The original documents are located in Box 9, folder "Energy - Congressional Program" of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

The Congressional Program Of

ECONOMIC RECOVERY & ENERGY SUFFICIENCY

February
1975

It has been only in times of war and during periods of great economic depression that American citizens have confronted national problems as urgent and critical as those presented by today's rapidly deteriorating economy and the potential threat to the Nation's supply of energy.

In recognition of the immense importance of these issues and realizing their interrelationship, the Democratic Policy and Steering Committee of the House of Representatives and the Democratic Policy Committee of the U.S. Senate were directed by the Cngressional Majority Leadership to prepare for recommendation a comprehensive program designed both to insure rapid and continued economic recovery and growth while providing national energy sufficiency.

The Senate Committee chaired by Senator John O. Pastore working jointly with the Task Force of the House Committee under the leadership of Congressman Jim Wright have submitted their recommendations for a Congressional program to meet the Nation's economic and energy needs. We commend Senator Pastore and Congressman Wright. We commend their respective Committees for their diligent and productive endeavors.

The recommendations as contained in this report have now been approved as the Congressional Program for Economic Recovery and Energy Sufficiency.

We believe that it is a Program of action which will serve the Nation well both now and in the years to come.

MIKE MANSFIELD,
Majority Leader of the Senate.
CARL ALBERT,
Speaker of the House.

THE ECONOMY AND ENERGY

A CONGRESSIONAL PROGRAM OF ACTION

The comprehensive Congressional program on the economy and energy has the following objectives:

First: To restore in the shortest period of time a healthy economy with full employment, reduced inflation and increased output and productivity.

Second: To prevent steep increases in the price of all energy and the pervasive economic adversities which such increases surely would entail.

Third: To manage energy supply in the near term so as to reduce import dependence steadily and surely consistent with rapid economic recovery, providing standby protections against sudden supply curtailments.

Fourth: To expedite and mandate programs to conserve energy and expand domestic supply in order to improve our balance of payments and achieve national energy sufficiency in a timely and reliable way.

The nation faces two very basic problems—the rapidly declining economy, and the predictability of future energy shortages. They are distinct but inextricably interrelated. The first is an immediate problem of crisis dimensions and must be treated as such. The second is of necessity a long-range problem which will yield only to effective long-range solutions. Both must be solved, and it is our purpose to set forth on behalf of the Congressional majority a definitive program of action to address both problems.

The most urgent national need is to revive the nation's economy and put Americans back to work. On January 14, the Democratic Steering and Policy Committee of the House announced a 14-point program of action. On February 18, the Democratic Policy Committee of the Senate and the Chairmen of the Standing Legislative Committees of the Senate endorsed a comprehensive economic/energy program formulated by an Ad Hoc Committee of the Democratic Policy Committee. Many of the economic initiatives recommended in these programs already are in the process of legislative implementation. Fully embracing the thrust of those programs,

we reject President Ford's 5 percent ceiling on social security and call for the accelerated payment of benefits by the full 8.7 percent effective January 1, 1975. We recommend several additional economic initiatives as well as carefully coordinated program of action for energy sufficiency.

Faced with the worst economic recession and the highest unemployment levels since the great depression, we believe that a panic energy program which interfered with the priority task of economic recovery would be a severe public disservice. The plan recommended by the President would needlessly and massively depress the economy further, add to the cost of living for all Americans and place highly inequitable cost burdens upon such basic necessities as home heating, food production and clothing.

We reject the fundamental premise of the President's program that the only way to achieve energy conservation is deliberately to raise the price of all petroleum products to all American consumers by heavy indiscriminate additions in taxation. The $3 per barrel tariff on oil imports will not reduce imports; it simply will make them more costly to American consumers. It would add some $7.6 billion a year to the cost of living. Adding at least $30 billion in taxes and costs on domestic oil & gas consumption proposed by the Administration would further burden the economy with such weighty impediments that any effort at economic recovery would be hopelessly foredoomed.

The President's budget acknowledges the probable results of the Administration program: yet another year of raging double-digit inflation, another year of declining economic output, and at least another full year of unemployment in the range of 8 percent. This is a prospect which America's families should not be asked to accept. We believe the country can do much better than this, and we are determined that it shall.

The Congressional economic program recommends fiscal and monetary actions at the Federal level that will create over 1½ million more jobs by the end of 1976 than the President's program, while reducing the inflation rate by over 2%.

The comprehensive energy conservation and development program which we recommend for immediate adoption will be demonstrably less inflationary, stimulative to the economy, more selective in the areas of use to which we must look for major conservation, and more quantifiable in its results than the plan set forth by the President. It is fairer and more equitable to the American consumer. And it creates a specific mechanism to help finance an earlier realization of reliable alternate energy sources for the future.

Motor fuel accounts for about 40% of the nation's present petroleum usage. Since only 42% of this amount is directly work-related,

we believe it is practical, equitable and economically responsible to achieve most of our immediate reduction in petroleum consumption in the other 58%, but recognize that savings can be achieved in all categories of usage. We propose accomplishing this by:

(1) A combination of graduating excise taxes and rebates on new car sales, specifically geared to the fuel efficiency of the model purchased.

(2) Mandatory mileage performance standards for new automobiles.

If these and other conservation initiatives included in this program do not achieve diminution in imports, standby authority should be invoked to:

(3) Require Sunday closings, allocations down to the service station level, and controls on the use of credit cards to buy gasoline.

(4) Impose import quotas.

(Note: a mere five percent reduction in the total number of miles driven would save almost 350,000 bbls of oil per day; a 10 percent reduction would save nearly 700,000 bbls.

(Encouraging only one-fourth of America's drivers into cars that get just two miles per gallon better mileage would save an additional 230,000 bbls per day. When one-third of the driving population can be accommodated in vehicles that yield better efficiency by just 3 miles per gallon, the additional saving will be 470,000 bbls per day.)

Our program will achieve energy conservation not only in the transportation sector, but also in the residential, industrial and commercial sectors where longer-range savings are both achievable and quantifiable. We prescribe realistic standards in each sector. Fundamentally, we seek to reduce consumption by the elimination of waste—not by the elevation of price.

Savings in energy of almost 500,000 bbls of oil or its equivalent per day will result by 1980 from our recommendations to assist families and businesses in insulating homes and other buildings and making other energy-related improvements.

One key feature provides incentives to expedite conversion of electric power generating and other industrial plants from petroleum and natural gas to coal. This is the second largest area of wasteful petroleum usage, and while it is more difficult to hypothecate a precise saving without knowing how rapidly such plants can be induced to make the conversions, we believe it is not unrealistic to anticipate additional savings from this source after the second year in the vicinity of 400,000 bbls daily in BTU equivalent.

A saving of 160,000 bbls a day can result from strict local enforcement of the 55-mile-per-hour speed limit. Other conservation initiatives contained in this program will produce additional savings.

The Congressional program also creates a strategic oil reserve and sets up a National Energy Production Board with authority to recommend import quotas, allocations and even rationing in event of emergency.

In all, we believe that our program will reduce domestic consumption of imported petroleum, at a very conservative estimate, by the equivalent of 500,000 bbls of oil per day in the first year, by 1.6 million bbls per day in the second year, and by more than 5 million bbls per day by 1980. Considerably more dramatic savings can be achieved in years to come.

We have seen no reliable data whatever to support a conclusion that the Administration's draconian tax increases actually would result in one huge round-figure savings he claims for them. Nor have we heard any impelling reason why the national reduction must of necessity reach one mllion bbls daily in the very first year. In any event, we believe it better to promise relatively less and achieve more than to promise grandly and achieve less than pledged.

We believe that the American people, as well as our friends in the international community, both the suppliers and the users of petroleum, will be more impressed by candor and performance than by roseate promises unfulfilled. We believe they will be more impressed by our frank determination to maintain a strong American economy. And we believe they will readily discern the superiority of a steadily increasing long-term commitment to long-term objectives over a single sudden surge upward in consumer prices.

Beyond conserving scarce fuels, we recommend a number of specific measures to encourage exploration for oil and natural gas and greater recovery from existing wells and fields. We recommend creation of an Energy Trust Fund financed by a 5 cent per gallon retail tax on gasoline and by yields from excess profits taxes. The fund is to be used to assist in the more rapid development of coal gasification, liquifaction and other synthetic fuel plants and to achieve scientific and technological progress in oil shale, geothermal, solar, nuclear fusion and other energy fields.

Faithful implementation of the various facets of this program will close the growing gap between domestic energy consumption and production of all types and forms by the energy equivalent of some 11 million bbls of oil per day by 1985, and will reduce our energy imports by that year to 10% of our total consumption.

The Nation's impelling need is for a consistent and coordinated long-term plan. The Congress provides it.

THE ECONOMY

TARGET:

THE FIRST PRIORITY MUST BE A RETURN TO FULL EMPLOYMENT AS SOON AS POSSIBLE. THIS CAN BE ACHIEVED THROUGH FISCAL AND MONETARY ACTIONS DESIGNED TO PROMOTE ECONOMIC RECOVERY WITH A SUBSTANTIALLY REDUCED INFLATION RATE.

RECOMMENDATIONS:

- **—Accept and expand the President's anti-recession tax rebate/tax cut concept.**
- **—Achieve the maximum reduction of imported oil during 1975 consistent with the economic upturn and a reduced unemployment rate.**
- **—Reject massive energy price increases caused by import tariff, excise tax and sudden, total decontrol.**
- **—Add further stimulus to consumer spending and prevent the unwarranted reduction in funds to the poor and elderly.**
- **—Increase the money supply and stimulate housing.**
- **—Release impoundments to provide immediate employment in the public works and heavy construction fields.**
- **—Assure adequate private and public employment in light of national needs.**

The cost of energy under the Administration's program would rise by **over $40 billion** during the first twelve months (closer to $50 billion by some analyses), an **amount equal** to the price **increases** caused during the **Arab embargo.** The Administration's program would add this new burden to an economy already well into the deepest recession since the 1930's, with inflation continuing at an unacceptably high level, and with unemployment over 8%. (Fig. 1) Low- and middle-income households will be required by the President's program to spend an even greater portion of their limited income to purchase energy.

