/OSE Task Completed by West, Yvonne on Wednesday Sep 29 1999 at 09:31
- SE Action Task Completed by OSECORD on Wednesday Sep 29 1999 at 17:19
- Notification of completion Task Completed by Atcherson, Bettie on Thursday Sep 30 1999 at 14:27

Completed Tasks

- ES Director for Review - ES/OSE Task received by ES Director on Wednesday Sep 29 1999 at 09:31
- ES Director for Review - ES/OSE Task read by West, Yvonne on Wednesday Sep 29 1999 at 05:18
- ES Director for Review - ES/OSE Task completed by West, Yvonne on Wednesday Sep 29 1999 at 05:19
- SE Action Task received by OSECORD on Wednesday Sep 29 1999 at 05:19
- SE Action Task read by OSECORD on Thursday Sep 30 1999 at 02:26
- SE Action Task completed by OSECORD on Thursday Sep 30 1999 at 02:27
- Notification of completion Task received by Atcherson, Bettie on Thursday Sep 30 1999 at 02:27
- Notification of completion Task read by Atcherson, Bettie on Thursday Sep 30 1999 at 03:40
- Notification of completion Task completed by Atcherson, Bettie on Thursday Sep 30 1999 at 03:41

Comments Entries:

- OSECORD(9/30/99 2:27 PM):
- 9/28 Infor Memo forwarded



Department of Energy

Washington, DC 20585

MEMORANDUM TO THE SECRETARY

From: David L. Goldwyn, Assistant Secretary for International Affairs

Date: April 3, 2000

Subject: International Affairs Update

Frank

Africa

Steve

Nigeria. I leave today for Nigeria to fulfill your commitment to address their emergency power problems. I see Obasanjo Thursday morning. I will lay out for him our substantial and timely game plan. The day I see him an AID team is arriving to plan how to use our assistance program to address Nigeria's long and short-term power needs. Another team from the AID Office of Transition Initiatives arrives the following week to determine the best place to locate emergency power supply and identify the key weaknesses in their power grid which warrant repair. This team will also prepare the papers enabling Nigeria to make a public, transparent and competitive bid for emergency power supply. This will enable Enron, the Armstrong/De la Cole group and any one else to bid for a contract for power supply. The World Bank will also help to finance these contracts, as long as the Government offers some kind of guarantee. I will also encourage Obasanjo to live up to his agreement with Enron for the first three power barges and to accept our strategy for getting that effort back on track.

Tucson Follow-up. We are working with the programs to implement the Summer Institute in Arizona (capacity training for African officials), the Women in Energy program, and the DOE/OPIC Clean Energy initiative and to get the conference once envisioned for Morocco on track for Algeria. You will see the **South African** energy Minister April -. They are hosting the follow-up to our US Africa Partnership for the 21st Century. They will want help with financing, but legal and financial constraints may restrict our support to teaching them how to approach the private sector for support and sharing our knowledge on how to stage a conference. They are also ducking us on setting up the sustainable energy (climate change) group you and Maduna agreed to last year.

Middle East

We have extensive follow up your trip to Israel and Egypt. We have invited Egyptian Petroleum Minister Fahmy to send a team in April to look at cooperation on advanced fossil energy technologies. We are working with AID to complete the paperwork for funding the project definition phase of the solar beam down project between Egypt, Boeing, AID and the Weizman Institute. Some of these funds will also enable us to provide training for the Egyptian Electricity Ministry on regulatory reform issues. NN is exploring possible cooperation with Egypt on nonproliferation issues. As you know, Israeli Infrastructure Minister Suissa wants to accept your invitation to visit. Suissa has now agreed to visit Egypt to talk about the gas pipeline. NN is beginning to implement the agreement on nonproliferation issues. Our biggest challenge remains getting the countries in t the region to agree to our regional conference on gas and electricity



824

connections. We will use Suissa's visit and contacts at my level in Egypt to try to secure a date for this soon. We will send an expert team to fulfill your agreement with the **Palestinian Energy Authority**. Absent some movement on the IUEP issue, I do not expect we will be able to do any training of their officials this fiscal year.

Latin America

Venezuela. I will travel to Caracas April 13-14 for my thrice postponed bilateral talks on oil and gas issues. The Venezuelans want this to engage us at the political level on these issues, mostly to show PDVSA that the Ministry is in control. It will be an opportunity for us to talk through their constitutional changes, their implementing legislation and some commercial issues (such as the Williams issue you raised in London). I spoke with Jim Jones, who appreciates your efforts on this issue.

Bolivia. We are close to agreeing on a date for your announcement with Bolivia's Vice President Quiroga for their adoption of a climate change target. This is essentially down to a scheduling issue. Bolivia's budget for our workplan (teaching them how to take on a target) is about triple what we have budgeted, but we can work through this. I appreciate your patience on this issue, but it looks like our sustained efforts will succeed.

Inter-American Development Bank. We have identified some seed money for the initiative you announced at the CLAA meeting in Miami. We are working with the Bank staff, and our special advisor, to refine the proposal so you and Iglesias can tie a ribbon around it. If Mexico decides to have a Hemispheric Energy Initiative Ministerial, we can launch it there. If they do not (unlikely in an election year), we will find another venue.

East and South Asia

China has not responded, positively or negatively, to our efforts to follow up on their promise to invite you to Beijing. Our next opportunity to engage the Chinese will be on the margins of the APEC Ministerial. I suggest you block an hour or so to meet with your counterpart to review a host of substantive issues as well as a possible visit. I am encouraging U/S Moniz to visit Japan, Korea and possibly China (depending on your travel) after the APEC meeting to address our extensive science and technology cooperation.

We are rapidly implementing our commitments following the President's trip to India. In addition to the Kumaramangalam visit, we are working with the programs to prepare expert visits on energy efficiency, clean coal, and a strategic petroleum reserve for India and solar and renewable energy. I expect to send an interprogram team to India in May to prepare for the State-led Joint Consultative Group launched under the President's Joint Statement on Energy and the Environment. We are trying to get Calvin to see Bangladeshi Prime Minister Husina to address regional energy issues.

IA, NN and Policy are working on an interagency basis to help encourage private sector investment in North Korea if sanctions are lifted at the conclusion of the missile and nuclear talks with the DPRK. I have sent you a classified information memorandum on this issue through Ernie. A senior level DPRK official is expected here in May. Unclear who will see this official but I assume you will want to be involved at some level.

Russia and the NIS

Russia. At the Embassy's suggestion, I have postponed my April trip to Moscow to conduct energy policy discussions. Since the new government will not be in place until May, they thought it would not be fruitful to go in April.

Caspian. I testify April 12 on Caspian issues before Hagel's SFRC subcommittee. Wolf will testify as well. I will link our efforts in the Caspian to our overall energy policy objectives: diversity of supply, opening markets to US investment and creating more secure routes for transportation of oil and gas.

Turkey. I led the 7th round of US –Turkey Energy Policy talks last week. We focused on steps Turkey is taking to open its market to more investment. Concerns about slow development of the domestic power market has forced Turkey to accelerate the unbundling of its power sector from two years to six months. We are sending an energy efficiency and renewables team to Turkey in May, at their request, to look at ways their government can reduce Turkey's energy costs and to explore cooperation in their growing wind power market. I expect we will conclude a science and technology agreement on the next two weeks that allow us to begin cooperation on clean coal technology. We are working with Fossil to assemble a tour this Spring for Turkish officials on regulatory reform in the natural gas sector.

cc: Deputy Secretary Glauthier
Under Secretary Moniz



Department of Energy
Washington, DC 20585

615

MEMORANDUM TO THE SECRETARY

FROM: David L. Goldwyn, Assistant Secretary for International Affairs
DATE: April 11, 2000
SUBJECT: My Trip to Nigeria

I traveled to Nigeria April 4-6, 2000 to fulfill your pledge to President Obasanjo to quickly send an expert team to Abuja to look at emergency power options. Obasanjo was pleased with the rapidity and extent of the U.S. Government's support. While in Nigeria I learned that Obasanjo plans to abrogate the \$65 million contract won by three U.S. companies under an international tender, a contract you successfully advocated for. This would be the second contract with a major U.S. company Nigeria has rescinded in two months. The new political team in Nigeria lacks respect for the sanctity of contract and seems deeply skeptical of multinational companies. Nigeria's actions call Nigeria's commitment to reform, and even its integrity, into question and will likely endanger its ability to attract new investment as its tries to privatize its corrupt inefficient industries. I have initiated a campaign to walk back the recissions of the contracts involving U.S. companies.

Emergency Power Relief

During my trip I met with President Obasanjo, Bola Ige (with Obasanjo), Mr. Imoke (the new head of the management committee supervising the national electricity parastatal (NEPA)), Mr. Refai (who heads the Bureau of Public Enterprises (BPE) the agency supervising privatization), Ige's staff, the World Bank officials resident in Abuja, Mobil, Chevron and U.S. Embassy and AID staff. I was accompanied by George Person of our Africa office and Gory Mookerjee, a Detroit Edison electricity expert on loan to the Department by the National Academy of Sciences. To fulfill your pledge, I explained to President Obasanjo the series of support activities the USG is initiating to provide emergency power support to Nigeria. On April 7 an AID "roadmapping" team arrived in Abuja to plan how to allocate the \$2 million AID support program, focusing on emergency power. On April 15 a team from AID's Office of Transition Initiatives will begin two efforts. One is a detailed examination of the condition of Nigeria's existing generation facilities to ascertain how many of them can be quickly rehabilitated. The second is an audit of the management needs of NEPA, in order to develop a training and capacity building program. I pledged our efforts to work with the World Bank, which is developing the documentation enabling Nigeria to initiate an international tender for emergency power support. I also explained our offer to facilitate closure of the Enron emergency power barge agreement.

Obasanjo was very pleased with the extent of our support. AID and OTI were pleased to have, as a result of my trip, a high profile for their programs. The energy experts I brought along spent considerable time with NEPA engineers and operators learning the dramatic deficiencies in their system. The AID Mission Chief requested the help of my office in implementing the \$2 million program, specifically to manage contractors who can provide training support to Nigerian officials. International Affairs managed a similar



program in Ghana with great success. Obasanjo declined to appoint a single negotiator to deal with the Enron issue. He agreed to negotiate with them on their power barges and not to make them resubmit their offer as part of the overall international tender for emergency power. But he insisted they deal with Ministry of Finance, the head of the NEPA technical committee and the head of privatization office. Enron is not encouraged.

Handwritten signature

A Major Step Backwards

While I was in Nigeria Obasanjo said he planned to terminate the \$65 million contract for the rehabilitation of the Egbin power plant. This contract included GE, Babcock and Wilcox and Bailey Controls in a Nigerian led consortium. The only reason stated by Obasanjo, or Imoke and Refai (who both encouraged Obasanjo to terminate the contract) was that the risk of loss of a shipment of goods was placed on Nigeria. This termination would be a huge step backwards for Nigeria. The contract was awarded after an international tender. Bola Ige and the NEPA Chairman signed the contract. You will recall that your letter to Bola Ige was a critical factor in winning the bid. In my view the excuse for termination is so weak that corruption is the only credible reason for the termination.

I protested the termination strongly with Obasanjo. I explained that this would deter future investment, that the term he objected to was a routine commercial term which could be borne by either side and that it would appear arbitrary to the companies and other investors. He refused entreaties to let the companies cure any "defect" or re-bid. He was adamant that the next bidder (a Japanese company) be awarded the contract. The companies are irate.

I have launched an effort to roll back Obasanjo's decision. I have asked State to send a letter from Pickering to Obasanjo, so he knows this is an important bilateral (and just a commercial) issue. USTR will put this issue on the agenda of their Trade and Finance Agenda forum. Treasury will see Nigerian officials for the World Bank/IMF meetings on Monday and has been asked to raise this with them. I called in the companies to brief them on our efforts. They will make calls to State, Treasury, NSC, USTR and Commerce and ask Congressman Jefferson to intervene as well. I don't think you need to intervene at this point. We need other agencies to step up first. There is also a Nigeria Investment Forum here in Washington on Friday. Terri Fariello will make remarks and raise this concern publicly. (Enron is already on the Carnegie panel, so the issue of contract sanctity will be on the agenda.)

With a fast and coordinated campaign, I think we can get this contract back on track. I regret to report that there have been significant changes in Nigeria's leadership on power issues. While Bola Ige is nominally in charge, and remains politically important to Obasanjo, his authority is vastly diminished. The new head of NEPA, Imoke, is in charge of reforming NEPA and restoring 5000 megawatts of power by the end of 2001. The new head of BPE, Refai, is in charge of all "transactions." Neither has a technical background. Both are distrustful of multinational companies and inexperienced in finance and energy. The head of privatization alleged that Enron and Mobil "are out to get Nigeria." Not a good sign. We will be providing these men enough technical support in the next six months that we may be able to both gain their trust and persuade them to respect the agreements they sign. But it will be an uphill battle.

Handwritten signature



July 10



Department of Energy
Washington, DC 20585

MEMORANDUM FOR THE SECRETARY

FROM: David L. Goldwyn *for* 
Assistant Secretary for International Affairs

David

SUBJECT: International Affairs Update

LATIN AMERICA:

Bolivia: After much negotiation Bolivia has officially agreed to take on a greenhouse gas emissions target. On July 6th I signed a Joint Statement on Climate Change with the Minister of Sustainable Development, Luis Carvajal committing Bolivia to develop a target and implement it by 2008-2012. The event went very smoothly, there was significant press interest. Over the next few weeks we will finalize a work plan for the \$280,000 the U.S. Government has committed to help the Bolivians take on a target. There is little understanding of what this decision means inside the government or in the private sector. We are also working with our embassy on a public awareness campaign in Bolivia regarding the benefits and rewards of taking on an emissions target, focusing on a series of activities to explain the new investment opportunities that a target could provide utilizing Kyoto mechanisms. We have a strategy worked out with our embassy and the Bolivians for the industry mission we are planning during your trip to Bolivia this fall. The event would target natural gas and renewable companies and feature seminars on USG financing vehicles, natural gas opportunities, rural electrification options, and Bolivia's regulatory environment. We will not fly down with the companies, but instead meet up with them in country.

Brazil: Terri Fariello led a DOE team to Brazil this week for energy consultations with the Ministry of Energy and Mines, Petrobras, Electrobras and the U.S. private sector. We used these consultations to reengage Brazil on energy policy issues and expanded cooperation. The Brazilian energy market presents significant opportunities for U.S. energy companies in oil, gas, electricity, energy efficiency and renewables. New oil and gas exploration tracts are being offered, the natural gas market is continuing to expand with the introduction of Bolivian gas, and an economic development strategy has been announced which calls for forty nine new thermal power plants. The delegation was very well received and we are already planning for cooperation in six specific areas under an agreement signed in 1997. The Brazilians indicated they would very much welcome a visit by you in the fall.

Venezuela: My staff hosted very successful meetings with a delegation from Venezuela June 26 and 27. The meetings were on expanding technical energy cooperation activities agreed on in my visit to Caracas in April. Three workshops were established, one on energy efficiency and renewable energy, one on data analysis, and one on new energy technologies and regulatory cooperation. We are planning a follow up meeting between myself and Bernardo Alvarez, Minister of Hydrocarbons, for October.

[Handwritten vertical line with checkmarks]

John

IRAQ:

The Iraq IWG has started looking at key policy issues in a post-Saddam world. Work has begun on a document designed to brief senior policy makers on key policy issues and questions. My office will have the lead on economic and financial issues, focusing on the global and local impact of oil supply disruptions, NN will coordinate with state on the weapons of mass destruction paper. A first draft is due back to the Political-Military Bureau at State by July 26.

RUSSIA:

Preparations for your trip to Sarov, Vladivostok, Sakhalin, and Kamchatka are well underway. We are working on confirming meetings with the Ministers of Energy, Natural Resources, and Finance, the AmCham, PAF, Lukoil, Gazprom, and UES Rossi while you are in Moscow. We are still working on a meeting with Minister Gavrin, but will proceed with the Sakhalin Island visit regardless of Minister Gavrin's or Ambassador Collins' availability. I will travel to Moscow with Jan Kalicki, Counselor at the Commerce Department, July 16th-19th to meet with the new Russian energy team and preview the non-nuclear part of your trip.

ASIA

China, South Korea, Japan: Under Secretary Moniz trip to China, South Korea, and Japan has been postponed from the week of July 22 until sometime this fall. We have an ambitious schedule laid out for the Under Secretary when he does go. In Beijing he will meet with Ambassador Prueher, the heads of the SDPC, the Ministry of Science and Technology and the Chinese Academy of Sciences. This will allow him to raise a broad range of issues, including China's tenth five-year plan, natural gas strategy and electric power sector reform, APEC-related issues, global climate change, the Eximbank clean Energy Program, cooperation under the Peaceful Uses of Nuclear Technologies Agreement and commercial opportunities for U.S. industry.

While in South Korea and Japan he will meet with the respective energy, foreign, and science and technology Ministries. These two stops will focus on opportunities for U.S. industry, bilateral science and technology cooperation, APEC-related issues, oil market developments, nonproliferation, electricity restructuring and KEDO.

Bangladesh: As an important step in implementing our partnership with Bangladesh, a team from Petrobangla will visit the U.S. August 23rd - September 2nd to attend training sessions by the U.S. Geological Survey. The training will take place at USGS Reston, USGS Denver, and UNOCAL Houston. Calvin Humphrey also met this week with U.S. Ambassador-designate to Bangladesh Mary Ann Peters.

India: We plan to send a DOE scoping mission to India July 24-26 led by my Deputy Assistant Secretary, David Pumphrey. The scoping team, which will include representatives from Fossil Energy, the National Energy Technology Laboratory, and Energy Efficiency and Renewable Energy, will conduct working level meetings with their Indian counterparts to re-establish DOE cooperation with India within the guidelines approved by the State Department and to resume DOE's annual bilateral energy consultations with the Government of India. In preparation for the mission we are conducting outreach to U.S. companies to identify their key issues of concern.

Philippines: We are following up on T.J.'s trip last February with a IA led/AID funded power sector expert team, arriving in Manila July 10 for a two-week electricity restructuring and tariff reform mission. Philippine President Estrada, who will visit Washington July 27, has made passage of an Omnibus Energy Bill that restructures the Philippine electricity sector a priority for his administration, in part because passing this power sector reform bill is a condition for release of a \$900 million loan from the IMF. We are hoping that the bill (which will significantly open the energy sector for foreign investment) will pass the Philippine Congress later this summer.

NIGERIA:

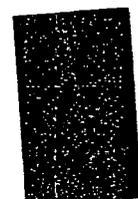
I will chair the inaugural Energy Consultative Group (ECG) meeting in Abuja July 12-13. The ECG is our main vehicle for high level dialogue under the MOU you signed with Bola Ige and the Ministry of Power and Steel. We will cover the full range of energy issues from electric power, the oil and gas sector, renewable energy, energy efficiency, capacity building and the environment. The creation of the ECG clearly demonstrates our commitment to strengthening energy cooperation with Nigeria and helping Nigeria address its short and long-term energy sector needs. We will review the energy strategies that we have discussed with Nigerians in our bilateral discussions and on your trips to Nigeria and start developing a roadmap for the development of their energy sector with concrete goals and objectives that can be reached over the next six to twelve months.

The President plans to travel to Nigeria August 24th-27th. The NSC has indicated that energy will be the number two priority for the trip, behind only democracy building. State and NSC have asked us to come up with a deliverable for the trip on pipeline safety/~~pipeline~~ security. This has become increasingly important in light of Tuesday's pipeline explosion that killed over 100 people in the Niger Delta. We are working with the companies active in Nigeria and pipeline experts to come up with proposals.

On the advocacy side we have good news, Enron and NEPA have signed a power purchase agreement for 270 MW of emergency power. The electricity will be provided by ~~nine~~ natural gas driven power barges that will be located near the Nigerian Electric Power Authority's facilities in Egbin, outside of Lagos. DOE has done a considerable amount of advocacy for Enron on this issue, this was the issue that you promised President Obasanjo we would assist them with and sent me to Nigeria to negotiate. Enron has expressed their gratitude for facilitating negotiations.

cc: The Deputy Secretary
Under Secretary Moniz
Rebecca Gaghen, OSE
Rachel King, OSE

r. King





Department of Energy

Washington, DC 20585

July 16, 1999

Chron

r/fox

Mr. Brian Atwood

(b)(6)

Brian
Dear Mr. Atwood:

It was good to talk with you on Friday afternoon. Secretary Richardson would be delighted if you were able to participate in the Hemispheric Energy Ministers Conference he is hosting in New Orleans, Louisiana, July 28-30, 1999, at the Hotel Intercontinental. This Ministerial Conference will examine the challenges facing the countries of the Western Hemisphere as they prepare their energy sectors to meet the economic and environmental needs of the 21st Century. Our goal for the meeting is to develop a vision for the Hemisphere's energy infrastructure for the next Century.

The first full day of the conference will be a dialogue among senior government, industry, and financial representatives who will participate in a series of nine roundtable discussions. In most cases, an energy minister from one of the countries of the Hemisphere will chair each session, although all ministers participating in the Conference will be invited to sit in on and participate in any roundtable discussion. Selected speakers from the private sector will be invited to discuss the private sector's perspective on the critical issues related to hemispheric energy integration, clean and sustainable energy development, and attracting private sector investments.

Secretary Richardson would like to invite you to serve as the facilitator for the Caribbean Roundtable. Although all of the Caribbean Ministers are nominally "co-chairs", your role as facilitator is really to run the meeting and sum up at the end. Your leadership in the Hemisphere and in development more broadly would greatly add to the Conference and this forum. I hope you will be able to take part. I understand that we are in a position to assist in your travel expenses (hotel and airfare) if that is helpful.

If you have any questions feel free to contact me at (202) 586-8660.

Yours sincerely,

David L. Goldwyn
Assistant Secretary of Energy for International Affairs





657 ← (Draft - July 15, 1999)

Draft - July 15, 1999

Hemispheric Energy Ministers Conference

July 28-30, 1999
New Orleans, Louisiana, U.S.A.

Working Agenda



s



Draft - July 15, 1999

Hemispheric Energy Ministers Conference

Working Agenda

}
clean



Kenneth Lay, CEO, Enron, United States

}
t of a



Draft - July 15, 1999

Hemispheric Energy Ministers Conference

Working Agenda



10/15/99



Draft - July 15, 1999

Hemispheric Energy Ministers Conference

Working Agenda

System of clean



Draft - July 15, 1999

Hemispheric Energy Ministers Conference

Working Agenda

← Terence Thom, Executive Vice President, Enron International, United States

rdend



Draft - July 15, 1999

Hemispheric Energy Ministers Conference

Working Agenda



Draft - July 15, 1999

Hemispheric Energy Ministers Conference

Working Agenda

5:30-7:00 pm

CEO/Ministers Roundtable - by invitation only in La-Salle A

Calene



Draft - July 15, 1999

Hemispheric Energy Ministers Conference

Working Agenda

Friday, July 30, 1999



**IV Hemispheric Energy Ministers Conference
Roundtable Session: The Caribbean**

y



6(5)

Department of Energy

Washington, DC 20585

David
good

TO: Secretary Richardson
FROM: David L. Goldwyn, Counselor
DATE: April 14, 1999
SUBJECT: International Affairs Update

✓
Latin America Ministerial. A Venezuelan technical team spent two days here working on the Ministerial agenda. They are fine on your Business Advisory Board concept and we agreed to have role for the Summit of the Americas working groups on oil, gas, rural electrification and investment. These fora will provide grist for the Summit Communique and allow you to award cooperative Ministers with featured roles as discussion leaders. They are still grouching at the use of "Clean Energy" and our declaration that any state that wishes to take on a target should do so. We will take a run negotiating this provision by conference call next week before going over their heads to Rodriguez and going around them. I told them in barely subtle terms that your enthusiasm for greater support for the Coordinating Secretariat (which they want) and the definitive role of all Ministers -- including theirs (which they need) would depend on our success in concluding these issues.

→
Nigeria. NSC and State welcomed our leading an interagency energy group. I met with the Corporate Council on Africa today and convene the first session of the working group on Thursday, April 15. The companies remain eager for you to engage in some high level "energy diplomacy" and seize this window of opportunity to turn Nigeria around. Eizenstadt saw Vice President-elect Abubakar in Lagos. Abubakar has the same agenda for the first 100 days that we have set as our priority: increase fuel supply, begin privatization and improve delivery of electricity. Abubakar will be in Houston and we have asked that you see him. The Corporate Council sponsors, Exxon, Mobil, McDermott, Burlington Northern, Enron and Chevron are all looking to you for leadership and counting on you to take a lead no other Cabinet officer seems interested in taking. I hope you will see Abubakar.

Africa Ministerial. We have a strategy in place for the meeting and we will use the investment we are making in Nigeria policy to get some juice with other African nations to cooperate with us. This meeting will be much harder to make a success because there are so many more countries to deal with and no infrastructure like APEC or Summit of the Americas to get them organized. I realize this means intermittent demands on your time, but these opportunities (Houston and Ghana) are essential to making your meeting a success. We will work hard to make sure each meeting we ask you to do involves a specific objective tied to you meeting.



