

***EIA's Mission and Budget:  
Priority-Setting in the Short Run***

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# EIA is the Primary Activity Within DOE Concerned with Current Energy Markets and Issues

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- When energy issues are front and center, the Nation looks to the Department of Energy to interpret the current energy market situation
- EIA is the main DOE entity involved in current energy markets and issues
- In many settings, such as the situation following the 2005 hurricanes, the MTBE/ethanol transition in the spring of 2006, and the current oil price increases, both the Congress and the Administration directly rely on and benefit from EIA's role as a trusted source of energy information and analysis
- Conversely, shortcomings in EIA's energy data and analyses can quickly become problems for the Congress and the Administration

With both opportunities and risks magnified by the current spotlight on energy issues, EIA is struggling to keep pace with rapidly changing energy markets.



# What is EIA's Mission?

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- EIA is responsible for providing high-quality, policy-neutral energy information to meet the requirements of the Congress, the Federal Government, markets, and the public in a manner that promotes sound policymaking, efficient markets, and public understanding



# Challenges ....

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- **Striking a balance between**
  - Responding to new energy data & analysis needs
  - Continuing existing products with an established user base
- **Quality vs. Quantity**
  - Attempts to meet ever-increasing demands can result in quality degradation

## ..... And Responses

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- Additions and deletions of EIA products and services
- Openness about tradeoffs
- Outreach to customers
- Pursuit of greater efficiency

# EIA Impacts Energy Markets, which Rely Heavily on EIA Weekly Data

- EIA's release of weekly Oil Inventory Data has an immediate impact on oil markets
- Release of weekly natural gas storage data has a similar effect



NYMEX Light, Sweet Crude Oil (WTI) Near-Month Futures Contract January 16, 2008; Bloomberg data 2/13/08



# EIA's Core Program

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- **Collect, compile & publish reliable energy data, information, and analyses**
  - In FY 2009, operate 67 weekly, monthly, and annual surveys
  - Maintain the National Energy Information Center
- **Produce short and medium-term energy forecasts**
  - | Short-Term Energy Outlook | Annual Energy Outlook | International Energy Outlook |
- **Analyze impacts of proposed energy programs and policies**
  - Prepared 9 Service Reports for Congress in CY 2007, for example:
  - Energy Market and Economic Impacts of S.280, the Climate Stewardship and Innovation Act of 2007 (July 2007)
  - Energy and Economic Impacts of Implementing Both a 25-Percent Renewable Portfolio Standard and a 25-Percent Renewable Fuel Standard by 2025, which highlights the demands on biomass energy and the shift away from coal and natural gas for electricity generation, and petroleum fuels for transportation (August 2007)
  - Energy Market and Economic Impacts of S.1766, the Low Carbon Economy Act of 2007 (Jan 08)
  - Lieberman-Warner, ANWR, and hydrogen fuel cell analyses pending; additional requests likely
- **In CY 2007 presented 10 testimonies & 35 briefings for Congress on such topics as:**
  - Oil and gasoline markets, refinery issues, effects of energy prices on low-income Americans, EIA analysis of proposals to limit greenhouse gas emissions or establish a Renewable Portfolio Standard, short- and long-term energy outlooks, and energy prices and the agricultural sector
- **Prepare special analyses of energy issues for the Secretary**



# EIA's \$95.5 Million FY 2008 Program

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- Provides \$4.8 million more than FY 2007 and \$9.6 million below the FY 2008 request. The increased funding:
  - maintains EIA's federal staffing level at 374
  - develops monthly renewable fuels (ethanol and biodiesel) data collections as mandated in EPAct 2005
  - continues two petroleum marketing surveys (EIA-182 and EIA-856)
  - resumes collection of the EIA-767 environmental data essential to the Environmental Protection Agency, States, and other stakeholders
  - funds a Congressionally-directed activity for the National Academy of Sciences

## EIA's Cost Avoidance:

- The increase for salaries and benefits and support services is offset by \$1.3 million in rent and overhead cost avoidance resulting from EIA's space consolidation that was completed in FY 2007 and other efficiency improvements





