

**4/19/77**

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THE WHITE HOUSE  
WASHINGTON

GATT

Nat gas deregulation

How to rebate

Pay for commercialization of  
coal - liquid & gasification?

Alle Hills - save Navy oil?

remove some items to TV talk

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///  
→ TVA - Model

- 1) Difficult - no applause
- 2) See why not done before
- 1 3) Leave in ground - oil & gas <sup>no crash program!</sup>
- 3 4) Encourage voluntary conservation
- 5) Last 4 years - prices quintupled
- 1 6) Most nations - maximum production
- 7) '77 - 60 mbd '80 - 85 mbd '85 100 mbd
- 3 8) Buildings waste energy
- 3 9) Large autos waste energy
- 3 10) Utilities waste oil & gas
- 3 11) Inadequate prices waste energy
- 1 12) Unnecessary regulation wastes energy
- 1 13) Deregulate Nat gas - use to BTU equiv of oil

→ Trade deficits

- 15) Many countries cannot reduce <sup>Coast & other nations</sup> oil consumption
- 16) Fundamental - do we have internal discipline required?
- 17) Plan must adjust as circumstances Δ

a) → Energy industry - not reap large unearned profits  
Gov't should capture for people

→ Avoid energy balkanization

→ Economic growth > energy consumption growth

→ Return taxes to people

3 → Europe auto = 2700 cc US, 4100

Must enforce Congress efficiency standards

Gas guzzler tax

Standby gas tax <sup>1910</sup> <sub>17% now</sub>

1 → 3) Cogeneration 45-47% Germany 29% Total energy

24) May not like small increment(s) - Support overall plan

25) Make plants now?

Production  
Equity  
Conservation  
New fuels

- 426) 1980 - tax on gas/oil in stationary plants
- 427) Tax credit conversion to coal
- 428) New plants - ~~coal~~ no oil/gas
- 429) R&D Billions on nuclear - little on coal  
Scrubbers - front end coal cleaning - low cost  
gas for coal - Fluidized bed boilers - mining methods
- 30)  $U_2 = \frac{1}{500} \rightarrow \frac{1}{600}$  plants 63 now (3%) - 38 years
- 31) Cancel LMFBR construction & licensing
- 32) Enrichment gaseous diff  $\rightarrow$  centrifuge 2/10 energy
- 33) Licensing - expedite - siting & safety
- 34) Spent fuel storage
- 35) Heavy oil storage - cut back authority
- 36) No limit on LNG - no fed subsidy
- 37) Equitable distribution of imports
- 38) Synthetic NG  $\rightarrow$  1 trillion ft<sup>3</sup> 1980
- 39) Elim gasoline price controls
- 40) Imports of oil 1977 9 mbd 1985 6 mbd  
(not independence)
- 41) Contingency plan - nat emerg - incl rationing
- 42) Solar - tax credit = launch solar home heat industry
- 43) Geothermal - same tax incentives as gas/oil drilling
- 44) D.E - carry out plan - data collection -  
regulate - coordinate R&D - Conservation
- 45) Goals - joint House/Senate reevaluation
- 46) Vertical/horizontal accountability (divestiture?)  
market - distribute - domestic/foreign -
- 47) Remove tax shelters - cooperation / incl same int drill credit
- 48) Results: Save energy - econ growth - <sup>promote</sup> jobs - Capital  
for industry - protect environment - remove uncertainty -  
promote peace

4/20/77  
7:00 a.m.

Mr. President, Mr. Speaker, Members of the Congress, and ~~dear~~ ~~united~~ guests.

The last time we met as a group was <sup>exactly three months ago</sup> ~~three months~~ ago on Inauguration day. In ~~those~~ ~~three months~~ we <sup>beginning</sup> ~~have begun~~ our work as partners in addressing our nation's problems.

<sup>But</sup> In the months ahead, we must work together even more closely, for we <sup>have to</sup> ~~must~~ deal with the greatest domestic challenge our nation will face in our lifetime. We must act now -- together -- to devise and <sup>to</sup> ~~implement~~ a comprehensive national energy plan to cope with an ~~energy~~ crisis that otherwise could overwhelm us.

from p 3  
\* →

The heart of our energy problem is that our demand for fuel keeps rising more quickly than our production, and our primary means of solving this problem is to reduce waste and inefficiency.

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Oil and natural gas make up 75 percent of our consumption in this country, but they represent only 7 percent of our reserves. Our demand for ~~energy is~~ <sup>oil has been</sup> rising by more than <sup>5</sup>~~3 1/2~~ percent each year, but domestic oil production has been falling <sup>partly</sup> by <sup>more than</sup> about 6 percent. Our imports of oil have risen <sup>sharply</sup> -- making us more vulnerable if supplies are interrupted -- but early in the 1980s even foreign oil will <sup>world</sup> become increasingly scarce. <sup>that were possible for demand to continue rising during the 80's at the present rate of 2% a year, we would use up all the proven reserves of oil in the entire world by the end of the next decade.</sup>

Our trade deficits are growing. We imported more than \$35 billion worth of oil last year, <sup>and we</sup> We will spend <sup>much</sup> \$10 billion more than that this year. 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.

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That is why we need a comprehensive national energy <sup>policy</sup> plan. Your advice has been an important influence as this plan has taken shape. Many of its proposals will build on your own legislative initiatives.

*cannot be*  
This ~~is not~~ an inspirational speech, <sup>tonight,</sup> but <sup>It is</sup> a sobering and difficult presentation. During the last three months, I have come to realize very clearly why a comprehensive energy policy has not already been evolved. It is a thankless job, but it is our job, and I believe we have a fair, well balanced and effective plan to present to you tonight. It can lead to an even better life for the people of America.

*to the American people*  
Two nights ago, I spoke ~~to you~~ about the principles behind our plan and our goals for 1985:

-- to reduce the annual growth rate in our energy demand to less than 2 percent;

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-- to reduce gasoline consumption by 10 percent ;  
~~below its current level;~~

-- to cut imports of foreign oil to 6 million  
barrels a day, less than half the level it would be if  
we did not conserve;

-- to establish a strategic petroleum reserve of  
one billion barrels, about a ten months' supply;

-- to increase our coal production by more than  
two-thirds, to one billion tons a year;

-- to insulate 90 percent of American homes and  
all new buildings; and

-- to use solar energy in more than two and a half  
million homes.

I hope that the Congress will adopt these goals  
by joint resolution as a demonstration of our mutual  
commitment to achieve them.

Tonight I want to outline the specific steps by which we can reach those goals. The proposals fall into these central categories:

- conservation,
- production,
- conversion,
- development, and
- fairness, which is a primary consideration in all our proposals.

We prefer to reach these goals through <sup>voluntary</sup> cooperation with a minimum of coercion. In many cases, we propose financial incentives, which will encourage people to save energy and will harness the power of our free economy to <sup>meet our needs</sup> accomplish our goals.

But I must say to you that voluntary compliance will not be enough -- the problem is too large and the

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time is too short.

In a few cases, penalties and restrictions to reduce waste are essential.

Our first goal is conservation. It is the cheapest, most practical way to meet our energy <sup>needs</sup> ~~goals~~ and to reduce our growing <sup>dependence on</sup> ~~vulnerability to~~ foreign supplies of oil.

