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LEADERSHIP AND COMMUNICATION KEY TO DISASTER PREPAREDNESS SAYS NATIONAL PETROLEUM COUNCIL

WASHINGTON, D.C., DECEMBER 18, 2014—Recent natural disasters have underscored the importance of preparing for, responding to, and recovering from oil and natural gas disruptions. As has been witnessed, natural disasters can impact the normal operations of energy infrastructure and interrupt fuel supply chains, and can have far-reaching impacts. Improved communication between industry and government can ensure that response actions are more timely and effective, according to a report approved and presented to the Secretary of Energy by the National Petroleum Council (NPC) at its 124th meeting today. The NPC also identified the importance of leadership by DOE, states, and industry to institutionalize continuous improvements in processes and plans for emergency response.

“This issue is critically important to the nation,” said Marvin Odum, President, Shell Oil Company US, and Chair of the NPC Committee on Emergency Preparedness. “The National Petroleum Council, through this study, has identified important opportunities to work with the Department of Energy to enhance and improve preparation and response to natural disasters, as they impact energy systems.”

Enhancing Emergency Preparedness for Natural Disasters is the NPC’s response to a request from Secretary of Energy Ernest Moniz. “We are committed to building up emergency response capability,” said Secretary Moniz, “we will commit to being partners in translating this study report into action with the NPC.” The report is available on the NPC website www.npc.org, where a webcast archive of the meeting and meeting materials are also available.

The Council also received an update on an ongoing study on Arctic Research, which is planned for completion in March 2015. In other action at the meeting today, the Council elected Charles D. Davidson to serve as Chair of the NPC. Mr. Davidson is the Chairman of the Board of Noble Energy, Inc., Houston, Texas. A member of the Council since 2002 and Vice Chair since 2012, he has served on several of its study committees and chaired its Finance Committee. Rex W. Tillerson, Chairman, President and Chief Executive Officer, Exxon Mobil Corporation, Irving, Texas, was elected Vice Chair of the Council. Mr. Tillerson currently serves as Chair of the Committee on Arctic Research.

The NPC is a federal advisory committee to the Secretary of Energy. The sole purpose of the Council is to advise, inform, and make recommendations to the Secretary of Energy, at his request, on matters relating to oil and natural gas, and the oil and natural gas industries. The Council membership is comprised of approximately 200 members, representing all segments of the oil and natural gas industries as well as a broad cross section of non-industry members.

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(Editors note: Attached is a copy of the letter approved today to transmit the report to Secretary Moniz.)

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Transmittal Letter to Secretary of Energy

The Honorable Ernest Moniz
Secretary of Energy
Washington, D.C. 20585

Dear Mr. Secretary:

In a letter dated October 25, 2013, you asked the National Petroleum Council (NPC) for advice about Natural Gas and Oil Infrastructure Resilience (emergency preparedness for natural disasters). Your letter noted that recent natural disasters “have underscored the importance of having resilient oil and natural gas infrastructure and effective ways for industry and government to communicate to address energy supply disruptions,” and you specifically requested that the NPC address the following key questions:

- What vulnerabilities have recent storm activity exposed in U.S. energy infrastructure?
- What legal, procedural, and physical gaps need to be addressed by industry and government to improve response to disruptions?
- What strategies should be pursued to increase energy system resilience to storms and other potential disruptions?
- What actions can be taken to address the interdependencies between oil and natural gas systems and other critical infrastructure?

The enclosed report, *Enhancing Emergency Preparedness for Natural Disasters*, is the NPC’s response to your request based on over a year of review and analysis. The study team reviewed reports from recent natural disasters and collected insights through focused discussions with more than 100 experts and emergency response professionals from federal, state, and local governments, trade associations, industry, and non-government organizations. Based on this study, the Council found:

- It is critically important for government emergency response organizations to have a baseline understanding of the dynamic nature of the oil and gas supply chains.
- Improved situational awareness about the status of oil and gas infrastructure and service disruptions from industry would enable the Department of Energy (DOE) and other government agencies to more effectively respond.
- A major challenge during emergency response is effective communication between and within federal and state agencies and with industry.
- The development and maintenance of a trained, knowledgeable response organization within government agencies should be a priority with processes to sustain it.
- Leadership commitment and funding is required to continuously improve and ensure a state of readiness to respond to supply chain disruptions.

