

Carter's Energy Program

Excerpts From His April 21 Speech To Congress

INTRODUCTION

"... In the months ahead, we must work together even more closely to deal with the greatest domestic challenge that our nation will face in our lifetime. We must act now, together, to devise and to implement a comprehensive national energy plan to cope with a crisis that otherwise could overwhelm us...

"The heart of our energy policy is — uh, — the heart of our energy problem is that we have too much demand for fuel...Our trade deficits are growing...The time has come to draw the line.

"We could continue to ignore this problem...but to do so would subject our people to an impending catastrophe."

I. "our specific goals for 1985":

1. "To reduce the annual growth rate in energy consumption by more than 2 percent;
2. "To reduce gasoline consumption by 10 percent;
3. "To cut imports of foreign oil to less than 6 million barrels a day, less than, half the amount that we will be importing if we did not conserve;
4. "To establish a strategic petroleum reserve supply of at least a billion barrels, which will meet our needs for about 10 months;
5. "To increase our coal production by more than two-thirds, to over a million tons a year;
6. "To insulate 90 percent of American homes and all new buildings, and,
7. "To use solar energy in more than two and half million American homes."

II. "Specific Steps By Which We Can Reach These Goals"... "voluntary compliance will not be enough."

A. CONSERVATION

1. "A graduated excise tax on new gas guzzlers that do not meet Federal mileage standards" — 27.5 miles per gal. by 1985, 18 mpg today. "This gas tax will start out low and then rise each year until 1985. In 1978, for instance, a tax of \$180 will be levied on a car getting only 15 miles per gal., and for an 11 mile-per-gallon car the tax will be \$450. That's at the beginning. By 1985 the taxes on these wasteful new cars with the same low mileage — 15 miles per gallon or 11 miles per gallon — will have risen to \$1,600 and \$2500." This money will be returned to consumers, through "rebates on automobiles that are more efficient than the mileage standard" of 27.5 mpg by 1985.
2. "A standby tax on automobile gasoline...We simply must save gasoline, and I believe that the American people can meet this challenge. It's a matter of patriotism and a matter of commitment." (See target of reduced consumption by 10 percent by 1985, point I.2. above.) "I propose that we...write into law a gasoline

tax of an additional 5 cents per gallon that will automatically take effect each year that we fail to meet our annual targets in the previous year.

"As an added incentive, if we miss one year but are back on track the next year, then the additional tax should come off..." "As with other taxes, we must minimize the adverse effects on our economy. We must reward those who conserve and penalize those who waste. Therefore, any proceeds from the tax, if it is triggered by excessive consumption, should be returned to the general public in an equitable manner..." "we should compensate for loss (in gas tax revenues) through the highway trust fund."

3. "reduce waste in our homes and buildings" through insulation. "Strict conservation goals for new and old Federal buildings." A tax credit of 25 percent the first \$800 invested in conservation, and 15 percent for the next \$1400 for individuals; a weatherization service which will be required from all regulated utility companies to offer to consumers. The utilities would arrange for contractors and provide reasonable financing to the homeowner. The customer would pay through small regular additions to the utility bill each month.

Other proposals:

- a. "direct Federal help for low-income residents;
- b. "An additional 10 percent tax credit for business investments in conservation;
- c. "Federal matching grants to nonprofit schools and hospitals;
- d. "And public works money for weatherizing state and local government buildings.
- e. "we must also make electrical home appliances more efficient. I propose legislation that would, for the first time, impose stringent efficiency standards for household appliances by 1980."

4. "We must also reform our utility rate structures. For many years we have rewarded waste by offering the cheapest rates to the largest users. It's difficult for individual states to make such reforms because of the competition for new industry. The only fair way is to adopt a set of principles to be applied nationwide."

a. "First, phasing out promotional rates and other pricing systems that make natural gas and electricity artificially cheap for high-volume users and which do not accurately reflect actual costs.

b. "Next, offering users peak-load pricing techniques which set higher charges during the day when demand is great and lower charges during the day when demand is small.

c. "We also need individual meters for each apartment in a building instead of one master meter.