Department of Energy
Washington, DC 20585

March 6, 2000

MEMORANDUM FOR THE SECRETARY

From: *J. Janelli* David L. Goldwyn
Assistant Secretary for International Affairs

Subject: Meeting with Qatari Crown Prince Sheikh Jassem Bin Hamad Al-Thani, (bio attached)

Setting: Secretary's Conference Room, Tuesday, March 7, 2000, at 5:00 p.m.
Duration: 30 minutes.

Participants: Qatari Minister of Energy, Industry, Electricity and Water, Abdullah Bin Hamad Al-Attiyah; Qatari Foreign Minister Sheikh Hamid Bin Jassem, Qatari Ambassador M. Al-Kobaisi, Elizabeth McKune, American Ambassador to Qatar; Dr. Ibrahim, Economic Attache, Qatari Embassy.
DOE: Rebecca Gaghan; Rachel King; Theresa Fariello; L. Coburn; R. Copaken (note-taker).

Key Points to Make:

- Reemphasize our common interests in stability in oil and gas markets and reiterate your understanding that the March 27th OPEC meeting will help further the interests of the international community by increasing its production quotas. Explain the purpose of your recently completed Middle Eastern trip and our common interests as both producers and consumers in sustaining economic growth to our respective economies.
- Acknowledge the positive role that the Minister Al-Attiyah has played as President of OPEC and as Qatar's Minister of Energy, Industry, and more recently as Minister of Electricity and Water as well. Indicate a similar view for the Foreign Minister's role.
- Inquire about the pace and scope of privatization in the Qatari electricity and power sectors, and whether DOE might be able to assist Qatar in its process of privatization.
- Hand over a letter to Al-Attiyah, asking the Minister the question of when we can schedule the next round of bilaterals with them. (Letter attached) Please sign the letter.

12/17



Department of Energy
Washington, DC 20585

March 6, 2000

MEMORANDUM FOR THE SECRETARY

From: *for* David L. Goldwyn *J. Janelli*
Assistant Secretary for International Affairs

Subject: Meeting with Qatari Crown Prince Sheikh Jassem Bin Hamad Al-Thani, (bio attached)

Setting: Secretary's Conference Room; Tuesday, March 7, 2000, at 5:00 p.m.
Duration: 30 minutes.

Participants: Qatari Minister of Energy, Industry, Electricity and Water, Abdullah Bin Hamad Al-Attiyah; Qatari Foreign Minister Sheikh Hamid Bin Jassem, Qatari Ambassador M. Al-Kobaisi, Elizabeth McKune, American Ambassador to Qatar; Dr. Ibrahim, Economic Attache, Qatari Embassy.
DOE: Rebecca Gahen; Rachel King; Theresa Fariello; L. Coburn; R. Copaken (note-taker).

Key Points to Make:

- Reemphasize our common interests in stability in oil and gas markets and reiterate your understanding that the March 27th OPEC meeting will help further the interests of the international community by increasing its production quotas. Explain the purpose of your recently completed Middle Eastern trip and our common interests as both producers and consumers in sustaining economic growth to our respective economies.
- Acknowledge the positive role that the Minister Al-Attiyah has played as President of OPEC and as Qatar's Minister of Energy, Industry, and more recently as Minister of Electricity and Water as well. Indicate a similar view for the Foreign Minister's role.
- Inquire about the pace and scope of privatization in the Qatari electricity and power sectors, and whether DOE might be able to assist Qatar in its process of privatization.
- Hand over a letter to Al-Attiyah, asking the Minister the question of when we can schedule the next round of bilaterals with them. (Letter attached) Please sign the letter.

12/17

Page 2, Meeting with Qatari Crown Prince Sheikh Jassem Bin Hamad Al-Thani

Background:

The Crown Prince is young and relatively inexperienced in the fields of oil and gas, but he is in line to succeed his father, the Emir, and as such must learn how to deal with government officials and energy companies as well. The Energy Minister, Al-Attiyah, is likely to do most of the talking during this meeting, since, as indicated, the Crown Prince is still learning his way. He is here on an official visit, accompanied by the Foreign Minister, the Energy Minister and the American Ambassador to Qatar, Elizabeth McKune. They have been in New York, Houston, San Francisco, Boston and Tampa (CENTCOM, General Zinni) before coming to Washington. U.S. Ambassador Elizabeth McKune will sit in on your meeting. The Crown Prince and his two ministers will use this opportunity to sound you out on the U.S. administration's energy policies toward the OPEC states, especially in view of your recently completed trip to the region. Even though Qatar is a relatively small oil producer, it has enormous proven gas reserves which it is developing, primarily as LNG projects.

U.S. Business Interest in Qatar

U.S. energy company interest in Qatar is substantial. Majors such as Exxon-Mobil, Arco, and Oxy are active. It is estimated at more than \$5 billion. The overall business investment climate for foreign direct investment in Qatar is generally quite favorable. There has been some concern expressed in the past that it is more difficult for smaller and medium-sized companies to break into Gulf markets. There seems to be a bias in favor of the integrated larger scale international companies with the sophisticated expertise that Qatar needs. There has recently been a change in the direction of the U.S.-Qatar Business Council, a local advocacy group representing U.S.-based businesses. It is now headed by Mr. Patrick Theros, former American Ambassador to Qatar, who left his post in 1998 and has been traveling with the Crown Prince on his current trip.

Qatar's LNG Projects

Qatargas and Ras Laffan (Rasgas) Qatar's two existing LNG projects, have reached exports of about 11 million metric tons of LNG. They are searching for new export markets in China, Japan and Korea in the Far East and in Pakistan and India in South Asia. They see their future as linked primarily to gas, because their oil reserves are not very substantial, compared to their neighbor, Saudi Arabia. They were hurt, as have all the Gulf oil exporters by the last year's low oil prices, but they have also benefitted from the recent rebounding of prices. Qatar's massive capital requirements associated with its two LNG projects impose a heavy debt burden, but it should be manageable once both become fully operational.

Qatari Pipeline to the UAE (Dolphin Project)

Another significant proposed project will tie Qatar into the United Arab Emirates (UAE) Dolphin Project, an integrated gas pipeline grid for Qatar, UAE, and Oman, with a possible subsea connection linking Oman to Pakistan. The United Offsets Group (UOG), a UAE state owned

Talking Points for Qatar Crown Prince Sheikh Jassem Bin Hamad Al-Thani

• chance to discuss with you our concern over the level of crude oil
ket.

- I know your government is currently considering whether to support increased oil production at the OPEC meeting on March 27.
- I understand and appreciate that none of us want to see prices as low as they were a year ago. I know that was a difficult period for your economy.
- However, our analysis shows that world oil stocks are at their lowest level in over a decade and that we need significant increases in production in April if we are to have any chance of replenishing these stocks.
- This is a view that is shared by most of the world's oil consuming nations. France, South Korea, IEA and the EU have all made statements expressing this concern.
- Our analysts say there needs to be an increase of at least 2 million barrels per day. Is that consistent with your analysis?
- Can I count on you to support an increase of 2 million barrels per day?

Swap (If necessary):

- I must also share with you the latest information I have from my oil experts.
- I understand that we may have insufficient crude oil to refine into gasoline to meet demand in April and May.
- This is because our refineries have been producing heating oil to make up for high demand late in the season and have delayed ramping up for gasoline. Refineries are also not producing at capacity in anticipation of more supply/lower prices after March 27.
- I am worried that we may have to use some of the oil out of the Strategic Petroleum Reserve to cover this shortfall.
- (IF NECESSARY: A "swap" of oil means that we will give a certain amount of crude oil from the SPR to a private company or companies now in exchange for repayment of more oil at a future date. Current market conditions – high prices, lower future prices – are right for exercising our existing authorities to exchange oil now in order to acquire more in the future.)

Page 2, Talking Points for Qatar Crown Prince Shaikh Jassem Bin Hamad Al-Thani

Swap (If necessary, continued):

- If we have to take this step, I hope you will understand that this would not be a sale. It is an exchange, of limited amount and short duration. We would be pulling even more oil off the market again in six months or so.
- We do not want this action to affect OPEC's March 27 meeting.
- Can I count on Qatar's support within OPEC to ensure that this does not negatively affect a decision to increase production.

Privatization in Qatar

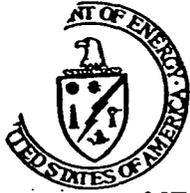
- What is the status of your privatization efforts within Qatar's water and power sectors now? Do you anticipate the need for any foreign assistance in this regard?

Dolphin Project

- Could you give us your view on the current status of thinking within the Gulf Cooperation Council (GCC) on the region's cooperation in the areas of gas? [Dolphin Project]

Next Round of Energy Bilaterals

- I have designated Ms. Theresa Fariello, my Deputy Assistant Secretary For International Energy Policy as the point of contact for scheduling the next round of bilaterals. I have had this letter prepared which outlines possible topics for our next energy dialogue, which I believe you may wish to host in Doha [hand over the letter]?
- Also, when our teams last met, we discussed having a team of your technical officials visit Washington to talk more specifically about gas-to-liquids technology and other issues.
- We are prepared to work with you on organizing such a visit as soon as you can provide us with some possible dates.



Department of Energy
Washington, DC 20585

MEMORANDUM TO THE SECRETARY

From: David L. Goldwyn, Assistant Secretary for International Affairs
Date: April 3, 2000
Subject: International Affairs Update

Africa

Nigeria. I leave today for Nigeria to fulfill your commitment to address their emergency power problems. I see Obasanjo Thursday morning. I will lay out for him our substantial and timely game plan. The day I see him an AID team is arriving to plan how to use our assistance program to address Nigeria's long and short-term power needs. Another team from the AID Office of Transition Initiatives arrives the following week to determine the best place to locate emergency power supply and identify the key weaknesses in their power grid which warrant repair. This team will also prepare the papers enabling Nigeria to make a public, transparent and competitive bid for emergency power supply. This will enable Enron, the Armstrong/De la Cole group and any one else to bid for a contract for power supply. The World Bank will also help to finance these contracts, as long as the Government offers some kind of guarantee. I will also encourage Obasanjo to live up to his agreement with Enron for the first three power barges and to accept our strategy for getting that effort back on track.

Tucson Follow-up. We are working with the programs to implement the Summer Institute in Arizona (capacity training for African officials), the Women in Energy program, and the DOE/OPIC Clean Energy initiative and to get the conference once envisioned for Morocco on track for Algeria. You will see the South African energy Minister April -. They are hosting the follow-up to our US Africa Partnership for the 21st Century. They will want help with financing, but legal and financial constraints may restrict our support to teaching them how to approach the private sector for support and sharing our knowledge on how to stage a conference. They are also ducking us on setting up the sustainable energy (climate change) group you and Maduna agreed to last year.

Middle East

We have extensive follow up your trip to Israel and Egypt. We have invited Egyptian Petroleum Minister Fahmy to send a team in April to look at cooperation on advanced fossil energy technologies. We are working with AID to complete the paperwork for funding the project definition phase of the solar beam down project between Egypt, Boeing, AID and the Weizman Institute. Some of these funds will also enable us to provide training for the Egyptian Electricity Ministry on regulatory reform issues. NN is exploring possible cooperation with Egypt on nonproliferation issues. As you know, Israeli Infrastructure Minister Suissa wants to accept your invitation to visit. Suissa has now agreed to visit Egypt to talk about the gas pipeline. NN is beginning to implement the agreement on nonproliferation issues. Our biggest challenge remains getting the countries in the region to agree to our regional conference on gas and electricity



connections. We will use Suissa's visit and contacts at my level in Egypt to try to secure a date for this soon. We will send an expert team to fulfill your agreement with the **Palestinian Energy Authority**. Absent some movement on the IUEP issue, I do not expect we will be able to do any training of their officials this fiscal year.

Latin America

Venezuela. I will travel to Caracas April 13-14 for my thrice postponed bilateral talks on oil and gas issues. The Venezuelans want this to engage us at the political level on these issues, mostly to show PDVSA that the Ministry is in control. It will be an opportunity for us to talk through their constitutional changes, their implementing legislation and some commercial issues (such as the Williams issue you raised in London). I spoke with Jim Jones, who appreciates your efforts on this issue.

Bolivia. We are close to agreeing on a date for your announcement with Bolivia's Vice President Quiroga for their adoption of a climate change target. This is essentially down to a scheduling issue. Bolivia's budget for our workplan (teaching them how to take on a target) is about triple what we have budgeted, but we can work through this. I appreciate your patience on this issue, but it looks like our sustained efforts will succeed.

Inter-American Development Bank. We have identified some seed money for the initiative you announced at the CLAA meeting in Miami. We are working with the Bank staff, and our special advisor, to refine the proposal so you and Iglesias can tie a ribbon around it. If Mexico decides to have a Hemispheric Energy Initiative Ministerial, we can launch it there. If they do not (unlikely in an election year), we will find another venue.

East and South Asia

China has not responded, positively or negatively, to our efforts to follow up on their promise to invite you to Beijing. Our next opportunity to engage the Chinese will be on the margins of the APEC Ministerial. I suggest you block an hour or so to meet with your counterpart to review a host of substantive issues as well as a possible visit. I am encouraging U/S Moniz to visit Japan, Korea and possibly China (depending on your travel) after the APEC meeting to address our extensive science and technology cooperation.

We are rapidly implementing our commitments following the President's trip to India. In addition to the Kumaramangalam visit, we are working with the programs to prepare expert visits on energy efficiency, clean coal, and a strategic petroleum reserve for India and solar and renewable energy. I expect to send an interprogram team to India in May to prepare for the State-led Joint Consultative Group launched under the President's Joint Statement on Energy and the Environment. We are trying to get Calvin to see Bangladeshi Prime Minister Husina to address regional energy issues.

IA, NN and Policy are working on an interagency basis to help encourage private sector investment in North Korea if sanctions are lifted at the conclusion of the missile and nuclear talks with the DPRK. I have sent you a classified information memorandum on this issue through Ernie. A senior level DPRK official is expected here in May. Unclear who will see this official but I assume you will want to be involved at some level.

Russia and the NIS

Russia. At the Embassy's suggestion, I have postponed my April trip to Moscow to conduct energy policy discussions. Since the new government will not be in place until May, they thought it would not be fruitful to go in April.

Caspian. I testify April 12 on Caspian issues before Hagel's SFRC subcommittee. Wolf will testify as well. I will link our efforts in the Caspian to our overall energy policy objectives: diversity of supply, opening markets to US investment and creating more secure routes for transportation of oil and gas.

Turkey. I led the 7th round of US -Turkey Energy Policy talks last week. We focused on steps Turkey is taking to open its market to more investment. Concerns about slow development of the domestic power market has forced Turkey to accelerate the unbundling of its power sector from two years to six months. We are sending an energy efficiency and renewables team to Turkey in May, at their request, to look at ways their government can reduce Turkey's energy costs and to explore cooperation in their growing wind power market. I expect we will conclude a science and technology agreement on the next two weeks that allow us to begin cooperation on clean coal technology. We are working with Fossil to assemble a tour this Spring for Turkish officials on regulatory reform in the natural gas sector.

cc: Deputy Secretary Glauthier
Under Secretary Moniz



Department of Energy
Washington, DC 20585

MEMORANDUM TO THE SECRETARY

FROM: David L. Goldwyn, Assistant Secretary for International Affairs

DATE: May 31, 2000

SUBJECT: International Affairs Update

Venezuela. You intervened several times with Rodriguez to resolve a dispute between Turboven, a U.S. electric power generator, and Cadafe, a Venezuelan national utility. Cadafe had sued Turboven for allegedly laying its powerlines too close to Turboven's. The lawsuit froze Turboven's operations. Turboven has won its appeals court proceeding against Cadafe. Rodriguez brokered an agreement with Cadafe over coordination of operations and maintenance of power lines. The appeals court ruling is a landmark victory for foreign investors in Venezuela. Rodriguez' intervention paves the way for a new market competitor in electric power to operate freely. The Turboven team is grateful for your intervention. We will send you a proposed thank you note to Ali Rodriguez for his help.

Bolivia. Bolivia has just signed a memorandum of understanding with Brazil to build a gas pipeline and power plant that could potentially undermine an Enron/Shell operated pipeline system and chill future foreign investment. Petrobras has tremendous market power over Bolivia (being the primary customer for Bolivian gas) and is using it to try to monopolize control over all Bolivian gas exports. Enron called for help and I intervened with the Bolivian Ambassador. Our Embassy has talked to the economic development minister. We'll work this at my level for now. If this is still a live issue when Vice President Quiroga comes, we will put it on your agenda.

Caspian. Azerbaijan held the first meeting of potential equity partners for Baku-Tbilisi-Ceyhan on Monday in Baku. Forty-eight companies showed up and 24 signed nondisclosure agreements. A surprisingly strong showing. Governments were not invited, but Wolf was briefed afterwards. The bazaar is open for who buys in and at what rate of return. After years of saying there was not enough oil to fill a pipeline, BP/Amoco is now saying they can fill it themselves and that they do not need partners outside of the AIOC consortium to participate. The Azeris want to open participation to all interested parties and we support them. The USG will mostly monitor this negotiation for now, but it is off to a good start.

Bangladesh. We succeeded in getting Bangladesh approved as an APEC observer. Bangladesh also agreed to invite the U.S. Geological Survey to survey their gas field. Your lobbying helped achieve these long delayed objectives. We will prepare a note from you to Sheik Hasina taking credit for the APEC success, congratulating her on approving the USGS survey and urging her to reach closure on some remaining commercial issues.





Department of Energy

Washington, DC 20585

September 29, 2000

MEMORANDUM FOR THE SECRETARY

FROM: David ~~A.~~ Goldwyn
Assistant Secretary for International Affairs

SUBJECT: Saudi Arabia: Crown Prince Abdullah's Energy Initiative on its Second Anniversary: An Update

BACKGROUND:

During a September 1998 visit to the U.S., Saudi Crown Prince Abdullah announced his initiative for new investment in Saudi Arabia's upstream hydrocarbon sector. The audience at Ambassador Prince Bandar's residence was a pre-selected number of CEOs of international oil companies, and included Exxon-Mobil, Shell, BP, Conoco, TotalFina Elf, Chevron, Texaco, Phillips Petroleum, ENI, Marathon, and Enron-Ox. This initiative only involves Saudi gas production and related power, gas, and water sector infrastructure development. Oil is not included, and this caused oil companies to engage Saudi Arabia Government (SAG) authorities. This led to a clearer, and more precise definition of what type of integrated projects were to be proposed by eleven companies selected by the SAG. The deadline for the companies to submit their "final" proposals expired on August 26th. All eleven companies met the deadline.

CURRENT STATUS:

Aramco has attempted to focus attention on the following three core projects:

1. Kidan/Shaybah Gas Development: explore for gas in the Empty Quarter, near the UAE border; develop Kidan gas fields and associated gas from the Shaybah oil field, and construct the gas pipeline from Kidan and Shaybah to the Hawidyah gas plant to supply the Al-Uqair electric power and desalination plant.
2. Rabigh Industrial City and Midyan Area Field Development: explore for gas offshore in the northern Red Sea; develop the Midyan and Barqan gas fields; construct a gas pipeline from Midyan to Tabuk and Yanbu, two cities with large petrochemical and other industrial and commercial associated energy requirements; develop the Umm Luj and Al-Wajh onshore gas fields; construct a gas pipeline from Umm Luj and Al-Wajh to Yanbu, and upgrade the Rabigh refining and petrochemical complex.



There are unresolved issues, including the necessity to develop a uniform fiscal system. For instance, U.S. companies could be at a distinct disadvantage if the fiscal system does not take their tax considerations into account. A uniformed fiscal system will level the playing field between the U.S. and European companies.

The prospects are good for work to start soon on the upstream projects. A best-case scenario would see work beginning on actual projects by the summer of 2001.

We have bilateral, technical engagement with the UAE, Qatar and Kuwait on oil, gas and electric power issues. It adds balance to the relationship, deepens our contact with the Ministries and provides us with useful intelligence. It would be useful to engage the Saudis on these kinds of issues as well.

MEMORANDUM FOR THE SECRETARY

FROM: David L. Goldwyn, Assistant Secretary for International Affairs

SUBJECT: CEO-Ministers Roundtable

SETTING: Thursday, July 29, 5:30-7:00 p.m., location New Orleans Intercontinental Hotel, La Salle A

Participants: CEOs (see attached list) and Ministers

Key Objectives:

- To have a frank and candid exchange with business leaders from the Hemisphere on what they see has the opportunities and obstacles for investment in the region.
- Provide an opportunity for Ministers to hear directly from leaders of industry.
- Discuss and seek support for the establishment of the Business Forum.

Purpose— The purpose of the Roundtable will be to share views on the unique challenges and opportunities faced by the business community in meeting the development of the energy infrastructure challenges in the next century. The CEO Roundtable is intended to provide a unique opportunity to build a stronger private and public partnership to further advance the Hemisphere's energy development. It will be a model for the Business Forum, except that the Forum should be a smaller group of CEO's who can engage ministers in a more detailed conversation. The Roundtable will provide a useful forum to garner support for the creation of the Business Forum.

All Energy Ministers attending the Conference are invited to attend this Roundtable.

Scenario— All participants will be seated around a large hollow square. There will be no audience or press in the room. You will first introduce the ministers present, and then give your opening remarks (attached) to set the stage for the dialogue that will follow. You will then introduce each CEO and thank them for their participation.

To get the conversation going, you will call on several CEOs representing various sectors. Other CEOs can join in the discussion. Ken Lay has indicated that he wishes to speak after others have had a chance to comment.

Press Availability - - The Roundtable will conclude promptly at 7:00pm. You will thank participants and say you look forward to seeing them at the cocktail reception and Gala Dinner later that evening. There will be a press availability with a few CEOs and Ministers immediately following the Roundtable.

TALKING POINT FOR OPENING REMARKS FOR CEO ROUNDTABLE

5:30 p.m., Thursday, July 29, 1999

Welcome to this Roundtable of industry leaders and Ministers. I am pleased that so many of you accepted my invitation to participate in this Roundtable.

I thought it would be useful to have a frank and open exchange of ideas about how each of you see the future of the energy sector in the new millenium. I'd be interested in hearing your views on what the problems are, how government and industry can work together.

The purpose of this Roundtable is to share views on the unique challenges and issues faced by the governments and the private sector as we seek to identify and put in place the policies to guide the development of the energy infrastructure for the next century consistent with our social, political and economic goals.

This Roundtable is intended to provide a unique opportunity to build a stronger private and public partnership that will further advance the Hemisphere's energy development.

We have a broad range of companies represented here, and a lot to talk about in only 90 minutes, so why don't we start off by hearing from the petroleum sector.

--Perhaps, A.E. Benton, CEO of Benton Oil, could start.

--Let's next turn to Victor Fryling, COO of CMS Corporation.

--I'd like to now turn the floor over to Eduardo Ojea Quintana, CEO of Transportadora de Gas del Sur of Argentina.

--Phil Carroll, is the Chairman and CEO of Fluor Corporation. Phil, would you care to present the view from the construction industry?

--Dr. Ken Lay, CEO of Enron, has, like all of you, had years of experience around the world. Ken, I'd like to get your thoughts on where we are in the Hemisphere and where we should be heading as the 90s come to a close.....

clear

MEMORANDUM FOR THE SECRETARY

FROM: David L. Goldwyn, Assistant Secretary for International Affairs

SUBJECT: Meeting with, Jorge Quiroga, Vice President, Bolivia

SETTING: Thursday, 4:00p.m., July 29, 1999, Hotel Intercontinental, New Orleans

Participants: Bolivia's Economics Minister Jose Luis Lupo

Key Objectives:

- Note the impressive turnout for the Hemispheric Ministerial and thank Vice President Quiroga for his participation.
- Acknowledge continued cooperative efforts on climate change and note Goldwyn-led U.S. delegation to La Paz next week.
- Congratulate Vice President Quiroga on opening of the Bolivia-Brazil gas pipeline and underscore important role which Bolivian natural gas trade will play in advancing the goals of the Hemispheric Energy Initiative.
- Urge early resolution of the Cuiaba natural gas pipeline and raise industry concerns over the dominant position Petrobras appears to be taking in Bolivia's natural gas sector.
- Advise the Vice President of our support for Bolivia's anti-corruption campaign.

BACKGROUND:

Vice President Quiroga in April visited with you in April in Washington D.C. Jose Luis Lupo was named Minister of Economic Development in late 1998. He is in charge of Bolivia's energy sector.

