

November 15, 2008

To: Rahm Emanuel

From: John Podesta
Todd Stern

Subject: Energy/Climate Options in White House

This memo sets forth three options for managing the energy/climate issue in the White House. It takes as a given that the White House needs to be the driver, given the cross-cutting nature of the issue – implicating the economic, national security and environmental agencies; its scope; and its priority for President-elect Obama.

Option 1: National Energy and Climate Council

The first option is to create a new NECC, with a National Energy and Climate Advisor having the same rank and stature as the other policy council heads. The council would be established by Executive Order, like the NEC or DPC. It would serve as the President's agent on energy/climate in developing legislative proposals and strategy, driving executive action across the government, and coordinating diplomatic strategy. It would run a robust interagency process including DOE, EPA, State, Treasury, DOD, HUD, USDA (forestry), and others.

The staff could be lean, including: (1) the National Energy and Climate Advisor; (2) a Deputy; (3-4) two domestic policy experts; (5) a technology R&D expert; (6) a business/finance person focused both on public-private partnerships and on developing the best options for unlocking large-scale private investment; and (7) an international expert. In addition, the staff would be supported by a scientist in OSTP; an economist in NEC or CEA; a Hill strategist in Legislative Affairs; and a press/communications person. All members of the staff other than the Advisor and his/her Deputy could be dual-hatted with another office, such as CEQ, NEC, NSC or OSTP.

Pros/cons. The chief benefits of creating a new Council involve stature and clout. Of the three options, this is the one that will attract the highest profile leader. An Energy/climate Advisor would have top-level stature and would most easily be able to command the attention and respect of Cabinet Officers, Members of Congress, business and labor leaders, Governors and Mayors, and senior foreign diplomats. Creating a new NECC would also send a message consistent with the President-elect's description of energy as a top priority. The chief downside of establishing a new NECC is that there may be some concern about the proliferation of policy councils, and about whether the new council will establish itself as a strong, vibrant player within the White House world.

Option 2: NEC Deputy

A new Energy Deputy could be created within the NEC, supported by roughly the same kind of team outlined above. This Deputy would report to the NEC Director. He/she would need to be a person of substantial stature in his/her own right, capable of interacting effectively with Cabinet Officers and the other principals referenced in the paragraph above. His/her primary report would be to the National Economic Advisor, but given the nature and priority of the issue, the Energy Deputy would doubtless interact directly with other White House principals, such as the Chief of Staff, National Security Advisor and the head of CEQ, as well as with Cabinet principals.

Pros/cons. The advantages of this option are that (i) it would avoid standing up a new council, (ii) it would house the energy/climate job in the NEC, which makes sense from both a substantive and message perspective, since the challenge at hand is the transformation of the economy from a high- to a low-carbon base; and (iii) it would preserve a simple line of authority, since the Deputy would report directly to the National Economic Advisor. The principal downsides are that a Deputy would have less clout and stature than a National Energy/Climate Advisor and that the appointment of a Deputy would not send as strong a signal as the creation of a National Energy/Climate Advisor.

Option 3: Special Advisor on Energy/Climate within NEC

The third option would involve creating a Special Advisor on Energy and Climate, reporting directly to the Chief of Staff, but housed under the umbrella of the NEC. The Special Advisor could be given Assistant to the President rank. He/she would be supported by the same kind of team outlined above that would operate as a self-contained unit housed within the NEC structure.

Pros/cons. The advantages and disadvantages of this option are similar to Option 2, with a couple of differences. As a direct report to the Chief of Staff, and especially if given Assistant to the President rank, the Special Advisor, would come in with greater stature than an NEC Deputy. Of course issues of clout and authority in all these options depend crucially on the individual named to the job. But there is doubtless a category of high-profile leader who would be interested in the Option 1 job, but not the Option 2 or 3 variations. Another potential downside, but one that seems manageable, is that the reporting line would be a bit less clear in this variation. The Special Advisor would be situated within NEC, but not reporting to the head of the NEC. So it would be important at the outset to clarify understandings among the Special Advisor, National Economic Advisor and Special Advisor.