"The Tennessee Valley Authority will be made to

"act as a model in implementing such new programs as I've described to conserve energy."

5. "Cogeneration projects, which capture the steam power production which is now wasted from electrical power production." A 10 percent tax credit for investments in cogeneration.

B. "PRODUCTION AND RATIONAL PRICING."

1. *Oil and Natural Gas*

"We can never increase our production of oil and natural gas by enough to meet our demand, but we must be sure our pricing system is sensible...proposals for immediate and total decontrol of domestic oil and natural gas would be disastrous for our economy and also for working American families."

"The price of new discovered oil will be allowed to rise, over a three-year period, to the 1977 world market price, with allowances from then on for inflation...Because fairness is an essential strategy of energy policy, we do not want to give producers wind-fall profits, beyond the incentives that they do need for exploration and production. But we are simply misleading ourselves if we do not recognize the replacement costs of energy in our pricing system.

"Therefore, I propose that we phase in a wellhead tax on existing supplies of domestic oil, equal to the difference between the present controlled price of oil and the world price, and return that money collected by this tax to the consumers and the worker of America.

"We should also end the artificial distortions in natural gas prices in different parts of the country which have caused people in the producing states to pay exorbitant prices, while creating shortages, unemployment and economic stagnation, particularly in the Northeast. We must not permit energy shortages to divide, or balkanize our country.

"We want to work with the Congress to give gas producers an adequate incentive for exploration, working carefully toward deregulation of newly discovered gas as market conditions permit.

"I propose now that the price limit for all new gas sold anywhere in this country be set at the price of the equivalent energy value of domestic crude oil, beginning next year, 1978. This proposal will apply both to new gas and to expiring interstate-intrastate contracts. It would not affect existing contracts that are presently in effect."

2. *Coal*

"Our third strategy will be...conversion from scarce fuels to coal wherever possible."

a. "Increase the use of coal by 400 million tons, or about 65 percent (we now use about 600 million tons), in industry and utilities by 1985.

b. "I propose a sliding-scale tax starting in 1979, on large industrial users of oil and natural gas. Fer-

tilizer manufacturers, crop dryers and so forth, which must use gas, could be exempt from the tax." Utilities would be exempt until 1983 to give them more time to convert.

c. "I will also submit proposals for expanded research and development in coal...We have already spent billions of dollars on nuclear power, but very little on coal."

3. *Nuclear Power*

"Even with this conversion effort, we will still face a gap between the energy we need and the energy that we can produce or import. Therefore, as a last resort we must continue to use increasing amounts of nuclear energy...Domestic uranium supplies can support (our 63 nuclear power plants now in operation and 70 others licensed for construction),...for another 75 years at least.

"Effective conservation efforts can minimize the shift toward nuclear power. There is no need to enter the plutonium age by licensing or building a fast-breeder reactor such as the proposed demonstration plant at Clinch River."

Makes gestures toward cutting the time required to license, design and build a nuclear plant down from the current ten years to three years.

C. "Develop permanent and reliable new energy sources."

1. solar energy. "A gradually decreasing tax credit, to run from now through 1984, for those who purchase approved solar heating equipment." "Increased production of geothermal energy can be insured by providing the same tax incentives as for gas and oil drilling operations.

Our guiding principle, as we developed this plan, was that above all it must be fair.

"None of our people must make an unfair sacrifice.

"None should reap an unfair benefit."

D. Asks power to investigate energy industries' records and internal affairs.

"We need more accurate information about our supplies of energy and about the companies that produce it. If we are asking sacrifices of ourselves, we need facts we can count on. We need an independent information system that will give us reliable data energy reserves and production, emergency capabilities and financial data from the energy producers...I recommend that individual accounting be required from energy companies for production, refining, distribution and marketing, separately for domestic and foreign operations. Strict enforcement of the antitrust laws based on this data may prevent the need for divestiture."