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How the White House Energy Plan Benefitted Enron

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January 16, 2002

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The Vice President
The Eisenhower Executive Office Building
Washington, DC 20501

Dear Mr. Vice President:

Since last April, I have been urging full disclosure of the communications between the White House energy task force, which you headed, and the private sector entities that provided advice and recommendations to the task force. My requests for information, which I made with Rep. John Dingell, the ranking member of the Committee on Energy and Commerce, stemmed from concerns that special interests may have wielded significant influence over the formation of the White House energy plan. The recent revelations regarding the extent of Enron's contacts with the White House energy task force have only underscored the need for full public disclosure.

Because you have to date refused to release this information, I asked the minority staff of the Committee on Government Reform to undertake a detailed analysis of energy policy positions advocated by Enron and to compare these positions with the policies in the White House energy plan. In preparing this analysis, the minority staff reviewed testimony of Enron officials before Congress, other public statements by Enron officials, Enron lobbying materials distributed to Congress, lobbying disclosure forms filed by Enron lobbyists, and news accounts of Enron positions. I am enclosing a copy of this report.

This analysis reveals that numerous policies in the White House energy plan are virtually identical to the positions Enron advocated. In total, there are at least 17 policies in the White House energy plan that were advocated by Enron or that benefitted Enron. These policies include deregulation initiatives long promoted by Enron, support for trading in energy derivatives, and proposals to facilitate natural gas projects.

The range of energy policies in the White House energy plan that would help Enron is enormous. The plan supports an expansive form of the controversial policy of "open access," which guarantees energy traders like Enron access to the transmission lines of electric utilities. Enron has described this policy as "the single most important initiative for Congress to address." The plan supports the repeal of the Public Utility Holding Company Act (PUHCA), an action that would enable Enron to increase its ownership of electric utility companies. In February

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2000, Enron lobbied Congress for “a provision granting FERC-certified transmission projects the power of eminent domain” so that power lines could be constructed more expeditiously. The White House energy plan endorses this policy, even though it conflicts with traditional state authority over transmission siting decisions. The plan also contains provisions that would help energy traders like Enron gain new rights of access to the power lines maintained by the Bonneville Power Administration.

Another provision of the plan endorses trading in energy derivatives, one of Enron’s core businesses, calling unregulated over-the-counter derivatives -- the kind sold by Enron -- “sophisticated and customizable” and recommending that “the U.S. government should continue to support the development of efficient derivatives markets.” Other provisions of the White House plan offer support for energy development in India, where a major power plant owned by Enron was facing financial difficulties, and facilitate Enron’s ability to expand or build new natural gas pipelines in the United States.

Even in areas where Enron did not get every policy it advocated, the White House energy plan is helpful to the company. In the area of global warming, for example, the plan does not support the mandatory controls on carbon dioxide emissions sought by Enron. But the plan does direct federal agencies to identify “market mechanisms” to address global warming, which would help develop the type of market in carbon credits sought by Enron.

The policies in the White House energy plan do not benefit Enron exclusively. And some may have independent merit. Nonetheless, it seems clear that there is no company in the country that stood to gain as much from the White House plan as Enron.

Throughout my investigation of the Enron collapse, I have not made allegations of unethical or illegal conduct by Administration officials. I strongly opposed the approach of many Republicans during the investigations of the Clinton Administration, who would often accuse first and investigate later. Thus, my focus has been on making requests for information and obtaining the facts, not on drawing conclusions.

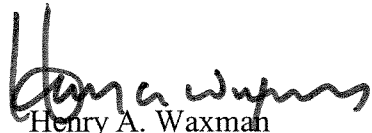
Your resistance to answering legitimate inquiries makes this approach difficult. We know from the public record that Enron was the largest single supporter of President Bush, donating over \$500,000 over his political career. We know from the January 3 letter from your office that Enron executives had exceptional access to you and the White House energy task force, including six separate meetings from February 22 to October 10, 2001. And we now know from the enclosed report that the final White House energy plan contains at least 17 separate provisions that benefit Enron.

This creates the unfortunate appearance that a large contributor received special access and obtained extraordinarily favorable results in the White House energy plan. I do not want,

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however, to draw conclusions based on appearances. That is why I am writing to you once again to ask you to comply with my requests -- and those of the Comptroller General of the United States -- for specific information about the White House contacts with Enron and other energy companies.

Sincerely,



Henry A. Waxman
Ranking Minority Member

cc: The Honorable David M. Walker
The Honorable John D. Dingell