With proper planning, economic growth, enhanced job opportunities and a higher quality of life can result even while we eliminate the waste of energy.

The two areas where we waste <sup>of our</sup> ~~the~~ most energy are transportation and our heating and cooling systems.

Transportation consumes 26 percent of our energy -- and as much as half of that is waste. In Europe the average automobile weighs 2,700 pounds; in our country it weighs 4,100 pounds.

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The Congress has already adopted fuel efficiency standards, which will require new cars to average 27.5 miles per gallon by 1985 instead of the 18 they average today.

To insure that this existing congressional mandate is met, I am proposing a graduated excise tax on new gas guzzlers that do not meet federal mileage standards.

The tax will start low and then rise each year until

1985. <sup>In</sup> ~~In~~ 1978, a tax of <sup>\$180</sup> ~~\$179~~ will be levied on a car

getting 15 miles per gallon, and for an 11 mile-per-gallon

car the tax will be <sup>\$450</sup> ~~\$449~~. By 1985, <sup>wasteful</sup> ~~the~~ <sup>on new cars with the same</sup> ~~taxes~~ <sup>fuel mileage</sup> will have

risen to \$1600 and \$2500 ~~for new cars with this extremely~~

~~low efficiency.~~

All of the money collected by this tax on wasteful

automobiles <sup>will</sup> ~~would~~ be returned to consumers, <sup>through</sup> ~~in the form~~

~~of~~ rebates on cars that <sup>are</sup> ~~were~~ more efficient than the

mileage standard. It <sup>is</sup> ~~is~~ <sup>we</sup> ~~is~~ <sup>expected</sup> ~~is~~ that both efficiency

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and <sup>total</sup> automobile production and sales will increase <sup>under</sup> ~~under~~ *Crane*  
 this proposal. We will ~~insure~~ <sup>insure</sup> that American *as is*  
 this proposal, automobile workers and their families do not bear  
 an unfair share of the burden.

Now I want to discuss one of the most controversial  
 and misunderstood parts of the energy proposal -- a

standby tax on gasoline. *Gasoline consumption represents  
 half of our total oil usage.*

We simply must save gasoline, and I believe that  
 the American people can meet this challenge. It is a  
 matter of patriotism and commitment.

*Between now and 1980 we expect ~~to~~ <sup>not to</sup> ~~increase~~ <sup>to</sup>*  
~~By 1980 we can and should~~ hold gasoline consumption  
~~near the~~ *to rise slightly above the* present level. For the following five years,  
*when we have more efficient automobiles*  
 we need to reduce consumption ~~(2 percent per)~~ <sup>each</sup> year to  
 reach our <sup>goals</sup> ~~goal~~ <sup>for</sup> ~~[of a 10 percent reduction by]~~ 1985.

I propose that we commit ourselves to these fair,  
 reasonable and necessary goals and at the same time write  
 into law a gas tax of an additional 5 cents per gallon  
 that will automatically take effect every year that we

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fail to meet <sup>OLIV</sup> ~~these~~ annual targets. As an added incentive, if we miss one year but are back on track the next, the

additional tax would come off. *If the American people respond to our challenge, we can meet these reasonable targets, and this gasoline*

*This tax will never be imposed, if we meet these I know targets. And you know it can be done.*  
reasonable ~~goals~~.]

As with other taxes, we must minimize the adverse effects on our economy -- reward those who conserve -- and penalize those who waste. Therefore, any proceeds from the tax -- if <sup>it is</sup> triggered -- should be returned to the general public in an equitable manner.

I will also propose a variety of other measures to make our transportation system more efficient, ~~including~~

(a) improving the automobile testing program, so that performance estimates are much closer to the mileage drivers can actually get on the road;

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- (a) ~~set~~ setting efficiency standards for light duty trucks;
- (b) buying more efficient vehicles for government use;
- (c) ~~abolishing~~ abolishing the federal excise tax on inter-city buses; and
- (d) ~~increasing~~ increasing the tax on fuel for motor boats and all planes other than commercial carriers and air-taxies.

One of the side effects of conserving gasoline is that state governments collect less money through gasoline taxes. To reduce their hardships and to insure adequate highway maintenance, we <sup>should</sup> ~~will~~ <sup>states</sup> compensate for this loss through the highway trust fund.

The second major area where we can reduce waste is in our homes and buildings. Some buildings waste half the energy used for heating and cooling. From now

on, we must make sure that new buildings are as efficient as possible, and that old buildings are equipped -- or "retrofitted" -- with insulation and heating systems that dramatically reduce the use of fuel.

The federal government <sup>should</sup> will set an example, ~~by~~ making ~~its own~~ buildings among the most efficient in the country. ] I will issue an executive order establishing strict conservation goals for both new and old federal buildings -- <sup>Our goal is to</sup> ~~I will direct~~ a 45 percent increase in energy efficiency for new buildings, and a 20 percent increase for existing buildings by 1985.

We also need incentives to help those who own homes and businesses to conserve.

Those who weatherize buildings would be eligible for a tax credit of 25 percent of the first \$800 invested in conservation, and 15 percent of the next \$1,400.

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If homeowners prefer, they may take advantage of a weatherization service which all regulated utility companies will be required to offer. The utilities would arrange for the contractors and provide reasonable financing. The customer would pay for the improvements through small, regular additions to monthly utility bills. In many cases, these additional charges would be almost entirely offset by lower energy consumption brought about by energy savings.

Other proposals for conservation in homes and buildings include:

- direct federal help for low-income residents;
  - an additional 10 percent tax credit for business investments;
  - federal <sup>maintaining</sup> grants to non-profit schools and hospitals;
- and
- public works money for weatherizing state and local government buildings.

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While improving the efficiency of our businesses and homes, 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.

We must also reform our utility rate structure. For many years we have rewarded waste by offering the cheapest rates to the largest users. It is 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.

I am therefore proposing legislation which would require the following steps over the next two years:

-- 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 costs;

*offer of several*  
-- Peak-load pricing *techniques which set* [systems] *during the day*

[which offer] higher charges when demand is great and lower charges when demand is small, *and*

-- Individual meters for each apartment in new buildings instead of one master meter.

*Plans are already being discussed*  
[We have already begun plans] for the TVA System to act as a [grant] model for implementing *such* new programs to conserve energy.

One final step toward conservation is to encourage industries and utilities to expand "cogeneration" projects, which capture much of the steam that is now wasted in generating electricity. In Germany, 29 percent of total energy comes from cogeneration, but only 4 percent in the United States.

I propose a special 10 percent tax credit for investments in cogeneration.

Along with conservation, our second major strategy is production and <sup>national</sup> ~~national~~ pricing.

We can never increase our production of oil and natural gas by enough to meet our demand, but we must be sure that our pricing system is sensible, discourages waste and encourages exploration and new production.

One of the principles of our energy policy is that the price of energy should reflect its true replacement cost, <sup>as a means of bringing</sup> ~~one of the best ways to bring~~ supply and demand into balance over the long-run. Realistic pricing is especially important for our scarcest fuels, oil and

natural gas. However, total decoupling of domestic oil and gas prices would be a disaster for our economy and for working Americans, and would not solve long range problems of dwindling supplies.