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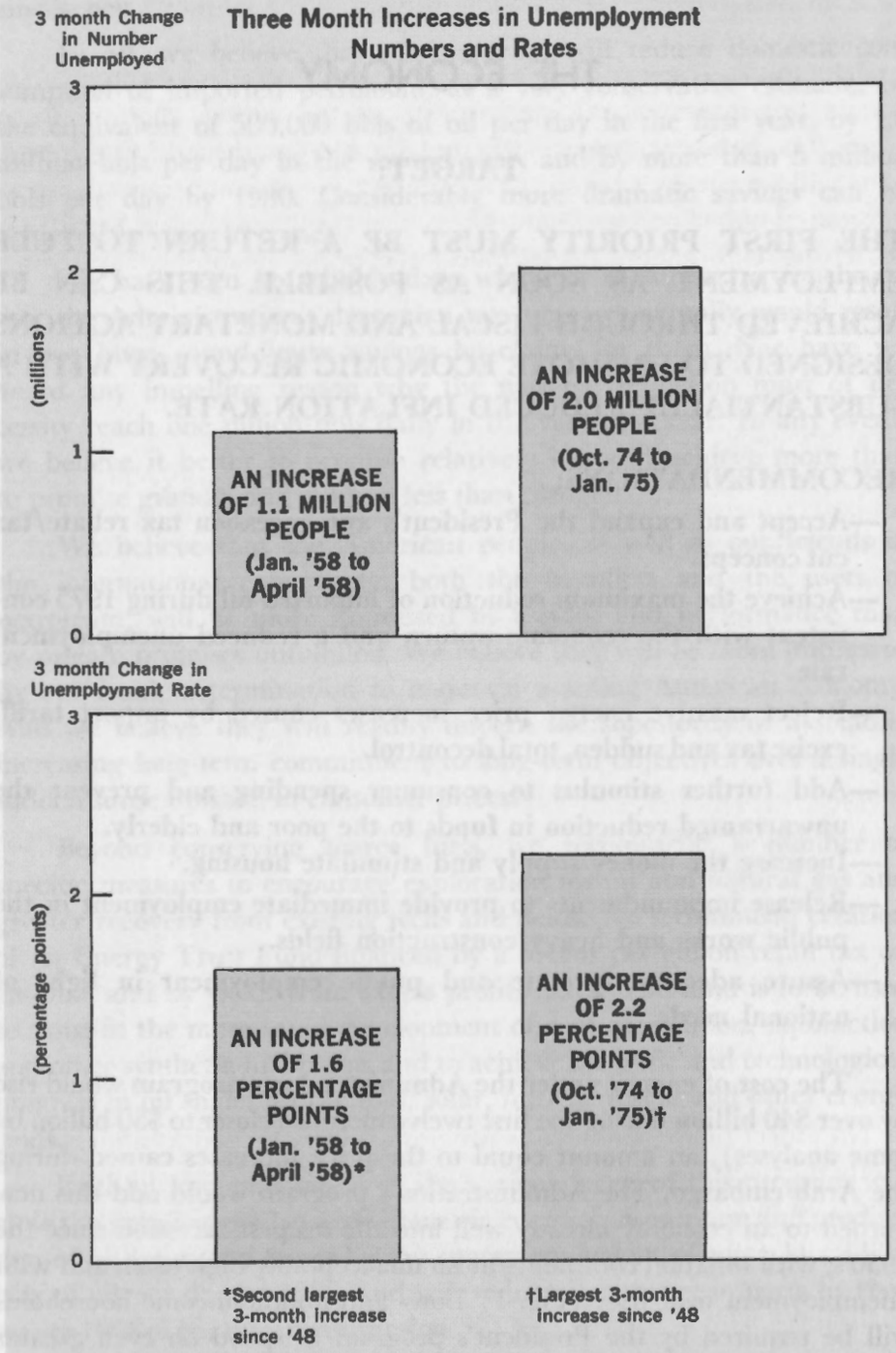
FIGURE 1

The Current Recession Compared to 1958*

Three Month Increases in Unemployment Numbers and Rates



As its goal the Administration seeks a reduction of energy consumption by **one million barrels per day in 1975.** To achieve it, **energy prices** would be **greatly increased,** first by **taxing all crude oil and natural gas** and then by **removing the present controls** on the market **price of oil and gas.**

The price of energy is not determined by free forces of supply and demand but rather by the governments of the nations that produce energy. The **policy question** is **whether the U.S. or the OPEC governments will set energy prices in this country.** The Administration wishes to decontrol old oil and new natural gas, giving control of price to OPEC and letting U.S. energy prices follow the prices established by them. (Fig. 1A)

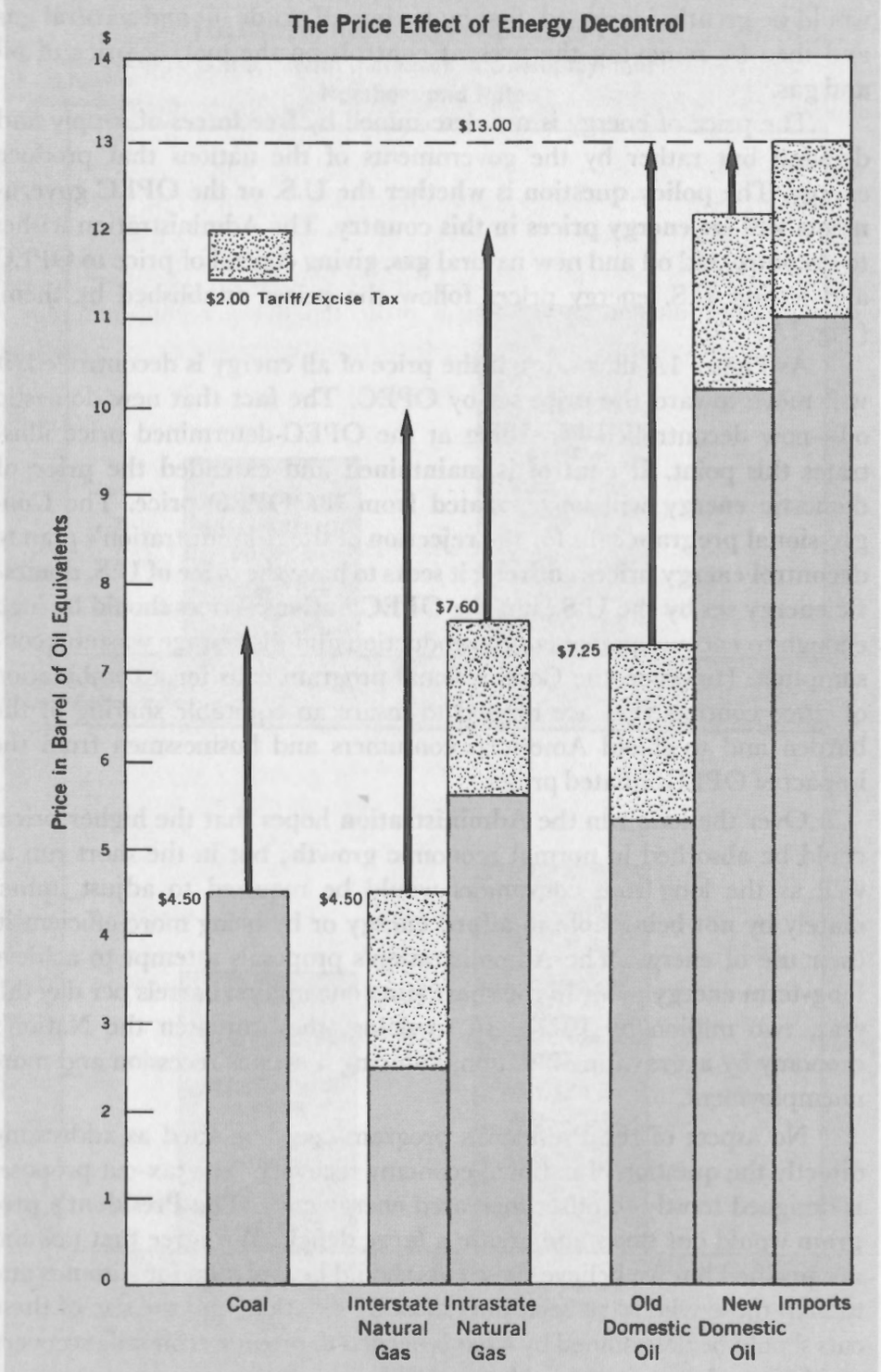
As Figure 1A illustrates, if the price of all energy is decontrolled, it will move toward the price set by OPEC. The fact that new domestic oil—now decontrolled—is selling at the OPEC-determined price illustrates this point. **If control is maintained and extended the price of domestic energy will be separated from the OPEC price.** The **Congressional program** calls for the **rejection** of the Administration's **plan to decontrol energy prices entirely;** it seeks to have **the price of U.S. domestic energy set by the U.S., not the OPEC nations.** Prices should be high enough to encourage maximum production and discourage wasteful consumption. However, the Congressional program calls for a combination of price controls that are needed to insure an equitable sharing of the burden and to shield American consumers and businessmen from the impact of OPEC-inflated prices.

Over the long run the **Administration** hopes that the higher prices could be absorbed in normal economic growth; but in the short run as well as the long run, **consumers** would be required to adjust immediately by **not being able to afford energy** or by being more efficient in their use of energy. The Administration's proposals attempt to achieve **long-term energy goals in the short run** (one million barrels per day this year, two million by 1977). In so doing, they threaten the Nation's economy by aggravating inflation, inducing a deeper recession and more unemployment.

No aspect of the President's program could be cited as addressing directly the question of national economy recovery. The tax-cut proposal is designed mostly to offset increased energy costs. The **President's program** would **cut taxes** and **create a large deficit.** We agree that tax cuts are justified but we believe these cuts should be designed for stimulus and to help those who have been hurt most by inflation, and the size of these cuts should be determined by what is needed to provide economic recovery and full employment as quickly as possible.

FIGURE 1A

The Price Effect of Energy Decontrol



The President's proposal can be thought of in three parts: (a) a $16 billion one time tax rebate to stimulate the economy; (b) a budget moratorium of new spending programs; and (c) a $40 billion-plus cost increase for energy in all forms, offset in part with $27 billion in cash rebates to households, business and state and local government.