Climate Change Bilateral Discussions with Bolivians: You have identified Bolivia as a "key developing country" under your climate change initiative. David Goldwyn and Kate English discussed climate change issues with a number of key Bolivian officials and also with Quiroga in La Paz in April. Goldwyn led a DOE team to New York City in May to meet with Bolivian Deputy Minister of Sustainable Development Naisa Roca for further discussions. Since that time, Goldwyn et al have been working within the interagency process to secure a package for Bolivia should they decide to move forward on development of an emissions growth target. Goldwyn will lead a U.S. delegation to La Paz on August 2-3, 1999. It will include Mark Mazur, Kate English and Raymond Prince

from DOE, David Sandalow and Joe Aldy from the White House and Brooks Yeager from State. The USG goal of this mission is to get Bolivia to commit to develop an emissions growth target by the 6th international climate change meeting scheduled for late 2000. You will pledge \$200,000 as part of the assistance package for emissions growth target and agree to send a trade mission to Bolivia after they take on a target.

Economic Development: Since 1985, successive democratically elected governments have adopted market-based economic reforms resulting in low inflation and sustained growth rates. To attract foreign investment, the government preceding the present Banzer government sold 50% ownership and relinquished management control of many public enterprises, including the national oil company, railroad, airline, power and telecommunications networks. From 1993-1998, U.S. investment accounted for 40 percent of the \$2.5 billion in total foreign direct investment in Bolivia. We signed a Bilateral Investment Treaty in 1998, but the U.S. Senate has not yet ratified it. The United States is Bolivia's principal trading partner. A new U.S./Bolivia Business Partnership has been established under the leadership of Enron Corporation and Vice President Quiroga will be giving the keynote speech at its first meeting in Washington D.C., on Wednesday, July 28.

While the experience for most U.S. businesses in Bolivia is positive, some U.S. firms continue to have difficulties with Bolivian government agencies. In one case, Transredes (part-owned by Enron) continues to wait for the Bolivian government to issue the right of way decree required to begin construction of a new natural gas pipeline from the natural gas fields outside Santa Cruz to Cuiaba, Brazil. We were instrumental in getting OPIC to provide insurance for this project, when I called the head of OPIC to support Enron's application.

Bolivia hopes to become a cornerstone in the economic integration of the South American continent, spurred by its participation in Mercosur and the Andean pact. Bolivia is fast becoming the natural gas hub for the Southern Cone, with the opening of the Bolivia to Brazil pipeline and additional pipelines contemplated to support use of growing gas reserves.

Natural Gas Opportunities and Concerns: Bolivia's natural gas prospects are growing. Discoveries of natural gas since 1998 almost quadrupled reserves from 4.6 trillion cubic feet (tcf) to over 14 tcf.. The 1900 mile **Bolivia-Brazil natural gas pipeline** officially opened on July 1. Recently, private firms have expressed to the Bolivian Government their concerns over the dominant position that appears to be emerging for Petrobras. That company is the major owner of the natural gas pipeline on the Brazilian side and controls the marketing of gas in Brazil. Petrobras is also a major owner of gas reserves in Bolivia. Given this monopoly like position, private firms have become concerned that Petrobras will favor its own gas blocking out other companies gas supplies from access to Brazil's market through the pipeline. Should this happen private firms will leave Bolivia.

Anti-Corruption Campaign: Corruption continues to be a major problem in Bolivia with various organizations ranking Bolivia as one of the most corrupt nations in the world. The Banzer government launched an "Integrity Plan" in 1998 to combat the corruption

problem. Three government ministers and other high-ranking officials have since been fired or forced to resign because of alleged corruption, though none has been prosecuted.

Corruption especially affects the judicial system, in which US AID manages an extensive program to promote judicial reform. Congress recently passed a new code of criminal procedures, which will require a two-year training period for judges, prosecutors and police before full implementation. New bodies have also been created to manage the judiciary and strengthen disciplinary measures. Vice President Quiroga actively supports the "Integrity Plan."

**SECRETARY RICHARDSON'S MEETING WITH BOLIVIA'S VICE
PRESIDENT, JORGE QUIROGA
July 29, 1999**

SUGGESTED TALKING POINTS

65

**SECRETARY RICHARDSON'S MEETING WITH BOLIVIA'S VICE
PRESIDENT, JORGE QUIROGA
July 29, 1999**

SUGGESTED TALKING POINTS

65

**SECRETARY RICHARDSON'S MEETING WITH BRAZIL'S VICE MINISTER
JOSE LUIS PEREZ GARRIDO
(JULY 29, 1999)**

SUGGESTED TALKING POINTS

Hemispheric Energy Ministers Meeting:

65

**SECRETARY RICHARDSON'S MEETING WITH BRAZIL'S VICE MINISTER
JOSE LUIS PEREZ GARRIDO
(JULY 29, 1999)**

SUGGESTED TALKING POINTS

65

Mr. Terence Thorn
Executive Vice President
International Government Relations
and Environmental Affairs
Enron International
Houston, Texas 77002-7361

Dear Mr. Thorn:

Please join me at the IV Western Hemisphere Energy Ministers Conference in New Orleans, Louisiana, July 28-30, 1999, at the Hotel Inter-Continental. This Conference will examine the challenges facing the countries of the Western Hemisphere as they prepare their energy sectors to meet the economic and environmental needs of the 21st century. The objective of this ministerial is to develop a vision for the Hemisphere's energy infrastructure for the next century.

The first element of the Conference will be an interactive discussion involving senior Government, industry, and financial representatives who will participate in a series of nine roundtable discussions. Each roundtable will be led by one of the participating Ministers attending the Conference. Speakers from the private sector will be invited to discuss their perspective on the critical issues related to hemispheric energy integration, clean energy development, sustainable energy development, and attracting private sector investment. All Energy Ministers attending the Conference will be invited to attend each roundtable.

I invite you to participate as a speaker in the Regulatory Cooperation and Market Integration Roundtable, which will be held Thursday, July 29, 1999, from 1:30 p.m. to 3:00 p.m. The format for each session will be as follows: Ministerial chairs will make opening remarks, and the meeting facilitator will describe the purpose, goals, and logistics of the session. Each speaker will have eight minutes to speak. Following the third or fourth speaker, the facilitator will moderate an open discussion among all

roundtable participants. My staff will soon provide you with additional information on. Because we are especially interested in giving the private sector a forum to articulate its views and perspectives, we hope you will be able to take part in this unique Conference. You can visit the Hemispheric Energy Initiative web page at www.americasenergy.org for further information about the Ministerial Conference.

If you have any questions, please contact Mr. Raymond Braitsch, Senior Advisor for Strategic Planning, Office of Fossil Energy. Mr. Braitsch can be reached at (202) 586-9682.

Yours sincerely,

Bill Richardson

MEMORANDUM FOR THE SECRETARY

FROM: Calvin R. Humphrey
Acting Assistant Secretary
Office of International Affairs

SUBJECT: Fourth Hemispheric Energy Ministers Conference

BACKGROUND: Ken Lay has agreed to participate in the CEO Roundtable during the Fourth Hemispheric Energy Ministers Conference. The attached letter thanks Mr. Lay for accepting your invitation.

SENSITIVITIES: None

RECOMMENDATION: That you sign the letter.

APPROVE: _____

DISAPPROVE: _____

DATE: _____

Mr. Ken Lay

(b)(6)

Dear Ken:

I was delighted to learn from Jeff Skilling and Joe Hillings that you have agreed to participate in the CEO Roundtable at the IV Hemispheric Energy Ministers Conference which I will host in New Orleans from July 28-30. This is great news!

Jeff Skilling and I had a good meeting. We discussed electricity restructuring, the Cuiaba pipeline project and the Ministerial. I appreciate Enron's support of federal legislation to complement state action on electricity restructuring and, of course, your strong support of the Ministerial.

I thought it might be useful to provide you with further details on the CEO Roundtable and Ministerial.

65

...ence by a discussion between the

65

Sincerely,

Bill Richardson

MEMORANDUM FOR THE SECRETARY

FROM: David L. Goldwyn, Assistant Secretary for International Affairs

SUBJECT: Meeting with Jorge Chamot, Peru's Secretary of Energy

65

Erickson, Gina

From: Benson, Erika
Sent: Friday, June 22, 2001 12:42 PM
To: Person, George
Cc: Ward, Gary; Sanchez, Delano; Erickson, Gina
Subject: E-mail for Expert Input for the Caribbean Natural Gas Forum

To keep the ball rolling on the Caribbean Natural Gas Forum to be held in August in Trinidad I will be sending out a letter, draft agenda and the draft concept paper (which includes the most recent changes by George and Andrea) to the World Bank, Inter-American Development Bank and industry experts. I hope to receive some feedback on the agenda topics and appropriateness of the issues covered in the conference.

Thanks to Delano Sanchez for gathering the names and e-mail addresses as well as for finding the appropriate people to have these documents sent to.

Below are a list of who I will be sending the attachments:

- 1.) Frank Lookin, Project Manager of the Atlantic LNG Project, Trinidad
- 2.) Ciro de Falco, Manager, Region 3, Inter-American Development Bank
- 3.) Neville Beharie, Trinidad Representative, Inter-American Development Bank
- 4.) Badrul Haque, Caribbean Representative, IADB
- 5.) Sue Goldmark, Caribbean Development Projects, World Bank
- 6.) Norman Cameron, Natural Gas Div., Caribbean Development Bank
- 7.) Henry Means, PR., Enron Caribbean Basin, Global LNG
- 8.) Robert Solberg, President, Texaco Commercial Development
- 9.) Rob Fenton, LNG Coordinator, Shell U.S. Gas and Power
- 10.) David Cobb, Director, LNG Commercial development, CMS Trunkline Co.
- 11.) William Smith, President, El Paso Global LNG
- 12.) Paul Smith, VP Upstream Development, BPAmoco TT
- 13.) Paula Rockstroh, VP Communications, Tractebel North America



Caribbean Forum
Agenda.doc



Carib LNG Strategic
Dev Concep...



letterdraft.wpd

Erika Benson
Office of International Affairs
U.S. Department of Energy
202-586-6531

Erickson, Gina

From: Benson, Erika
Sent: Friday, June 22, 2001 12:42 PM
To: Person, George
Cc: Ward, Gary; Sanchez, Delano; Erickson, Gina
Subject: E-mail for Expert Input for the Caribbean Natural Gas Forum

To keep the ball rolling on the Caribbean Natural Gas Forum to be held in August in Trinidad I will be sending out a letter, draft agenda and the draft concept paper (which includes the most recent changes by George and Andrea) to the World Bank, Inter-American Development Bank and industry experts. I hope to receive some feedback on the agenda topics and appropriateness of the issues covered in the conference.

Thanks to Delano Sanchez for gathering the names and e-mail addresses as well as for finding the appropriate people to have these documents sent to.

Below are a list of who I will be sending the attachments:

- 1.) Frank Lookin, Project Manager of the Atlantic LNG Project, Trinidad
- 2.) Ciro de Falco, Manager, Region 3, Inter-American Development Bank
- 3.) Neville Beharie, Trinidad Representative, Inter-American Development Bank
- 4.) Badrul Haque, Caribbean Representative, IADB
- 5.) Sue Goldmark, Caribbean Development Projects, World Bank
- 6.) Norman Cameron, Natural Gas Div., Caribbean Development Bank
- 7.) Henry Means, PR., Enron Caribbean Basin, Global LNG
- 8.) Robert Solberg, President, Texaco Commercial Development
- 9.) Rob Fenton, LNG Coordinator, Shell U.S. Gas and Power
- 10.) David Cobb, Director, LNG Commercial development, CMS Trunkline Co.
- 11.) William Smith, President, El Paso Global LNG
- 12.) Paul Smith, VP Upstream Development, BPAmoco TT
- 13.) Paula Rockstroh, VP Communications, Tractebel North America



Caribbean Forum
Agenda.doc



Carib LNG Strategic
Dev Concep...



letterdraft.wpd

Erika Benson
Office of International Affairs
U.S. Department of Energy
202-586-6531

release

Camisea natural gas field development:

companies that might still be interested are Enron and Duke, but at least one has said they need sovereign guarantees for the pipeline.

Among

Televisi
65

President's Trip to Africa Anniversary
Energy Department Round table Invitees
Howard University
March 31, 1999 (T)

Lockwood

Secret

Enron

Joe Hillings
202) 466-9145

Chevron

Bill Irwin
202-408-5854

CMS

Mary Jo Kripowicz

Sunlight Power

Jeff Serfass
293-6238
fx223-5537

Geothermal

Ghana

Kobina Arthur, Ambassador

Uganda

Edith Ssempala, Ambassador
Embassy of the Republic of Uganda
5911 16th St, NW
Washington, DC 20011
202 726-7100
202 726-1727

Senegal

Mamad Seck, Ambassador

b)(6)

Lockwood, Andrea

From: Person, George
Sent: Thursday, May 06, 1999 11:04 AM
To: Fariello, Theresa; Brodman, John; Pumphrey, David; Lockwood, Andrea; Haylock, Carolyn; Profozich, Russell; Beeman, Teresa; English, Kate
Cc: Humphrey, Calvin; Peters, Darren
Subject: RE: Ghana Heads of State

Recommendations:

Cote d'Ivoire (minister raised proposed bilateral agmt w/Secretary and David Goldwyn, gas pipeline w/Enron, potential DOE/AID partnership, and country studies involvement w/DOE).

D. 65
C. 65

-----Original Message-----

From: Fariello, Theresa
Sent: Wednesday, May 05, 1999 8:08 PM
To: Brodman, John; Pumphrey, David; Person, George; Lockwood, Andrea; Haylock, Carolyn; Profozich, Russell; Beeman, Teresa; English, Kate
Cc: Humphrey, Calvin; Peters, Darren
Subject: Ghana Heads of State
Importance: High

65

Lockwood, Andrea

From: Brodman, John
Sent: Thursday, May 13, 1999 8:20 AM
To: Rossi, Edward; Pumphrey, David; Lockwood, Andrea
Subject: FW: 10:30 a.m. Meeting at DOE

fyi

-----Original Message-----

From: GILLIARD, EMMA
Sent: Wednesday, May 12, 1999 6:15 PM
To: Brodman, John
Subject: RE: 10:30 a.m. Meeting at DOE

Listed below is this list of outside attendees for tomorrow's 10:30 a.m. meeting.

Forward Header

Subject: RE: 10:30 a.m. Meeting at DOE
Author: gsimpkins@africacncl.org_at_INTERNET at X400PO
Date: 5/12/99 6:02 PM

The attendees for tomorrow are:

Chris Long
Enron

[] ————— (b) (5)

(b) (5)

Release

MEMORANDUM FOR THE SECRETARY

FROM: Calvin R. Humphrey, Principal Deputy Assistant Secretary, Office of Policy and International Affairs

SUBJECT: Meeting with Henri Konan Bedie, President, Republic of Côte d'Ivoire

SETTING: Wednesday, May 19, 1999, African--African-American Summit, Accra, Ghana

65

• Meeting with Henri Konan Bedie, President, Republic of Côte d'Ivoire

Enron is involved in a pipeline project to bring gas from Côte d'Ivoire to West Africa and has asked you to mention that they are considered a strong and reputable U.S. company.

s,

5

← *advice*

Meeting with Henri Konan Bedie, President, Republic of Côte d'Ivoire

SUGGESTED TALKING POINTS

Meeting with Henri Konan Bedie, President, Republic of Côte d'Ivoire

Africa Ministerial

65

Meeting with Henri Konan Bedie, President, Republic of Côte d'Ivoire

Role for Côte d'Ivoire

- I understand you are working with Enron to develop a gas pipeline project. We are very supportive of natural gas projects and the benefits of gas to sustainable energy development. Enron is a large, well recognized U.S. company. Can you tell me about the potential markets for this gas and plans for the West Africa gas pipeline from Nigeria factor into your projections?

65

**MEETING WITH CUMHUR ERSUMER (phonetic: AIR-soom-air)
MINISTRY OF ENERGY AND NATURAL RESOURCES
TURKEY**

BIOGRAPHICAL NOTES: Minister Ersumer (age 46) is a lawyer by training, and speaks little English. Prior to joining the ministry, he served as a member of parliament, rising to a leadership position (deputy chairman) of the Prime Minister's Motherland Political Party (ANAP). In the job a little over a year now and with no prior energy background, Minister Ersumer has grown markedly into his job. Prime Minister Yilmaz issued a decree in May, placing Turkey's pipeline interagency negotiating team under Ersumer's leadership.

Release

B-5

Reiterate U.S. policy toward Iran

BACKGROUND: The U.S. supports the development of multiple pipelines to carry Caspian energy resources to international markets, with particular emphasis on an east-west Eurasian energy transportation corridor, avoiding Iran. One key element of our strategy is to work actively with Turkey and its Caspian neighbors to make trans-Caspian oil and gas pipelines and the route from Baku, Azerbaijan through Georgia and Turkey to the Mediterranean port of Ceyhan commercially attractive to shippers.

release

65

U.S. Perspective:

The USG continues to promote the Baku-Ceyhan pipelines as the best long-term option for the main export route for Caspian exports. Enhanced regional cooperation, attractive commercial terms, and aggregation of east and west Caspian volumes will be critical. We also believe that continued Turkish leadership is essential: for strengthening regional cooperation, for establishing an intergovernmental framework agreement on pipelines, and for urging resolution of the Turkmen-Azeri Caspian Sea boundary dispute.

Turkish Perspective:

Oil: Realization of Caspian oil exports through Turkish territory has geostrategic, commercial and environmental implications for Turkey. Heightened environmental concern about the Bosphorus Straits and the potential increase in vessel traffic from Caspian exports, coupled with what the Turks perceive as reluctance by shippers to address Bosphorus constraints, may slow the pace of Caspian energy development, and if unremedied, could lead to Turkish unilateral action

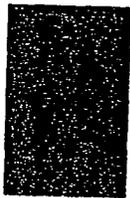
to close the Bosphorus to shipments of Caspian oil. A non-Bosphorous route to Ceyhan would also provide Turkey with revenues lost through closure of the Turkish-Iraqi pipeline.

The Turks have just completed a World Bank-funded feasibility study of the Baku-Ceyhan route, and have provided some details on the commercial elements (tax and tariff rates) of the route to the Azerbaijan International Operating Company (AIOC) multi-national consortium which will be making a decision on the route for exporting its full-field production in the fourth quarter of this year or early next year. Competing options to the Baku-Ceyhan route include: (1) expansion of the two 20" pipelines (from Baku, Azerbaijan through Georgia and Russia to the Black Sea) to accommodate larger volumes; (2) a Bosphorus bypass through Bulgaria and Greece to the Aegean Sea; and (3) south through Iran. The Turks also view oil swap arrangements with Iran by Caspian producers as a potential drain on the Caspian volumes that will be necessary to finance the Baku-Ceyhan line.

Natural Gas: Turkey also has a lot at stake in the export of Caspian natural gas resources. Not only is Turkey the third fastest growing gas market in the world, Russian gas imports account for 80% of Turkish supplies. Turkey has strong interests in diversifying its energy supplies and has signed deals with Iran and Turkmenistan (holding the 2nd and 4th, respectively, largest gas reserves in the world) to meet urgent gas demands. Turkmenistan, blocked by Gazprom from access through Russia to hard-currency markets, has chosen Royal Dutch Shell to build a gas pipeline across Iran to Turkey. Although Iran currently does not have gas available for export, analysts suggest that future phases of the huge South Pars project will provide ample gas for export to Turkey and push Turkmen gas out of the pipeline. Although President Niyazov has commissioned Enron to do a TDA-funded feasibility study of a trans-Caspian route for Turkmen gas exports to link up with a route through the Caucasus to Turkey, he continues to link actual construction of a pipeline to progress on the Azeri-Turkmen boundary dispute. *Demirel* are as frustrated as we are by the current stalemate. Timing is the critical issue in this race to the Turkish gas market. Whichever pipeline reaches Turkey first will likely shut the door to other routes for the foreseeable future. *Demirel* *65*

The Turkish government has taken a more aggressive and constructive stance since the beginning of the year on Caspian oil and gas exports. President Demirel has engaged a number of times with regional leaders, always extracting a statement of political support for the Baku-Ceyhan oil pipeline. Foreign Minister Cem organized a meeting of regional foreign ministers in Istanbul in March. Energy Minister Ersumer has also assumed a significant role in accelerating his government's efforts, due primarily to the urging by the U.S. government. The Turkish leadership has expressed a preference to the USG for trans-Caspian gas supplies if achievable in the short-term. The Turks are feeling more confident since the July joint demarche, but will continue to look to the U.S. for guidance and political cover.

Prepared by: Teresa Beeman, Ext 6-1884
September 3, 1998



TRANSITION PAPER

NIGERIA

Background

In May 1999, President Olesegun Abasanjo was democratically elected President of Nigeria after fifteen oppressive and economically disastrous years of military rule. The change in Nigeria to democratically-elected leadership resulted in an end to US sanctions and Nigeria's isolation by the international community. Nigeria is the most populous nation in Africa, with a population of over 110 million people. The US government has encouraged Nigeria's transition to a successful democracy on a high-growth path to development.

The US government sent an interagency assessment team (including DOE representatives) to Nigeria within a month of President Obasanjo's inauguration. In addition, former Energy Secretary Richardson made three trips to Nigeria. Secretary Richardson accompanied former President Clinton in August 2000, and also visited in February 2000 and August 1999. The trips reaffirmed US support for democracy in Nigeria and emphasized energy's importance in economic development.

In August 1999, International Affairs (IA) negotiated a Memorandum of Understanding (MOU) on Energy Policy that was signed by the US Secretary of Energy and Nigeria's Minister of Power and Steel. Under the MOU, DOE is working with Nigeria to transform its energy sector and extend energy services to all citizens. IA also established a DOE-led interagency Energy Consultative Group, a bilateral committee that deals with energy policy, regulatory and economic reform issues.

An interagency agreement between DOE and the US Agency for International Development (USAID) commenced in Fiscal Year 2000 whereby USAID committed nearly \$2 million to DOE over a multi-year period. Future USAID funds may be added as amendments to this agreement. USAID will provide funds for DOE to provide expertise in energy sector management and policy analysis, and to carry out multi-phase technical assistance and training activities to address some of the more pressing issues hindering the reinvigoration of Nigeria's energy sector. This assistance includes: increasing power supplies and reducing demand, laying the foundation for natural gas use, increasing oil sector revenues and improving management, strengthening energy sector institutions, developing a reform vision, and public outreach. The establishment of and funding for a US energy advisor position in Nigeria is also included under this agreement.

Current Issues

Nigeria is saddled with an external debt of over \$30 billion, a bloated parastatal sector that drains the economy, and an unsustainable budget deficit approaching 8% of GDP. Decades of corruption, mismanagement, and mis-investment have left Nigeria poorer in real terms than it was two decades ago and infrastructure and basic services are badly

deteriorated. Legal structures and institutions are inadequate to address corruption and to enforce the rule of law.

The Nigerian government has taken bold measures to begin the process of consolidating and strengthening democracy, reforming the military, reconciling its citizenry, tackling corruption, and organizing itself to address much needed economic reform. In the energy sector, it is encouraging the development of independent power projects, including an Enron deal (270 megawatts of emergency power), and commercializing and privatizing (very slowly) the National Electric Power Authority (NEPA) and the Nigerian National Petroleum Corporation (NNPC).

Upcoming Events

An Energy Advisor position in Abuja, established under and funded by the interagency agreement between DOE and USAID, will be filled in March 2001 by John Brodman of IA.

A Rural Electrification Conference is tentatively scheduled for April 2001 in Abuja. The conference is being co-sponsored by DOE and The World Bank. The conference will include relevant Nigerian federal, state and local government officials, and representatives from the private sector, non-governmental organizations, and universities. The conference will include: case studies and international experience in rural electrification, key issues and challenges of policy and institutional framework for scaling up electricity access, accelerating renewable energy market development, and energy as a catalyst for rural transformation. Also, key steps will be identified for moving rapidly to a program for scale up and rural transformation.

A Renewable Energy Conference, co-sponsored by DOE and The World Bank, is planned for early summer 2001 in Abuja. This conference will be a follow-on to the rural electrification conference and will focus on various renewable energy technologies and sectors, development of a policy paper, identification of renewable energy projects and implementation options. Also, there will be exhibits and opportunities for interaction between the public and private sectors.

An African-African-American Summit, sponsored by Reverend Sullivan's group, International Foundation for Education and Self Help, will be held May 21-25 in Abuja.

Sensitivities

- In spite of enormous natural resources and being a major oil supporter, Nigeria's internal energy market is plagued by inefficiencies and shortages.
- The process is going slower than hoped in the transformation of the large military regime and the privatization of the parastatal utilities, which could impact democracy in Nigeria and Nigeria's influence in the region.
- Also, Nigeria's large debt is a concern to the international financial community and Nigeria continues to champion for debt forgiveness.

Findings of the Joint DOE/USAID Scoping Mission to Nigeria

As a follow-up to the Multi-Agency Assessment Team Mission to Nigeria during June 19 to July 2, 1999, a joint DOE/USAID team visited Nigeria on November 7-12, 1999, to assess the current state of affairs in the Nigerian energy sector, review the plans of the GON to restructure the energy sector, and develop prospects for technical assistance and training activities that might be provided by USAID and DOE.