The price of newly discovered oil <sup>will</sup> ~~would~~ be allowed to rise, over a three-year period, to the 1977 world market price, with allowances for inflation. The current

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return to producers for previously discovered oil would remain the same, except for adjustments because of inflation.

Because fairness is an essential strategy of our energy program, we do not want to give producers windfall profits, beyond the incentives they need for exploration and production. *But we are misleading ourselves if we do not recognize the replacement costs of energy in our pricing system.*

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

I want to work with the Congress to <sup>give gas producers an</sup> ~~deregulate~~ the ~~adequate incentive for exploration for~~ ~~new natural gas~~ ~~price of newly discovered natural gas.~~ <sup>working carefully toward deregulation of newly discovered natural gas as market conditions permit.</sup>

~~As a first step,~~ I propose <sup>new</sup> that the price limit for all new gas sold anywhere in the country be set at the price of the equivalent energy value of domestic crude oil, <sup>beginning</sup> ~~That will mean a price of about \$1.75 per thousand cubic feet~~ in 1978. This proposal will apply both to new gas and to expiring intrastate contracts. It would not affect existing contracts.

We must be sure that oil and natural gas are not wasted by industries and utilities that could use coal instead. Our third strategy will be conversion from scarce fuels to coal wherever possible.

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Although coal now provides only 18 percent of our energy needs, it ~~is our most abundant energy resource,~~ <sup>makes</sup> ~~making~~ up 90 percent of our <sup>energy</sup> reserves. Its production and use create environmental difficulties, but we can cope with them through strict strip-mining and clean air standards.

To increase the use of coal by 400 million tons, or 65 percent, in industry and utilities by 1985, I propose the ~~following~~ measures:

<sup>a</sup>  
A sliding scale tax, starting in 1979, on large industrial users of oil and natural gas. Fertilizer manufacturers and crop dryers which must use gas would be exempt from the tax. Utilities would not be subject to these taxes until 1983, because it will take them longer to convert to coal.

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I will also submit proposals for expanded research and development in coal. We need to find better ways to mine it safely and burn it cleanly, and to use it to produce other clean energy sources. We have spent billions on research and development of nuclear power, but very little on coal. Investments here can pay rich dividends.

Even with this conversion effort, we will still face a gap -- between the energy we need and the energy we can produce and import. Therefore, as a last resort we must continue to use increasing amounts of nuclear energy.

We now have 63 nuclear power plants, producing about 3 percent of our total energy and about 70 more are licensed for construction. Domestic uranium supplies can support these plants for another 75 years. Effective

conservation efforts can minimize the shift toward nuclear power. There is no need to enter the plutonium age by licensing or building a <sup>prototype</sup> ~~commercial~~ fast breeder reactor such as the proposed <sup>demonstration</sup> plant at Clinch River.

We must, however, increase our capacity to produce enriched uranium for light water nuclear power plants, using the new centrifuge technology, which consumes only <sup>about</sup> 1/10th the energy of existing gaseous diffusion plants.

Adequate storage for spent nuclear fuel will be required.

We must also reform the nuclear licensing procedures. Proper siting, safety standards, and ~~adequate fuel~~ <sup>near population centers, safety</sup> plant supervision must be guaranteed. <sup>standards</sup> Standards should be strengthened, <sup>designed</sup> design standardized as much as possible, and ~~a federal inspector should~~ <sup>assume</sup> ~~more~~ and more adequate storage for spent fuel assured.

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However, even with the most thorough safeguards, it should not take ten years to license a plant. I propose that we establish reasonable, objective criteria for licensing, and that plants which are based on a standard design not require extensive individual <sup>design studies for</sup> licensing.

Our fourth strategy is to develop permanent and reliable new energy sources.

The most promising is solar energy, for which much of the technology is already available. Solar water heaters and space heaters are ready for commercialization. All they need is some incentive to initiate the growth of a large market.

Therefore, I am proposing a gradually decreasing tax credit, to run from now through 1984, for <sup>those who purchase</sup> approved solar heating equipment. Initially, it would be 40 percent of the first \$1,000 and 25 percent of the next \$6,400 invested.

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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.

The desire for equity is reflected throughout our plan:

-- in the wellhead tax, which encourages conservation but is returned to the public;

-- in a dollar-for-dollar refund of the wellhead tax as it affects home heating oil;

-- in reducing the unfairness of natural gas pricing;

-- in ensuring that homes will have the oil and natural gas they need, while industry turns toward the more abundant coal that can also suit its needs;

-- in basing utility prices on true cost, so every user pays a fair share;

-- in the automobile tax and rebate system, which rewards those who save our energy and penalizes those who waste it.

I propose one other step to insure proper balance in our plan. 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 about energy reserves and production, emergency capabilities and financial data from the energy producers.

I happen to believe in competition, and we don't have enough of it.

During this time of increasing scarcity, competition among energy producers and distributors must be guaranteed. I recommend that individual accounting be required *of from* energy companies for production, refining, distribution and marketing -- separately for domestic and foreign operations. Strict enforcement of the anti-trust laws can be based on this data, and may prevent the need for divestiture.

Profiteering through tax shelters should be prevented, and independent drillers should have the same intangible tax credits as the major corporations.

The energy industry should not reap large unearned profits. Increasing prices on existing inventories of oil should not result in windfall gains but should be captured for the people of our country.

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We must make it clear to everyone ~~in this country~~ that <sup>our</sup> ~~the~~ people, through their government, will now be setting our energy policy.

The new Department of Energy should be established without delay. Continued fragmentation of government authority and responsibility for our nation's energy program is dangerous and unnecessary.

Two nights ago, I said that ~~that~~ this difficult effort would be the moral equivalent of war. If successful, this effort will protect our jobs, our environment, our national independence, our standard of living, and our future. Our energy policy will be innovative, but fair and predictable. It will not be easy. It will demand the best of us -- our vision, our dedication, our courage, and our sense of common purpose.

But we have met challenges before, and our nation  
has been the stronger for it. That is the responsibility <sup>that</sup>  
we face ~~together~~ now -- you in the Congress, the members  
of my administration, and all the people of our country.  
I am confident that together we will succeed.

# # #

This is a carefully ~~care~~ balanced  
program, depending for its fairness ~~on~~ on  
all ~~of~~ its major component parts. It will  
be a test of our ~~nation's~~ strength basic  
political strength and ability.

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4/19/77  
6:00 p.m.

*Net cost to  
treasury?  
when plan available*

MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THE CONGRESS:

THE LAST TIME WE MET AS A GROUP WAS THREE MONTHS AGO,  
ON INAUGURATION DAY. IN THOSE THREE MONTHS WE HAVE BEGUN  
OUR WORK AS PARTNERS IN ADDRESSING OUR NATION'S PROBLEMS.

IN THE MONTHS AHEAD, WE MUST WORK TOGETHER EVEN MORE  
CLOSELY, FOR WE MUST DEAL WITH THE GREATEST DOMESTIC CHALLENGE  
OUR NATION WILL FACE IN OUR LIFETIMES. WE MUST ACT NOW --  
TOGETHER -- TO <sup>*devise and implement*</sup> IMPLEMENT A COMPREHENSIVE NATIONAL ENERGY  
PLAN TO COPE WITH AN ENERGY CRISIS THAT OTHERWISE COULD  
OVERWHELM US.