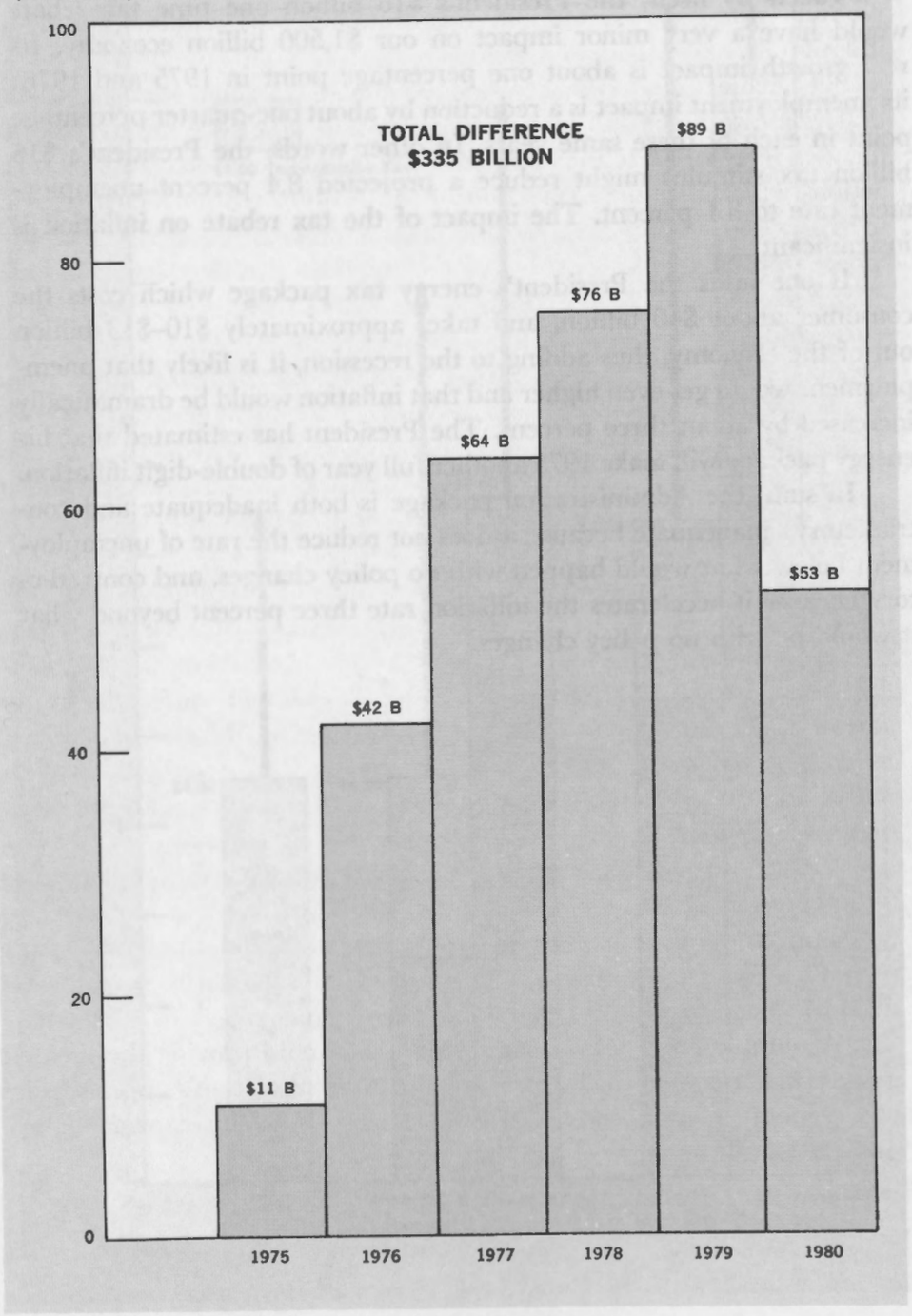
Taken by itself, the President's $16 billion one time tax rebate would have a very minor impact on our $1,500 billion economy. Its real growth impact is about one percentage point in 1975 and 1976; its unemployment impact is a reduction by about one-quarter percentage point in each of these same years. In other words, the President's $16 billion tax stimulus might reduce a projected 8.4 percent unemployment rate to 8.1 percent. The impact of the tax rebate on inflation is insignificant.

If one adds the President's energy tax package which costs the consumer about $40 billion, and takes approximately $10–$13 billion out of the economy, thus adding to the recession, it is likely that unemployment would get even higher and that inflation would be dramatically increased by about three percent. The President has estimated that his energy package will make 1975 another full year of double-digit inflation.

In sum, the Administration package is both inadequate and contradictory: inadequate because it does not reduce the rate of unemployment below what would happen with no policy changes, and contradictory because it accelerates the inflation rate three percent beyond what it would be with no policy changes.

FIGURE 2

Congressional Program vs. Administration Target
Added Economic Output
(GNP in 1974 Dollars)



THE RECOMMENDATIONS OF THE CONGRESSIONAL PROGRAM TO ACHIEVE ECONOMIC RECOVERY

Recognizing the interrelated nature of Energy and the Economy, **the Congressional program, while designed to reduce national dependence on imported oil, would halt the recessionary slide,** begin economic recovery and provide millions of additional jobs without adding to inflation.

To achieve economic recovery numerous suggestions were considered that relate to fiscal and monetary policy and program actions. Recommended in addition to the tax rebate/tax cut concept is a combination of actions which include **a rejection of the Administration's energy price increases, the release of impounded funds to create immediate employment, an increase of the money supply, stimulus for jobs in housing** and elsewhere and **an adequate public employment program with relief to states and locales** especially burdened.

If quickly implemented these recommendations will insure an end to the economic downturn and the beginning of a vigorous recovery during the year. Comparing this program to the President's program, our economy will be producing **$42 billion more goods and services in 1976, $76 billion more in 1978,** and **a total of $335 billion more** over the 1975 to 1980 period. (Fig. 2)

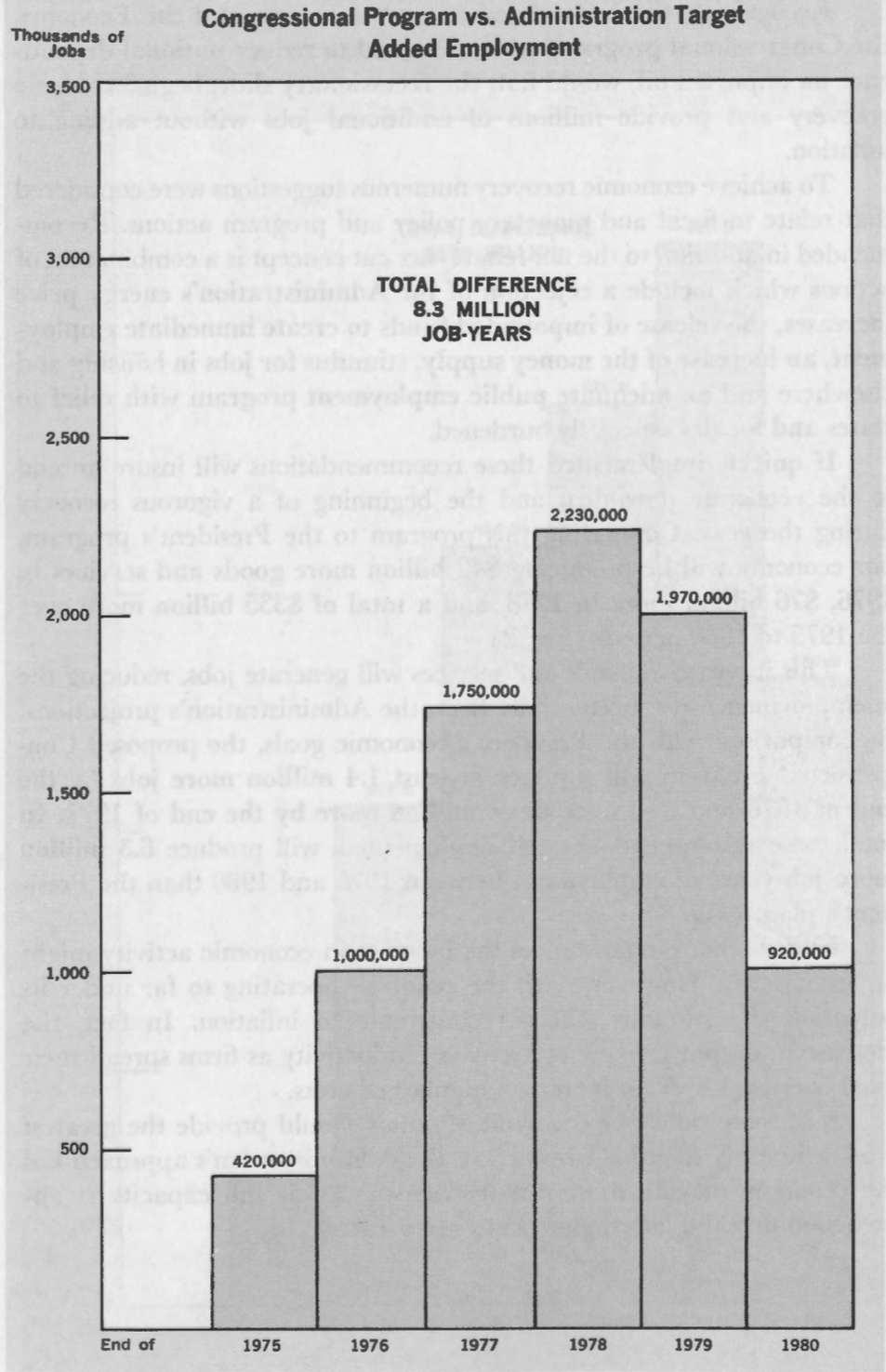
This increase in goods and services will generate jobs, reducing the unemployment rate substantially from the Administration's projections. By comparison with the President's economic goals, the proposed Congressional program will produce at least **1.4 million more jobs by the end of 1976** and well over **three million more by the end of 1977.** In total these recommendations, if implemented, will produce **8.3 million more job-years of employment** between 1975 and 1980 than the President's plan. (Fig. 3)

Under other circumstances the increase in economic activity might be inflationary. However, with the economy operating so far under its potential, the stimulus will not contribute to inflation. In fact, the increase in output is likely to increase productivity as firms spread their fixed overhead over an increased number of units.