## EIA's \$95.5 Million FY 2008 Program: Impact of funding \$10 million below request

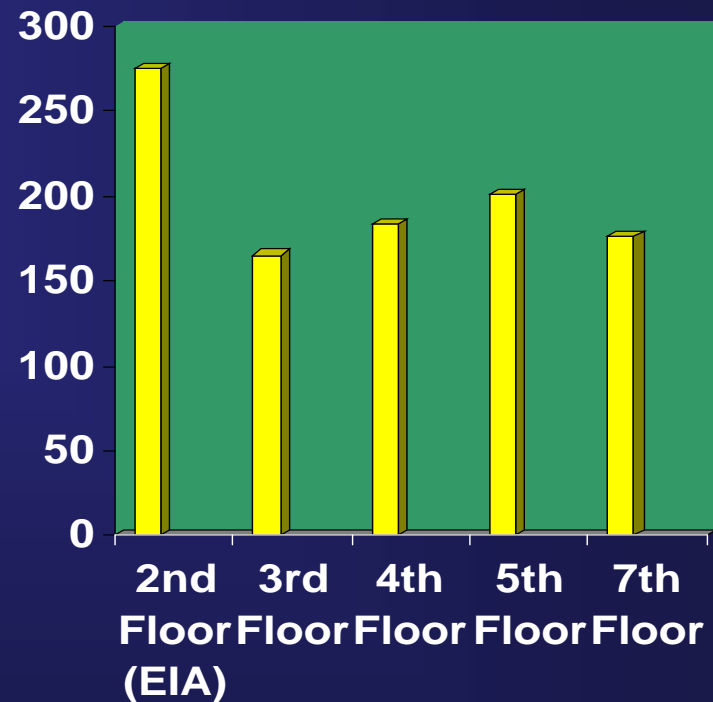
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- The FY 2008 Program defers several planned activities:
  - addressing critical petroleum and natural gas data quality problems
  - collecting weekly ethanol data
  - pursuing the multi-year program to field an updated and upgraded National Energy Model
  - strengthening international oil, natural gas, and coal markets data and analyses
  - improving cyber-security

# EIA Enhances Efficiency and Avoids Costs in FY 2008

- Electricity 2008 survey consolidation allows for collect of more environmental and operational data at reduced cost
- Consolidating EIA operations in Forrestal South building improves communication and operational efficiency.
- By reconfiguring its space on the 2nd floor and basement of the Forrestal South building in FY 2007, EIA was able to vacate more expensive, leased space at L'Enfant Plaza, and reduce its footprint, avoiding costs of more than \$1 million annually.

FTE Capacity of the Forrestal South Building by Floor



- EIA's reconfigured 2nd floor plan makes very efficient use of the available space

# EIA's FY 2009 Priorities

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- Maintain core data, analyses and forecasting programs under general EIA mandate--deficiencies in these areas could damage markets and EIA credibility
- Resume deferred FY 2008 activities:
  - Address critical petroleum data quality issues
  - Resume work on the National Energy Model project
  - Collect weekly ethanol-based renewable fuels data
  - Increase international oil, gas, and coal markets data and analyses
  - Strengthen cyber-security to protect market sensitive data

## Key Funding Rationale:

- Provide core data and analysis critical to energy markets and policymakers
- Target “deferred maintenance” that must be addressed to assure statistical validity, accuracy, and reliability of critical EIA data and analysis products



# EIA's FY 2009 Budget Request

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- EIA is requesting \$110.6 million for FY 2009, \$15.1 million more than the FY 2008 appropriation
  - Includes \$48.8 million for salaries and benefits
  - Provides for 375 Federal staff
  - Provides for a 3.2% COLA in January 2009
  - Includes \$7.5 million for the DOE Working Capital Fund
- These categories, which account for about 51% of EIA's FY 2009 Request, are largely determined by forces external to EIA
- The remaining 49% includes support services, supplies and materials, overhead, travel, and training to implement statutory mandates



# EIA's FY 2009 Budget Request

(dollars in thousands)

	FY 2007 Actual	FY 2008 Approp	FY 2009 Request
Salaries and Benefits .....	44,155	47,498	48,800
Travel .....	249	370	370
Support Services .....	31,136	33,912	46,063
Other Related Expenses .....	15,113	13,680	15,362
<b>Total, Program Direction .....</b>	<b>90,653</b>	<b>95,460</b>	<b>110,595</b>



## EIA's FY 2009 Request – Use of Proposed Additional Funding

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- The \$12.2 million increase in support services would allow EIA to:
  - Resume addressing critical petroleum data quality problems +\$3.7M
  - Implement ethanol and biodiesel surveys mandated by EPA Act +\$3.4M
  - Resume replacing the aging National Energy Model +\$3.3M
  - Enhance availability and timeliness of international oil, gas, and coal markets data and analyses +\$1.1M
  - Provide for mandatory IT infrastructure upgrades and cyber-security requirements +\$0.8M

“It is critical that EIA continue to adapt to rapid changes and provide data that is relevant and helpful to industry, policy-makers, the media and Federal enforcement officials.”