During this mission, the team met with representatives from the World Bank, U.S. private sector and the executive and legislative branches of the Government of Nigeria. The team identified a number of issues that could be addressed through bilateral cooperation between the Department of Energy and the Ministry of Power and Steel. These include:

The GON needs to be encouraged to make policy decisions on pricing of petroleum products and electricity and development of the independent power producer (IPP) segment of the electricity sector.

There is an urgent need for capacity building and training on the basic concepts of energy sector restructuring, privatization and regulation with the GON.

A major priority for the GON is to develop legislation to set up an independent regulator, which it hopes to have in place in 2000. The Department of Energy could provide assistance in this area.

Handwritten mark
The GON seems particularly interested in completing the negotiations with Enron and Mobil to develop IPPs in Lagos and the Delta. DOE could promote and participate in activities to support development of the IPP sector by helping the GON address issues such as competitive bidding mechanisms, power purchase agreements and energy sector restructuring legislation.

DOE could provide assistance to Nigeria to help develop a basic natural gas infrastructure and a pricing mechanism for natural gas supplies.

The GON is interested in developing a rural electrification program relying primarily on off-grid technologies and programs. DOE could help develop and implement this program using technologies and procedures developed in cooperation with the National Laboratories.

Lockwood, Andrea

From: Lockwood, Andrea
Sent: Wednesday, June 16, 1999 11:07 AM
To: Pumphrey, David; Berry, Karin; Coburn, Leonard
Subject: RE: ENRON meeting with Secretary

Enron has interests in Mozambique--the Pande gas field and pipeline to Maputo and hopefully eventually to South Africa. Progress on that project appears very slow, but Donna Bobbish will have more info. Enron also is developing a gas project in CoteD'Ivoire to sell gas to Ghana. I have a handout on that they gave me that I'll pass to Karin. Last month, Enron reported that the Cote d'Ivoire project is going well. There is some concern however that it may compete with the West Africa gas pipeline project from Nigeria to Ghana. Cote d' Ivoire is expected to come on line earlier and last only a couple of years, but Enron is reportedly hoping for greater gas reserves. We may want to ask them how they view the Cote d'Ivoire project versus the West Africa pipeline vis a vis the Ghana market. I'd be happy to look at the draft memo.

-----Original Message-----

From: Pumphrey, David
Sent: Tuesday, June 15, 1999 6:11 PM
To: Berry, Karin; Kenderdine, Melanie; JUCKETT, DONALD; Glick, Richard; DL-IA-3.2
Cc: Coburn, Leonard
Subject: RE: ENRON meeting with Secretary

IA-32 staff, please get information to Karen tomorrow. thanks

-----Original Message-----

From: Berry, Karin
Sent: Tuesday, June 15, 1999 3:08 PM
To: Kenderdine, Melanie; JUCKETT, DONALD; Pumphrey, David; Glick, Richard
Cc: Coburn, Leonard
Subject: ENRON meeting with Secretary

To All:

I'm putting together the meeting paper for next Tuesday's scheduled meeting between Secretary Richardson and Jeff Skilling, COO of ENRON. I would like to have a draft circulated by Wednesday COB and final paper to S-1 by Friday COB.

I understand the main issue will be electricity restructuring, although others will be included in the paper.

I would appreciate your input as soon as you can get me something. Please send me whatever you would like to include in the paper by e:mail and I will incorporate.

Thanks,
Karin Berry
x6-5900

Rich Glick -- electricity restructuring
Dave Pumphrey -- Latin America Ministerial (Ken Lay's participation)
Don Juckett -- China Oil and Gas Forum
Melanie Kenderdine -- any "hot" issues with ENRON

Draft List of VIP Speakers for African Energy Ministerial

US

Vice President Al Gore
Cabinet Officers – Secretaries Daley, others?

Mr. Jimmy Carter
Rev. Jesse Jackson
Ms. Maya Angelou (poet)
Kweisi Mfume, President, NAACP

James Wolfensohn, President, World Bank
George Munoz, President, Overseas Private Investment Corporation
James Harmon, Chairman, U.S. Export-Import Bank

African

Mr. Nelson Mandela
Kofi Annan, UN Secretary General
Oamr Kabbaj, President, African Development Bank
Salim Ahmed Salim, Secretary General of Organization for African Unity

(In Order of Recommended Priority)

President Olusegun Obasanjo (Nigeria)
President Chissano (Mozambique and Southern African Development Community)
President Henri Konan Bédié (Ivory Coast)
President Thabo Mbeki (South Africa)
President Jerry Rawlings (Ghana)

Possible US Corporate Representatives as featured speaker

Ken Derr, Chairman, Chevron
William McCormick, Jr., Chairman, CMS Energy
Ken Lay, Chairman, Enron
Lucio A. Noto, Chairman, Mobil
Maurice Tempelman, Chairman, Corporate Council on Africa

release

1



**Bilateral Meeting with Chief Bola Ige, Nigerian Minister of Power and Steel.
Talking Points**

Cooperative Engagement

- Thank you again for the hospitality you extended to me and my delegation during my trip to Nigeria.
- I am looking forward to implementing the U.S.-Nigeria Memorandum of Cooperation on Energy that we signed during my August trip to Nigeria.

Nigeria's Energy Sector

- On my trip to Nigeria in August and again in our meeting in September, we discussed a new relationship in energy that includes cooperation on:
 - oil and gas
 - electric power restructuring
 - village power systems using renewable energy technologies, and
 - privatization and the introduction of competition in the domestic market
- Since that time, we have been organizing a number of follow-up cooperative activities. To begin this work in earnest, a joint DOE/USAID team of technical traveled to Nigeria in early November.

DOE/USAID Scoping Mission to Nigeria:

- A joint DOE/USAID team visited Nigeria on November 7-12, 1999, to assess the current state of affairs in the Nigerian energy sector, review the plans of the Government of Nigeria (GON) to restructure the energy sector and develop prospects for technical assistance and training activities that might be provided by USAID and DOE in conjunction with other U.S. Government and multilateral agencies.
- The team identified a number of issues that could be addressed through bilateral discussions between the Department of Energy and the Ministry of Power and Steel.
- Based on the team's findings, we would encourage Nigeria to make decisions on pricing of petroleum products and electricity and development of the independent power producer (IPP) segment of the electricity sector.
- We see a need for capacity building and training on the basic concepts of energy sector restructuring, privatization and regulation. We would like to explore options with you for

addressing this need in cooperation with USAID, other U.S. Government agencies and multilateral entities.

- We understand that a major priority for the GON is to develop legislation to set up an independent regulator, which it hopes to have in place in 2000. The Department of Energy could participate in activities to provide assistance in this area.
- We know that you are interested in completing the negotiations with Enron and Mobil to develop IPPs in Lagos and the Delta. The Department of Energy could promote and participate in technical assistance and training activities for the Government of Nigeria that would address issues, such as developing competitive bidding mechanisms and power purchase agreements and developing implementing energy sector restructuring legislation, that would support successful completion of these negotiations as well as promote opportunities for other U.S. companies.
- We can also work with you to develop an expanded natural gas pipeline system to provide gas to power suppliers and to support economic development. The Department of Energy could provide assistance to Nigeria to help develop a basic natural gas infrastructure and a pricing mechanism for natural gas supplies.

Proposal to Initiate Bilaterals

- I propose that the Department of Energy and the Ministry of Power and Steel develop a formal policy dialogue through which we could exchange information and technical expertise on a broad range of energy sector issues.
- Can we agree to designate a lead entity within respective agencies to develop an agenda, venue and date for the first Joint Nigeria-U.S. Energy Consultation?
- The initiation of a formal policy dialogue through which we could exchange information and technical expertise on a broad range of energy sector issues appears to be the best venue for continued cooperation. This dialogue could be used to support specific activities undertaken by the Department of Energy and other U.S. Government entities under specific technical assistance and training programs.
- The purpose of this Consultation would be to lay the groundwork for specific follow-up activities relating to energy sector restructuring and privatization and to encourage increased trade and cooperation between our two nations.

Advocacy (if appropriate)

- There is increasing commercial interest in Nigeria by U.S. companies. Currently, a number of American firms, including Chevron, Babcock & Wilcox, and Enron, have proposals pending before your government. I am confident that these world class companies are quite capable of successfully helping Nigeria meet its energy needs. On their behalf, I want to thank you for your full consideration of their proposals.

U.S.-Africa Energy Ministers Conference

- I am extremely pleased by the incredible turnout for this Conference. We have energy ministers and representatives from nearly all of the countries in Africa and over 600 registered Conference participants. This definitely says something about the interest there is in Africa.
- Thank you for participating as a speaker on the Natural Gas and Oil Panel. I hope you find the discussion valuable and informative.
- On Wednesday, we will have our Ministers Meeting in which I would like the Ministers to focus on policies and practices that address clean energy development, sound investment principles and regional integration and to review the documents that were approved in Mozambique.
- To guide this effort, I would like that Ministers to issue a Joint Statement on Sustainable Energy Development and Cooperation in Support of the Environment that highlights the contributions of the energy sector in achieving climate change goals. The document helps establish the link between addressing clean energy options and maintaining economic growth.
- I would also like the Ministers to adopt a Code of Investment Principles for the Energy Sector that will demonstrate their commitment to creating conditions that encourage investment. This statement will send the right signals to investors and boost confidence in the region.
- I greatly appreciate your support on these issues.

connections. We will use Suissa's visit and contacts at my level in Egypt to try to secure a date for this soon. We will send an expert team to fulfill your agreement with the Palestinian Energy Authority. Absent some movement on the IUEP issue, I do not expect we will be able to do any training of their officials this fiscal year.

Latin America

Venezuela. I will travel to Caracas April 13-14 for my thrice postponed bilateral talks on oil and gas issues. The Venezuelans want this to engage us at the political level on these issues, mostly to show PDVSA that the Ministry is in control. It will be an opportunity for us to talk through their constitutional changes, their implementing legislation and some commercial issues (such as the Williams issue you raised in London). I spoke with Jim Jones, who appreciates your efforts on this issue.

Bolivia. We are close to agreeing on a date for your announcement with Bolivia's Vice President Quiroga for their adoption of a climate change target. This is essentially down to a scheduling issue. Bolivia's budget for our workplan (teaching them how to take on a target) is about triple what we have budgeted, but we can work through this. I appreciate your patience on this issue, but it looks like our sustained efforts will succeed.

Inter-American Development Bank. We have identified some seed money for the initiative you announced at the CLAA meeting in Miami. We are working with the Bank staff, and our special advisor, to refine the proposal so you and Iglesias can tie a ribbon around it. If Mexico decides to have a Hemispheric Energy Initiative Ministerial, we can launch it there. If they do not (unlikely in an election year), we will find another venue.

East and South Asia

China has not responded, positively or negatively, to our efforts to follow up on their promise to invite you to Beijing. Our next opportunity to engage the Chinese will be on the margins of the APEC Ministerial. I suggest you block an hour or so to meet with your counterpart to review a host of substantive issues as well as a possible visit. I am encouraging U/S Moniz to visit Japan, Korea and possibly China (depending on your travel) after the APEC meeting to address our extensive science and technology cooperation.

We are rapidly implementing our commitments following the President's trip to India. In addition to the Kumaramangalam visit, we are working with the programs to prepare expert visits on energy efficiency, clean coal, and a strategic petroleum reserve for India and solar and renewable energy. I expect to send an interprogram team to India in May to prepare for the State-led Joint Consultative Group launched under the President's Joint Statement on Energy and the Environment. We are trying to get Calvin to see Bangladeshi Prime Minister Husina to address regional energy issues.

IA, NN and Policy are working on an interagency basis to help encourage private sector investment in North Korea if sanctions are lifted at the conclusion of the missile and nuclear talks with the DPRK. I have sent you a classified information memorandum on this issue through Ernie. A senior level DPRK official is expected here in May. Unclear who will see this official but I assume you will want to be involved at some level.

Russia and the NIS

Russia. At the Embassy's suggestion, I have postponed my April trip to Moscow to conduct energy policy discussions. Since the new government will not be in place until May, they thought it would not be fruitful to go in April.

Caspian. I testify April 12 on Caspian issues before Hagel's SFRC subcommittee. Wolf will testify as well. I will link our efforts in the Caspian to our overall energy policy objectives: diversity of supply, opening markets to US investment and creating more secure routes for transportation of oil and gas.

Turkey. I led the 7th round of US –Turkey Energy Policy talks last week. We focused on steps Turkey is taking to open its market to more investment. Concerns about slow development of the domestic power market has forced Turkey to accelerate the unbundling of its power sector from two years to six months. We are sending an energy efficiency and renewables team to Turkey in May, at their request, to look at ways their government can reduce Turkey's energy costs and to explore cooperation in their growing wind power market. I expect we will conclude a science and technology agreement on the next two weeks that allow us to begin cooperation on clean coal technology. We are working with Fossil to assemble a tour this Spring for Turkish officials on regulatory reform in the natural gas sector.

cc: Deputy Secretary Glauthier
Under Secretary Moniz

**Bilateral Meeting with Chief Bola Ige, Nigerian Minister of Power and Steel.
Talking Points**

U.S.-Africa Energy Ministers Conference

- **I am extremely pleased by the incredible turnout for this Conference. We have energy ministers and representatives from nearly all of the countries in Africa and over 600 registered Conference participants.**
- **Thank you for participating as a speaker on the Opening Plenary and on the Natural Gas and Oil Panel. I hope you find the discussion valuable and informative.**
- **On Wednesday, we will have our Ministers Meeting in which I would like the Ministers to focus on policies and practices that address clean energy development, sound investment principles and regional integration and to review the documents that were approved in Ghana at a meeting attended by your ministry.**
- **To guide this effort, I would like the Ministers to issue a Joint Statement on Sustainable Energy Development and Cooperation in Support of the Environment that highlights the contributions of the energy sector in achieving climate change goals. The document helps establish the link between addressing clean energy options and maintaining economic growth, which is consistent with Nigeria's focus on developing an integrated natural gas market in West Africa.**
- **I would also like the Ministers to endorse a Statement on Investment Principles for the Energy Sector that will demonstrate their commitment to creating conditions that encourage investment. This statement will send the right signals to investors and boost confidence in the region. Your president has been a leader in promoting policies that encourage private investment in the energy sector. Other governments in Africa have taken similar actions to support economic development and growth in their economies.**

I greatly appreciate your support on these issues.

Cooperative Engagement

- **Thank you again for the hospitality you extended to me and my delegation during my trip to Nigeria.**
- **I am looking forward to implementing the U.S.-Nigeria Memorandum of Cooperation on Energy that we signed during my August trip to Nigeria.**

Nigeria's Energy Sector

- **During our meetings we discussed a new relationship in energy that includes cooperation on oil and gas, electric power restructuring, village power systems using renewable energy technologies, and privatization and the introduction of competition in the domestic market.**
- **To begin this work in earnest, a joint DOE/USAID team of technical traveled to Nigeria in early November. The team identified a number of issues that could be addressed through bilateral discussions between the Department of Energy and the Ministry of Power and Steel. These include:**
 - The need to make develop policies on pricing of petroleum products and electricity and development of the independent power producer (IPP) segment of the electricity sector.**
 - Capacity building and training on the basic concepts of energy sector restructuring, privatization and regulation.**
 - Assistance in developing legislation to set up an independent regulator for the electricity and natural gas sectors.**
 - Technical assistance to address issues such as developing competitive bidding mechanisms and power purchase agreements that would help you complete negotiations with IPP developers on proposed power plants in the Delta and Lagos.**
 - We can also work with you to develop an expanded natural gas pipeline system, including a pricing mechanism of natural gas supplies, to support development of a natural gas infrastructure to supply electricity generation and domestic economic development.**
 - Technical assistance and training in developing a strategy and program for rural electrification utilizing renewable energy technologies.**

Proposal to Initiate Bilaterals

- I propose that the Department of Energy and the Ministry of Power and Steel develop a formal policy dialogue through which we could exchange information and technical expertise on a broad range of energy sector issues and identify follow-up activities.
- Can we agree to designate a lead entity within our respective agencies to develop an agenda, venue and date for the first Joint Nigeria-U.S. Energy Consultation? (I would designate David Goldwyn, DOE Assistant Secretary to take the lead on this effort on behalf of the Department of Energy.)
- This formal consultation process could be used to exchange information and technical expertise on a broad range of energy sector issues and to support specific activities developed through the U.S.-Nigeria Memorandum of Cooperation on Energy.

Advocacy (if appropriate)

- There is increasing commercial interest in Nigeria by U.S. companies. Currently, a number of American firms, including Chevron, Babcock & Wilcox, and Enron, have proposals pending before your government. I am confident that these world class companies are quite capable of successfully helping Nigeria meet its energy needs. On their behalf, I want to thank you for your full consideration of their proposals.

NIGERIA

Key Points to Make:

- Describe DOE planned efforts to help Nigeria develop policies and programs to support energy sector reform, including under the existing Memorandum of Understanding (MOU) and upcoming proposed Energy Consultative Group Meeting (July 10-11) and the Joint Economic Partnership Commission (JEPC) Meeting (to be scheduled).
- Reference the proposed Framework for U.S.-Nigeria Cooperation on Energy, which will be presented to the Nigerians for review in the coming weeks.
- Note the strong joint cooperative efforts between DOE and the U.S. Agency for International Development (USAID)
- **If Appropriate:** Inquire as to any progress on the Enron project to provide barge-mounted emergency electric power to Lagos and abrogated contract involving Babcock and Wilcox as a sub-contractor.

Background Points to make:

Secretarial Visits: In August 1999, Secretary Richardson traveled to Nigeria and met with President Obasanjo, Special Advisor Rilwanu Lukman, and Minister of Power and Steel Bola Ige. Key topics were privatization and restructuring of the Nigerian energy sector. At that time, Secretary Richardson signed a MOU on Energy with the Ministry of Power and Steel. The MOU is a precursor to establishing the ECG mechanism. Secretary Richardson and David Goldwyn also traveled separately to Nigeria in April 2000.

Energy Consultative Group (ECG) Meetings: We propose to hold the inaugural ECG meeting in Abuja on July 10-11. The ECG is the sole forum we have to engage Nigeria in depth on energy policy issues and to provide them USG advice and support on issues of concern to them. The U.S. side led by DOE, will include participation from USAID and possibly by other U.S. agencies (TDA, OPIC, etc.).

U.S.-Nigerian Joint Economic Partnership Commission (JEPC): In November 1999, the U.S. and Nigeria signed the Joint Economic Cooperative Agreement, at the U.S. Department of State. The next meeting of the JEPC will be in Nigeria, probably in July. Currently, the DOE lead would be Calvin Humphrey, Principal Deputy Assistant Secretary for International Affairs. At the JEPC, we would report out on the results of the ECG Meeting.

DOE-USAID Cooperation on Energy Reform: DOE and USAID have exchanged action plans. Cooperation will include restructuring and privatization, rural electrification, deployment of clean energy and renewable energy technologies, promotion of energy efficiency, and development of an independent regulatory authority. Through the USAID Mission Lagos, \$2M will be provided to the joint program, with DOE anticipated to receive about \$725K before the

end of FY 00. Also, an in-country energy advisor would be funded separately (estimated at \$350K).

National Electric Power Authority: The National Electric Power Authority (NEPA) is the government-owned electricity monopoly with a theoretical capacity of nearly 6,000 megawatts (MW). However, NEPA has not been able to meet the average peak demand of 2,400MW. The failings of the utility, including deteriorating power plants and transmission network and inadequate revenue collection procedures, have led to blackouts, severe public criticism, and a major restructuring of its management. On March 14, President Obasanjo installed a nine-member technical management board, which includes Vice President Abubakar and Power and Steel Minister Ige to be replaced by Dr. Segun Agagu. Note that President Obasanjo has expressed a direct and personal interest in streamlining the delivery of reliable power and to ending the power outages by the end of 2001.

Enron Proposed Project: Enron has developed a project to provide emergency power to the Lagos region and to address longer term power needs of Nigeria. The project has three phases: (1) the 90 MW emergency power barges currently in Nigeria but not turned on; (2) a 548 gas-fired plant that would be developed following installation of the emergency barges; and (3) six additional power barges to respond to President Obasanjo's request for as much emergency power as possible.

The project is running afoul of rivalries between the Government of Nigeria (GON) and state government of Lagos, opposition to private sector involvement in the electricity sector by NEPA, and conflicts within the GON, particularly north-south rivalries. There are also issues of the effect the agreement will have on privatization, since it is with NEPA, and the degree of transparency and competitiveness surrounding the deal, which some believe could have been negotiated more favorably to the Nigerians.

The latest update has indicated progress and a general desire maintain a low-key profile until all details are finalized and the projects are actualized.

Babcock and Wilcox Contract: A continued impasse on this project to rehabilitate generators at the Egbin Facility in Lagos could have negative impact on perceptions of the climate for doing business in Nigeria and may affect other private sector investment.



Lockwood, Andrea

From: Pumphrey, David
Sent: Wednesday, August 25, 1999 5:02 PM
To: DL-IA-3.2; Billig, Michelle; Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Donna Bobbish; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello
Subject: DAR IA-32 8/25/99

APEC-George Zeigler and David Jhirad are coordinating with U.S. members of the APEC Energy Working Group Business Network, Terry Thom (Enron) and Ken Thompson (Arco), for their meeting in Wellington, New Zealand, September 6-8. Key issue is terms of reference for "Implementing Committees" being established to organize teams that, upon invitation, will advise on implementation of priority principles in Ministerial initiatives on natural gas and independent power production. Thailand has already requested a team visit, possibly as early as September-October.

Bolivia -- Kate English and Michelle Billig met with representatives from ENRON to discuss a possible workshop on climate change in Bolivia this fall. ENRON expressed a great deal of interest in participating in the workshop.

Peru -- The Secretary's letter to President Fujimori regarding the Huanza/Synergics Project was transmitted to the State desk and the Embassy. The Embassy will arrange a meeting with Energy Minister Hokama to discuss the issue. The letter will hopefully give impetus to a meeting between the company and the government to resolve the problem.

Mexico -- IA staff met to discuss next steps following the Deputy Secretary's Mexico trip. Key items will be to define the Monterrey project, schedule the Electricity Symposium and follow up on the activities under the annexes.

Trade Negotiations - IA and GC staff met to discuss current trade negotiations - WTO, GATS and FTAA. USTR will host a meeting on Friday to provide guidance on language that they would like to have Cabinet Officers use to support the negotiations on transparency negotiations under the WTO. We will prepare a summary of the current status of these trade negotiations and the energy issues involved.

Lockwood, Andrea

From: Sperl, Thomas
Sent: Thursday, August 26, 1999 4:55 PM
To: Pumphrey, David; DL-IA-3.2; Billig, Michelle; Porter, Alicia; Humphrey, Calvin; Peters, Darren; Goldwyn, David; Jhirad, David; Bobbish, Donna; Gilliard, Emma; Brodman, John; English, Kate; Coburn, Leonard; Whitted, Linda; Willis, Matthew; Price, Robert S; Sacks, Steve; Beeman, Teresa; Fariello, Theresa
Subject: RE: DAR IA-32 8/26/99

-----Original Message-----

From: Pumphrey, David
Sent: Wednesday, August 25, 1999 4:02 PM
To: DL-IA-3.2; Billig, Michelle; Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Donna Bobbish; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello
Subject: DAR IA-32 8/26/99

South Africa - David Pumphrey and Tom Sperl met with Bob Godec, the new Economic Counselor in the U.S. Embassy in South Africa and Mike Koplovsky of the desk. We explained the work of Sustainable Energy Committee of the BNC. Koplovsky said that future meetings of the BNC are unclear and will be discussed during the Gore-Mbecki meeting in September at the UNGA.

Colombia-Acting UnderSecretary Al Larsen (State Dep't) will visit Bogota on the week of August 30, to work with Colombian officials to prepare an expanded cooperation program between the two countries. His focus will be economic assistance, including issues related to financial and regulatory reform, and others. His office asked for copies of the Briefing paper prepared for the Secretary's bilateral with Minister Valenzuela in New Orleans, which were provided along with other material describing changes in the energy sector of Colombia. This initiative is part of the U.S.'s efforts to expand assistance to the Colombian Government.

Nicaragua--Enron notified us that their disputed electricity project in Corinto was given approval to connect to the country's electric grid and it has now been connected. The company is now powering up the generating plant and will shortly produce electricity for the country's consumers. While the issues related to the Right-of-Way and fees has not been resolved, the authority to connect, provided three days after receipt of the Secretary's letter to President Aleman of Nicaragua, is an important step to the resolution of the issues.

China-- IA Staff finalized and circulated updated materials for the China Energy and Environment Cooperation portion of the IA updated Home page to the programs for review and comment. A timeline of action items/due dates for future China visit has been prepared. Finalized review of draft EE report on activities under the Renewable and Energy Efficiency Protocol.

Caribbean. Michelle Billig met with representatives from CLAA and the Climate Institute to discuss the Caribbean follow-up to the San Lucia and New Orleans meetings. The CLAA is hosting a Caribbean energy session at its annual Miami Conference in December. We are working on an agenda that will enable us to incorporate the Miami meeting into the objectives of the Caribbean Initiative.