THE HEART OF OUR ENERGY PROBLEM IS THAT OUR DEMAND  
FOR FUEL KEEPS RISING MORE QUICKLY THAN OUR PRODUCTION,  
<sup>*our*</sup> AND <sup>*means of solving this problem is to reduce*</sup> THE PRIMARY ~~REASON FOR THAT RISE~~ IS WASTE AND INEFFICIENCY.

OIL AND NATURAL GAS MAKE UP 75 PER CENT OF OUR CON-  
SUMPTION IN THIS COUNTRY, BUT THEY REPRESENT ONLY 7 PER CENT

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OF OUR RESERVES. OUR DEMAND FOR ENERGY IS RISING BY MORE  
 THAN <sup>1/2</sup> 3 PER CENT EACH YEAR, BUT DOMESTIC <sup>oil</sup> PRODUCTION HAS BEEN  
 FALLING BY ABOUT 6 PER CENT. OUR IMPORTS OF OIL HAVE RISEN  
 -- MAKING US MORE VULNERABLE <sup>if supplies are interrupted--</sup> TO ~~INTERRUPTION OF SUPPLY~~  
<sup>(increasingly)</sup>  
 BUT EARLY IN THE 1980'S EVEN FOREIGN OIL WILL BECOME <sup>scarce</sup>.

OUR TRADE DEFICITS ARE GROWING, CAUSED BY <sup>We</sup> ~~IMPORTING~~ <sup>ed</sup>

MORE THAN \$35 BILLION WORTH OF OIL LAST YEAR. WE WILL SPEND

\$10 BILLION MORE THAN THAT THIS YEAR. <sup>The time has</sup>  
<sup>come to draw the line-</sup>

WE COULD CONTINUE TO IGNORE THIS PROBLEM FOR ~~A WHILE~~  
 -- BUT TO DO SO WOULD SUBJECT <sup>our people</sup> ~~OURSELVES, AND OUR CHILDREN,~~  
<sup>an impending</sup>  
 TO ~~CATASTROPHE, -- NOT FAR IN THE FUTURE.~~

THAT IS WHY WE NEED A COMPREHENSIVE NATIONAL ENERGY  
 PLAN. YOUR ADVICE HAS BEEN AN IMPORTANT INFLUENCE AS THIS  
 PLAN HAS TAKEN SHAPE. MANY OF ITS PROPOSALS <sup>will</sup> BUILD ON <sup>your own</sup>  
<sup>initiatives</sup>  
~~LEGISLATIVE EFFORTS YOU HAVE MADE BEFORE.~~

*not an inspirational speech, but*

THIS IS A SOBERING AND DIFFICULT PRESENTATION, ~~AND~~

~~I DON'T EXPECT APPLAUSE.~~ DURING THE LAST THREE MONTHS, I

HAVE COME TO REALIZE VERY CLEARLY WHY A COMPREHENSIVE ENERGY

POLICY HAS NOT ALREADY BEEN EVOLVED. IT IS A THANKLESS JOB, *BUT*

*IT IS OUR JOB, AND I BELIEVE*

[~~BUT~~] WE HAVE A FAIR, WELL-BALANCED AND EFFECTIVE PLAN TO PRESENT

TO YOU TONIGHT. *It can lead to an even better life for ~~American~~ the people of America.*

*you*  
TWO NIGHTS AGO, I SPOKE TO ~~THE AMERICAN PEOPLE~~ ABOUT

THE PRINCIPLES BEHIND OUR PLAN AND ~~LISTED OUR~~ *our* SPECIFIC GOALS

FOR 1985:

-- TO REDUCE THE ANNUAL GROWTH RATE IN OUR ENERGY

DEMAND TO LESS THAN 2 PER CENT;

-- TO REDUCE GASOLINE CONSUMPTION BY 10 PER CENT

BELOW ITS CURRENT LEVEL;

*inputs of*  
-- TO CUT ~~DEMAND FOR~~ FOREIGN OIL TO 6 MILLION BARRELS

A DAY, LESS THAN HALF THE LEVEL IT WOULD BE IF WE DID NOT

CONSERVE;

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-- TO ESTABLISH A STRATEGIC PETROLEUM RESERVE OF ONE  
BILLION BARRELS, *about a TEN* ~~MORE THAN A SIX MONTHS'~~ SUPPLY;

-- TO INCREASE OUR COAL PRODUCTION BY MORE THAN TWO  
THIRDS, TO ONE BILLION TONS A YEAR;

-- TO INSULATE 90 PER CENT OF AMERICAN HOMES AND  
ALL NEW BUILDINGS; *and*

-- TO USE SOLAR ENERGY IN MORE THAN TWO AND A HALF  
MILLION HOMES.

I HOPE THAT THE CONGRESS WILL ADOPT THESE GOALS BY  
JOINT RESOLUTION AS A DEMONSTRATION OF OUR MUTUAL COMMITMENT  
TO ACHIEVE THEM.

TONIGHT I WANT TO OUTLINE THE SPECIFIC STEPS BY WHICH  
WE CAN REACH THOSE GOALS. THE PROPOSALS FALL INTO FOUR *these*  
*central* CATEGORIES, REFLECTING ~~FOUR CENTRAL STRATEGIES:~~

-- CONSERVATION

-- PRODUCTION

-- CONVERSION

-- DEVELOPMENT. *and*

*Fairness, which is a primary*

~~RUNNING THROUGH ALL OF THE PROPOSALS IS AN ADDITIONAL~~

*Consideration in all our proposals*

~~STRATEGY -- EQUITY TO THE AMERICAN PUBLIC --~~

WE PREFER TO REACH THESE GOALS THROUGH COOPERATION  
~~AMONG OUR PEOPLE, WITH A MINIMUM OF COERCION. [IN EACH AREA~~  
~~WE SUGGEST HOW THE GOVERNMENT CAN SET A POSITIVE EXAMPLE AND~~  
~~LEAD THE WAY.]~~ IN MANY OTHER CASES, WE PROPOSE FINANCIAL  
INCENTIVES, WHICH WILL ENCOURAGE PEOPLE TO SAVE ENERGY AND  
WILL HARNESS THE POWER OF OUR FREE ECONOMY TO ACCOMPLISH  
OUR GOALS.

BUT I MUST SAY TO YOU THAT VOLUNTARY COMPLIANCE WILL  
NOT BE ENOUGH -- THE PROBLEM IS TOO LARGE AND THE TIME IS

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TOO SHORT. ~~[ THE TIME HAS COME TO FACE REALITY. ]~~

IN A FEW ~~RESTRICTED~~ CASES, ~~WE BELIEVE THAT~~ PENALTIES  
AND RESTRICTIONS TO REDUCE WASTE ARE ESSENTIAL.

~~I. CONSERVATION~~

OUR FIRST GOAL IS CONSERVATION. IT IS THE CHEAPEST,  
*way to meet our energy goals*  
*approach to our energy problem*  
MOST PRACTICAL ~~WAY TO REDUCE PRESSURE ON OUR ENERGY SUPPLIES.~~

*so that and to*  
~~IT IS THE ONLY WAY WE CAN REDUCE OUR GROWING VULNERABILITY~~  
TO FOREIGN SUPPLIES OF OIL.