A sensible policy of economic stimulus should provide the greatest growth in early months. In contrast, the Administration's approach has the economy moving most rapidly years away as full capacity is approached and the inflationary risks are greatest.

FIGURE 3

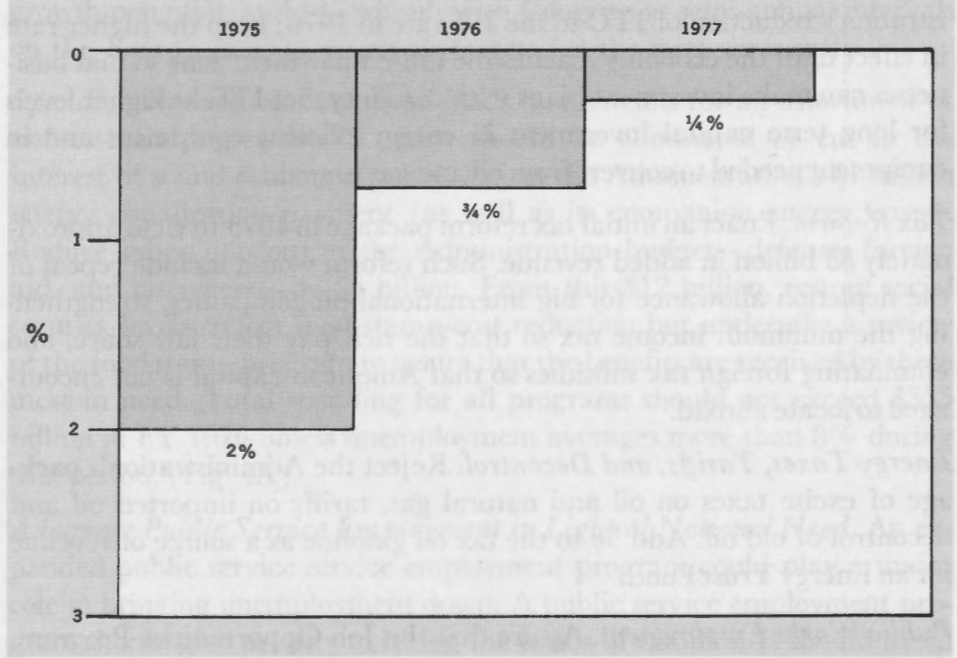
Congressional Program vs. Administration Target
Added Employment



More immediately, the **Congressional program** will avoid the inflationary effect of the Administration's energy taxes, tariffs and total decontrol, **producing 2% less inflation this year** and **a total of 3% less** by 1977. (Fig. 4)

FIGURE 4

Congressional Program vs. Administration Target
Reduced Inflation
(Difference in the Consumer Price Index)



Elements of the Recommendation in Summary

Social Security and Supplementary Security Income. Reject President Ford's 5% ceiling on social security; accelerate payment of benefits by the full 8.7% effective January 1, 1975, and mail out retroactive benefits checks in May or June.

Retroactive Personal Tax Reduction. Accept the concept of the Adminitsration's rebate of 1974 taxes. Redesign the program in accordance with objectives recommended by the House Ways and Means Committee so that low- and middle-income taxpayers receive a much larger share of the benefits. Send out the payment in May or June in a single check that would provide a large boost to sagging personal income. This tax rebate would provide a one-shot stimulus to the economy.

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Temporary Personal Tax Reduction. Adopt a substantial additional tax cut for 1975, consistent with House Ways and Means action. This reduction would affect withholding schedules by July 1 of this year. This tax cut, also targeted to low- and middle-income taxpayers, would provide continuing support to consumer purchasing power throughout 1975. The Committee envisions that Congress would continue the stimulus into 1976 if necessary to continue the recovery.

Business Tax Reduction. Accept the proposal to raise the investment tax credit (ITC) to 10% retroactive to January 1, 1975. Reject the Administration's reduction of ITC to the 7% rate in 1976; keep the higher rate in effect until the economy reaches the full-employment zone so that businesses can make investment plans with certainty. Set ITC at higher levels for long term capital investment in energy-efficient equipment and in equipment needed to convert from oil and gas to coal.

Tax Reform. Enact an initial tax reform package in 1975 to yield approximately $5 billion in added revenue. Such reform would include repeal of the depletion allowance for big international oil companies, strengthening the minimum income tax so that the rich pay their fair share, and eliminating foreign tax subsidies so that American capital is not encouraged to locate abroad.

Energy Taxes, Tariffs, and Decontrol. Reject the Administration's package of excise taxes on oil and natural gas, tariffs on imported oil and decontrol of old oil. Add 5¢ to the tax on gasoline as a source of revenue for an Energy Trust Fund.

Public Works Employment. Assure that the Job Opportunities Program, the Economic Adjustment Assistance Program and the Public Works Impact Program (Titles X, IX and I of the Public Works and Economic Development Act) are fully funded and implemented to meet their original purpose of providing short-term employment opportunities while constructing facilities of lasting value to the community. Reject rescissions or deferrals and otherwise provide increased funding for short-term construction programs meeting urgent national needs such as water pollution control and transportation. This action would offer opportunities for increased construction and related employment, activities which have suffered real decreases in spending as a result of inflation. Provide any additional Federal assistance which may be necessary to allow state and local governments to make full use of increases in funding for public works construction programs.

Housing. Stimulate the homebuilding industry through a shallow interest rate subsidy program to enable low- and middle-income families to purchase homes at interest rates they can now afford to pay. Interest subsidies will be limited to low- and middle-income families with phase-out triggered to economic recovery. Reject rescissions and deferrals of appropriations for existing housing programs. Provide temporary aid to homeowners to prevent mortgage foreclosures.

Monetary Policy. Adopt a Congressional resolution calling upon the Federal Reserve to (1) substantially reduce the long term interest rates during 1975, (2) maintain a longrun growth in the money supply and other monetary aggregates commensurate with the economy's economic growth potential, and (3) consult with Congress at semi-annual intervals on the Board's monetary growth targets for the next six months.

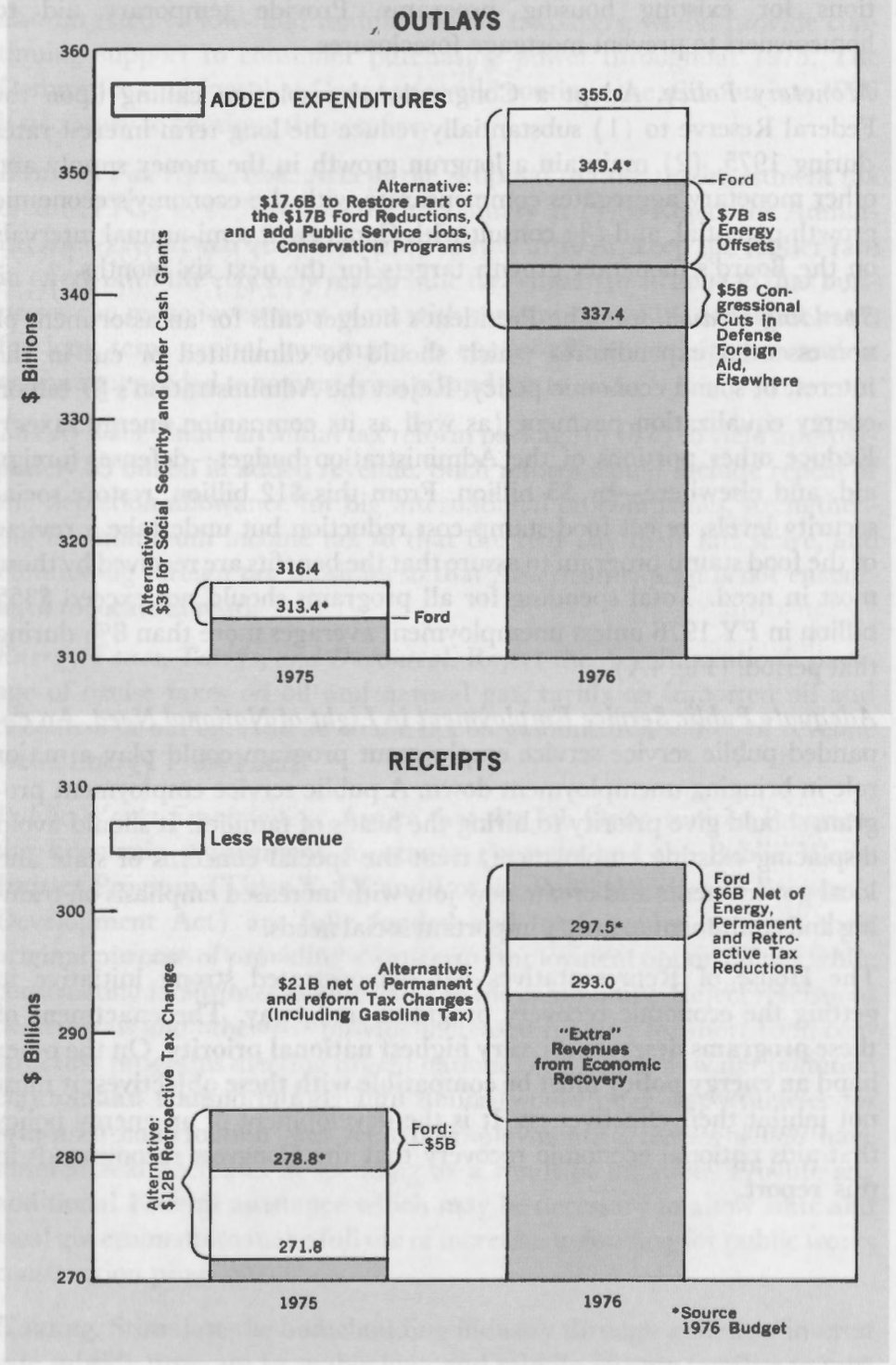
Spending Reductions. The President's budget calls for an assortment of non-essential expenditures which should be eliminated or cut in the interest of sound economic policy. Reject the Administration's $7 billion energy equalization payment (as well as its companion energy taxes). Reduce other portions of the Administration budget—defense, foreign aid, and elsewhere—by $5 billion. From this $12 billion, restore social security levels, reject food-stamp-cost reduction but undertake a review of the food stamp program to assure that the benefits are received by those most in need. Total spending for all programs should not exceed $355 billion in FY 1976 unless unemployment averages more than 8% during that period. (Fig. 4A)

Adequate Public Service Employment in Light of National Need. An expanded public service service employment program could play a major role in bringing unemployment down. A public service employment program should give priority to hiring the heads of families. It should avoid displacing existing employment, treat the special concerns of state and local governments and create new jobs with increased emphasis on training and equipment to satisfy important social needs.

