Alternative strategies to ensure fuel supplies for transit and other local government operations in an emergency were examined in this workshop. Discussion focused on the resource paper, Fuel Supply Strategies: A Local Perspective, by Swyer (Part III, Session 4 of these proceedings).

Alternative strategies discussed included:

- Enhanced fuel storage obtained by purchase or lease of existing storage facilities or construction of new facilities. Such facilities could be either centralized at a single location or decentralized at several locations (e.g., individual bus garages).
- Assured supply agreements including options to buy fuel in prespecified quantities.
- Intergovernmental cooperatives designed to increase the buying power of local agencies by presenting a unified, larger purchaser to the marketplace.
- Contracting with suppliers for fuel storage.
- Trading (hedging) on the fuel futures market.
- Making fuel-purchasing arrangements with current suppliers.
- Changing fuel-purchasing procedures to ensure that the procurement process and contract terms are relevant to the market.

These strategies were discussed in terms of the new environment of decontrol. Because allocation rules are no longer in effect market-based strategies must be pursued.

It was concluded that no single strategy could be recommended for use by all agencies, but that all strategies were reasonable. The feasibility of any given strategy will depend on specific local conditions. It was recommended that individual organizations review the foregoing alternatives and select the best, based on an assessment involving explicit estimation of expected costs and benefits given local conditions. Selection should be based on estimates of the likelihood and size of various energy shortages.

Workshop participants concluded that the best strategies for ensuring fuel supplies are those that make sense in the absence of an energy emergency. For example, enhanced fuel storage that results in savings in normal times, because it allows for bulk purchases, may be more effective than other strategies that are beneficial only when an emergency occurs.

In the absence of price controls, workshop participants were uncertain how the price increases likely to occur in an energy emergency should be handled in contingency planning. Further analysis of this question was recommended.

Despite decontrol and implications that a market-based approach to energy emergencies obviates the need for federal government intervention and planning of any kind, workshop participants believed that local planning to ensure availability of fuel supplies was still an absolute necessity. Participants were unsure about whether any plan was being developed to handle an emergency under the current scenario of decontrol. Presumably, if the impact of an emergency is an increase in fuel prices so that anyone with sufficient funds could obtain all the fuel desired, planning should focus on financial issues rather than on logistical issues. However, because information on the true implications of emergency scenarios under decontrol is sparse, participants believed that confusion was likely to continue. Also, considerable skepticism was expressed about the likelihood that a market-based response in an energy emergency would not be replaced by allocation and controls when the magnitude of the price increases and related economic dislocation were felt and political pressure ensued.

Workshop participants believed strongly that an important reason for the failure of current local energy contingency planning was a lack of relevant new information, particularly from the Department of Energy (DOE). Participants believed that a major cause of the problem is the reliance by DOE on state energy offices as a source for this information. The needed information is simply not getting to state departments of transportation, transit operators, and local governments. The reason for this lack of communication is a lack of resources (staff) at the state energy offices to disseminate the information effectively. Participants strongly recommended that DOE review this issue and take steps to ensure that information is more widely disseminated, especially to agencies where energy contingency planning is likely to occur.

Workshop participants also concluded that most local- and state-level planning is not yet occurring in a way that is consistent with current DOE policy to rely on a market-based response mechanism. In addition to the information problem noted previously, participants believed that the lack of specificity of responses by DOE beyond "relying on the market" has caused a lack of credibility for the free-market approach. The skepticism about the staying power of this approach, once an energy emergency occurs, was also cited as a reason for the inconsistency in DOE policy at the local level.

Further dissemination of information by DOE and specific scenarios for market-based responses to an energy emergency was recommended.