
Energy Insider by William Engdahl

Part II: the Halbouty report to the Reagan administration

In last week's column, I noted with general delight the overall production commitment of the Reagan Energy Task Force recommendations submitted to the President-elect on Nov. 5 by task force chairman, and consulting geologist, Michel T. Halbouty. The second portion of our review takes up the recommendations for nuclear, coal, synthetic fuel, and alternate energy resources.

The members of the Halbouty committee include EG&G Chairman Bernard O'Keefe, Shell Oil President John Bookout, Transcontinental Pipeline President W. J. Bowen, Bechtel Vice-President W. Kenneth Davis, Social Chairman W. J. Haynes, duPont President Edward Jefferson, Peabody Coal President Robert Quenon, and Pacific Lighting Corp. President Joseph Rensch. Scientific and engineering experts include Prof. Hollis Hedberg, geologist; Prof. George Loef, chemical engineer; and Dr. Petr Beckmann, electrical engineer.

While this reviewer is hard pressed to object to any specific section of this portion of the report, I must note one potential Achilles heel of the report: The state of disarray of the domestic and export nuclear industry is such, that its survival will require bold and forthright national leadership, combined with positive tax and other incentives to reverse years of deliberate delay by various pressure groups.

Nuclear and Electric Power

Unlike coal, fossil fuels, or other energy sources discussed, nuclear—in current as well as advanced-generation breeder and fusion technologies—is the only technology which provides a qualitatively higher level of energy flux density than current fossil, and certainly solar, and other assorted sources. This fact is not evident in the report, despite a commendable commitment to reversing the disastrous nuclear policies of the last several years.

This section of the recommendations bears the

stamp of Kenneth Davis of Bechtel Power Corporation. Its first premise is clear and undeniable: "An expanding and healthy economy requires increasing electric supply capability. . . . Only coal and nuclear plants can fill this need, and they are highly capital intensive." Directing attention to this financing problem, they make several recommendations: "Federal leadership can be helpful in achieving favorable action by state regulatory agencies including inclusion of the cost of construction-work-in-progress in the rate base, retention by the utilities of the intended benefits of accelerated depreciation and investment-tax credits as well as satisfactory rate structures.

"Revitalization of the essential nuclear power program requires top-level national leadership, which itself can substantially strengthen public support and facilitate necessary legislative changes," the report declares. "The Carter administration's policy of benign neglect toward nuclear power has left the Nuclear Regulatory Commission adrift," contributing to a plant-licensing "quagmire" that now takes up to 15 years for completion of a nuclear plant. "Reducing the licensing time for nuclear power by focusing on substantive issues only will enhance safety—not compromise it—and speed the time of United States' energy security."

The report does not mince words when it comes to the all-important issue of the Carter administration's nuclear nonproliferation policy: "Effective policies with respect to proliferation of nuclear weapons are essential. Those of the Carter administration have not only been counterproductive, by increasing the risk, but also have seriously damaged the United States' domestic and export nuclear program." In this light, it calls for an immediate review of these policies, "especially as they affect . . . the domestic program, including nuclear fuel reprocessing and development of the breeder reactor."

Carter administration policy on the latter became codified in the form of such restrictive legislative nightmares as the Percy-Glenn Nuclear Nonproliferation Act

of 1978, and subsequent attempts by the White House Council on Environmental Quality to apply "environmental impact" requirements to export of nuclear reactors. The cumulative impact of such Carter policies has been to virtually halt U.S. reactor export and prod many less-developed nations, such as India, to push ahead with fully independent domestic nuclear programs to avoid the caprice of what, to their eyes, has become an "unreliable supplier."

On the highly publicized but little-understood question of nuclear "waste" disposal, spent fuel from light-water reactors, it is understated: "[T]he federal government's nuclear waste disposal program has been characterized by sudden and arbitrary changes in direction . . . and an unwillingness to fund and begin an adequate demonstration program. The result has been," they correctly note, "the mistaken perception by the general public that technologically feasible solutions to the waste disposal issue are not within our grasp. The fact is that the difficulty has been political . . . rather than technical. . . . To accommodate the transition period between now and the time when the nuclear fuel is closed [i.e., development of fast breeder and commercial fuel reprocessing], we need rapid construction of away-from-reactor spent fuel storage facilities."

To anyone technologically knowledgeable about nuclear reactors, this section will be greeted with cries of relief, or howls of protest, depending on whether one is concerned with energy development or is part of the gaggle of Nader-Fonda "environmental aristocrats." The most important index of how well Reagan and his energy secretary understand the central importance of reviving this nation's nuclear development effort will be its treatment of nuclear, in the table of organization of the Department of Energy or any successor agency.

Davis himself threw light on one possible option being considered when he stated in a recent interview that a separate nuclear agency, reminiscent of the old Atomic Energy Agency, should be created to deal with the production and power-related nuclear programs. If such an agency remains part of a restructured energy agency, he stated, it must be more than the present "cumbersome" DOE.

Coal, synthetic fuels, and alternative sources

Policy toward development of the vast coal reserves states that "expanded use of coal can play a major role in alleviating . . . our dependence on imported oil. . . . In addition . . . coal can make a positive contribution by becoming a major export." In order for any of this to take place, however, restrictive and unnecessary air quality regulations must be subject to reform, including the highly controversial National Ambient Air Quality

Standards of the Environmental Protection Agency.

Policy toward the recently passed Carter administration \$88 billion synthetic fuels legislation is clearly a subject of unresolved controversy, including the future of its acting chairman, John C. Sawhill, the man responsible in large part for a number of the most destructive antigrowth policies of recent years, including the outline of the Windfalls Profits Tax on crude oil, the series of Carter nuclear-proliferation policies and other damaging policies. Sawhill, it is no secret around Washington, is scrambling frantically to retain his post. Whatever the decision regarding the future of the synfuels corporation, a prime candidate for the transition axe should be Sawhill. The task force calls for a "special task force to study the desirability of continuation" of the Synthetic Fuels Corporation.

Regarding development of fuel from oil shale, the report notes: "There is more oil in one single area, twenty-five miles in radius, than has been discovered in the whole Middle East." The technical problem is extraction, residue disposal, and demands for process water.

Cold water is appropriately tossed on the highly criticized federal "gasohol" program, stating that "ethanol production from grain, using oil for fuel, is energy inefficient, using more petroleum than it displaces."

Similarly, on the development of solar-energy resources, the report calls for the government to "provide reliable information to the public on the costs/benefits of using renewable energy sources." This diabolical move would dry up the federal ballyhoo around the costly and inefficient solar technologies, and eliminate the artificial and costly "glamor" of federally subsidized solar projects.

The remainder of the report is briefly filled with a series of practical steps to be taken to expand construction of deep-water oil ports, remove oil pipelines from Federal Energy Regulatory Commission control, where they are now treated the same as natural gas, back to regulatory preview of the Interstate Commerce Commission. The final note of the report then concludes, "In view of the serious organizational questions surrounding the existing DOE, an immediate task force should be created to review, in detail, its various functions and to recommend restructuring the organization."

The overall report, like the members of the task force who drew it up, is a practical and positive change in vital energy policy. The remaining test will be the extent to which energy policy on this immediate practical level is understood from a broader strategic military and scientific policy. If this is accomplished in the right way, there will be no limit to what can be accomplished around such a Reagan energy development policy.