The House of Representatives has demonstrated strong initiative in getting the economic recovery programs underway. **The enactment of these programs deserves the very highest national priority.** On the other hand **an energy policy must be compatible with these objectives;** it must not inhibit their effectiveness. It is the development of an energy policy that aids national economic recovery that the Congress recommends in this report.

FIGURE 4A

Budget Effect of Congressional Alternative



ENERGY

TARGET:

IMPLEMENT A COMPREHENSIVE CONSERVATION PROGRAM THAT REDUCES SUBSTANTIALLY FOREIGN IMPORT DEPENDENCE WITHOUT AGGRAVATING THE NATION'S CURRENT ECONOMIC CRISIS. EXPAND DOMESTIC SUPPLY BY DIVERSIFYING ENERGY SOURCES. ESTABLISH MANAGEMENT PROCEDURES IN THE EVENT OF DRASTIC ENERGY SHORTAGES.

RECOMMENDATIONS:

—Avoid sudden massive energy price increases.

—Institute a combination of excise taxes and rebates on new automobile sales, deliberately geared to favor energy-efficient vehicles.

—Institute a 5¢ tax on gasoline as the financial base for an Energy Trust Fund.

—Institute urgent program of energy conservation.

—Create a National Energy Production Board.

—Improve management of current energy supply and protect independent segment of the industry by extending allocation authority.

—Achieve the maximum reduction of imported oil consistent with an economic upturn and a reduced unemployment rate and empower the Energy Production Board to limit imports to meet targets.

—Enact emergency powers to limit imports and include standby rationing authority in the event of drastic reduction of energy supply from abroad.

ENERGY

This Nation has previously assumed an unlimited and relatively inexpensive energy supply; these assumptions no longer apply. The Congressional program sets forth a comprehensive energy policy and identifies a series of actions designed **to conserve the use of energy and expand its available supply.**

First is recommended **the rejection of the President's proposal for energy price increases.** The President's plan reflects a serious lack of perception of the integrated nature of our economy. The added hardships imposed by steep price increases must be avoided in favor of cutting down on waste and expanding and developing our energy production capacity. No justification can be found for impairing economic recovery by inducing immediately a steep increase in the price of imported oil. Recommended instead are a series of actions which, if implemented, **will produce both national energy sufficiency** and **a substantial reduction in dependence upon foreign energy sources. A tax of 5¢ on gasoline at the pump** would provide funds for energy production and conservation programs.

The goal of the Congressional energy program **is self-sufficiency.** At present the Nation imports 20% of its energy sources from abroad. The Congressional program will reduce our reliance by 1985 on imported energy supplies to less than 10% of the United States total energy consumption (and to less than 20% of our total oil use). (Fig. 5) In addition, our country will have in place a strategic reserve of oil that will provide three million barrels per day for a full year.

Under present policies the United States' energy consumption in 1975 could be equivalent to 38 million barrels of oil per day, with oil imports approaching 6.5 million barrels per day (Tables I & II). At present rates of growth by 1985 as a Nation we could be consuming an estimated 56 million barrels of oil or its equivalent (Table I).

If implemented the Congressional program will reduce this growth rate in energy consumption and by 1985, the Nation will be consuming 45 million barrels per day. To achieve this goal, therefore, **this program will conserve eleven million barrels per day** by 1985 (Table III) (Fig. 5A). To provide that saving, a series of conservation efforts must be undertaken immediately (Table IV).

FIGURE 5

Energy Consumption and Domestic Production

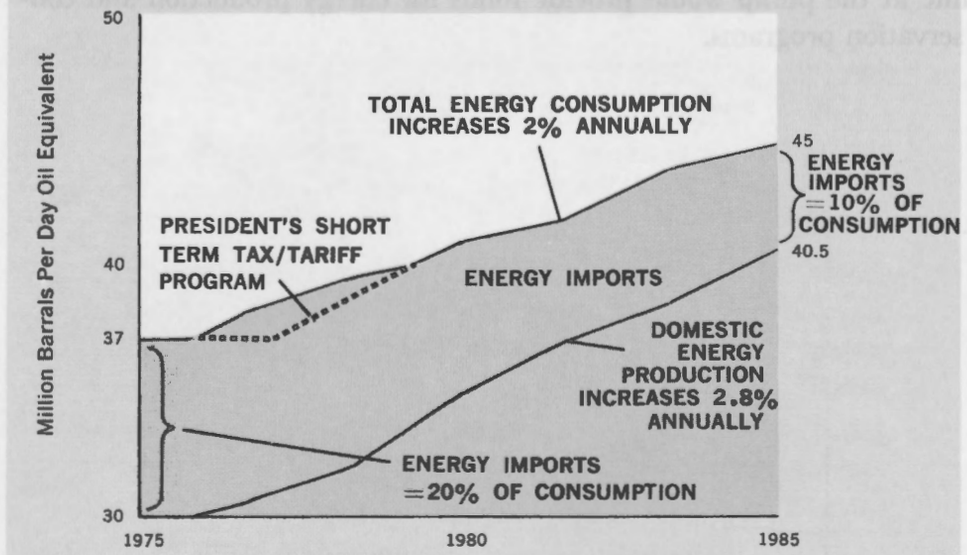
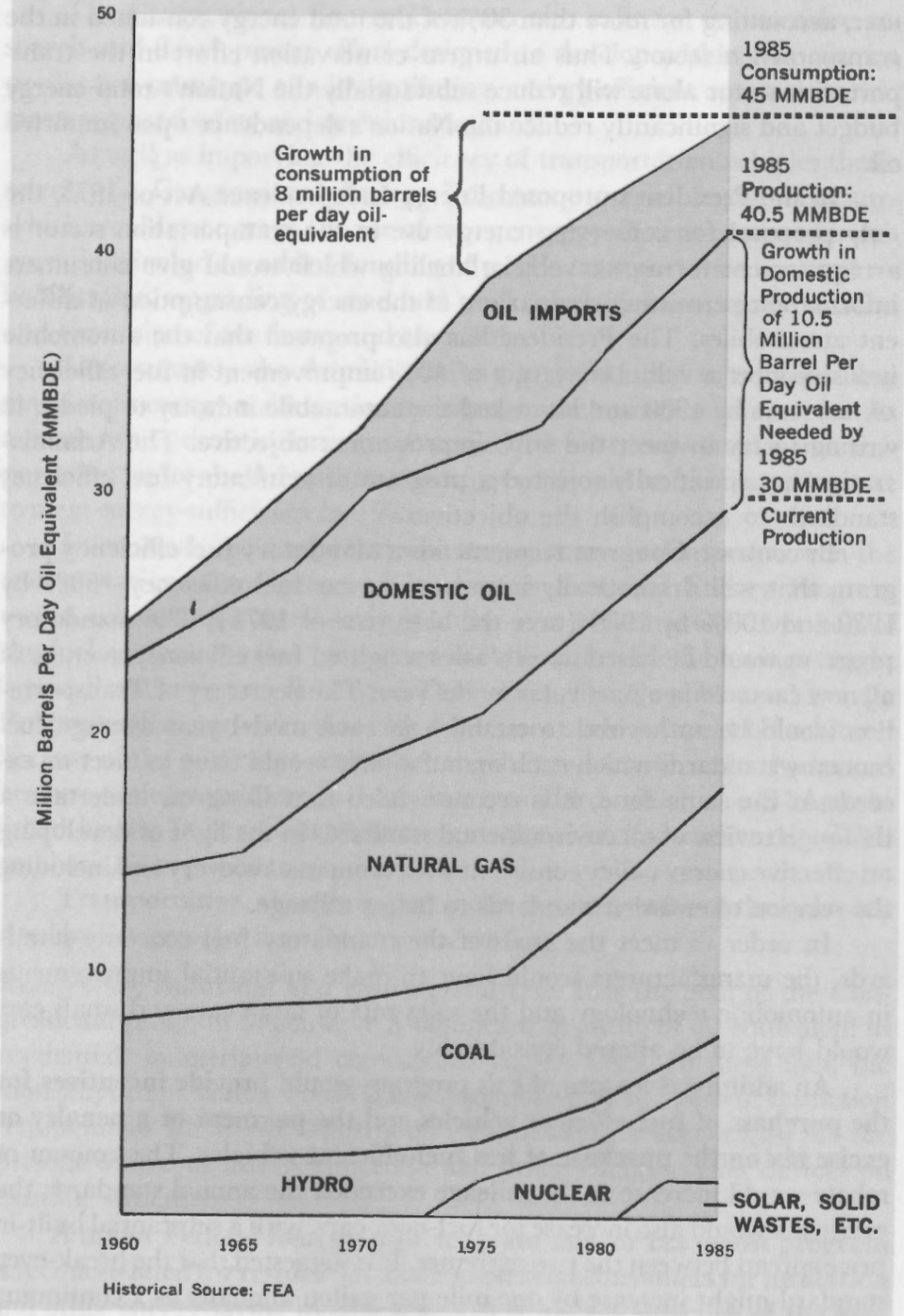


FIGURE 5A

Change in U.S. Energy Supply 1960–1985



Historical Source: FEA

Transportation. The transportation segment has been identified for **prime attention** because it accounts for about one-fourth of total energy use and more than one-half of petroleum use. Automobiles are the leading energy user, accounting for more than 50% of the total energy consumed in the transportation sector. Thus an urgent conservation effort in the transportation sector alone will reduce substantially the Nation's total energy budget and significantly reduce the Nation's dependence upon imported oil.