~~[ CONSERVATION WILL REQUIRE A CHANGE IN OUR ATTITUDES,~~  
~~AND A NEW AWARENESS OF HOW PRECIOUS OUR ENERGY IS. BUT IN~~  
~~MOST CASES IT WILL SIMPLY MEAN ENDING WASTE, RATHER THAN~~  
~~MAKING MAJOR ADJUSTMENTS IN OUR WAY OF LIFE. ]~~ WITH PROPER  
PLANNING, ECONOMIC GROWTH AND ENHANCED JOB OPPORTUNITIES  
*and a higher quality of life*  
CAN RESULT EVEN WHILE WE ELIMINATE THE WASTE OF ENERGY.

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*The*

TWO AREAS WHERE WE WASTE THE MOST ENERGY ~~AND WHERE~~  
~~WE CAN MOST EASILY SAVE~~ ARE TRANSPORTATION AND OUR HEATING  
AND COOLING SYSTEMS.

TRANSPORTATION CONSUMES 26 PER CENT OF OUR  
ENERGY -- AND ~~AT LEAST~~ as much as half ~~PER CENT~~ OF THAT IS WASTE.

IN EUROPE THE AVERAGE AUTOMOBILE WEIGHS 2,700 POUNDS; IN OUR  
COUNTRY IT WEIGHS 4,100 POUNDS. [AN IMPORTANT STEP TOWARD  
~~REDUCING WASTE IS TO PRODUCE MORE EFFICIENT CARS AND TO USE~~  
THEM.]

THE CONGRESS HAS ALREADY ADOPTED FUEL EFFICIENCY  
STANDARDS, WHICH WILL REQUIRE NEW CARS TO AVERAGE 27.5  
MILES PER GALLON BY 1985 INSTEAD OF THE 18 THEY  
AVERAGE TODAY.

~~I BELIEVE~~ THESE STANDARDS CAN AND SHOULD BE TIGHTENED  
FURTHER FOR 1986 AND 1987, TO                      MILES PER GALLON.

~~TO GIVE OUR PEOPLE AN INCENTIVE TO COMPLY WITH THE~~  
*To insure that this*  
EXISTING CONGRESSIONAL MANDATE TO ~~BUY MORE EFFICIENT CARS~~  
*is met,*

~~-- AND INDUSTRY AN INCENTIVE TO DEVELOP THEM --~~ *self* I AM ~~ALSO~~  
*gas guzzlers*  
PROPOSING A GRADUATED EXCISE TAX ON NEW ~~CARS~~ THAT DO NOT  
*(LUXURY?)*

MEET FEDERAL MILEAGE STANDARDS. THE TAX ~~WOULD~~ *will* START LOW

*(To GIVE AUTO INDUSTRY A CHANCE TO ADJUST?)*

AND THEN RISE EACH YEAR UNTIL 1985. IN 1978, A ~~CAR THAT~~ *a tax of \$179*  
*will* ~~WOULD BE~~ *applied on a car getting* ~~15 MILES PER GALLON,~~ *15 mpg*  
~~FELL 3 MILES PER GALLON BELOW THE STANDARD WOULD BEAR A~~

TAX OF \$ ~~179~~ *and for an 11 mpg car*. AT 7 MILES PER GALLON ~~BELOW THE STANDARDS,~~

THE TAX ~~WOULD~~ *will* BE \$ ~~449~~ *449*. BY 1985, THE TAXES ~~WOULD~~ *will* HAVE

RISEN TO \$ ~~1690~~ *and \$2500* FOR A CAR 3 MILES PER GALLON ~~BELOW THE~~ *15 mpg? for new cars*

STANDARD, AND \$ ~~499~~ *2500* FOR 7 MILES PER GALLON ~~BELOW.~~ *11 mpg*

*with this extremely low efficiency.*

ALL OF THE MONEY COLLECTED BY THIS TAX ON WASTEFUL  
AUTOMOBILES WOULD BE RETURNED TO CONSUMERS, IN THE FORM OF  
REBATES ON CARS THAT WERE MORE EFFICIENT THAN THE MILEAGE  
STANDARD. ~~(THERE WOULD BE SPECIAL PROVISIONS IN THE TAX TO~~

*Due to* It is expected that both efficiency  
and automobile production and sales will increase  
under this proposal.

~~ENSURE THAT AMERICAN AUTOMOBILE WORKERS AND THEIR FAMILIES~~

~~DO NOT BEAR AN UNFAIR SHARE OF THE BURDEN. OF COURSE, WE~~

~~WILL ALSO WORK WITH <sup>OUR</sup> ~~OUR~~ TRADING PARTNERS TO SEE THAT THEY~~

~~ARE ~~NOT~~ TREATED FAIRLY.~~

*and misunderstood*  
1 Now I want to discuss one of the most controversial parts of the energy proposal - <sup>standby</sup> the tax on gasoline.  
IF WE AS A NATION ARE SERIOUS ABOUT CONSERVATION, WE

~~MUST CLEARLY DEMONSTRATE THAT COMMITMENT. I KNOW OF NO BETTER~~

*We simply must save gasoline, and I believe that*  
~~WAY TO DO THIS THAN TO SET GOALS FOR OUR SOCIETY AND AT THE~~  
*the American people can meet this reasonable*  
~~SAME TIME ESTABLISH PENALTIES TO BE PAID IF WE FAIL TO LIVE~~  
*but necessary challenge. If so, no tax gasoline*  
~~UP TO THOSE GOALS. tax will be necessary. It is a~~  
*matter of patriotism and commitment.*

*Challenge*

*By*

~~BETWEEN NOW AND 1980 WE CAN AND SHOULD HOLD GASOLINE~~

~~CONSUMPTION AT THE PRESENT LEVEL. FOR THE FOLLOWING FIVE~~

~~YEARS, WE NEED TO REDUCE CONSUMPTION 2 PER CENT PER YEAR TO~~

~~REACH OUR GOAL OF A 10 PER CENT REDUCTION BY 1985.~~

I PROPOSE THAT WE COMMIT OURSELVES TO THESE FAIR,

REASONABLE AND NECESSARY GOALS AND AT THE SAME TIME WRITE

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*an additional*

INTO LAW A GAS TAX OF 5 CENTS PER GALLON THAT WILL AUTOMATICALLY

*the every year that we fail to meet these*  
TAKE EFFECT FOLLOWING ~~ANY~~ YEAR THAT WE FAIL TO MEET THOSE ~~FALL SHORT~~ *annual goals.*

AS AN ADDED INCENTIVE,

~~GOALS TO BE PAID~~, IF WE MISS ONE YEAR BUT ARE BACK ON TRACK

THE NEXT, THE ADDITIONAL TAX WOULD COME OFF.