Lockwood, Andrea

From: Pumphrey, David
Sent: Thursday, September 09, 1999 5:56 PM
To: DL-IA-3.2; Billig, Michelle; Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Donna Bobbish; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello
Subject: DAR - IA-32 - 9999

Hemispheric Energy Initiative-IA staff, together with representatives from Caribbean/Latin American Action (CLAA) and Enron, participated in a demonstration of software technology to launch the Hemispheric Business Network and Forum. The demonstration was performed by Advocast, an Internet Technology company. Advocast software would allow pre-selected groups of users to discuss, review and update information related to energy issues in the region. The software could be effectively used for both policy and commercial advocacy objectives. Together with DOE, and CLAA, Advocast plans on developing a prototype site that could be rolled out in time for the CLAA Miami Conference.

Hemispheric Energy Initiative-IA staff, together with representatives from Caribbean/Latin American Action (CLAA) and Enron, participated in a demonstration of software technology to launch the Hemispheric Business Network and Forum. The demonstration was performed by Advocast, an Internet Technology company. Advocast software would allow pre-selected groups of users to discuss, review and update information related to energy issues in the region. The software could be effectively used for both policy and commercial advocacy objectives. Together with DOE, and CLAA, Advocast plans on developing a prototype site that could be rolled out in time for the CLAA Miami Conference.

China Activities: IA-32 was informed by EE that they are planning a meeting with industry on September 21 to discuss renewable energy cooperative program with China and seek industry interest in renewable energy workshops being planned for November. EE (Lee Gebert) was hoping to engage IA or Eximbank official to explain and respond to questions on the "Clean Energy Program" at the September 21 meeting. There are three back-to-back workshops coming up in Xi'an from November 1-4 in which USG and U.S. company representatives will be participating: a Solar Thermal Utilization Workshop (an annual event sponsored by the PRC's Center for Renewable Energy Development); a U.S.-China Solar PV workshop (to follow-up on one held last year); and a rural electrification workshop (latter sponsored by the FRG). In addition, China's Center for Renewable Energy Development would like to take U.S. companies, either prior to or after these workshops, according to EE, on a tour of renewable sites in Gansu, Qinghai and possibly Xinjiang to generate interest in prospective opportunities for the World Bank's \$240 million renewable energy program. FE is exploring potential coalbed methane sites in the PRC for the Secretary's visit; while there is one opportunity to potentially view the spudding of the first well on a Phillips/ARCO project, this is one hour flight and 4-hour trip (each way) from Beijing. FE is continuing to contact Texaco and other companies involved in CBM projects. IA-32 staff is applying to participate in the morning and afternoon sessions of the CSIS Conference on "U.S.-China Relations on the Eve of the 21st Century" on September 14. Speakers include State Assistant Secretary Stanley Roth, PRC Ambassador Li Zhaoxing, senators and congressman (invited) and CSIS Counselor Henry Kissinger.

Chile- IA has received positive feedback from the Chilean delegation that participated in the Reverse Trade Mission associated with the Clean Cities Santiago Program. Their visit strengthened the commitment of the Chilean Government to convert to natural gas buses as well as introduce legislation in support of the conversion by September 2000. The delegation expressed interest in purchasing up to 50 natural gas buses in the near future.

México Related - IA staff learned today that KN Energy is in the final stages of negotiations to merge with Kinder/Morgan Co., an oil pipeline company created by two ex-Enron officials. If all goes right the merger will be completed by mid October. The new company will likely be Kinder/ Morgan, and they may sell off some of KN Energy's international assets, including the Monterrey pipeline.

Lockwood, Andrea

From: Pumphrey, David
Sent: Thursday, October 28, 1999 6:05 PM
To: Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Donna Bobbish; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR 10/28/99

ENRON Meeting - Met with Jeff Forbis, Vice President for Global Finance and Services. He is involved in Enron's operations in Africa, focussing on West Africa. He was interested in our initiatives in Nigeria and Ghana to see how it will help their programs. His principal focus currently is facilitating financing for projects that will consume natural gas. They are working with utilities and industries to finance projects that will build a stronger base for a natural gas market.

Bolivia: The US embassy in La Paz reported that Minister of Environment Reyes Villa told members of the USAID mission that Bolivia's climate negotiators have prepared a watered down speech to deliver at Bonn. The speech will announce Bolivia's intention to move forward but not commit to an emissions target. The embassy believes that the message could be strengthened, depending on the outcome of the VP-S1 meeting. IA is following up with the USAID mission to confirm these reports. The embassy also indicated that Quiroga may request that DOE provide additional assistance for development projects, ie roads. They don't think he will push DOE hard on textile preferences or counternarcotic funds.

Lockwood, Andrea

From: Person, George
Sent: Monday, November 15, 1999 10:33 PM
To: Pumphrey, David
Cc: Lockwood, Andrea; Billig, Michelle
Subject: FW: Returned Call

Open issues:

AES contact (and brief update);

Enron brief update; and

Commerce talking points (DAS Ed Casselle 482-4925 or staffer Eric Henderson 482-4228). First two, very important; last item, probably in an ideal world.

Thanks.

George

-----Original Message-----

From: Person, George
Sent: Monday, November 15, 1999 2:33 PM
To: Humphrey, Calvin
Cc: Washington, Melodie; Porter, Alicia
Subject: Returned Call

Calvin,

Per conversation with Dave P. and voice mail from Alicia, returned call (via voice to Alicia and conversation w/Mel).

Working on various issues, including closing in prep issues for Maputo. Need to leave the building at 2:45 for meeting. Will return at approximately 4 and be here late.

Denise and Pam are working on the books.

Calls to Commerce unsuccessful thus far. Ed Casselle is on travel until tomorrow. Left a message for a staff member (Eric Henderson). If necessary, another member of the IA Africa Team will follow-up tomorrow and get something to us in Maputo by Wednesday.

George

Lockwood, Andrea

From: Person, George
Sent: Monday, November 15, 1999 10:33 PM
To: Pumphrey, David
Cc: Lockwood, Andrea; Billig, Michelle
Subject: FW: Returned Call

Open issues:

AES contact (and brief update);

Enron brief update; and

Commerce talking points (DAS Ed Casselle 482-4925 or staffer Eric Henderson 482-4228). First two, very important; last item, probably in an ideal world.

Thanks.

George

~~Original Message~~

From: Person, George
Sent: Monday, November 15, 1999 2:33 PM
To: Humphrey, Calvin
Cc: Washington, Melodie; Porter, Alicia
Subject: Returned Call

Calvin,

Per conversation with Dave P. and voice mail from Alicia, returned call (via voice to Alicia and conversation w/Mel).

Working on various issues, including closing in prep issues for Maputo. Need to leave the building at 2:45 for meeting. Will return at approximately 4 and be here late.

Denise and Pam are working on the books.

Calls to Commerce unsuccessful thus far. Ed Casselle is on travel until tomorrow. Left a message for a staff member (Eric Henderson). If necessary, another member of the IA Africa Team will follow-up tomorrow and get something to us in Maputo by Wednesday.

George

Lockwood, Andrea

From: Person, George
Sent: Tuesday, November 16, 1999 10:42 AM
To: Lockwood, Andrea
Subject: RE: AES and Enron Project Updates

Thanks.

—Original Message—

From: Lockwood, Andrea
Sent: Tuesday, November 16, 1999 10:40 AM
To: Fariello, Theresa; King, Rachel; Person, George; Pumphrey, David; Humphrey, Calvin; Goldwyn, David
Cc: Clarke, Denise; Cochran, Pamela; Billig, Michelle; Haylock, Carolyn; Rossi, Edward; Peters, Darren; English, Kate; Willis, Matthew
Subject: AES and Enron Project Updates

I spoke with Joe Hillings of Enron and Bob Chesnut of AES.

Enron Project: Enron project Vice President Tony Way reports that the Enron Pande-Maputo project looks very positive. They have the gas contract, the steel market is on the upturn and they have a new steel company company interested in anchoring the pipeline, Du Firco, a Swiss company. They asked that DOE reinforce with the Mozambique government that the project is moving forward and all indicators are positive. Contact Joe Hillings: 202-466-9145

AES Project: Bob Chestnut, AES Director of the Uganda project reports that the project has been approved by the Ugandan parliament and the Ugandan Energy Minister will stop in Washington (AES Virginia) to finalize the contract on her way to the Tucson Conference. They will have final signing in Uganda on December 17 directly after the Minister's return to Uganda. Financing however, remains an issue. The AES project is a hydro project, although AES reports it is very environmentally benign. World Bank Senior Vice President Peter Vorkees is visiting the project in Uganda next week to be personally assured of its environmental sensitivity. The US director of the IFC has also raised issues about environmental sensitivity. AES will be requesting both World Bank and OPIC financing and is eager to brief the US interagency group on the environmental benignness of the project. AES Corporate contact is Bob Chesnut in London 44-208-334-5300. On the ground in Uganda the AES contact is Christian Wright (256-41) 349-235 or 346-676. His cell phone is 75-74-37-73. AES asks that we endorse the project with the Ugandan representatives.

Lockwood, Andrea

From: Pumphrey, David
Sent: Friday, November 19, 1999 6:16 PM
To: Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Donna Bobbish; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR 11/19

Summit Implementation Review Group - Presented report on the implementation of the HEI to the Summit Implementation Review Group at the OAS. About 30 countries were represented at the meeting which was chaired by the Troika, Canada (next host) Chile (last host) and the U.S. (biggest). The only item that seemed to touch sensitivities was the question of having a structured Secretariat to manage the process. There seems to be considerable debate on institutionalization of Summit follow-up activities. A number of countries spoke in support of the clean energy focus of the initiative as well as giving updates on energy developments in their countries.

Dominican Republic --The Enron power barge is once again caught in a payment crisis in D.R. Enron told us that unless the GODR pays up what it owes for the electricity supply from the barge at Puerto Plata (\$38 million), Enron will shut down its plant in ten days from today. AES is in the same position, and both companies have begun negotiations with the GODR. The Government may solve the problem temporarily by paying the companies something, but this could happen again. If no payment is made the country will lose 40+ percent of its electricity supply. The Embassy is aware of this but our Ambassador Designate, Charles Manatt, will not be arriving until next month or later. The negotiations are underway now and may be concluded by COB today or they may continue into the weekend.

Lockwood, Andrea

From: Pumphrey, David
Sent: Friday, January 28, 2000 5:37 PM
To: Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Donna Bobbish; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR IA-32 1/28/00

Angola -- Meeting with AES on Uganda Hydro Project. On Friday, Jan 28, Calvin Humphrey, David Pumphrey, George Person and Andrea Lockwood meet with Bob Chestnut and Christian Wright from AES, as well as Walid Musallam of the Infrastructure Finance Group. Ann Ngo of Commerce's Advocacy Center also attended. AES laid out their \$500 million hydro project for Uganda and we discussed the relatively environmentally benign nature of the technology and the economic benefits for landlocked, energy resource free Uganda. AES asked for support in explaining the new generation of hydro for the interagency process, especially OPIC and treasury. DOE committed to providing contacts and strategy for the interagency process.

CLAA -- Terri Fariello, Dave Pumphrey, Gary Ward and Hank Santiago met with John Harrington of CLAA to discuss next steps for the organization of the HEI Business Forum. We agreed that the Business Forum would be included on the agenda for the Feb. 10 Industry Dialogue to provide information and further endorsement of the idea. John will also work with us to develop a letter to the HEI Secretariat to request an opportunity to discuss the progress on the Business Forum at the next Steering Committee meeting. John also agreed to help invite companies for the briefing of the Deputy Secretary on Mexico next week.

Meeting on Southwest Border Activities-- An intra-agency meeting was held on Friday afternoon to help develop further the initiative that DOE may wish to produce regarding the President's Southwest Border Initiative while at the same time seeking to satisfy Sen. Bingaman's interest in promoting expanded economic activity through technology transfer. A memorandum will be prepared for the Secretary to advise him of some of the possible actions DOE may take that will achieve both objectives. The concept of establishing a technology transfer center in a border University, seemed to be most favored by the participants.

Nigeria - Chris Long from Enron called to say that they are encountering problems with their barge mounted power plants in Nigeria. They would like to see if the Secretary would write a letter to President Obsanjo. I told him we would need to see the background and proposed text. He will get this from their Nigeria operations and forward to us.

Lockwood, Andrea

From: Pumphrey, David
Sent: Friday, February 04, 2000 6:32 PM
To: Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Donna Bobbish; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR - IA-32 - 2/4/00

South Africa - Cable came in today from the U.S. Embassy in South Africa reporting that the South Africans are proposing to hold the next U.S.-Africa Energy Markets on December 4-6, probably in Durban. The South Africans also inquired about the "extent of financial support" the U.S. could provide.

Nigeria - Provided revised terms for an Energy Committee under the Joint Commission on Nigeria to the NSC. No reaction yet.

Nigeria (ENRON) - Asked State to let the Embassy know that we will let the Ambassador deliver the first demarche on the ENRON barge project. Passed this word to ENRON and Commerce as well.

Latin America Finance Initiative -- Met with Rogelio Novey to discuss implementation steps for the Fund for Energy Sector Initiatives. Novey is to meet with the U.S. Director for the IDB on Tuesday. Provided draft concept paper to IDB this afternoon.

Lockwood, Andrea

From: Pumphrey, David
Sent: Thursday, February 10, 2000 6:05 PM
To: Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Donna Bobbish; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR 2/10/00 -- IA-32

Brazil - Terri Fariello and David Pumphrey met with Rubens Barbosa, Brazil's Ambassador to the United States. He described the new economic plan being put forward by the government to lay out an integrated approach for the development of infrastructure in transportation, communication and energy. The plan calls the investment of \$180 Billion dollars, at least 25% from the international. The Ambassador said that the Energy Minister and other senior government officials will be in Houston on April 14 to discuss the energy aspects of the plan. He offered to set up meetings for DOE with the Brazilians in Houston. The Ambassador mentioned that he has requested a meeting with the Secretary to discuss the new plan and ask the Secretary to come to Brazil. He also expressed interest in briefings for his economic staff on the oil market. We will check with scheduling to see if the request has come in and with EIA about the briefing.

Nigeria (ENRON) - At the industry dialogue, Chris Long mentioned that ENRON Nigeria had asked that the USG hold off on high level advocacy. They had a unexpectedly positive meeting with the Privatization Agency and wanted to see how that would develop.

Bolivia - Secretary's meeting with Bolivian Vice President Quiroga resulted in an agreement to announce a target in April. The Secretary may travel to Bolivia in May. Yesterday, Banzer appointed Jose Luis Carvajal as the New Minister for Sustainable Development. He represents a left wing party (MIR) that is gaining strength in the coalition. Carvajal is a civil engineer by training and a career politician. Until, yesterday, he was the Director General of the Social Investment Fund. No major policy changes are expected.

Lockwood, Andrea

From: Pumphrey, David
Sent: Tuesday, February 15, 2000 4:46 PM
To: Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Donna Bobbish; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR IA-32, 2/15/00

AES Uganda Update: Andrea Lockwood and Michelle Billig met with Christian Wright for an update of AES' efforts raise visibility to USG, World Bank and NGO's for their Uganda dam project. AES has received IFC (World Bank Group) approval to have the IFC mandate and review the project. However, a meeting scheduled with Kurt Robinson, VP OPIC was cancelled at the last minute. AES VP Ken Woodcock was also to have been involved in that meeting. AES is concerned because they have already invested approximately \$100,000 at OPIC to begin the OPIC process—not to mention the \$1 million plus they burn a day on the project overall. They will have a meeting with Jan Piercy, US Director to the World Bank March 17. We advised them to meet with Treasury, NGO's. We suggested they ask Piercy to convene the interagency group on the project, noting Treasury sensitivity with us convening it, as AES requested. Christian Wright is returning to Uganda to host 17 World Bank officials, Bob Chestnut will be in Washington covering the issue until Wright returns.

Nigeria - Russ Profozich attended the US-Nigeria JEPC meeting yesterday. The major issue of discussion was preparation for the visit by Nigerian Vice President Abubakar. Under Secretary of State Alan Larson will meet with the Vice President on Thursday, Feb. 17 at 4:00 pm. The State Dept. would like a brief one paragraph statement from each agency on activities with Nigeria as background for the Dep. Sec. I'll prepare something and send it around. Regarding the possible meeting with Secretary Richardson, State indicated that they prefer a meeting on Friday, Feb 18, but would look into a possible Thursday meeting. However, this appears unlikely as the Vice President's schedule is full for that day.

The JEPC also distributed the matrix of activities that each agency is involved in with Nigeria. They would like DOE to review and update its submission. State also would like info on how DOE is involving the private sector in its activities.

The next JEPC meeting is scheduled for May 15-17 in Nigeria. State would like this meeting to be used to obtain commitments from the Nigerians to participate in various activities that show movement in the reform program outlined by the Government of Nigeria.

South Africa Climate Change Working Group - Held interagency meeting for South Africa Climate Change Working Group. EPA and State attended. We spoke with AID separately. All the agencies are on board with the composition of the U.S. side of the Working Group. Each agency will work its connections to determine if the Terms of Reference are actually under review by the interagency team in South Africa. By the middle of next week each agency will send in a list of its activities that may fall under the Working Group's purview.

ENRON Guatemala - Met with Curly Baca who is an advisor to Ken Lay on the Caribbean Basin and Chris Long. They had questions about changes in Guatemala and implications for energy investment.

Energy Services and Investment-- Peter Collins Deputy Assistant USTR met with Terri Fariello to discuss the scope and timing of the new negotiations related to expansion of the General Agreement on Trade in Services, emphasizing plans to include Energy Services in these new negotiations. Also present at the meeting were Harvetta Asamoah (GC), John Brodman, Russell Profozich, and Henry Santiago. Collins gave a short description of the purpose and aims of the negotiations and his desire to insure DOE involvement in the development of the energy services portion of these negotiations. These negotiations began before the Seattle November Trade Ministerial but there is no deadline for completion at this time. A U.S. industry consortium is preparing a draft of a comprehensive definition of energy services, which is scheduled to be completed sometime in March, and Collins would like DOE assistance in reviewing this draft for completeness and accuracy. Collins also noted that the current plans involve the inclusion of Government Procurement of services within the scope of the Agreement, as well as obligations on regulatory bodies from the federal government down through the state and local governments.

Lockwood, Andrea

From: Pumphrey, David
Sent: Friday, February 25, 2000 5:08 PM
To: Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; George PERSON; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR 2/25/00 IA-32

Nigeria -- Russ Profozich attended a meeting at the State Dept. where Enron executives explained recent developments regarding the Enron power project in Nigeria. They noted that the project has 3 phases; (1) the 90 MW emergency power barges currently in Nigeria, (2) a 548 gas-fired plant and (3) 6 additional power barges that are being brought to Nigeria to respond to President Obasanjo's request that Enron provide as much emergency power as possible. The power purchase agreement (PPA) signed with the GON covers all three phases of the project.

Enron's view is that the opposition to the project expressed by the World Bank is based on a draft PPA that the Bank reviewed in October, but a later December '99 PPA is more favorable to Nigeria and is the one that was signed by Enron and the GON. Enron informed the Bank of this, but the Bank was unwilling to remove its opposition to the project. Enron believes that this opposition is philosophical rather than based on the facts of the agreement. Enron also stated that the Bank's public opposition to the project is being used by opponents of the project in Nigeria to stop the project. These opponents include the Vice President and NEPA.

Enron has proposed that it, the Bank and the GON meet in Nigeria to resolve the issues that have led to the Banks' opposition. This would give the Bank a way to save face and withdraw its opposition to the project. The Banks has indicated its willingness to participate in such a meeting, but needs an invitation from the GON. A group of power sector experts from the Bank will be in Nigeria next week. So Enron has asked the State Dept. to request that the U.S. Ambassador speak with President Obasanjo to have the GON request that the Bank meet to discuss the project next week while the power sector group is in Nigeria. Enron suggested that the GON rep at the meeting should be Minister of Power and Steel, Bola Ige who supports the project. Enron feels confident that it can get the Bank to remove its opposition and take a neutral stance re the project. This will remove a major obstacle to having the GON follow through with its contractual obligation to sign the letter of credit for the project. Enron will still need to address the opposition to the project within the GON, so it is likely to be back to the State Dept. and to DOE for more assistance to work through those issues.

Nigeria--(bad news) An envisaged adoption of the Sharia (strict Islamic law) by the government of Kaduna State in Northern Nigeria, ignited a violent protest Monday, 2/21, that has left dozens of people dead. If implemented, among other restrictions, alcohol would be banned and women ordered to shroud themselves with death and physical mutilation the penalty for transgressions. This follows the imposition of Sharia by three northern muslim states in the past few months. The minority Christian population is totally against the adoption of Sharia in the multi-religious and multi-ethnic Kaduna state. By Wednesday, 2/23 the death toll in this most recent round of violence is believed to have exceeded 50 persons.

Nigeria (good news)--USTR Barshefsky signed a Trade and Investment Framework Agreement (TIFA), Feb. 16, 2000, with Nigerian Vice President Atiku Abubaker in Wash., DC. The Agreement, effective immediately, creates a Council on Trade and Investment composed of representatives of both governments, and establishes a structured dialogue for developing specific steps and strategies to increase bilateral trade and investment. The TIFA will create new opportunities for US business by establishing a legal and institutional framework for diversifying and deepening the US-Nigerian economic relationship.

ZIMBABWE: -- President Robert Mugabe has vowed (on 2/23) to push on with plans to seize white-owned farms to resettle black laborers despite his defeat in a referendum on a proposed new constitution that would have strengthened the presidency and given the government the right to seize land without compensation. In an interview on state television marking his 76th birthday, Mr. Mugabe, who has held power for 20 years, said the government can "take the land under presidential powers."

Mozambique -- President Chissano has appointed Castigo Langa as the new Minister for Mineral Resources and Energy. He was the former Deputy Minister. John Kachamila has been appointed Minister for Environmental Coordination.

Lockwood, Andrea

From: Pumphrey, David
Sent: Monday, March 06, 2000 6:54 PM
To: Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; George PERSON; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR -- IA-32 -- 3/6/00

Peru -- The Chamber of Commerce held an International Forum breakfast with the Prime Minister of Peru, Alberto Bustamante and the Economic Minister Efrain Goldenberg. Both Ministers described the economic achievements of the Peruvian economy - inflation at 4% and economic growth at 7% -- and their privatization efforts - nearly all of the state owned industries have been privatized. The clear message was that if Fujimora wins the election in April these policies will continue.

NARUC International Activites - Russ Profozich and I met with Commissioner Joe Garcia of the Florida Public Service Commission and chair of NARUC's International Committee. We discussed reviving the DOE-NARUC partnership to provide regulatory assistance to regulatory agencies in developing countries. NARUC will be interested in working with us in this area.

ENRON Latin America - Met with Steve Burns and Jose Bestard of ENRON to discuss developments in Peru, Bolivia and Brazil. Bestard, who is responsible for regulatroy affairs in Latin America described some issues related to open access for natural gas systems in Argentina and Brazil. His outlook for Peru was positive though the next tender for Camasea's gas transportation system will need to be modified to make the project financable and there are concerns about environmental resistance given that the pipeline will cross a rain forest area.

Electricity trade symposium - Kathy Deutsch and I had a conference call with the Arizona Governor's office about the U.S.-Mexico Electricity Trade Symposium. Arizona has clear objectives of providing opportunities for Arizona companies to meet with Secretary Tellez. They are willing to work with us about the agenda but within limits. They would like to mail invitations for the event, scheduled for April 12, at the end of this week.

Chevron in Colombia - Terri Fariello, Hank Santiago and I met with Boidy Sibley and Diana Sedney about an issue related to a contract Chevron had to operate an oil field in Colombia. Chevron is looking for our assistance in getting the Colombian Government to review favorably their proposal to renew the contract.

Lockwood, Andrea

From: Pumphrey, David
Sent: Monday, March 27, 2000 6:35 PM
To: Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; George PERSON; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR – 3/27/00 – IA-32

Nigeria - Spoke with Mark Tomlinson of the World Bank about their Nigeria activities. The Bank has been asked by Obasanjo to help them procure generators to ease the electricity crisis situation. The is helping design a procurement and bidding process for 450 MW of emergency power. They hope to be able to start advertising in April and give vendors 3-4 weeks to respond. K&M Engineering has been looking at possible sites for generators, all of which would be at existing power plants. One of their concerns is to make sure that a transparent process is put in place. On Enron he said that the Bank is standing back and considers it a commercial decision. Tomlinson saw the head of the Bureau of Public Enterprises, Nasia al Rafia, last week who told him that Bola Ige is now the Minister of Steel only. The Power side of the portfolio is being covered by the Board set up to manage NEPA. We will check this. Russ Profozich said that AID is also preparing to work on the crisis situation as well. He is going to Nigeria with Rolf Andersen on the 6th of April. It would probably be good to meet with both groups this week to get ready for David's trip.