In the President's proposed Energy Independence Act of 1975, the only proposal for conserving energy use in the transportation sector is a requirement for motor vehicle labeling which would give consumers information permitting comparison of the energy consumption of different automobiles. The President has also proposed that the automobile industry meet a voluntary target of 40% improvement in fuel efficiency of new cars by 1980 and has asked the automobile industry to pledge in writing to try to meet the 40% improvement objective. The Administration has specifically rejected a program of mandatory fuel efficiency standards to accomplish the objective.

By contrast, Congress recommends a mandatory fuel efficiency program that will dramatically improve new car fuel efficiency—50% by 1980 and 100% by 1985 (over the base year of 1974). The mandatory program would be based upon a sales weighted fuel efficiency average of all new cars sold in a particular model year. The Secretary of Transportation would be authorized to establish in each model year average fuel economy standards which each manufacturer would have to meet or exceed. At the same time, it is recommended that Congress undertake a thorough review of all environmental standards in the light of developing an effective energy policy consistent with economic recovery and including the relation of emission standards to better mileage.

In order to meet the goals of the mandatory fuel economy standards, the manufacturers would have to make substantial improvements in automobile technology and the sales mix of large cars and small cars would have to be altered considerably.

An additional feature of this program would provide **incentives for the purchase of fuel-efficient vehicles** and the **payment of a penalty or excise tax on the purchase of less fuel-efficient vehicles.** The amount of rebate would increase as the mileage exceeded the annual standard; the excise tax would also increase for fuel-poor cars, with a substantial built-in price spread between the two extremes. It is suggested that the break-even standard might increase by one mile per gallon annually as a continuing incentive not only for customers to shop for energy-efficient vehicles but

for automobile manufacturers to build and market them. In order to insure that the American consumer derives the benefits of the incentive program, a manufacturer would have to establish that any price increase on the more fuel-efficient cars was justified on the basis of cost increases.

The Congressional Energy Program also calls for **an intensive research and development effort** designed to develop within four years a production prototype of a low-polluting, energy-efficient automobile that meets required safety and emission standards.

As well as imporving the efficiency of transportation vehicles themselves, the Congressional Energy Program proposes certain measures which would encourage the use of more energy- efficient means of transportation, including **added funding of public transportation and rail rehabilitation,** upgrading of road and track, electrification, modernization and expansion of roadways and terminals.

Unfortunately the Administration program failed to advocate any mandatory energy conservation measures in the transportation sector. As a result, an optimistic, long-range projection for energy savings in transportation under the Administration program would be less than adequate to meet energy-sufficiency by 1985.

In contrast, the comprehensive energy conservation program in the transportation sector proposed in the Congressional Energy Program would achieve substantial savings in the next 10 years, well over half of the fuel consumed today by the automobile and twice the savings sought by the President's program. (See Table IV.) The Congressional Energy Program offers certainty that this significant savings would be achieved because of the program to stimulate the shift to fuel-efficient vehicles and because of the mandatory fuel-efficiency standards which would be established by the Department of Transportation, not to mention the added emphasis given public transportation.

Transportation, though important, is but one sector of the economy cited by Congress for mandatory conservation.

Residential, Industrial and Commercial Use. It is the goal of the Congressional program to conserve a significant quantity of oil equivalent in residential, industrial and commercial use by 1985. In these uses, the most important saving would come from changing the present insulation requirements for future construction and making it economical for the present owner to install insulation and other energy-saving devices on existing structures.

A major Federal loan guarantee, grant and/or tax credit program is recommended for residential and commercial consumers for insulation and other energy-saving modifications. A principal objective of the program would be to **upgrade over 10 years some 40 million existing homes**

presently in need of thermal protection improvements, such as ceiling insulation, storm windows and doors, caulking and weatherstripping. (See Table IV.) Financial incentives should also be explored to encourage the installation of solar heating and cooling facilities.

With specific regard to the Industrial use of energy, including electric utilities these recommendations are made:

—Special investment incentives exclusively for conservation (in addition to those required for economic recovery) applicable to any capital investment in the next two years for retrofitting investments made exclusively to save energy or to switch from oil and gas to coal (with appropriate ceilings).

—Discouragements against use of natural gas in new electric power generating plants.

—A federal requirement for an energy conservation program (efficiency standards) in each industry designed to economically feasible conservation targets.

—A research and development program for new energy saving industrial processes designed to save 40 percent in key industries over the next decade.

To facilitate conversion of electric power generating and other industrial plants from petroleum and natural gas to coal—consistent with public health, technological and economic considerations—we suggest the appropriate committees consider guaranteeing that any new plant for future conversion which faithfully meets current EPA emission standards at the time the facility is built will enjoy a sufficient period of grace against imposition of more costly standards so as to permit amortization of the required investment on accelerated depreciation schedule. (See Table IV.)

The Congressional program **recommends action to facilitate and provide the necessary funding to revise building codes** at Federal, state and local levels to improve energy efficiency, **a Truth-in-Energy law to require labeling of energy content and cost of all appliances, homes, automobiles, etc., and performance standards for major appliances to conserve energy.** (See Table IV.)

In addition **financial aid** would be provided **to improve electrical transmission** lines and to make better use of existing generating capacity. Financial aid would be afforded as well to the utilities in order to facilitate construction of transmission lines that could take advantage of diversity in demand and thus enlarge the capacity available for each utility to meet peak loads without building as many new powerplants. In return, **utilities should be encouraged to redesign rate structures** so as to **encourage energy conservation** by all consumers.

At the governmental level, **all Federal agencies would be required to give energy conservation the highest priority** in all purchases, planning, policies and regulatory actions; specifically mandate the **ICC, CAB and Maritime Administration** that energy **wastage be cut out in railroad, airline, truck and marine transportation;** work with state regulatory agencies to establish standards for utility rate design in the pricing of electricity and natural gas to encourage energy conservation.

States would be enouraged and even required **to develop mandatory conservation measures and affirmative action plans** for conservation, particularly with regard **to the elimination of nonessential driving.** Effective enforcement of the 55 **miles-per-hour law** together with a host of remedies at the state level should result in substantial fuel savings. Federal funding of any such conservation program should be conditional upon effective savings. (See Table IV.)

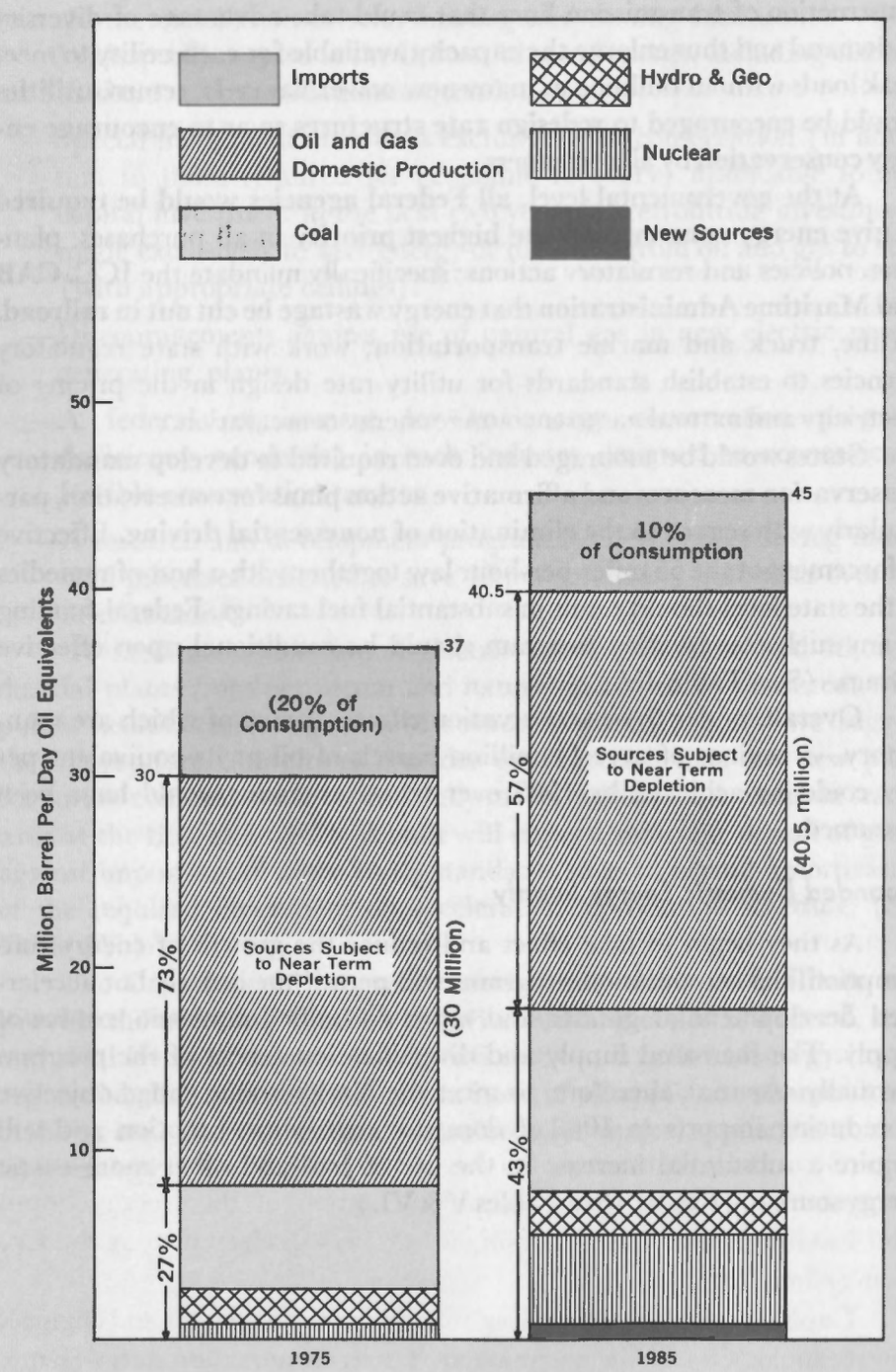
Overall, under these conservation efforts—many of which are mandatory—a savings of over 11 million barrels of oil or its equivalent per day could be achieved by 1985 over what otherwise would have been consumed.