*If we meet these reasonable goals this tax will never be imposed*  
AS WITH OTHER TAXES, WE MUST MINIMIZE THE ADVERSE

EFFECTS ON OUR ECONOMY -- REWARD THOSE WHO CONSERVE -- AND,

PENALIZE THOSE WHO WASTE. THEREFORE, ~~I AM ALSO PROPOSING~~

~~any~~ THAT THE PROCEEDS FROM THE TAX -- IF TRIGGERED, ~~AND IF WE~~

ARE RESPONSIBLE, IT WILL NOT BE TRIGGERED -- ~~BE~~ <sup>[SHOULD]</sup> RETURNED

*general in an equitable manner.*  
TO THE <sup>general</sup> PUBLIC THROUGH ~~DIRECT PER-CAPITA PAYMENTS.~~

I WILL ALSO PROPOSE A VARIETY OF OTHER MEASURES TO  
MAKE OUR TRANSPORTATION SYSTEM MORE EFFICIENT, INCLUDING:

- (a) IMPROVING THE <sup>automobile</sup> EPA TESTING PROGRAM, SO ITS *that*

PERFORMANCE ESTIMATES ARE MUCH CLOSER TO THE MILEAGE DRIVERS *can*  
ACTUALLY GET ON THE ROAD;

(b) SETTING EFFICIENCY STANDARDS FOR LIGHT DUTY TRUCKS;

~~UP TO 10,000 POUNDS;~~

(c) BUYING MORE EFFICIENT VEHICLES FOR GOVERNMENT USE;

(d) ABOLISHING THE FEDERAL EXCISE TAX ON INTER-CITY  
BUSES; **AND**

*motor boats and*  
(e) INCREASING THE TAX ON FUEL FOR ALL PLANES OTHER  
THAN COMMERCIAL CARRIERS AND AIR-TAXIS.

ONE OF THE SIDE EFFECTS OF CONSERVING GASOLINE IS THAT  
STATE GOVERNMENTS COLLECT LESS MONEY THROUGH GASOLINE TAXES.

TO REDUCE THEIR HARDSHIPS, **AND** WE WILL COMPENSATE FOR THIS LOSS  
THROUGH ~~SOURCES SUCH AS THE HIGHWAY TRUST FUND,~~ **TO INSURE**  
ADEQUATE HIGHWAY MAINTENANCE.)

**WHERE WE CAN**  
THE SECOND MAJOR AREA ~~TO~~ REDUCE WASTE IS IN OUR HOMES  
AND BUILDINGS. SOME BUILDINGS WASTE HALF THE ENERGY USED

FOR HEATING AND COOLING. FROM NOW ON, WE MUST MAKE SURE THAT NEW BUILDINGS ARE AS EFFICIENT AS POSSIBLE, AND THAT OLD BUILDINGS ARE EQUIPPED -- OR "RETROFITTED" -- WITH INSULATION AND HEATING SYSTEMS THAT DRAMATICALLY REDUCE THE USE OF FUEL.

THE FEDERAL GOVERNMENT WILL SET AN EXAMPLE ~~IN THIS AREA~~ BY MAKING ITS OWN BUILDINGS AMONG THE MOST EFFICIENT IN THE COUNTRY. (~~WHEN~~) <sup>*This month*</sup> → SOON I WILL ISSUE AN EXECUTIVE ORDER ESTABLISHING STRICT CONSERVATION GOALS FOR BOTH NEW AND OLD FEDERAL BUILDINGS. I WILL DIRECT A 45 PER CENT INCREASE IN ENERGY EFFICIENCY FOR NEW BUILDINGS, AND A ~~25~~ <sup>20</sup> PER CENT INCREASE FOR EXISTING BUILDINGS BY 1985.

WE ALSO NEED INCENTIVES TO HELP THOSE WHO OWN HOMES AND <sup>*to conserve*</sup> BUSINESSES ~~INVEST IN CONSERVATION.~~

~~FAMILIES WHO WISH TO WEATHERIZE THEIR HOUSES WOULD HAVE TWO CHOICES.~~

IF ~~THEY PREFERRED~~ TO DO THE WORK THEMSELVES OR ARRANGE  
FOR ~~THEIR OWN CONTRACTORS AND SUPPLIES.~~ <sup>Those who weatherize buildings</sup> THEY, WOULD BE ELIGIBLE

FOR A TAX CREDIT OF 25 PER CENT OF THE FIRST \$800 INVESTED IN  
CONSERVATION, AND 15 PER CENT OF THE NEXT \$1,400.

<sup>If homeowners prefer</sup> ~~IF THEY PREFERRED,~~ <sup>may</sup> THEY COULD TAKE ADVANTAGE OF A  
WEATHERIZATION SERVICE WHICH ALL REGULATED UTILITIES <sup>companies</sup> WILL  
BE REQUIRED TO OFFER. THE UTILITIES WOULD ARRANGE FOR THE  
CONTRACTORS, ~~RECOMMEND THE PROPER STEPS,~~ AND PROVIDE REASONABLE  
FINANCING. ~~ALL THE CUSTOMER WOULD HAVE TO DO IS AGREE TO THE~~  
~~SERVICE AND PAY FOR THE IMPROVEMENTS THROUGH SMALL, REGULAR~~  
ADDITIONS TO MONTHLY UTILITY BILLS. IN MANY CASES, THESE-  
ADDITIONAL CHARGES WOULD BE ALMOST ENTIRELY OFFSET BY LOWER <sup>energy</sup>  
CONSUMPTION BROUGHT ABOUT BY <sup>energy savings.</sup> ~~THE INSULATION.~~ ~~(TRUE?)~~

~~SOME OF OUR~~ OTHER PROPOSALS FOR CONSERVATION IN HOMES  
AND BUILDINGS INCLUDE: <sup>R</sup> DIRECT FEDERAL HELP FOR LOW-INCOME

*TP additional*  
 RESIDENTS, <sup>TP</sup> A 10 PER CENT TAX CREDIT FOR BUSINESS INVESTMENTS, <sup>TP</sup>  
 FEDERAL GRANTS TO NON-PROFIT ~~INSTITUTIONS, SUCH AS~~ SCHOOLS  
 AND HOSPITALS, <sup>TP</sup> AND PUBLIC WORKS MONEY FOR WEATHERIZING STATE  
 AND LOCAL GOVERNMENT BUILDINGS.

WHILE IMPROVING THE EFFICIENCY OF OUR BUSINESSES AND  
 HOMES, WE MUST ALSO MAKE ~~THE~~ <sup>electrical home</sup> APPLIANCES ~~[INSIDE THE HOME]~~ MORE  
 EFFICIENT. I PROPOSE LEGISLATION THAT WOULD, FOR THE FIRST  
 TIME, <sup>impose</sup> ~~ESTABLISH~~ STRINGENT EFFICIENCY STANDARDS FOR HOUSEHOLD  
 APPLIANCES BY 1980. ~~[SUCH STANDARDS ARE COMMON IN ALMOST~~  
~~EVERY OTHER INDUSTRIALIZED NATION IN THE WORLD. ^~~ <sup>(TRUE?)</sup> ~~WE CAN NO~~  
~~LONGER AFFORD TO DO WITHOUT THEM.]~~

~~[IF WE ARE SERIOUS ABOUT CONSERVING ENERGY,]~~ WE MUST  
 ALSO REFORM OUR UTILITY RATE STRUCTURE. FOR MANY YEARS WE  
 HAVE REWARDED WASTE BY OFFERING THE CHEAPEST RATES TO THE  
 LARGEST USERS. IT IS DIFFICULT FOR INDIVIDUAL STATES TO

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MAKE SUCH REFORMS BECAUSE OF THE COMPETITION ~~AMONG STATES~~ FOR

~~INDUSTRY.~~ *TO ADOPT A UNIFORM, NATIONWIDE*  
NEW ENERGY THE ONLY FAIR WAY IS ~~[FOR THE FEDERAL GOVERNMENT~~  
~~APPROACH.~~ *set of principles to be applied nationwide*  
~~TO SHOULDER THIS RESPONSIBILITY.]~~

I AM THEREFORE PROPOSING LEGISLATION WHICH WOULD RE-

*over the next two years.*  
QUIRE THE FOLLOWING STEPS: ~~OVER THE NEXT TWO YEARS:~~

-- PHASING OUT ~~OF~~ *g* PROMOTIONAL RATES AND OTHER PRICING  
SYSTEMS THAT MAKE NATURAL GAS AND ELECTRICITY ARTIFICIALLY  
CHEAP FOR HIGH-VOLUME USERS AND WHICH DO NOT ACCURATELY  
REFLECT COSTS.