Senate Report 109-84 to accompany Energy and Water Appropriations Bill, 2006



# Oil Data Problems

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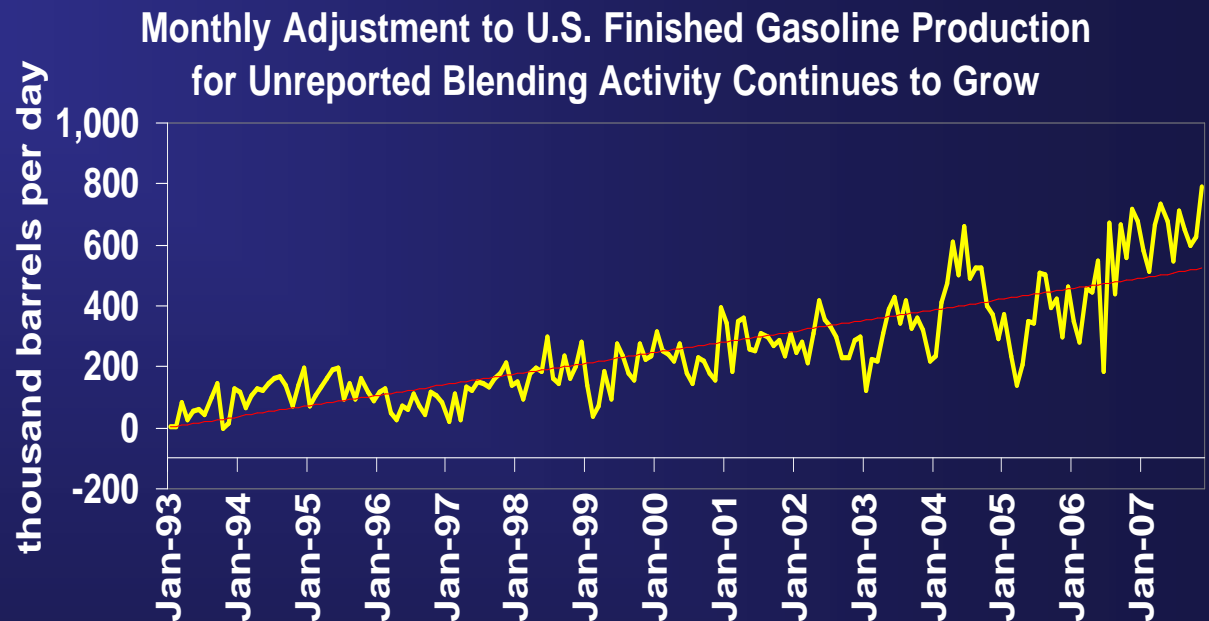
- Trade press and key analysts are talking about EIA crude oil data problems
  - Due to reporting errors by one or more companies, EIA's weekly crude oil supply data for week ending December 15, 2006 included incorrect data on Petroleum Allocation for Defense District (PADD) 2 (Midwest) crude oil stocks
  - Analysts at Barclays pointed out that with the correction, the draw for the week ending December 15th should have been 17.8 million barrels rather than the 6.3 million barrels, which would make it the largest weekly decline ever (Oil Daily 1/05/2007, "NYMEX Crude Extends Losses, Down 9% in New Year")
  - Had that glitch occurred at a different time, much money may have been lost in the marketplace

## Oil Data Problems:

- Data revisions are one reflection of inadequate resources to find, let alone fix issues we are aware of
- EIA's inability to adequately validate and match our survey process to industry changes continues to plague our collection process
- Frame updates continue to be postponed leaving us exposed to questions of data validity that we cannot defend