Expanded Domestic Energy Supply

As they begin to take effect and reduce the growth of energy consumption, the conservation programs will permit the orderly but accelerated development of greater and more diversified domestic sources of supply. The increased supply and diversification aspect of the program is equally essential, therefore, to meet the Nation's long range objective of reducing imports to 10% of domestic energy consumption and will require a substantial increase in the use of coal and other more exotic energy sources. (Fig. 6) (See Tables V & VI.)

FIGURE 6

U.S. Energy Supplies 1975 and 1985



The overall objective of national energy sufficiency recognizes the enormous undertaking involved in terms of capital investment and incentives, in terms of environmental protection and national security. Switching from oil and gas to coal and other sources is just one aspect of the program—although a most critical one—and it alone will require a substantial commitment of national resources. A national program of this magnitude requires the establishment of an instrumentality at the highest level of government to make certain that the program is successful. Therefore at the core of the recommendations is **the creation of a National Energy Production Board as an independent agency** of the government. It would mobilize unutilized and under-utilized private and public resources to increase domestic energy production on an urgent basis. The National Energy Production Board would be patterned after the War Production Board of World War II and, subject to Congressional review, would have authority and funding to break energy bottlenecks, and to take all actions necessary to accelerate the production of and conversion to domestic energy sources. Much of the cost would be funded out of an Energy Trust.

At the same time, the NEPB would oversee establishment of a **national system of oil strategic reserves** and storage. The program would create a stockpile that could supply three million barrels per day for six months by 1980 and for a full year by 1985. (See Table V.) Part of the oil stored would be purchased on the world market under secret bid to encourage competition. The remainder could come from Naval Petroleum Reserves, the Outer Continental Shelf and the marketplace. While the establishment of the oil bank is an essential component of energy self-sufficiency in the long term, it will be NEPB's prime responsibility to get the augmented supplies and diversification underway on an urgent basis. Leading the specific recommendations proposed by the Congressional program is coal production and conversion.

Coal conversion incentives of major proportion are recommended that are designed to implement a national policy requiring new base-load fossil fuel fired electrical plants and heavy industrial boilers to burn coal rather than oil or natural gas, and the conversion of existing plants over the next 10 years where feasible. (See Table V.) In this regard the Congress supports expeditious implementation of the Energy Supply and Environmental Coordination Act of 1974 (referred to as the Coal Conversion Act).

Capital equipment incentives, manpower development and engineering technology should be encouraged. **The transportation network must** be greatly improved and coal should be mined and burned in compliance with environmental standards and in compliance with the Fed-

eral Coal Mine Health and Safety Act. Strong measures are needed to encourage the conversion to environmentally sound coal use, e.g. **tax credits, loan programs, or fuel taxes to finance the cost of conversion.**

At the same time a commercial demonstration of **new synthetic fuels** from coal should be undertaken with an ultimate production goal reaching the equivalent of **500,000 barrels of oil per day.** (See Table V.) These technologies, together with oil shale, geothermal, MHD, solar and others, would be developed on a contract or joint venture basis with industry. Sufficient Federal financial support is recommended to proceed immediately. From this initial experience, a better assessment could be made of environmental and social as well as economic costs. Incentives should be provided to facilitate **expansion of nuclear power.** We also recommend funding accelerated efforts to resolve the safety, safeguard and waste disposal problems.

As to **new domestic oil and gas** sources, **the Outer Continental Shelf Act should be revised** to accelerate exploration consistent with the public interest and in cooperation with states and public authority. This revision will assure coastal states of environmental protection, establish a public knowledge bank on available resources, permitting production under leases so that available resources will not be kept from the Nation's supply by private speculation and require disclosure of geological and engineering data that pertain to these national resources.

To encourage increased domestic exploration for oil and gas, we recommend:

(1) Completely eliminating depletion allowance on all foreign drilling;

(2) An excess profits tax on all big oil companies, avoidable only by plowing profits back into domestic exploration, and depositing proceeds from tax into Trust Fund; and

(3) Retaining depletion allowance only for small independent domestic explorers who do not operate retail outlets.

For the **near term** the Congressional supply program recommends that the **Naval Petroleum Reserves** be rapidly developed and necessary transportation facilities created to make the estimated 10–40 billion barrels available as needed for storage or commercial use.

And for immediate results, current production should be maximized along with ultimate recovery from existing oil and gas reserves; and to facilitate **secondary and tertiary recovery,** tax incentives should be provided along with Federal authority for mandatory unitization of fields (harmonizing the production of wells into a common field) and production at maximum efficient rates with authority exercised by states where state laws and regulations meet Federal standards. The oil price control

program should be modified also to create sufficient incentives to produce all oil that can be recovered economically through secondary and tertiary recovery, substantially increasing the amount of oil ultimately produced from the average field. Perhaps the most effective plan would be to include some decontrol treatment for secondary and tertiary recovery as "new" oil.

Exploiting fully natural gas potential is equally critical and the Federal Power Commission must be mandated to provide price certainty at levels high enough to reflect future costs and to eliminate regulatory delays, reducing any incentive to withhold gas because of the uncertainty over government pricing policy.

The Congressional program therefore **recommends measures to reform and simplify natural gas regulation,** but continue interstate price controls on old natural gas, and establish **a statutory formula** ceiling that reflects cost of production. This should assure that the price is high enough to encourage maximum domestic production, but still below the OPEC cartel level.

Finally, **procedures to shorten** needless **regulatory delay** in energy production should be adopted. This should include expedited consideration of a natural gas delivery system from Alaska and cover speed-up of certification and regulatory procedures by FPC and State Utility Commissions with regard to both electricity and natural gas.

We reject an automatic pass-through to consumers of a fuel adjustment cost without scrutiny and justification by state and local regulatory authorities.

To be sure, there are issues related to the matter of increasing production and achieving a greater diversity in the sources of energy supply. Paramount among these are the environmental questions involved. Congress has played a chief role in developing **long-range policies to protect public health and the environment** and the actions recommended to increase and diversify energy supply must be designed to maximize the development of the more environmentally sound sources of energy in preference to the more environmentally controversial sources.

To underscore the concern of Congress for **an energy production policy fully compatible with environmental concerns,** this program recommends the adoption of three precise legislative objectives:

—Enact the Surface Mining Control Act.

—Enact legislation which recognizes the interests of states in the siting of power plants, refineries, etc.; provides planning mechanisms for regional planning in which states participate and decisions can be made in a timely fashion so that necessary facilities can be built.

—Establish machinery to recognize and resolve concerns of Coastal, Rocky Mountain States and others concerned with damage to the quality of life from potential exploitation of their regions and to provide adequate funding to minimize detrimental secondary effects.

While environmental preservation is a paramount concern of this program, it is just as important that increased production and expanded supply be undertaken by **a strong and vigorous industry.**

It is therefore recommended that the anti-trust laws be strengthened to promote free enterprise and to encourage competition. It is recommended also that the **bidding system for Federal leases be changed** to permit greater participation by smaller companies

Together these are the components of a policy designed to expand the domestic production of energy. With a reduced rate of growth, **they chart a deliberate path to national energy sufficiency** within the next ten years, eliminating this Nation's dependence on insecure sources of supply as rapidly as possible without causing economic adversity along the way.

National energy sufficiency is attainable under this Congressional program; the path is straight and deliberate, joining supply and conservation programs into an integrated rational policy.

What the energy conservation and expanded supply programs indicate, also, is substantial bipartisan agreement on the primary goals of U.S. energy policy—eliminating U.S. dependence on insecure sources of supply as rapidly as possible. In advocating creation of the NEPB, the Congressional program has chosen a separate independent instrumentality fully equipped to get the job done.

Administrative Mechanism

The NEPB and other involved agencies **must be equipped** equally well to meet each and every contingency that might occur between now and the time a national energy sufficient status has been achieved. To meet such contingencies **a host of standby authorities** are recommended by the Congressional program. They range from **import quotas** to **centralized purchasing powers, allocations,** and as the President has recommended, even to rationing.

What these standby powers reflect is that Congress recognizes the vulnerability of the Nation to energy shortages. To weather any such potential adversity, pending a status of energy sufficiency with reduced foreign dependency and the emplacement of an oil reserve, the Congress accepts the President's judgment that enactment of standby rationing legislation is needed. Also it recommends the extension of the **mandatory allocation program** which could accommodate **a gradual shift to reduced**

import dependence in the short term by managing and controlling any excessive rate of energy consumption. Allocation management procedures would be called upon immediately in the event that enacted policies did not lead to the previously stated goals. But full-scale rationing could be employed only in the event of a drastic reduction in energy supplies by an embargo of oil imports.

The standby import quota authority vested directly in the NEPB together with a centralized purchasing mechanism for imports recognizes that as a consuming Nation today we may need to become more deeply involved in oil negotiation while we endeavor to attain an energy-sufficient status. Provision for the standby authorities reflects also that in the near and mid term, energy is too important to America to be left in the hands of a cartel of foreign nations. The Congress recommends therefore that **the independent NEPB itself be empowered to create an oil import administration** which could **require that exporters to the United States bid competitively** for access to the U.S. market. In addition, the Board would be empowered to set quotas to limit imports.

Other elements of the standby authorities should include the following:

—Assure that any allocation/rationing program affords equitable treatment of regions, industries, classes of consumers and independent producers during an embargo or energy curtailment from other causes.

—Authorize the States to invoke more stringent mandatory conservation measures in any future curtailment.

—Direct the Executive immediately to submit its recommendations for a system to ration gasoline and other forms of energy; the system to be activated on notice, subject to expedited Congressional review.

A final component of the comprehensive Congressional program recommends creation of the **National Energy Trust** which would include the dedication of funds needed to realize national energy goals.

As the financial base for this trust, **a 5¢ tax on gasoline at the pump** would be imposed 30 days after enactment. This revenue would begin to pay for the urgent program of conservation and production.

Additional revenues for the Trust would be derived from energy taxes on inefficient uses of energy and by dedication of part of the funds paid for leases covering the Outer Continental Shelf.

Conclusion

If much of this Congressional program is in accord with the long range objective of the Administration, then our disagreement is over tactics and the coordination of energy policy with economic policy.