*Offering*  
-- ESTABLISHMENT ~~OF~~ PEAK-LOAD PRICING SYSTEMS, *during the day* ~~TO~~ WHICH *offer*  
*higher* CHARGE, MOST WHEN DEMAND IS GREATEST *lower charges when demand* AND LEAST WHEN IT IS

SMALL.

-- INDIVIDUAL METERS FOR EACH APARTMENT IN NEW APART-  
~~MENT BUILDINGS~~ *TP* INSTEAD OF ONE MASTER METER. WE HAVE ALREADY

BEGUN PLANS FOR THE TVA SYSTEM TO ACT AS A GRANT MODEL FOR IMPLEMENTING NEW PROGRAMS TO CONSERVE ENERGY.

ONE FINAL STEP TOWARD CONSERVATION IS TO ENCOURAGE INDUSTRIES AND UTILITIES TO EXPAND "COGENERATION" PROJECTS, WHICH CAPTURE MUCH OF THE STEAM THAT IS NOW WASTED IN <sup>generating</sup> ~~ELECTRIC~~ <sup>generators</sup> ~~GENERATORS~~. IN GERMANY, 29 PER CENT OF TOTAL ENERGY COMES FROM COGENERATION, BUT ONLY 4 PER CENT IN THE UNITED STATES.

I PROPOSE ~~[THAT WE OFFER]~~ <sup>an additional</sup> <sup>a special</sup> A 10 PER CENT TAX CREDIT FOR INVESTMENTS IN COGENERATION. ~~[TO SET THE PROPER EXAMPLE,~~ ~~[I PROPOSE THAT]~~ <sup>(WOULD)</sup> THE FEDERAL GOVERNMENT LAUNCH A COGENERATION PROGRAM AT ITS URANIUM ENRICHMENT PLANT SITES ~~[IN TENNESSEE,~~ ~~KENTUCKY AND OHIO, PLUS THE NUCLEAR FACILITY IN SOUTH CAROLINA.]~~

WE ALSO NEED AUTHORITY IN A TIME OF NATIONAL EMERGENCY TO IMPOSE FUEL RATIONING AND TO IMPLEMENT OTHER CONTINGENCY PLANS.

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~~II. PRODUCTION~~

*along with*  
~~AFTER~~ CONSERVATION, OUR SECOND MAJOR STRATEGY IS  
PRODUCTION *and rational pricing*.

WE CAN NEVER INCREASE OUR PRODUCTION OF OIL AND  
NATURAL GAS BY ENOUGH TO MEET OUR DEMAND, BUT WE MUST BE  
SURE THAT OUR PRICING SYSTEM IS SENSIBLE, *discourages waste* ~~AND DOES NOT~~  
*and encourages* ~~ARTIFICIALLY DISCOURAGE~~ EXPLORATION AND *new* PRODUCTION.

ONE OF THE PRINCIPLES OF OUR ENERGY POLICY IS THAT  
THE PRICE OF ENERGY SHOULD REFLECT ITS TRUE REPLACEMENT  
COST, ~~THAT IS~~ ONE OF THE BEST WAYS TO BRING SUPPLY AND  
DEMAND INTO BALANCE OVER THE LONG-RUN. REALISTIC PRICING  
IS ESPECIALLY IMPORTANT FOR OUR SCARCEST FUELS, OIL AND  
NATURAL GAS.

~~[ I PROPOSE THAT THE OIL PRICE CONTROL PROGRAM SHOULD~~  
~~BE EXTENDED AND CHANGED. ] UNDER THIS SYSTEM, THE PRICE OF~~

NEWLY DISCOVERED OIL WOULD BE ALLOWED TO RISE, OVER A 3-YEAR PERIOD, TO THE 1977 WORLD MARKET PRICE, WITH ALLOWANCES FOR INFLATION. THE CURRENT <sup>return to producers</sup> ~~PRICE LIMITS~~ FOR PREVIOUSLY DISCOVERED OIL WOULD REMAIN THE SAME, EXCEPT FOR ADJUSTMENTS BECAUSE OF INFLATION.

<sup>fairness</sup> BECAUSE ~~EQUITY~~ IS AN ESSENTIAL STRATEGY OF OUR ENERGY PROGRAM, WE DO NOT WANT TO GIVE PRODUCERS WINDFALL PROFITS, BEYOND THE INCENTIVES THEY NEED FOR EXPLORATION AND PRODUCTION.

THEREFORE, I PROPOSE THAT WE <sup>phase in on ~~price~~ existing supplies of</sup> ~~SUBJECT ALL DOMESTIC OIL~~ ~~TO A WELLHEAD TAX, EQUAL TO THE DIFFERENCE BETWEEN THE~~ <sup>present</sup> ~~CONTROLLED PRICE OF OIL AND THE WORLD PRICE,~~ ~~AND~~ <sup>LAND RETURN</sup> ~~THE MONEY~~ COLLECTED BY THIS TAX ~~WOULD BE RETURNED~~ TO THE CONSUMERS AND WORKERS OF AMERICA, <sup>pay for energy savings</sup> ~~[THROUGH INCREASED TAX CREDITS AND DECREASED WITHHOLDING.]~~ THESE CREDITS ~~[WILL HAVE A PROGRESSIVE EFFECT AND]~~ ~~WILL GIVE THE GREATEST HELP TO CONSUMERS WHO HAVE THE MOST DIFFICULTY COPING WITH HIGHER ENERGY PRICES.~~

IN ORDER TO ENCOURAGE FULL EXPLORATION OF THE OUTER CONTINENTAL SHELF, WE HAVE SUPPORTED CONGRESSIONAL [EFFORTS TO] REFORM <sup>LOE</sup> THE OCS BIDDING PROCEDURE TO PROVIDE GREATER ENVIRONMENTAL SAFEGUARDS, AND ALLOW SMALL COMPANIES TO SHARE IN THE EXPLORATION.

[ I REQUEST AUTHORITY TO REDUCE PRODUCTION OF OIL FROM NAVAL RESERVE STORAGE, AND TO REMOVE FEDERAL SUBSIDIES AND LIMITS ON THE IMPORTATION OF LIQUID NATURAL GAS. ] ?