Mexico - Memo to TJ for the Electricity Trade Symposium has been completed and is coming up.

Lockwood, Andrea

From: Pumphrey, David
Sent: Friday, May 05, 2000 5:18 PM
To: Singh, Eleanor; Lopez-Munoz, Annette; Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; George PERSON; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR IA-32 5/5/00

Nigeria - Spoke with Dundas McCullough (US Embassy Lagos). Enron was in-country and there appears to be some favorable movement on the barges for emergency power issue (based on local press and informal discussions with Lagos officials). He noted that it was a coordinated effort (Lagos/Federal). The Enron progress may help our efforts to keep the case study of the National Electric Power Authority (NEPA) on the agenda at the **Joint Economic Partnership Commission (JEPC) Meeting (June 12-14)**. A meeting of the **Energy Consultative Group** before the JEPC could be overwhelming to the Nigerians, so after JEPC was suggested (recommend we target for either on the margins or after). Noted that DOE is planning to highlight the draft DOE/AID US-Nigeria Framework for Cooperation on Energy at the JEPC and recommended he coordinate with AID Director Hobgood before sharing details with the Nigerians. Also, Dundas will follow-up on the action cable regarding participation/host for the **Oil Spill Workshop**.

Attended **JEPC IWG Meeting** chaired by Cathy Burne (no Witney). Salient points were: dates approved by GON; there are four major elements - Treasury Secretary Summers' presence, government-to-government, corporate, and agency sidebars; NEPA case study remains on the agenda and would likely involve DOE and AID; U/S Larsen will decide format for JEPC (panel/roundtable/speeches) and time allocation for various sessions later next week; agency delegation list will be requested next week; appears that a reception will be held on Sunday (June 11) to recognize Summers; and the *question looms* about what agency representation funds are available.

On the margins, raised with Burne concerns about coordinating energy-related activities by the World Bank. She acknowledged that the interagency process does not have a "good handle" and would explore what can be done. One thought she voiced was, yes, establishing working groups by sectors (e.g., energy, agriculture, etc.).

Prepared preliminary budget of proposed DOE-lead initiatives under the **DOE/AID Energy Program** and circulated draft Framework to IA-32 staff for initial comments. If appropriate, draft may be distributed at DOE Africa Team Meeting on Monday (Humphrey will chair).

Ghana - IA-32 staff met with EIA team scheduled to visit Accra week of May 15th. Topics included: coordinating with EE, US Embassy Accra, and AID Mission Director Frank Young; evaluating electricity issues; linking the Energy Commission and other Ghanaian entities with AID to strengthen interactions; and the compatibility of modeling activities with institutional capacity building efforts under the West Africa Gas Pipeline, such as market assessment and development.

HSEF - Met with Bruce Juba and Larry Harrington at the IDB U.S. Executive Director's Office to discuss next steps in setting up the HSEF. We will begin developing the overall policy framework for the Fund which will provide guidelines for the types of projects and the operation of the Fund. Talked to GC to get them started on the legal aspects of the documents.

Sub-Saharan Africa and Caribbean Basin Initiative Trade Bill: President Clinton welcomed U.S. House of Representatives passage yesterday, May 4, of the trade bill. The House, by a nearly 3 to 1 margin, approved a measure that would give more than 70 nations in Africa, Central America, and the Caribbean greater access to the U.S. market.

Mexico - Worked on preparing the Deputy Secretary for speech next week at the U.S. Mexico Chamber of Commerce. Also revised agenda for the BNC and prepared draft memo for S-2's participation in the BNC.

"Summer" Institute - Talked to Frank Stewart to link him with Professor Kunnie to discuss how to proceed to get the funding for the Sustainable Energy Institute in place.

Lockwood, Andrea

From: Pumphrey, David
Sent: Thursday, May 25, 2000 9:25 AM
To: Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; Emma Gilliard; John BRODMAN; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello; Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; George PERSON; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: DAR IA-32 5/24/00

US-RSA BNC Regulatory Cooperation: IA-32 held a meeting with NARUC and NREL reps regarding the South African delegation arriving June 7-11. The purpose of the travel by representatives from the RSA National Energy Regulator and Department of Minerals and Energy to Washington, DC will be to develop a road map that will enable the South Africans to formulate a strategic plan to transform their electricity sector from a monopoly to competitive market. The competitive model that emerges from the planning sessions will probably be variations of the same basic model to enable the regulators to return to South Africa with a malleable product.

Brazil- IA attended a presentation by Alcides Tapias, Brazil's Minister of Development, Industry and Trade. He spoke about Brazil's strategy to increase exports, strengthen domestic capital markets, and continue fiscal reform.

Bolivia/Brazil- Yesterday, Minister Lupo (EC Dev) of Bolivia and Turinho (Mines/Energy) of Brazil signed an MOU to strengthen energy cooperation, giving the green light to a second gas pipeline. The MOU specifies Petrobras's role in expanding Brazil's natural gas imports, selling additional electricity, and developing the pipeline. Enron is extremely concerned over Petrobras's involvement in the agreement and fears that Petrobras will extend its monopoly over the second pipeline, limiting access and setting prices. According to the MOU, Bolivia will send a vice-ministerial team to Brazil next week to hammer out the negotiations. Enron has requested high-level DOE engagement with the Bolivians on this issue. Enron's spin is that this agreement will turn investors off natural gas development in Bolivia and power plants in Brazil. DOE alerted State and they are looking into the issue to get us more info. Enron is preparing a fact sheet.

Nicaragua- IA spoke with Pacific Geo-thermal and they will prepare a fact sheet on their project that we can send to the Embassy. Also talked to the Embassy about the meeting and told them that we will need input from them on the fact sheet.

Chad/Cameroon- Treasury has requested our assistance in reviewing US procedures for oil spill response plans. They have received contradictory information from Interior. Initial readout from the WB meeting is that some of the Dutch issues were addressed and there will be no further delay on the vote—June 6 is solid (for now).

Lockwood, Andrea

From: Sperl, Thomas
Sent: Thursday, June 08, 2000 5:02 PM
To: Sperl, Thomas; Pumphrey, David; King, Rachel; Porter, Alicia; Humphrey, Calvin; Peters, Darren; Goldwyn, David; Jhirad, David; Gilliard, Emma; Brodman, John; English, Kate; Coburn, Leonard; Whitted, Linda; Willis, Matthew; Price, Robert S; Sacks, Steve; Beeman, Teresa; Fariello, Theresa; Lockwood, Andrea; Haylock, Carolyn; Smith, Debra; Ward, Gary; Person, George; Santiago, Henry; Deutsch, Kathleen; Billig, Michelle
Subject: RE: DAR IA-32, 6/8/00

Bolivia: IA-32 staff met with Enron officials to brief them on the commitments behind the Bolivia-Brazil MOU and advised them that Bolivia planned to conduct a transparent regulatory review of any projects proposed by Petrobras. Enron officials advised IA-32 staff of their growing concern regarding Petrobras's emerging dominant position in Bolivian gas.

Venezuela: IA-32 staff prepared the briefing material for DAS Fariello's participation in the conference on private sector developments being held on Margarita Island, Venezuela.

Lockwood, Andrea

From: Sperl, Thomas
Sent: Friday, June 30, 2000 5:31 PM
To: Sperl, Thomas; Pumphrey, David; King, Rachel; Porter, Alicia; Humphrey, Calvin; Jhirad, David; Gilliard, Emma; English, Kate; Whitted, Linda; Willis, Matthew; Price, Robert S; Sacks, Steve; Beeman, Teresa; Fariello, Theresa; Lockwood, Andrea; Haylock, Carolyn; Smith, Debra; Ward, Gary; Person, George; Santiago, Henry; Deutsch, Kathleen; Billig, Michelle; Hayes, Juanita; Goldwyn, David; Coburn, Leonard
Subject: RE: IA-32 Dar, 6/30

Nigeria: Left message at USEmbassy Lagos requesting confirmation on Energy Consultative Group (ECG) Meeting dates and Nigerian acceptance of proposed agenda. IA-32 staff prepared draft script for the ECG Meeting and continued to finalize various inserts for the Goldwyn briefing book. Person participated in Goldwyn meetings with Babcock & Wilcox and K&M Engineering regarding electricity generation rehabilitation activities and investment climate. Talked with FE & EE reps regarding participation in visit and supporting papers. Circulated several documents to State and AID for review. Scheduled DOE/AID briefing at World Bank for Wednesday (July 5) at 1 p.m. Informed by State that Enron emergency power purchase agreement of 270MW at \$147M for 5-years with terms to negotiate an additional 5-years period was finalized.

SUSTAINABLE HEMISPHERIC ENERGY FUND (HSEF): IA staff met to discuss next steps in establishing the HSEF. DAS Fariello will call U. S. Executive Director Harrington to get the ball rolling again and request a technical meeting with IDB to develop a strategy for drafting the framework documents. A meeting with Rogelio Novey is scheduled for next week to develop a strategy for securing IDB buy-in and Board approval.

BRAZIL: IA-32 Staff Intern Daniel Berger, researched background for upcoming trip by Assistant Secretary Goldwyn to pursue energy cooperation agreement. Entities researched were: **Electrobras** (the electric company) - activities of operation, joint ventures with US companies, status of privatization efforts (list of upcoming privatizations); **Comgas** (natural gas company - activities of operation, joint ventures with US companies, status of privatization efforts (list of upcoming privatizations); **ANP** (Agência Nacional do Petróleo) - oil sector regulator; **ANEEL** (Agência Nacional de Energia Elétrica) - (electricity regulator); **PROCEL** (National Electricity Cooperation Program); **CEPEL** (Electric Power Research Center).

Brazil (con'td): **Texaco** -- H. Santiago and M. Billig participated in a meeting with Ed Verona of Texaco hosted by DAS Fariello, to discuss that company's activities and experiences in Brazil. At this time Texaco has three licenses to explore for oil offshore. They have just received the permits to drill after a lengthy delay due to environmental review. He was not aware whether Texaco had joint activities with Petrobras. Texaco is looking to increase its presence in Brazil and welcomes intensified DOE engagement in Brazil. Verona also expressed keen interest in the upcoming West African Oil Spill Response Conference and offered Texaco's assistance in the planning and preparation of the event.

Bolivia: Embassy received clearance cable. IA began preparations for briefing book. Embassy will provide IA with status report after embassy event tomorrow.

Senegal: IA-32 Intern, earlier this week, provided input for PDAS Humphrey, who is in Senegal. Input included bilateral commitments with DOE, state dept. country report, world factbook entry, and other information.

International Activities Review: IA-32 Acting Director participated in the intra-agency review of international events and activities for DOE which was chaired by DAS Fariello.

Mexico-- IA-32 participated in the intra-agency review of DOE's Mexican activities chaired by DAS Fariello. We are seeking acceptance of a date in September for the meeting of the HLWG which is to be chaired by the Dep. Sec. but Mexican officials are focused on the coming elections. We can expect little response until the week of July 10. We also ought to discuss the Southwest Border activities but Aguilera did not attend the meeting.

Priorities-- IA-32 staff continued working on papers for the Year end and 12 month priorities. Prepared and passed documents to DAS Fariello for review.

Lockwood, Andrea

From: Brodman, John
Sent: Wednesday, August 16, 2000 5:11 PM
To: DL-IA-3.2; Billig, Michelle; Person, George; Hayes, Juanita; Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; David Pumphrey; Donna Bobbish; Emma Gilliard; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello
Cc: Gilliard, Emma
Subject: Daily Report From IA-32: 08.16.00

ENRON/Argentina:

-Officials from Enron are coming in Tuesday, August 22 from 1:30 - 2:20 p.m. to brief us on a problem they are having in Argentina. It involves their natural gas pipeline, TGS, which crosses through seven Argentine provinces. Three provinces have imposed a "stamp tax" on Enron which could end up costing the company over \$600 million. This problem has gone on for some time and Enron has been negotiating with the Federal Government (both during the Menem regime, and with the current Administration) to find a solution. The Federal Government has declared the imposition of this stamp tax to be illegal but can't seem to resolve the problem. Enron is coming to Washington to brief us and State Dept. on the issue and their intended next steps (filing a claim against Argentina with the International Center for the Settlement of Investment Disputes within the World Bank).

Enron officials will include Terry Thorn, Executive VP; Joe Hillings, VP for Government Affairs; and Michelle Blaine, Senior Counsel. They will be accompanied by outside counsels - one from Argentina and one from a U.S. firm.

Canada Rumor:

-Kathy Deutsch saw Coleen Swords, the Minister-Counsellor for Economic and Trade Policy at the Canadian Embassy yesterday and she mentioned there may be a cabinet shuffle in Canada in the next few months. Lloyd Axworthy, the Foreign Minister, is apparently getting ready to retire. There is no official word to report, but Coleen said the Canadian press is speculating on his possible successor and that one candidate may be Energy Minister Goodale because he has been in Cabinet for quite some time.

HESF:

-Finalized the memo to Telson and sent it around for concurrences.

S. Africa:

-Met with Calvin to go over script and issues for his phone call to Deputy Minister Shabangu. Still waiting to hear about participation of DEET in the Sept. 13-15 meeting of the CEWG.

Nigeria:

- spoke with thge CIA and with Linda Dougherty of DOT today to get the pipeline safety package back on track. We heard yesterday from the NSC that the Nigerians would be interested in seeing what we had to offer in this area, as long as we kept it quiet, no press.
- spoke with State/AF to convey information on S1's plans for bilats/signings.
- spoke with TDA about possible agreement signings with NNPC during POTUS trip.
- spoke with the NSC about the rural energy services deliverable.
- Spoke with Rachel King and Kate English about possible signing of the Clean Energy Statement.

AOPS:

-met with Camille to go over status of actions. Need to determine status of Angola/TRESP/ED funds; the Florida Solar Energy Center \$25k; and source of additional \$10k for CLAA. Owe Camille paperwork for additional \$30k to NREL for Moz.

CSIS Africa Program:

-got a call today from Steve Morrison, director of the CSIS Africa Program, who is organizing a study on US interests in Africa, which will include an energy working group. He said he has talked to David and Matt about this. He is looking to organize a meeting of the energy working group for 2 hours on Sept. 6,7, or 8th in the afternoon, or the 11th in the afternoon or the 12th anytime. He asked if I could coordinate with David Goldwyn's schedule and get back to him.
Emma?

-EI:

-met with Gary to discuss his draft on the HEI working group reorganization proposal, and agreed that it would be a good idea to circulate the current document for review and comment by the relevant program offices in preparation for the upcoming HEI Steering committee meeting in Oct.

8/16/2000
email
(Lockwood)

Lockwood, Andrea

From: Brodman, John
Sent: Friday, August 18, 2000 3:35 PM
To: DL-IA-3.2; Billig, Michelle; Person, George; Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; David Pumphrey; Donna Bobbish; Emma Gilliard; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello
Subject: Daily Report From IA-32: 08.07.00

Argentina - Assistant Secretary David Goldwyn and other IA representatives will meet with officials from Enron to discuss an Argentine "stamp tax" issue they have been trying to resolve with the Argentine government. The meeting will take place on Tuesday, August 22 from 1:30 - 2:30 p.m.

AFRICA misc:

- Sandy Guill advised that the Algerian Conference is scheduled for October 29-31, 2000; and October 29 will be a Planning Meeting for the Energy Ministerial in South Africa. The Morocco Experts Meeting is scheduled for October 16-18, 2000.

- Tom Daughton, the new DCM at our Embassy in Libreville, Gabon, will be coming in to meet with DOE people at 9:30am on Wednesday, Aug. 23rd. The meeting will take place in JB's office. If you want to participate, let me know.

- The Visitor's Office at the Department of State called to request that DOE meet here with a delegation of about 10 people from the Nigerian National Institute for Policy and Strategic Studies on Wed. morning Aug. 30 for a few hours to discuss DOE and the government's role in the energy sector in the US. Debra Smith will assist in setting up the program for the visit.

- Still waiting to hear if DEAT will be able to send a representative to the US-S. Africa Clean Energy Working Group meeting tentatively scheduled for Sept. 13-15th in Washington. We have not yet received from S. Africa their theme/concept paper for the Ministerial.

- President Theodoro Obiang Of Equatorial Guinea will be in Washington on Sept. 11-13th. He has requested a meeting with Secretary Richardson via a letter to the Secretary. Eq. Guinea is the only Spanish speaking country in West Africa, and US companies play a dominant role in the burgeoning oil sector there. The President favors US companies, but is interested in establishing ties to the US Latino business community in oil and gas services. We are getting calls to see if SI will meet with him.

NIGERIA:

- attended trip meeting at DOE. Rachel inquired about the possibility of setting up some kind of business meeting for the Secretary at or near the Lagos airport on Sunday night as he transits out from Abuja to Frankfurt. He has a layover in the Lagos airport from about 6:30pm to around 11:00pm. I said I would see if anyone would be interested in organizing something for him.

- George attended yet another NSC meeting on the trip

- continued to work on briefing book.

- provided drafts of papers to DG, CH, and TF

- Drafted White House Fact Sheet on Energy cooperation with Nigeria

Lockwood, Andrea

From: Brodman, John
Sent: Monday, August 21, 2000 6:26 PM
To: DL-IA-3.2; Billig, Michelle; Person, George; Alicia Porter; Calvin Humphrey; Darren Peters; DAVID GOLDWYN; David Jhirad; David Pumphrey; Donna Bobbish; Emma Gilliard; Kate English; Leonard Coburn; Linda WHITTED; Matthew Willis; Robert PRICE; Steve SACKS; Teresa Beeman; Theresa Fariello
Subject: Daily Report From IA-32: 08.21.00

-Office Directors Meeting with Terri.

-Trip Meeting on Nigeria

-Senior Staff meeting with Dave Goldwyn

-Nigeria Meeting with Dave Goldwyn et al.

-South Africa Meeting with Calvin and Terri.

ENRON:

-reviewed Kathy's note on tomorrow's meeting with Enron.

Venezuela:

-tasked Hank to prepare briefer on upcoming Maisto meeting.

Nigeria:

-continued to review and revise talking points with George.

AOPS:

-Lingering issues: TRESP/Angola; Bolivia \$3300 to Mal Caravatti in EE

Mexico:

-S1 invited to Ambassador's dinner for Pres. Elect Fox on Thursday. Paper in progress.

Lockwood, Andrea

From: Pumphrey, David
Sent: Wednesday, March 07, 2001 6:12 PM
To: Person, George
Cc: Angulo, Veronica; Hudome, Randa; DL-IA-3.2
Subject: RE: Activity Report: IA-32:3/5/01

Great job guys on the HEI book and arrangements.

-----Original Message-----

From: Person, George
Sent: Wednesday, March 07, 2001 5:58 PM
To: Pumphrey, David
Cc: Angulo, Veronica; Hudome, Randa; DL-IA-3.2
Subject: RE: Activity Report: IA-32:3/5/01

Hemispheric Energy Initiative Ministers Meeting: Team completed briefing book and preparations for the Secretary's trip to Mexico City (March 7-9). Ministers and representatives from about 21 countries will be participating. Bilateral meetings will be held with Mexican Minister Martens, Venezuelan Minister Silva, and Peruvian Minister Herrera (including to sign a Statement of Intent' or SOI) and a trilateral meeting with Minister Martens and Canadian Minister Goodale to advance our efforts to develop the North American Energy Strategy.

Equatorial Guinea: Carolyn Haylock-White and Gina Erickson attended a presentation at the Corporate Council on Africa (CCA). The CCA meeting focused on the current political and economic conditions, the great investment potentials, and how USG support would be appreciated by the private sector. There is a meeting request, pending reconsideration, for a proposed meeting between the Secretary and the President and Energy Minister of Equatorial Guinea for mid-March.

Senegal: Carolyn Haylock-White coordinated an interagency meeting (w/USAID participation) to receive debriefing on recent team visit to Senegal gather information on renewable energy and energy modeling/reporting needs and capabilities. Discussions also included the planned Renewable Energy Workshop to be sponsored by the Rural Electrification for African Development (REFAD) and Winrock in Dakar (April). USAID shared information on a reverse Trade Mission scheduled for June. DOE suggested that the National Renewable Energy Lab would be a possible site to visit. Carolyn Gay and Denise Clarke (IA-41) also participated.

6th African - African American Summit: Carolyn Haylock-White and Carolyn Gay attended the first interagency meeting, which will be held in Abuja, Nigeria on May 21-25, 2001. The National Security Council chaired the meeting and will be working with other agencies to identify principals and the lead for the U.S. delegation (possibly Commerce Secretary Evans or even State Secretary Powell). DOE will be working with various offices and others to identify the possible activities to sponsor at the Summit and the lead DOE representative.

Jamaica: Gina Erickson coordinated response to the Petroleum Corporation of Jamaica on the progress made in the evaluation and review of five proposals submitted to DOE by the Jamaican Energy Ministry last December. Topic may be raised during the HEI Meeting in Mexico.

Chad-Cameroon Pipeline Project: Carolyn Gay reviewed and coordinated with Fossil Energy questions/comments from the World Bank regarding its semi-annual performance report.

Angola: Coordination continued on arranging meeting between Sr. Policy Advisor Hudome and Chairman of Sonogal and Ministers of Finance and Public Works for the week of March 19th.

Nigeria: John Brodman and Carolyn Gay continued efforts to finalize details of the Rural Electrification Conference (March 19-20 in Abuja).

Personnel: Gary Ward and Michelle Billig in Mexico. Highest honors to Gina Erickson and Erika Benson (weathering late-nighter and down-to-the-wire adjustments on papers and the book). Honors to Carolyn Haylock-White and Maria Francis, and to IA-4, including Dr. Soliman from Miami, on the Peruvian SOI.

Lockwood, Andrea

From: Person, George
Sent: Friday, June 01, 2001 6:57 PM
To: Pumphrey, David
Cc: Coburn, Leonard; Gale, Barry; Price, Robert S; Cutler, Thomas; Sacks, Steve; Lahood, Samuel; Angulo, Veronica; DL-IA-3.2; Hudome, Randa
Subject: DAR:5/30 - 6/1/01

National Energy Policy: Continued efforts to develop baseline on existing and planned international activities that support recommendations. (Andrea Lockwood)

Caribbean and Latin American Action: On May 30, 2001, Randa Hudome and representatives from International Affairs (IA) met with the Caribbean and Latin American Action (C/LAA), a non-profit organization, to discuss the issue of deregulation in Latin America and the Caribbean, as well as promotion of private investment in the energy sector. Participants included private sector representative who are on the C/LAA Board, such as the President of ExxonMobil InterAmerica Inc. and Director General of Grupo Imperial of Mexico. Topics included: the National Energy Policy; an upcoming regulators conference (possibly September in Miami) that will help promote regulatory coordination and cooperation in the Hemisphere; ways of advancing the formation of the Energy Business Forum or Network under the Hemispheric Energy Initiative (HEI); and considering a focus on regional cooperative agreements and coordination and energy sector issues in order to gain greater support. The outcomes from the HEI Ministerial in Mexico (March), the Summit of the Americas in Quebec (April), and recent Electricity Working Group Meeting in Mexico were discussed. Also, the meeting covered the upcoming North American Energy Initiative Working Group (with Mexico and Canada) on June 27-28th and C/LAA's initiatives on trade and investment in energy and Miami Conference (December 4-7th). (Gary Ward, Debra Smith, Gina Erickson, Erika Benson)

Mexico: Prepared one-pager to the Secretary on the Electricity and Gas Interconnections and Trade Working Group and provided debriefing. Follow-up actions include evaluating Mexican proposals for corridor study and a process for the Working Group, developing concept paper for cross-border infrastructure workshop with state representatives (possibly in San Antonio in July), and exploring the viability of the North American Development Bank for energy projects with potentially significant environmental benefits. (Kathy Deutsch)

Canada: Worked on revised letter to Minister Goodale and obtained concurrence from State Department and Policy. Fielded calls regarding proposed luncheon meeting at the Canadian Embassy with the Secretary and Alberta Premier Klein (S-2 to be proposed as a surrogate).

Reviewed request for DOE participation in an industry conference on "Far North Oil & Gas", which will be held in September (Calgary). The conference is sponsored by Insight Information and the sub-topic is "Experience Gained, New Developments for Oil & Gas Operations in the Northwest Territories, the Yukon and Alaska". A surrogate to Pumphrey may be the proposed option.

Discussed the Energy Consultative Mechanism Meeting, which State Department has proposed for July 17th in Ottawa.

North American Energy Initiative Working Group: Memorandum from the Secretary to White House Chief of Staff Card, Commerce Secretary Evans, and National Security Council Rice signed and faxed. Agenda revised and sent to State and Commerce for comment. Draft press release reviewed.

Bolivia: Vice President Quiroga briefed State's Undersecretary Larsen on the development of Bolivian natural gas fields. The discussion followed earlier ones between President Banzer and U.S. Officials in Quebec and Washington. President Banzer expressed an interest in selling Bolivian gas to California. Several options are being explored for shipping Bolivian natural gas to the U.S. market. BG International, and partners, BP Amoco and Repsol, are studying a proposal to build a Liquefied Natural Gas (LNG) Plant in Chile to export Bolivian natural gas to Mexico and California.