The Administration wants to tax energy at the source; the Congress recommends taxing gasoline at the pump. The Administration wants to put the entire tax on at once; Congress recommends a 5 cent tax coupled with urgent and mandatory conservation and production programs. The Administration seeks to achieve mileage standards; Congress agrees, but would make them mandatory and supplement the standards with a large excise tax on poor mileage autos and an offsetting subsidy for efficient cars. Most importantly, the Administration relies on massive price increases to accomplish its goals while Congress would back up its recommendations with authority to manage supply and allocate—or even to impose quotas if necessary—to meet the goals.

In sum, the President's program would trade the jobs and economic well-being of Americans to achieve a short-term result of dubious merit. The Congress will not tolerate such further economic sacrifice and its comprehensive energy policy reflects a judgment that economic restoration is the Nation's foremost priority today.

TABLE I.—EFFECT OF CONGRESSIONAL PROGRAM ON ENERGY SUPPLIES

	Million barrels of oil equivalent per day			
	1973	1975	1980	1985
Energy demand:				
Consumption if no new actions (historical)	36.6	38.0	47.0	56.1
Energy conservation reductions (congressional program)		1.3	6.0	11.1
Adjusted consumption to reflect energy conservation		36.7	41.0	45.0
Domestic energy supplies:				
Petroleum	10.9(API)	10.5(API)	12.0	13 4
Natural gas	11.2	10.5	10.1	10.3
Coal	6.9	7.5	10.1	15.0
Other	1.5	2.5	3.4	5.2
Total domestic supplies	30.5	31.0	35.6	43.9
Imports	6.1	5.7	4.4	1.1
Total supplies	36.6	36.7	41.0	45.0

TABLE II.—EFFECTS ON OIL IMPORTS (DRAFT, FEB. 25, 1975)

	Million barrels of oil equivalent per day			
	1975	1977	1980	1985
Petroleum supply—Demand balance:				
Consumption if no new actions	[1] 18.00	[1] 18.30	[2] 20.3	[1] 23.90
Imports if no new actions	[1] 6.50	[1] 8.00	[2] 9.5	[1] 12.70
Savings achieved by following actions:				
Voluntary conservation	.78	.90	1.12	1.40
Mandatory conservation (difference between congressional and administration conservation programs)	[3] (0.28)	[2] .25	2.20	5.76
Accelerate oil supply strategy	.10	.10	.65	2.00
Substitution of coal for oil and natural gas	.17	.40	.98	1.40
Promotion of coal for use by new facilities that otherwise would use oil or natural gas	0	0	0	0
Total savings	.77	1.60	5.13	11.62
Necessary imports:				
Congressional program	5.73	6.40	4.39	1.08
Administration program	5.30	5.80	5.38	4.70
Strategic reserve strategy	.20	.30	1.00	3.00
New import vulnerability (requiring standby emergency authority)	5.53	6.10	3.39	[4]

[1] The President's 1975 state of the Union message including economy and energy, Jan. 15, 1975.

[2] Estimates.

[3] Due principally to administration's price disincentives.

[4] Surplus.

TABLE III.—CONSERVATION STRATEGY—SUMMARY [1]

	Million barrels of oil equivalent per day		
	1975	1980	1985
Transportation:			
Automobile:			
Congressional program (mandatory)	0.33	2.23	3.81
Administration program (voluntary)	.45	1.38	1.95
Public:			
Congressional program	.13	.42	.58
Administration program	[2]	[2]	[2]
Industrial sector:			
Congressional program (mandatory)	.17	1.47	3.65
Administration program (voluntary)	.42	.83	1.27
Residential-commercial sector:			
Congressional program (mandatory)	.42	1.36	2.08
Administration program (voluntary)	.57	1.35	1.92
Utility sector:			
Congressional program (mandatory)	.25	.50	1.00
Administration program (voluntary)	.14	.22	.22
Totals:			
Congressional program	1.30	5.98	11.12
Administration program	1.58	3.78	5.36
Difference	(.28)	2.20	5.76

[1] For detailed program see table IV.
[2] No comparable program.

TABLE IV.—CONSERVATION STRATEGY

	Million barrels of oil equivalent per day		
	1975	1980	1985
Transportation:			
Automobile:			
1. Voluntary conservation: Car pooling and proper maintenance	[1] 0.05	[2] 0.32	[2] 0.35
2. Enforce 55 m/hr speed limit	[1] .05	[1] .16	[1] .16
3. Incentives for purchase of new automobiles with improved efficiency and fuel economy standards:			
Congressional program (mandatory)	.10	1.50	[3] 3.00
Administration program (voluntary)	[4] .05	[5] .48	[5] 1.00

TABLE IV.—CONSERVATION STRATEGY—Continued

	Million barrels of oil equivalent per day		
	1975	1980	1985
Transportation—Continued			
Automobile—Continued			
4. Price disincentives:			
Congressional program (gasoline tax)	0.13	0.25	0.30
Administration program (excise tax)	[5] .30	[5] .42	[5] .44
5. Research on urban car	[6]	[6]	[6]
Subtotal:			
Congressional program	.33	2.23	3.81
Administration program	.45	1.38	1.95
Public transportation: Upgrade mass transit systems followed by government programs to discourage inefficient use of automobiles: [2]			
Congressional program	.13	.42	.58
Administration program	[7]	[7]	[7]
Subtotal:			
Congressional program	.13	.42	.58
Administration program	[7]	[7]	[7]
Total, transportation sector:			
Congressional program	.86	3.39	4.58
Administration program	.90	2.82	3.39
Industrial sector:			
1. Encourage voluntary conservation and energy audits:			
Congressional program	[1] .17	[8]	[8]
Administration program	[1] .17	[8]	[8]
2. Investment incentives:			
Congressional program		[1] .47	[1] .90
Administration program		.47	.90
3. Mandatory energy conservation programs, including efficiency standards:			
Congressional program (adjusted to reflect item 2)		[2] 1.00	[2] 2.75
Administration program		[7]	[7]
4. Price disincentives (fuel and excise taxes):			
Congressional program	[7]	[7]	[7]
Administration program	[5] .25	[5] .36	[5] .37
Total, industrial sector:			
Congressional program	.17	1.47	3.65
Administration program	.42	.83	1.27
Residental-commercial sector:			
1. Encourage voluntary energy conservation:			
Residential	[1] .06	[2] .14	[2] .19
Commercial	[1] .28	[2] .50	[2] .70
Subtotal	.34	.64	.89
2. Insulation tax credit:			
Congressional program (commercial)	0	[1] .08	[1] .10
Administration program	0	[4] .18	[5] .30

TABLE IV.—CONSERVATION STRATEGY—Continued

	Million barrels of oil equivalent per day		
	1975	1980	1985
Residental-commercial—Continued			
3. Promote 10-year program to upgrade 40 million residences:			
Congressional program	0.08	0.38	[2] 0.57
Administration program	[7]	[7]	[7]
4. Building code revisions		[4] .17	[5] .30
5. Appliance efficiency standards and labeling:			
Congressional program (mandatory)	0	[2] .09	[2] .22
Administration program (voluntary)	0	[4] .04	[5] .10
6. Price disincentives:			
Congressional program	[7]	[7]	[7]
Administration program [5]	.23	.32	.33
Total, commercial-residential sector:			
Congressional program	.42	1.36	2.08
Administration program	.57	1.35	1.92
Utility sector:			
1. Utility rate redesign:			
Congressional program [2]	[4] .25	[4] .50	1.00
Administration program [5]	[4] .02	[4] .05	.05
2. Investment tax credit	[9]	[9]	[9]
3. Price disincentives:			
Congressional program	[7]	[7]	[7]
Administration program [5]	.12	.17	.17
Total, utility sector:			
Congressional program	.25	.50	1.00
Administration program	.14	.22	.22

[1] Comprehensive energy plan, Federal Energy Administration, December 1975.
[2] Project independence report, Federal Energy Administration, November 1975.
[3] Department of Transportation.
[4] Estimated.
[5] The President's 1975 state of the Union message including economy and energy, Jan. 15, 1975.
[6] No immediate benefit.
[7] No comparable proposal.
[8] See item 3.
[9] No direct conservation.

TABLE V.—OIL STRATEGIES

	Million barrels of oil equivalent per day			
	1975	1977	1980	1985
Energy supply strategy—oil:				
1. Accelerate Outer Continental Shelf development			[1] 0.500	[2] 1.500
2. Assure maximum efficient rate of production from existing wells and promote secondary and tertiary recovery	0.100	0.100	.050	0
3. Promote commercial production of synthetic fuels	0	0	.100	.500
Total	.100	.100	.650	2.000
Strategic reserve strategy—Oil:				
1. Production of Elk Hills	[2] .200	[2] .300		
2. Development of Naval Petroleum Reserve No. 4	0	0	0	[2] 2.000
3. Emergency storage	0	0	[1] 1.000	[2] 3.000
Total	.200	.300	1.000	[3] 3.000

[1] Estimate.
[2] The President's 1975 state of the Union message including economy and energy, Jan. 15, 1975.
[3] Assume that production from NPR–4 (item 2) is used to build up emergency storage.

TABLE VI.—COAL STRATEGIES

	Million barrels of oil equivalent per day			
	1975	1977	1980	1985
Energy supply strategy—Coal:				
1. Promote the development of new coal supplies:				
Production goals	7.50	.....	10.08	15.00
(Million tons per day)	(1.9)	_____	(2.52)	(3.81)
(Million tons per year)	(685)	_____	(920)	(1,370)
Current projections [1]		8.52	9.80	12.04
(Million tons pe day)		(2.13)	(2.45)	(3.00)
(Million tons per year)		(755)	(895)	(1,100)
Increases over current projections			.28	2.96
(Million tons per day)			(.07)	(.80)
(Million tons per year)			(25)	(270)
2. Promote substitution of coal for oil and natural gas:				
Conversion of utilities with capability to use coal [2]	.100	.300	.400	.400
Conversion of existing utilities without capability to use coal and new utilities now in planning stage or under construction which plan to use natural gas or oil	0	0	[3] .280	[1] .500
Conversion of industrial facilities	[4] .075	[3] .100	[3] .300	[1] .500
Total	.175	.400	.980	1.400

[1] Project Independence Report, Federal Energy Administration, November 1975.
[2] The President's 1975 state of the Union message including economy and energy, Jan. 15, 1975.
[3] Estimate.
[4] Comprehensive Energy Plan, Federal Energy Administration, December 1975.