To address these issues, the Council offers seven primary recommendations—they fall into two broad categories: (1) leveraging institutional frameworks that are appropriately staffed and (2) maintaining readiness through sustaining mechanisms to address interdependencies, enhance capabilities, and continuously improve. This management system approach, applied rigorously by industry and government, has been proven to increase energy system resilience to storms and other potential...
disruptions by enhancing preparedness and speeding response and recovery. The Council makes the following recommendations:

- Harmonize DOE’s energy response team structure with the National Incident Management System (NIMS) Incident Command System (ICS).
- Leverage the Energy Information Administration’s subject matter expertise within DOE’s energy response team to improve supply chain situation assessments.
- Establish company liaisons and direct communication with DOE’s energy response team to improve situation assessments.
- Streamline and enhance processes for obtaining temporary regulatory relief to speed up recovery.
- States should increase engagement with oil and natural gas industry in their energy assurance plans, and industry members should assist states in such efforts.
- Both DOE and states should establish routine education and training programs for key government emergency response positions.
- Both DOE and states should improve their comprehensive drill and exercise programs and include industry participation. Reciprocal invitations extended by companies to DOE and states are recommended.

Implementing the study recommendations will build upon the progress already underway in advancing DOE’s emergency response capability. Implementation of ICS, enhancing organizational capabilities, and building sustaining mechanisms—including education, training, drills, and exercises—are key actions to substantially improve situational awareness and the Department’s capability to respond to disasters. The government and industry share a commitment to prepare for, mitigate the impacts from, and respond to the energy supply disruptions caused by natural disasters. The nation will benefit from improved systems and processes that result from that shared commitment to educate each other and communicate through a disciplined, practiced process.

Leadership commitment is a core element for a systems approach to incident preparedness and response. Senior government officials and industry executives, alike, set expectations and provide the resources for staffing, education, and training. Capturing the benefit expected from implementation of the study recommendations requires leadership commitment visible within respective organizations and accountability at all levels. The nature of managing significant incidents requires that participants at all levels have functional expertise in the systems presented in this report, including agency and industry executives.

Robust and resilient energy delivery infrastructure is vital to America’s ability to develop its vast oil and natural gas resources, with far-reaching impacts to nearly every sector of the U.S. economy. As new policies are considered and infrastructure designs are reviewed, government policymakers should consider not only the project’s environmental impact, but also the benefit to infrastructure resiliency and overall energy efficiency.

Approval of this report represents the NPC membership’s commitment to work with DOE to implement these recommendations. While managing disaster response will always entail uncertainties and raise new challenges, creating a dynamic response system and mechanism for continuous improvement will serve the public, restore energy delivery as quickly as possible, and minimize adverse impacts to public health and the economy.
Similarly, industry recognizes the value of continuous improvement in company-specific activities, and also in support of DOE efforts. Accordingly, the study recommends that industry:

- Establish the link between company liaisons and DOE energy response teams to support situation assessment.
- Through the Oil and Natural Gas Sector Coordinating Council, expand support of preparedness and response including education and outreach, training, and joint government-company drills and exercises.
- Support government efforts to enhance their energy assurance plans including consideration of interdependencies.

NPC and DOE leadership anticipate that the recommendations will start to be implemented in 2015 in advance of the hurricane season, and a joint exercise will be conducted in 2015 to test the key recommendations of the study. The Council looks forward to sharing this study and its results with you, your colleagues, and broader government and public audiences.

Respectfully submitted,

Enclosure