Noteworthy points include: Bolivia increased gas exports to Brazil to help alleviate the electricity crisis in Brazil; Enron recently put up for sale its interest in the former-state owned energy transportation company (Transredes) and potential buyers are Shell and Petrobras; and Vice President Quiroga will be meeting with BP, Exxon-Mobil, TotalFinaElf, Repsol and others with stakes in Bolivian natural gas (June 11-12th) to seek agreement on a joint approach in the exploration, development and transmission of the gas. (Erika Benson)

Erika Benson and Gina Erickson attended Mission Plan Review at State Department.

U.S.-Africa Energy Partnership: Transmitted letter of invitation from the Secretary to 12 African countries on the Women in Energy Program, which will be held in Washington (two weeks in July). Program is being sponsored by the Office of Economic Impact and Diversity. (Andrea Lockwood)

Discussed strategy for reinvigorating the Ministerial process and moving forward on the follow-up activities to the Oil Spill Response Workshop.

Hemispheric Energy Initiative: Discussed goals and strategy, including proposed Caribbean Gas Workshop (July), Electricity Regulators Workshop (September), process for evaluating activities, the pending requirement to hold a Steering Committee Meeting under the Mexican Ministerial Declaration, and the functioning and placement of the Coordinating Secretariat. (Gary Ward)

Peru: Discussed viable approaches for getting the bilateral agreement signed and efforts on organizing the Clean Cities Workshop in Lima (mid-July). (Gina Erickson).

Nigeria: Carolyn Gay reviewed outside proposals and responded to requests for information from Price Waterhouse and the consulting firm Thompson Cobb Brazilio and Associates. Worked on updating work plan and financial report related to the DOE-USAID interagency agreement and coordinating a meeting with USAID Nigeria Director Hobgood (in town) and DOE to discuss efforts under the joint program.

Brazil: An Interagency Working Group met on May 31st, to review issues that may be impacted by Brazil's 2002 Presidential Campaign and to plan next steps on existing/planned bilateral agreements and consultative mechanisms. Energy issues were dominant topic at the meeting in light of the current Brazilian energy crisis (energy rationing was scheduled to begin in Brazil June 1st). DOE, State and Commerce agreed to plan for energy consultations in support of the National Energy Policy. DOE emphasized that consultations should cover electric power generation issues, including fossil fuels, renewable energy and energy efficiency, and exploring ways of increasing oil production in Brazil. See additional (and similar) information via IA-41 write-up and collaboration of Soliman/Ward.

Gary Ward started preparing an assessment of the current energy situation in Brazil and possible roles for DOE, including policy or advocacy interventions on behalf of U.S. companies. Fielded inquiry from Enron representative regarding the situation.

Personnel/Administrative: Continued efforts to improve cable review and distribution process. Met with staff on different issues, including proposed travel, performance plan, developmental objectives, and strengthening the back-up desk officer process. On leave, Carolyn Haylock-White (Thursday). Person on leave Monday (June 4th), Andrea Lockwood will be acting.

6/1/01 email
[Lockwood]

MEMORANDUM FOR THE SECRETARY

*Meetings
in
Tucson*

FROM: David L. Goldwyn
Assistant Secretary for International Affairs

RE: Proposed Bilateral meetings and pull-asides for Secretary
Richardson during Africa Energy Ministers Conference

for the

65

te

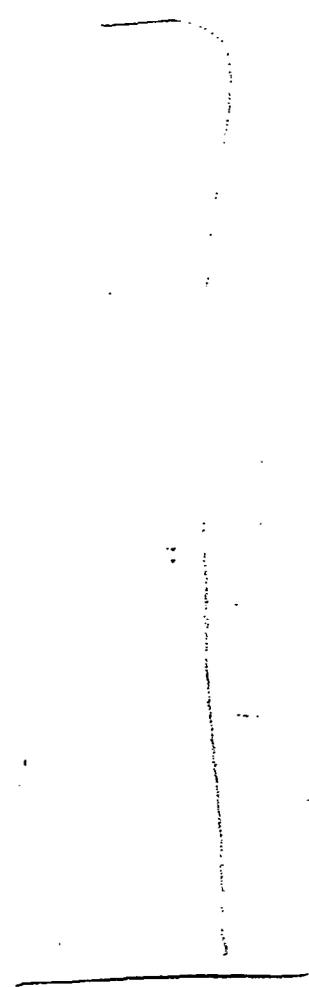
65

Mozambique

Mozambique hosted a regional negotiating meeting in support of the conference and President Chissano may attend. Mozambique has significant gas resources which both Enron and Arco are interested in developing. Enron's project is moving along with its gas agreement signed and a potential steel market anchor for the gas firming up. Mozambique is a potential leader in Africa for clean energy and climate change issues.

release

Yes _____ No _____



b5

Enron

7

me

well

at

page

mes

b5

Lockwood, Andrea

From: Billig, Michelle
Sent: Tuesday, April 18, 2000 1:41 PM
To: Pumphrey, David; Lockwood, Andrea; Haylock, Carolyn; Smith, Debra; Ward, Gary; Person, George; Santiago, Henry; Deutsch, Kathleen; Profozich, Russell; Sperl, Thomas.
Subject: RE: ROUNDTABLE

Mozambique...tps from the meeting with the amb...please review for relevance

- We are deeply concerned with the situation in Mozambique and Southern Africa. As you know, DOE has developed a close relationship with Mozambique in recent years and we are committed to helping you through the recovery process.
- We are actively participating in the USG interagency process to develop plans for reconstruction assistance and look forward to participating in the reconstruction efforts.
- We are very grateful to Mozambique for all of the support and leadership you provided in preparation for last December's U.S.-Africa Energy Ministers Conference. I would like to thank you for hosting one of the preparatory meetings. Your support played an important role in the success of the Conference.

Energy Cooperation

- At the Conference our Assistant Secretary David Goldwyn met with your predecessor Mr. Kachamila to discuss possible areas for cooperation, including rural energy development. We look forward to continuing this dialogue with you.

Regional Energy Integration

- Mozambique plays a key role in developing a competitive integrated energy market in Southern Africa. I encourage you to continue working with the private sector to develop cross border energy projects with your SADC partners.

Natural Gas Development

- I understand that Enron and Arco are moving forward with their plans to develop natural gas. What is the status of these projects?
- I hope that you will continue to work with these companies and other U.S. companies to develop Mozambique as a regional supplier of natural gas.

—Original Message—

From: Pumphrey, David
Sent: Tuesday, April 18, 2000 1:35 PM
To: Andrea Lockwood; Carolyn Haylock; Debra Smith; Gary Ward; George PERSON; Henry Santiago; Kathleen Deutsch; Michelle Billig; Russell Profozich; Thomas Sperl
Subject: FW: ROUNDTABLE

Here's the guidance. Note the use of the word relevant.

—Original Message—

From: Price, Robert S

Meeting with Mozambique



B-5

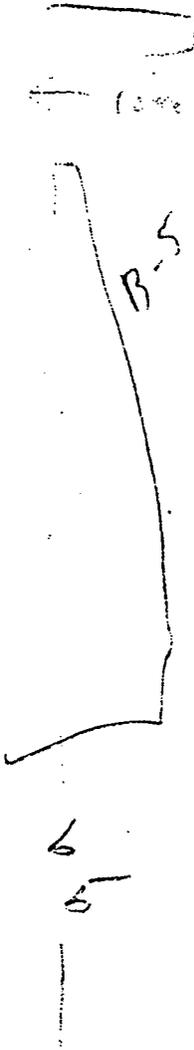
Background: Following his reelection last December, President Chissano appointed Castigo Langa, the former Deputy Minister, as the new Minister for Mineral Resources and Energy. Former Minister John Kachamila is now the Minister for Environmental Coordination.

At the Tucson Conference, David Goldwyn met with Minister Kachamila to discuss potential opportunities for energy cooperation. The discussion followed upon Secretary Richardson's meeting with Minister Kachamila during President Chissano's visit to Washington in December 1998. During that visit, Minister Kachamila participated in a site visit to the National Renewable Energy Laboratory (NREL) in Golden, Colorado. In addition, Mozambique hosted one of the Preparatory Meetings for the Tucson Conference, last November. Minister Kachamila played an active role at the Conference, delivering remarks at one of the breakfast and participating on the Natural Gas and Oil Roundtable.

Flood Relief Efforts: Over the last month, Mozambique has experienced the worst flooding in over a century. The floods have resulted in hundreds of deaths and massive displacement of the population. The Government of Mozambique has initially estimated damage at over \$250

029

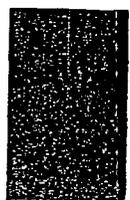
million, but that figure appears to underestimate the damage. The sectors most severely impacted include transportation infrastructure, agriculture, health and social infrastructure, water, and demining efforts. Several U.S. companies, including Enron, were the first to send assistance to Mozambique and have personally participated in relief efforts on the ground.



U.S. companies in Mozambique: Enron, Arco, Fluor and Kaiser were discussed as possible sources of funding for village power projects.

Regional Energy Integration: Mozambique's abundant energy resources can enable it to become the principal energy supplier to Southern Africa. Its energy strategy focuses on the development of hydro-energy resources (Zambezi River), natural gas and coal. The Cahora Bassa Dam (2400 MW) has recently been privatized and feasibility studies are underway for the M'panda Ncua Dam Project (2000 MW). Mozambique currently exports electricity to South Africa and Zimbabwe. It is important to note, however, that less than 10% of Mozambique's population has access to electricity.

Natural Gas Development: Mozambique has massive natural gas reserves. The main obstacle to developing these reserves involves the absence of a large enough market to justify the substantial investment required to develop and transport the gas. Two U.S. companies (ENRON and ARCO) are developing natural gas projects in Mozambique.



stability and growth are key ingredients to peace in Africa.

The continent is the third largest oil exporter to the U.S. and plays an integral role in U.S. efforts to maintain a diversified oil import base. In 1999, Africa exported approximately 1.5 million barrels of oil per day to the U.S. or 15 percent of the total U.S. imports. Net oil imports from North Africa were 279 thousand bbl/d (Algeria at 255 thousand bbl/d and Egypt 24 thousand bbl/d). Sub-Saharan Africa provided 1.198-million bbl/d of net oil imports to the United States in 1999. Nigeria (6th, at 651 thousand bbl/d) and Angola (9th, at 337 thousand bbl/d) were among the ten largest sources for net oil imports into the United States in 1999. Nigerian crudes are especially well suited for refining into gasoline and they are important to world gasoline supplies. Net oil imports from Gabon totaled 158 thousand bbl/d in 1999, making it the 14th largest supplier of imported oil.

In 1999 Africa's total oil production was 7.755 million barrels per day (bbl/d). North Africa (Algeria, Egypt, Libya, Morocco and Tunisia) produced 3.740 million bbl/d of oil in 1999, while sub-Saharan Africa produced 4.015 million bbl/d of oil. Crude oil production was 6.712 million bbl/d in 1999, with North African crude production at 3.024 million bbl/d and sub-Saharan crude production at 3.688 million bbl/d.

Africa's current estimated proved reserves of oil are 74.9 billion barrels, down from the previous year's 75.4 billion barrels. Libya, with 29.5 billion barrels of proved reserves, Nigeria, with 22.5 billion barrels, Algeria, with 9.2 billion barrels and Angola, with 5.4 billion barrels represent the countries with the largest crude oil reserves.

Africa also has abundant natural gas reserves. Total African natural gas reserves are 394.2 trillion cubic feet (Tcf), up from the previous year's 361.1 Tcf. The countries with the largest gas reserves are Algeria with 159.7 Tcf, Nigeria with 124.0 Tcf, Libya with 46.4 Tcf, and Egypt with 35.2 Tcf.

In 1999, Algeria's oil and gas export revenues accounted for at least 90% of Algeria's total export revenues, and more than half of total fiscal revenues. The combination of sharply higher oil prices and moderately lower oil production since March 1999 has resulted in significantly higher oil export revenues for Algeria -- an estimated \$6.5 billion in 1999, compared to \$4.8 billion in 1998. Libya is expected to earn \$11.7 billion from oil exports in 2000, up 59% from 1999 revenues and more than double 1998 earnings of \$5.5 billion. Oil export revenues account for about 98% of Libya's hard currency earnings and half of fiscal receipts. Crude oil exports generate over 90% of Nigeria's foreign exchange earnings. Nigeria's crude oil export revenues are expected to increase by 54% in 2000, to \$18.5 billion, compared to \$12.0 billion in 1999 (and \$8.6 billion in 1998).

Energy Consumption

Primary (commercial) energy consumption in Africa was 11.74 quadrillion Btu (Canada's primary energy consumption in 1998 was 11.85 quadrillion Btu) in 1998, accounting for approximately 3.1% of the world's primary energy consumption. African primary energy consumption has increased by nearly 173% from 1980 to 1998 (from 6.79 to 11.74 quadrillion

Rele...

Btu). Five countries (South Africa, Egypt, Algeria, Nigeria and Libya) accounted for 78% of Africa's primary energy consumption in 1998. Africa's primary energy consumption, excluding the top 5 consumers, was approximately equivalent to Belgium's primary energy consumption in 1998. (2.55 quadrillion Btu versus Belgium's 2.66 quadrillion Btu).

Commercial energy consumption in Africa is expected to remain approximately constant as a share of the world total (at about 3%) through 2020. Through 2020, Africa's share of world oil consumption is projected to increase (to 4.3% -- largely due to increased transportation usage), while the natural gas and coal shares are forecast to decline to 2.1% and 3.1%, respectively. Nuclear/grid-connected renewables share is expected to increase slightly, from 1.4% in 1997 to 1.8% in 2020.

U.S. Investment in the African Energy Sector (Recent Developments)

Several U.S.-based firms have announced plans to [expand begin] investments in Africa's energy sectors. In May 1999, Chevron vice Chairman Dave O'Reilly said the company will invest \$12 billion in its African operations over the next five years. Chevron is the project manager for the West African Gas Pipeline. The West African Gas Pipeline (WAGP) is a gas transmission pipeline project designed to connect Nigeria's gas reserves to markets in Benin, Togo, and Ghana (with Ghana being the primary market for the gas). The gas supplies from Nigeria will be used primarily to generate power for existing rural electrification programs as well as for minerals processing and other development which cannot be supplied by the existing Akosombo dam. Absent any hitches, the 520-mile gas pipeline could be operational as early as mid-2002, with construction costs estimated at \$400 million. I traveled to Benin last year to lend U.S. government support to the signing of the pipeline agreement.

Release

Exxon Mobil, as a member of a consortium, is committed to develop the Chad Export Project (CEP). The CEP is a proposed US \$3.5-billion effort to produce and transport oil from southern Chad through neighboring Cameroon to the Atlantic coast for export to world markets.

Dallas-based Triton Energy has budgeted capital spending in 2000, excluding acquisitions, to total approximately \$191 million, an 89% increase from the estimated \$101 million, including acquisitions of \$6 million, invested in 1999. The increase reflects anticipated capital expenditures of up to \$122 million for the development of the Ceiba Field and continued exploration and appraisal activity on the company's licenses in Equatorial Guinea.

Ethiopia said it had signed a \$ 1.4 billion joint venture deal with U.S. firm Sicor to develop a huge gas field in the east of the country and build a pipeline and processing units. The joint venture, Gasoil Ethiopia Project (GEP), will develop fields in the Ogaden basin where 4 Tcf of gas and 13.6 million barrels of associated liquids were discovered in the 1970s, government spokesman Haile Kiros told. GEP plans to construct a 375-mile, 24-inch gas pipeline to transmit gas to the town of Awash, around 75 miles east of the capital Addis Ababa, on the country's main railway line and highway.

U.S.-firm Enron has signed a power purchase agreement in Nigeria to supply electricity to state-owned power utility NEPA. Enron and its Nigerian joint venture partner, the government of the



1/10/00

commercial capital of Lagos, signed the 8 billion naira (\$82 million) deal with NEPA and the power ministry in the capital Abuja. Enron and the Lagos state government entered a joint venture earlier in 1999 to build an \$800 million gas-powered plant with capacity for 540 MW to augment supply to the city.

AES Nile Power (AESNP), a joint venture between AES and Madhvani International of Uganda, signed the Power Purchase and Implementation Agreements (PPA/IA) on the 250MW hydroelectric project at Bujagali Falls in January, 2000. AES predicts financial closing of the project by October 2000.

What we can do

Increased oil and gas production and development of other energy sources will make it possible to supply competitively priced power to millions of Africans. Energy creates new market opportunities for business, including minority-owned companies. Technological improvements, renewable energy sources, and human capacity building needs offer new opportunities to African and U.S. entrepreneurs. We want to develop public, industry, and university partnerships that result in the market opportunities and environmentally friendly policies so as to foster economic development and lead to a measurable expansion of U.S. energy cooperation with Africa. We want to ensure that companies can invest in Africa and put the people and resources of Africa to work for Africa, as well as ensuring that those resources benefit the many and not just a few.

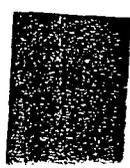
Together we can focus on: 1) Opening markets and promoting energy policies and business practices that encourage and support free trade and U.S. investment, private sector needs, adequate legal, financial, commercial, trade and regulatory mechanisms; 2) Promoting regional integration to more effectively distribute power and increase efficiencies; 3) Developing relationships with Africa to strengthen U.S. energy security through diversification and the development of alternative sources of clean energy; 4) Promoting sustainable development to spur economic growth with an emphasis on clean energy technologies and sound environmental practices; and 5) Focusing on replicating successful projects already underway in Africa.

Two key themes of the Department's Africa Initiative are: achieving support from all African nations behind private sector investment as the vehicle for achieving economic growth; and agreement that growth can occur in a manner that is supportive of the global environment. At the U.S.-Africa Energy Ministers Conference in Tucson, Arizona, we achieved unanimous support among the Ministers on policies and practices that promote economic development, address environmental concerns, encourage private investment, enhance regional integration, and increase access to energy for Africa's people.

The Joint Statement on Investment Principles for the Energy Sector approved at the U.S.-Africa Energy Ministers Conference in Tucson, Arizona demonstrates that African Ministers are committed to creating a transparent and reliable framework that encourages expanded trade and investment in the energy sector. Private investment is critical to meeting Africa's energy needs in the 21st century and beyond. Governments have limited resources and these resources can be more effectively used to address important social needs, such as health, education, and housing. The Ministers agreed to: 1) promote expanded economic production and exports; 2) support the

Handwritten notes:
Plan
re-look

Handwritten number: 65



growth of regional markets; 3) increase efficiency of governments; 4) support growth of local private sector, including private ownership of divested government entities; and 5) develop sound fiscal systems. The Statement is a strong foundation to demonstrate the commitment of African Ministers to create the conditions necessary to allay private investors' concerns about profitable returns and governmental stability and guaranty.

Bilaterally, the Department has strong programs in many African countries. Our longest running and largest effort is with South Africa, a program initiated in 1995 under the Gore-Mbeki Binational Commission. With South Africa, we have worked together on over 100 efforts on joint programs that provide solar power to hundreds of rural schools, clinics and homes, offer training to government and business energy experts, demonstrate low-smoke stoves that reduce health risks and carbon emissions, help to build energy-efficient homes, as well as policy advice and restructuring efforts in oil, gas, renewables, nuclear, nuclear waste, efficiency, electricity, coal and other areas.

We work with Ghana on energy efficiency activities, which can significantly reduce demand, on a renewable energy project with great commercial potential, and on energy policy to assist with the electricity crisis impacting Ghana and the West African region. I traveled to Ghana several times in the past few months to represent the Department of Energy at the African--African American summit, to discuss further cooperation and to lend our support to the West Africa Power Pool, a regional electricity grid, based on the successful Southern African power pool which we also supported.

We have begun to expand cooperation with Nigeria. Secretary Richardson traveled there in August and we are embarking on a bilateral cooperation program. DOE is developing an action plan for specific activities with the Government of Nigeria that will be coordinated with USAID. Cooperation could include: restructuring and privatization; rural electrification; deployment of clean energy and renewable energy technologies; promotion of energy efficiency; and development of an independent regulatory authority.

DOE has begun working with Angola, which is struggling to realize the full benefits of a democracy. In September 1999, the State Department initiated an Angola Bilateral Consultative Commission. Under this initiative, the Department of Energy will work, as part of the trade and industry working group, with the Angolan energy ministry to streamline its energy sector and facilitate development of its infrastructure. The Department will work to develop partnerships among the government of Angola, and industry, non-government organizations, and universities to foster economic development to increase U.S. energy cooperation with Angola.

With Mozambique, we were well positioned to be actively involved with the U.S. government effort to address the disaster. Prior to this effort, we had traveled to Mozambique last fall and had agreed to send a team to evaluate the potential for renewable energy. That program becomes even more important to the reconstruction effort and we are eager to explore the role that solar energy in particular can be used to bring electricity back to Mozambique.

We know however, that individual country efforts in a continent the size of Africa will not be an effective way to reach the many. We are working hard to support regional integration, with



efforts like the West Africa and Southern Africa power pools and the West Africa Gas Pipeline, that I mentioned earlier.

The Tucson Africa Energy Ministers Conference also served as a springboard to inaugurate partnerships with other African countries. The Conference in Tucson produced six new energy projects with African countries. These initiatives include:

a sustainable energy financing program,

an oil spill response project,

a workshop on sustainable energy technologies,

an oil and gas capacity training program,

the establishment of a Summer Energy Institute with the University of Arizona and

technical assistance and training to countries in southern Africa.

To give a little more detail on some of these initiatives, with the Overseas Private Investment Corporation (OPIC), we reached agreement to create the U.S. Africa Sustainable Energy Program. The agreement will help U.S. not-for-profit entities, non-governmental organizations (NGOs), and U.S. small business entities or cooperatives to facilitate investment in sustainable energy projects in Africa. The initiative will support community-based sustainable energy development to under served or unserved areas using grid-connected or off-grid technologies and natural gas-fired systems. The project will also seek to reduce greenhouse gases through projects that promote enhanced supply, renewable sources, or demand-side management and promote the application of clean energy technologies. 65

Also in support of addressing the ecological concerns associated with oil exploration and production, or as we term it, sustainable energy development, the Department of Energy, working with the International Maritime Organization, and interested African countries, is arranging an oil spill response workshop for late next year. The workshop will help develop country and regional capabilities in oil spill emergency planning and response in order to help support the increase of investment in environmentally sustainable petroleum exploration and production. The workshop will include an assessment of existing capabilities, such as a system developed by Mediterranean states, a determination of needs, and establishment of a framework to promote a cost effective spill response system for the African continent. Concurrent with the oil spill planning workshop, the Department of Energy will work with the Department of Commerce to cosponsor an event focused on environmentally sound oil exploration, development and transportation technologies.

Global Environment Effort

The Joint Statement on Sustainable Energy Development and Cooperation in Support of the



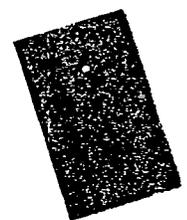
vibrant tapestry that is all of Africa, not just that handful of partnerships established over the last ten years or so. We are striving to identify and develop new opportunities for bilateral and regional cooperation and new activities, along west, east, southern and northern lines.

Closing

I am very pleased to be here with you to discuss *Africa's Energy Potential: U.S. Energy Policy In Africa*. We believe we have the potential to agree on policies and make partnerships that will allow Africa to realize its energy potential, and with that its economic potential, and a sustainable, ecologically sensitive and shining future for all its people. Where there is energy, there is light, there is the power to learn, to build and to manufacture and to develop. Energy development supports education, industry, agriculture, and health. We have the opportunity here to begin together to do it right—to set up the institutions, the rules, and laws that will encourage that sustainable energy future, that economic upliftment.

We believe the Department of Energy's Energy Initiative will help promote sustainable energy development in Africa and lead to a measurable expansion of U.S. energy cooperation with Africa, well beyond the tenure of Secretary Richardson and the Clinton Administration.

Release



Environment, approved by all countries at the Tucson Energy Ministers conference, highlights important measures that can be taken in the energy sector to address global climate change concerns and to promote a sustainable, cleaner environment for future generations, while ensuring economic growth. It is a recognition by Ministers that global climate change is a particularly important environmental issue that transcends borders and requires joint action. Based on energy demand projections and a rising emission rate, the continent of Africa can play an increasingly profound role in climate change issues.

Africa's energy-related carbon emissions were 240.1 million metric tons in 1998. Currently, Africa's carbon emissions account for less than 4% of the world's total carbon emissions. Africa's 1998 carbon emissions were comparable to India's 252.6 million metric tons of carbon emissions. Carbon emissions have increased by 165% since 1980 (from 145.5 million metric tons to 240.1 million metric tons). Carbon emissions are projected to continue to grow through 2020. Oil's share of total carbon emissions is expected to increase from 42% in 1998 to 52% in 2020. The share of carbon emissions from consumption of natural gas is expected to decrease, from 20% in 1998 to 16% in 2020. Coal's share of African carbon emissions is expected to fall from 38% in 1997 to 33% in 2020.