# Oil Data Problems

- Data are also talking – gasoline is representative of the larger issue
- Gasoline production is moving from the refinery to blending terminals
- Blenders are numerous and not easily identified. Thus, EIA must calculate an adjustment for the missing information on blenders in its weekly and monthly gasoline surveys.
- The problem was significantly exacerbated following the phaseout of MTBE in 2006





# Oil Data Problems

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- Oil/gasoline data is a very dangerous area for EIA to lose traction
  - Key petroleum surveys require updating to improve data reliability and quality
- Legacy systems add to long-run costs
  - Maintaining old software requires maintaining mainframe computers with expensive operating systems and high hardware and technical support costs
- Failure to act undercuts G-8 commitment to improve energy data quality and transparency
  - “Higher and more volatile oil prices are an issue of particular concern both to us and to vulnerable developing countries. We emphasize the need for concrete actions to reduce market volatility through more comprehensive transparent and timely data.” (Chair’s Summary by Prime Minister Tony Blair, G-8 Summit, 8 July 2005)

## Oil Data Solution +\$3.7M:

- Begin addressing oil and natural gas frames and data quality problems \$2.4M
- Update legacy systems – also provides future cost savings \$1.0M
- Expand and improve Internet Data Collection \$0.3M



# Weekly Ethanol Data Requirements

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- Weekly ethanol balances by Petroleum Administration for Defense District (PADD) are critical to gasoline supply situation and decisions regarding possible policy actions to address shortages
- Ethanol data and analysis improvements are critical given the interest of Congress and the Administration in expanded use of biofuels

## Ethanol Solution +\$3.4M:

- Implement monthly (EPA Act Sec 1508) & weekly ethanol data program +\$3.1M
- Develop biodiesel frame and survey (EPA Act Sec 1508) data program +\$0.3M

# National Energy Model

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- Complete design requirements for the National Energy Model and begin phasing in the replacement modules
- Critical to improving our ability to assess and forecast supply, demand and technology trends impacting U.S. and world energy markets
  - Enhancements focus on: international energy markets, domestic fuel supply and conversion, and end use consumer demand
- Will meet the needs of customers for relevant, reliable, timely, consistent, accurate, and high quality energy analyses

National Energy Model Solution +\$3.3M:

- NEM replacement +\$3.3M

# International Oil, Gas & Coal Markets and Cyber-security

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- Improve international oil, natural gas, and coal markets data and analyses to promote efficient and less volatile energy markets
  - China's and India's economies are expected to continue to grow at high rates with their energy consumption to increasingly affect global supply/demand balances
- Comply with mandatory IT infrastructure upgrades and OMB and NIST cyber-security requirements—cyber-security needs were singled out in the FY 2006 House Appropriations Report and the FY 2007 Senate Appropriations Report

International Energy Markets and Cyber-security Solution +\$1.9M:

- Enhance global oil, gas, and coal data, analysis and forecasting +\$1.1M
- IT upgrades and cyber-security requirements +\$0.8M

# EIA's Human Capital Status

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- EIA, like much of the Federal workforce, is facing a number of retirements and about 30% (106 FTEs) of its workforce is eligible for retirement
- EIA is taking a number of steps to address this challenge:
  - **Provided assistance to DOE-HR in expediting EIA recruitment actions**
  - **Streamlined vacancies for entry-level through most GS-13 positions**
  - **Simplified pre- and post-announcement processing steps**
  - **Staff and managers are taking advantage of all appearances at conferences and universities to identify potential recruits**
  - **In September 2007 EIA proposed a recruitment awards program to reward staff for successful efforts in recruiting of key positions. We expect action from DOE-HR in the near future.**



# Employment with EIA

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- Join our team of professionals who provide comprehensive, reliable data, analysis and forecasts to industry, government, media, academia, and the American public
- Starting salaries range from \$39,000 to \$90,000 and executives can earn upwards of \$158,000
- We are searching for candidates who qualify as:
  - **Mathematical Statisticians**
  - **Survey Statisticians**
  - **Industry Economists**
  - **Operations Research Analysts**
  - **Engineers**

For information on EIA careers:

- Visit [www.eia.doe.gov](http://www.eia.doe.gov) and click on Careers
- Email [careers@eia.doe.gov](mailto:careers@eia.doe.gov) to learn about career opportunities with EIA