The Joint Statement on Sustainable Energy Development and Cooperation in Support of the Environment demonstrates a joint commitment to the development and deployment of innovative, competitive technologies and the implementation of energy efficient strategies that minimize the growth of greenhouse gas emissions. This document reaffirms the intricate links between clean energy options and sustainable economic growth. The introduction of clean energy sources and energy efficiency measures will greatly contribute to lower greenhouse gas emissions. The United States is firmly committed to cooperating closely with African countries to help accelerate the path to a sustainable energy future.

65

Structure and Goals

Under the Department's Africa Energy Initiative, the Department of Energy is working with countries and regional organizations in Africa along with U.S. organizations, such as the Agency for International Development (USAID), the Overseas Private Investment Corporation (OPIC) and the Export Import Bank (EX-IM), to promote sustainable economic and energy development.

We believe energy development in Africa should not only generate export revenues but also must first respond to internal energy demand and address the issues of sustainable development that benefits all African citizens. One goal is to work at the government level to create an investment climate that encourages energy companies to develop and support markets within Africa and not just focus offshore and export directly.

Good corporate citizenship, which includes continued investment in local communities and developing indigenous human infrastructure, is an important element that we hope to advance under the Initiative.

The Department's African Energy Initiative is inclusive, representing a broad swatch of the



Proposed Testimony

**“Africa’s Energy Potential”
U.S. Energy Policy in Africa**

Thursday, March 16, 2000

2:00 p.m.

Room 2255, Rayburn House Office Building

b5

]

65

he
:

65

361.1 Tcf. The countries with the largest gas reserves are:

1. Algeria - 159.7 Tcf
2. Nigeria - 124.0 Tcf
3. Libya - 46.4 Tcf
4. Egypt - 35.2 Tcf
5. Cameroon - 3.9 Tcf
6. Congo, Republic of - 3.2 Tcf
7. Namibia - 3.0 Tcf
7. Sudan - 3.0 Tcf
8. Tunisia - 2.7 Tcf
- ~~9. Mozambique - 2.0 Tcf~~
9. Rwanda - 2.0 Tcf

In 1999, Algeria's oil and gas export revenues accounted for at least 90% of Algeria's total export revenues, and more than half of total fiscal revenues. The combination of sharply higher oil prices and moderately lower oil production since March 1999 has resulted in significantly higher oil export revenues for Algeria -- an estimated \$6.5 billion in 1999, compared to \$4.8 billion in 1998. Libya is expected to earn \$11.7 billion from oil exports in 2000, up 59% from 1999 revenues and more than double 1998 earnings of \$5.5 billion. Oil export revenues account for about 98% of Libya's hard currency earnings and half of fiscal receipts. Crude oil exports generate over 90% of Nigeria's foreign exchange earnings. Nigeria's crude oil export revenues are expected to increase by 54% in 2000, to \$18.5 billion, compared to \$12.0 billion in 1999 (and \$8.6 billion in 1998).

Energy Consumption

Primary (commercial) energy consumption in Africa was 11.74 quadrillion Btu (Canada's primary energy consumption in 1998 was 11.85 quadrillion Btu) in 1998, accounting for approximately 3.1% of the world's primary energy consumption. African primary energy consumption has increased by nearly 173% from 1980 to 1998 (from 6.79 to 11.74 quadrillion Btu). Five countries (South Africa, Egypt, Algeria, Nigeria and Libya) accounted for 78% of Africa's primary energy consumption in 1998. Africa's primary energy consumption, excluding the top 5 consumers, was approximately equivalent to Belgium's primary energy consumption in 1998. (2.55 quadrillion Btu versus Belgium's 2.66 quadrillion Btu).

Commercial energy consumption in Africa is expected to remain approximately constant as a share of the world total (at about 3%) through 2020. Through 2020, Africa's share of world oil consumption is projected to increase (to 4.3% -- largely due to increased transportation usage), while the natural gas and coal shares are forecast to decline to 2.1% and 3.1%, respectively. Nuclear/grid-connected renewables share is expected to increase slightly, from 1.4% in 1997 to 1.8% in 2020.

Carbon Emissions

Africa's energy-related carbon emissions were 240.1 million metric tons in 1998. Currently,

165

U.S. Investment in the African Energy Sector (Recent Developments)

12/20/00

65

U.S.-firm Enron has signed a power purchase agreement in Nigeria to supply electricity to state-owned power utility NEPA. Enron and its Nigerian joint venture partner, the government of the commercial capital of Lagos, signed the 8 billion naira (\$82 million) deal with NEPA and the power ministry in the capital Abuja. Enron and the Lagos state government entered a joint venture earlier in 1999 to build an \$800 million gas-powered plant with capacity for 540 MW to augment supply to the city.

clear

65

**Statement of Calvin R. Humphrey
Principal Deputy Assistant Secretary for International Affairs
U.S. Department of Energy
before the
Subcommittee on Africa
Committee on International Relations
U.S. House of Representatives**

Thursday, March 16, 2000

Opening

I am both pleased and honored to appear before you today to discuss the Department of Energy's strong commitment to promoting stability and achieving economic growth in Africa through sustainable energy development. By promoting sustainable energy development in Africa, we strive to enhance Africa's economic and social development, poverty alleviation, improvements in health services, increased prosperity, and full integration into the world market.

To demonstrate our commitment, Secretary Richardson launched the African Energy Initiative on April 1, 1999, at Howard University. Under the Initiative, the Department of Energy vigorously engages in bilateral and multilateral efforts to promote sustainable energy development and regional integration. Secretary Richardson's African Energy Initiative builds upon President Clinton's U.S.-Africa Partnership and the Blueprint for U.S.-Africa Partnership. The Blueprint, as you know, was signed in Washington, in March 1999, and delineates a roadmap to promote democracy, good governance, human rights, trade and investment, and global integration.

On December 13-15, 1999, Secretary Richardson hosted the U.S.-Africa Energy Ministers Conference in Tucson, Arizona. The Energy Ministers Conference, a cornerstone of Secretary Richardson's African Energy Initiative, represented the first time that Energy Ministers from Africa and the U.S. convened as a collective body to discuss the future of Africa's energy sector. The response was overwhelming. Representatives from 48 countries participated, including 41 Ministers. They expressed their desire to establish an on-going process and agreed to meet again in South Africa next year.

Opportunity and Need

Africa is important to us as key source of diverse energy supply, as a market for energy goods and services, and as a fountain for investment potential. Moreover, we care about the people of Africa and want to ensure that we support efforts to improve the quality of life and promote political stability. With a population of approximately 785 million (13% of total world population) and an annual growth rate of about 20 million people per year, Africa will likely become the next important emerging market in terms of trade and investment, energy resources

plans to construct a 375-mile, 24-inch gas pipeline to transmit gas to the town of Awash, around 75 miles east of the capital Addis Ababa, on the country's main railway line and highway.

U.S.-firm Enron has signed a power purchase agreement in Nigeria to supply electricity to state-owned power utility NEPA. Enron and its Nigerian joint venture partner, the government of the commercial capital of Lagos, signed the 8 billion naira (\$82 million) deal with NEPA and the power ministry in the capital Abuja. Enron and the Lagos state government entered a joint venture earlier in 1999 to build an \$800 million gas-powered plant with capacity for 540 MW to augment supply to the city.

AES Nile Power (AESNP), a joint venture between AES and Madhvani International of Uganda, signed the Power Purchase and Implementation Agreements (PPA/IA) on the 250MW hydroelectric project at Bujagali Falls in January, 2000. AES predicts financial closing of the project by October 2000.

CMS Energy Corporation and its Ghanaian partner Volta River Authority took over commercial operation of a 110 megawatt Takoradi Thermal Power plant near Abɔadze, Ghana. Construction on a second 110 megawatt combustion turbine generator, is expected to be completed by September 2000.

What we can do

Increased oil and gas production and development of other energy sources will make it possible to supply competitively priced power to millions of Africans. Energy creates new market opportunities for U.S. business, including minority-owned companies. Technological improvements, renewable energy sources, and human capacity building needs offer new opportunities to African and U.S. entrepreneurs. We want to develop public, industry, and university partnerships that result in the market opportunities and environmentally friendly policies so as to foster economic development and lead to a measurable expansion of U.S. energy cooperation with Africa.

Together we can focus on: 1) Opening markets and promoting energy policies and business practices that encourage and support free trade and U.S. investment, private sector needs, adequate legal, financial, commercial, trade and regulatory mechanisms; 2) Promoting regional integration to more effectively distribute power and increase efficiencies; 3) Developing relationships with Africa to strengthen U.S. energy security through diversification and the development of alternative sources of clean energy; 4) Promoting sustainable development to spur economic growth with an emphasis on clean energy technologies and sound environmental practices; and 5) Focusing on replicating successful projects already underway in Africa.

Two key themes of the Department's Africa Initiative are: achieving support from all African nations behind private sector investment as the vehicle for achieving economic growth; and agreement that growth can occur in a manner that is supportive of the global environment. At the U.S.-Africa Energy Ministers Conference in Tucson, Arizona, we achieved unanimous support among the Ministers on policies and practices that promote economic development, address

environmental concerns, encourage private investment, enhance regional integration, and increase access to energy for Africa's people.

The Joint Statement on Investment Principles for the Energy Sector approved at the U.S.-Africa Energy Ministers Conference in Tucson, Arizona demonstrates that African Ministers are committed to creating a transparent and reliable framework that encourages expanded trade and investment in the energy sector. Private investment is critical to meeting Africa's energy needs in the 21st century and beyond. Governments have limited resources and these resources can be more effectively used to address important social needs, such as health, education, and housing. The Ministers agreed to: 1) promote expanded economic production and exports; 2) support the growth of regional markets; 3) increase efficiency of governments; 4) support growth of local private sector, including private ownership of divested government entities; and 5) develop sound fiscal systems. The Statement is a strong foundation to demonstrate the commitment of African Ministers to create the conditions necessary to allay private investors' concerns about profitable returns and governmental stability and guaranty.

Bilaterally, the Department has strong programs in many African countries. Our longest running and largest effort is with South Africa, a program initiated in 1995 under the Gore-Mbeki Binational Commission. With South Africa, we have worked together on over 100 efforts on joint programs that provide solar power to hundreds of rural schools, clinics and homes, offer training to government and business energy experts, demonstrate low-smoke stoves that reduce health risks and carbon emissions, help to build energy-efficient homes, as well as policy advice and restructuring efforts in oil, gas, renewables, nuclear, nuclear waste, efficiency, electricity, coal and other areas.

We work with Ghana on energy efficiency activities, which can significantly reduce demand and on energy policy to assist with the electricity crisis impacting Ghana and the West African region. I traveled to Ghana several times in the past few months to represent the Department of Energy at the African--African American summit, to discuss further cooperation and to lend our support to the West Africa Power Pool, a regional electricity grid, based on the successful Southern African power pool which we also supported.

We have begun to expand cooperation with Nigeria. Secretary Richardson traveled there in August and we are embarking on a bilateral cooperation program. DOE is developing an action plan for specific activities with the Government of Nigeria that will be coordinated with USAID. Cooperation could include: restructuring and privatization; rural electrification; deployment of clean energy and renewable energy technologies; promotion of energy efficiency; and development of an independent regulatory authority.

DOE has begun working with Angola, which is struggling to realize the full benefits of a democracy. In September 1999, the State Department initiated an Angola Bilateral Consultative Commission. Under this initiative, the Department of Energy will work, as part of the trade and industry working group, with the Angolan energy ministry to streamline its energy sector and facilitate development of its infrastructure. The Department will work to develop partnerships among the government of Angola, and industry, non-government organizations, and universities

to foster economic development to increase U.S. energy cooperation with Angola.

With Mozambique, we were well positioned to be actively involved with the U.S. government effort to address the disaster. Prior to this effort, we had traveled to Mozambique last fall and had agreed to send a team to evaluate the potential for renewable energy. That program becomes even more important to the reconstruction effort and we are eager to explore the role that solar energy in particular can be used to bring electricity back to Mozambique.

We know however, that individual country efforts in a continent the size of Africa will not be an effective way to reach the many. We are working hard to support regional integration, with efforts like the West Africa and Southern Africa power pools and the West Africa Gas Pipeline, that I mentioned earlier.

The Tucson Africa Energy Ministers Conference also served as a springboard to inaugurate partnerships with other African countries. The Conference in Tucson produced six new energy initiatives with African countries. These include:

U.S.-Africa Sustainable Energy Program. DOE signed an MOU with the Overseas Private Investment Corporation (OPIC), to create the U.S. Africa Sustainable Energy Program which will assist U.S. not-for-profit entities, non-governmental organizations (NGOs), and small business entities or cooperatives in developing sustainable energy projects in Africa such as photovoltaic systems for rural villages. DOE and OPIC will help identify financing opportunities for projects that meet the program criteria.

Conference on Sustainable Energy Technologies for Africa. DOE will co-host, with an African partner, a Conference on Sustainable Energy Technologies. The conference will help increase the region's understanding of key climate change programs and identify opportunities and projects for U.S. and African business interests, such as geothermal and wind energy systems.

Oil Spill Response Workshop. DOE, together with the International Maritime Organization and interested African countries, will plan an oil spill response workshop late next year. The workshop will help develop national and regional capabilities to plan and respond to oil spill emergencies and help support growing environmentally sustainable investment in petroleum exploration and production. The workshop will seek to assess existing capacity, determine needs, and establish a framework to promote a cost-effective response system for Africa. Concurrent with the workshop, DOE will work with the Department of Commerce to co-sponsor an event focused on environmentally sound oil exploration, development and transportation technologies.

Capacity Building Initiative. DOE and the University of Houston's Energy Institute are developing a two week training program "New Era for Oil and Gas Value Creation" to help African government officials address issues related to the development of oil and gas sector supply, infrastructure and markets. Support for the program will come from industry partners and collaboration with the World Bank and other international organizations. The initial session will be offered later this year.

Summer Energy Institute at the University of Arizona. DOE and the University of Arizona are working together to establish a Summer Energy Institute. The institute will follow-up on the themes of the U.S.-Africa Energy Ministers Conference and help participants develop the tools needed to create sustainable energy programs in Africa.

Technical Assistance for Southern Africa Development Community (SADC) Energy Commission. DOE and the U.S. Agency for International Development (USAID) will contribute \$1.5 million over the next two years to provide technical assistance and training to SADC and its member countries on regulatory and market integration issues. The projects will help promote competitive energy markets and a positive investment climate.

Global Environment Effort

The Joint Statement on Sustainable Energy Development and Cooperation in Support of the Environment, approved by all countries at the Tucson Energy Ministers conference, highlights important measures that can be taken in the energy sector to address global climate change concerns and to promote a sustainable, cleaner environment for future generations, while ensuring economic growth. It is a recognition by Ministers that global climate change is a particularly important environmental issue that transcends borders and requires joint action. Based on energy demand projections and a rising emission rate, the continent of Africa can play an increasingly profound role in climate change issues.

Africa's energy-related carbon emissions were 240.1 million metric tons in 1998. Currently, Africa's carbon emissions account for less than 4% of the world's total carbon emissions. Africa's 1998 carbon emissions were comparable to India's 252.6 million metric tons of carbon emissions. Carbon emissions have increased by 165% since 1980 (from 145.5 million metric tons to 240.1 million metric tons). Carbon emissions are projected to continue to grow through 2020. Oil's share of total carbon emissions is expected to increase from 42% in 1998 to 52% in 2020. The share of carbon emissions from consumption of natural gas is expected to decrease, from 20% in 1998 to 16% in 2020. Coal's share of African carbon emissions is expected to fall from 38% in 1997 to 33% in 2020.

The Joint Statement on Sustainable Energy Development and Cooperation in Support of the Environment demonstrates a joint commitment to the development and deployment of innovative, competitive technologies and the implementation of energy efficient strategies that minimize the growth of greenhouse gas emissions. This document reaffirms the intricate links between clean energy options and sustainable economic growth. The introduction of clean energy sources and energy efficiency measures will greatly contribute to lower greenhouse gas emissions. The United States is firmly committed to cooperating closely with African countries to help accelerate the path to a sustainable energy future.

Structure and Goals

Under the Department's Africa Energy Initiative, the Department of Energy is working with countries and regional organizations in Africa along with U.S. organizations, such as the Agency for International Development (USAID), the Overseas Private Investment Corporation (OPIC) and the Export Import Bank (EX-IM), to promote sustainable economic and energy development.

We believe energy development in Africa should not only generate export revenues but also must first respond to internal energy demand and address the issues of sustainable development that benefits all African citizens. One goal is to work at the government level to create an investment climate that encourages energy companies to develop and support markets within Africa and not just focus offshore and export directly.

Good corporate citizenship, which includes continued investment in local communities and developing indigenous human infrastructure, is an important element that we hope to advance under the Initiative.

The Department's African Energy Initiative is inclusive, representing a broad swath of the vibrant tapestry that is all of Africa, not just that handful of partnerships established over the last ten years or so. We are striving to identify and develop new opportunities for bilateral and regional cooperation and new activities, along west, east, southern and northern lines.

Closing

I am very pleased to be here with you to discuss *Africa's Energy Potential: U.S. Energy Policy In Africa*. We believe we have the potential to agree on policies and make partnerships that will allow Africa to realize its energy potential, and with that its economic potential, and a sustainable, ecologically sensitive and shining future for all its people. Where there is energy, there is light, there is the power to learn, to build and to manufacture and to develop. Energy development supports education, industry, agriculture, and health. We have the opportunity here to begin together to do it right—to set up the institutions, the rules, and laws that will encourage that sustainable energy future, that economic upliftment.

We believe the Department of Energy's Energy Initiative will help promote sustainable energy development in Africa and lead to a measurable expansion of U.S. energy cooperation with Africa, well beyond the tenure of Secretary Richardson and the Clinton Administration.

Lockwood, Andrea

From: Lockwood, Andrea
Sent: Thursday, March 09, 2000 9:52 AM
To: Person, George; Pumphrey, David
Subject: RE: Revised Nigeria Paper

DElete WorldBank, GON, Enron reference in talking points. Has David Agreed to may or are we trying to flush him out with this one?

—Original Message—

From: Person, George
Sent: Thursday, March 09, 2000 8:49 AM
To: Pumphrey, David
Cc: Lockwood, Andrea
Subject: Revised Nigeria Paper

Good morning.

See attached, based on your mark-up. Was unclear on one or two points (in or out). Let me know when we can meet and hash out final details. Thx.

George

<< File: NGMTGSEC.wpd >>



Lockwood, Andrea

From: Lockwood, Andrea
Sent: Thursday, March 23, 2000 10:38 AM
To: Person, George; Billig, Michelle; Sperl, Thomas
Cc: Pumphrey, David
Subject: RE: Draft Obasanjo Ltr

Attached is my revision. It may be OBE but I also changed the opening as well as the section Dave changed.



S1OBASANJOrevis
ed.wpd

—Original Message—

From: Person, George
Sent: Thursday, March 23, 2000 10:23 AM
To: Billig, Michelle; Lockwood, Andrea; Sperl, Thomas
Subject: FW: Draft Obasanjo Ltr
Importance: High

FYI.

Comments provided on earlier draft by David P.

—Original Message—

From: Person, George
Sent: Thursday, March 23, 2000 10:10 AM
To: Goldwyn, David; Fariello, Theresa; Pumphrey, David
Cc: Willis, Matthew
Subject: Draft Obasanjo Ltr
Importance: High

As requested from the meeting yesterday with Enron, see attached draft letter.

After review, we will obtain GC and external clearances.

<< File: S1OBASANJO.wpd >>

DRAFT
DOE Bilateral Africa Commitments

Nigeria

65

The GON seems particularly interested in completing the negotiations with Enron and Mobil to develop IPPs in Lagos and the Delta. DOE could promote and participate in activities to support development of the IPP sector by helping the GON address issues

6
5

Mozambique

EXPLORE POTENTIAL

DRAFT
DOE Bilateral Africa Commitments

Aside from the six broad new Africa commitments, we have two program office sponsored regional conferences in Senegal and Morocco as well as the Tucson follow up conferences in Algeria and South Africa.

Bilaterally, we have ongoing and new commitments with several Africa countries. An attempt is made to detail these below:

Nigeria

- Out of the Secretary's trip to Nigeria, it was agreed that DOE and Nigeria would initiate a new relationship in energy that includes cooperation on oil and gas, electric power restructuring, village power systems using renewable energy technologies, and privatization and the introduction of competition in the domestic market.
- As a follow-up to the Multi-Agency Assessment Team Mission to Nigeria during June 19 to July 2, 1999, a joint DOE/USAID team visited Nigeria on November 7-12, 1999, to assess the current state of affairs in the Nigerian energy sector, review the plans of the GON to restructure the energy sector, and develop prospects for technical assistance and training activities that might be provided by USAID and DOE.
- During this mission, the team met with representatives from the World Bank, U.S. private sector and the executive and legislative branches of the Government of Nigeria. The team identified a number of issues that could be addressed through bilateral cooperation between the Department of Energy and the Ministry of Power and Steel. These include:

The GON needs to be encouraged to make policy decisions on pricing of petroleum products and electricity and development of the independent power producer (IPP) segment of the electricity sector.

There is an urgent need for capacity building and training on the basic concepts of energy sector restructuring, privatization and regulation with the GON.

A major priority for the GON is to develop legislation to set up an independent regulator, which it hopes to have in place in 2000. The Department of Energy could provide assistance in this area.

The GON seems particularly interested in completing the negotiations with Enron and Mobil to develop IPPs in Lagos and the Delta. DOE could promote and participate in activities to support development of the IPP sector by helping the GON address issues

such as competitive bidding mechanisms, power purchase agreements and energy sector restructuring legislation.

DOE could provide assistance to Nigeria to help develop a basic natural gas infrastructure and a pricing mechanism for natural gas supplies.

The GON is interested in developing a rural electrification program relying primarily on off-grid technologies and programs. DOE could help develop and implement this program using technologies and procedures developed in cooperation with the National Laboratories.

- At his bilateral with Bola Ige in Tucson, the Secretary proposed that the Department of Energy and the Ministry of Power and Steel develop a formal policy dialogue through which we could exchange information and technical expertise on a broad range of energy sector issues and identify follow-up activities.
- There was agreement to designate a lead entity within our respective agencies to develop an agenda, venue and date for the first Joint Nigeria-U.S. Energy Consultation (Secretary designated David Goldwyn, DOE Assistant Secretary to take the lead on this effort on behalf of the Department of Energy.)
- It was agreed that this formal consultation process could be used to exchange information and technical expertise on a broad range of energy sector issues and to support specific activities developed through the U.S.-Nigeria Memorandum of Cooperation on Energy.

South Africa

- Proposal that we hold a meeting in Washington of the Sustainable Energy Committee of the BNC in April 2000 or as soon after that is mutually convenient.
- Proposal that the focus of that meeting be initiating the Clean Energy Working Group and moving forward on other joint efforts in nuclear safety, fossil energy, renewable energy, energy efficiency, capacity building and other areas.
- Gave South Africans proposed Terms of Reference for the Clean Energy Working Group and outlined our goals for the group to be to build on bilateral energy efficiency, renewable energy, and clean power activities existing under the BNC Sustainable Energy Committee, as well as climate-related mitigation and adaptation activities existing under the BNC Conservation, Environment, and Water Committee and other BNC committees.
- The ongoing \$5 million work with USAID and DEAT will be a central focus of the working group.



- Under the BNC Sustainable Energy Committee, we hosted three professionals from Department of Minerals and Energy , December 1999. Their study tour included time in Washington, DC; the National Renewable Energy Laboratory in Colorado, and the Department's Lawrence Berkley Laboratory in California. This was a second phase of the training under this program, which DME staff requested because the first group who visited last year found it so useful. ED and AID/USIS funded.
- NE visited South Africa to pursue continuing cooperation in nuclear matters (NE/Magwood).
- NN has ongoing efforts in REFTR program.
- LBL has requested release of already allocated funding to continue UV waterworks pilot project based at rural village in Kwazulu-Natal.
- NREL/Galen is looking for funding to continue electricity restructuring work.
- USEmbassy Pretoria has submitted a list of documents and NREL time requested by Potchefstroom University to complete South Africa Energy Efficiency Building Design Standards (SAEDES) project.
- AID efforts on renewable energy (need to check where this process is—reallocation of \$900,000 program).
- Close out of REFAD training program .
- Request by South Africans at Tucson to refocus activities to meet their key priorities

Mozambique

- Minister Kachamila requested USG assistance.
- Minister Kachamila expressed interest in TDA support for feasibility projects for large scale generation. Duke Power did a study but it was unclear to the Minister if the power project was feasible. At David's suggestion, Minister Kachamila will write to Secretary Richardson and TDA Director Grandmaison to ask for feasibility study money. David suggested that OPIC money might also be available for this sort of project.
- Minister Kachamila asked about using coal for residential purposes. He asked if DOE could help explore potential.