[ AS I SAID MANY TIMES DURING THE ~~LAST YEAR~~, I WANT TO WORK WITH THE CONGRESS TO DEREGULATE THE PRICE OF <sup>newly discovered</sup> NEW NATURAL GAS. ~~DEREGULATION WOULD PROVIDE AN INCENTIVE FOR NEW EXPLORATION AND HELP OUR NATION'S OIL AND GAS OPERATORS ATTRACT NEEDED CAPITAL.~~ ]

*we should also*  
~~IT WOULD ALSO~~ END THE ARTIFICIAL DISTORTIONS IN NATURAL GAS PRICES IN DIFFERENT PARTS OF THE COUNTRY WHICH HAVE CAUSED

PEOPLE IN <sup>the producing</sup> ~~SOME SOUTHERN STATES~~ TO PAY EXORBITANT PRICES, ~~AND~~ WHILE  
CREATED <sup>lines</sup> SHORTAGES, UNEMPLOYMENT AND ECONOMIC STAGNATION, PAR-  
TICULARLY IN THE NORTHEAST. WE MUST NOT PERMIT ENERGY SHORTAGES  
TO BALKANIZE OUR NATION.

↳ \*

AS A FIRST STEP, I PROPOSE THAT THE PRICE LIMIT FOR <sup>all</sup> NEW  
GAS, ~~WITHIN PRODUCING STATES OR THAT SOLD ANYWHERE IN THE~~  
COUNTRY, ~~SHOULD~~ BE SET AT THE PRICE OF THE ~~BTU~~ EQUIVALENT  
<sup>energy value</sup> OF DOMESTIC CRUDE OIL. THAT <sup>will</sup> ~~WOULD~~ MEAN A PRICE ~~LIMIT~~ OF  
ABOUT \$1.75 PER <sup>thousand cubic feet</sup> MCF IN 1978. THIS PROPOSAL <sup>will</sup> ~~WOULD~~ APPLY  
BOTH TO NEW GAS AND TO EXPIRING INTRASTATE CONTRACTS. IT  
WOULD NOT AFFECT EXISTING ~~INTRASTATE~~ CONTRACTS, ~~[NOR EXTREMELY~~  
~~HARD-TO-FIND GAS.]~~

III. ~~CONVERSION~~

OUR <sup>pricing</sup> ~~PRODUCTION~~ AND CONSERVATION STRATEGIES WILL HELP  
~~GUARD OUR PRECIOUS FUELS. WE ESTIMATE THAT THEY WILL SAVE~~  
<sup>about 5</sup> MILLION BARRELS OF OIL EQUIVALENT BY 198<sup>5</sup>.

move down

~~BUT~~ WE MUST BE SURE THAT OIL AND NATURAL GAS ARE NOT WASTED BY INDUSTRIES AND UTILITIES THAT COULD USE COAL INSTEAD. OUR THIRD STRATEGY WILL BE CONVERSION FROM SCARCE FUELS TO COAL WHENEVER POSSIBLE.

*Although coal <sup>now</sup> provides only 18% of our energy needs, it*  
~~COAL~~ IS OUR MOST ABUNDANT ENERGY RESOURCE, MAKING

UP 90 PER CENT OF OUR RESERVES. ITS PRODUCTION AND USE CREATE ENVIRONMENTAL DIFFICULTIES, BUT WE CAN COPE WITH THEM THROUGH *strict* ~~STRINGENT~~ STRIP-MINING AND CLEAN AIR *Standards.* ~~REGULA-~~  
~~TIONS.~~

TO INCREASE THE USE OF COAL BY 400 million TONS, OR 65 PER CENT, IN INDUSTRY AND UTILITIES BY 198 5.

I PROPOSE THE FOLLOWING MEASURES:

-- A *sliding scale* RISING TAX, STARTING IN 1979, ON *large* INDUSTRIAL USE *oil and* OF NATURAL GAS. IN 1980 THE TAX WOULD BE 30 CENTS ABOVE THE BTU EQUIVALENT OF THE CONTROLLED PRICE OF DOMESTIC OIL. BY

1985, ~~THE TAX WOULD BE 75 CENTS.~~ FERTILIZER MANUFACTURERS  
AND CROP DRYERS WHICH MUST USE GAS ~~WILL~~ <sup>WOULD</sup> BE EXEMPT FROM THE  
TAX.

*Leave*

~~-- A SIMILAR TAX ON INDUSTRIAL USE OF OIL. THE TAX~~  
~~WOULD RISE FROM \$1.20 PER BARREL IN 1979 TO \$2.70 PER BARREL~~

*Why difference?*

~~IN 1985.]~~ UTILITIES <sup>NOT</sup> WOULD BE SUBJECT TO THESE TAXES STARTING ~~UNTIL~~  
~~IN 1985,~~ <sup>3/</sup> BECAUSE IT WILL TAKE THEM LONGER TO CONVERT TO COAL.



I WILL ALSO SUBMIT PROPOSALS FOR EXPANDED RESEARCH  
AND DEVELOPMENT IN COAL. WE NEED TO FIND BETTER WAYS TO  
MINE IT SAFELY AND BURN IT CLEANLY, AND TO USE IT TO PRODUCE  
*other*  
CLEAN ENERGY SOURCES, ~~SUCH AS LOW BTU GAS.~~ WE HAVE SPENT  
BILLIONS ON RESEARCH AND DEVELOPMENT OF NUCLEAR POWER, BUT  
VERY LITTLE ON COAL. INVESTMENTS HERE CAN PAY <sup>RICH</sup> ~~SUCH~~ DIVIDENDS.

EVEN WITH THIS CONVERSION EFFORT, WE WILL STILL FACE  
A GAP -- BETWEEN THE ENERGY WE NEED AND THE ENERGY WE CAN

*Therefore, as a last resort we must continue to use increasing amounts of*

PRODUCE AND IMPORT. <sup>1</sup> ~~TO FILL THIS GAP,~~ <sup>1</sup> WE WILL ~~HAVE TO USE~~ <sup>have to use</sup> NUCLEAR ENERGY.

WE NOW HAVE 63 NUCLEAR POWER PLANTS, PRODUCING ABOUT

3 PER CENT OF OUR TOTAL ENERGY, <sup>1</sup> ~~AND ABOUT 70 MORE ARE LICENSED FOR CONSTRUCTION,~~ DOMESTIC URANIUM

<sup>these</sup> SUPPLIES CAN SUPPORT AT LEAST ~~300~~ <sup>another ~~150~~ 75</sup> SUCH PLANTS FOR <sup>30</sup> YEARS.

*Effective conservation efforts can minimize the shift toward nuclear power.*  
THERE IS NO NEED TO ENTER THE PLUTONIUM AGE BY LICENSING OR

BUILDING A COMMERCIAL FAST BREEDER REACTOR, <sup>such as the proposed</sup> ~~IN THE FORESEEABLE~~

*plant at Clinch River,*  
FUTURE.

<sup>however,</sup> WE MUST ~~HOWEVER,~~ INCREASE OUR CAPACITY TO PRODUCE

ENRICHED URANIUM FOR LIGHT WATER NUCLEAR POWER PLANTS, <sup>using ~~new~~ ~~plants~~</sup> ~~THE~~

<sup>using the</sup> ~~NEW~~ CENTRIFUGE TECHNOLOGY, WHICH <sup>consumes only</sup> ~~USES~~ 1/10 THE ENERGY OF

EXISTING GASEOUS DIFFUSION PLANTS. ~~WILL NOW BE BUILT.~~

<sup>also,</sup> ~~ADEQUATE~~ STORAGE FOR SPENT NUCLEAR FUEL <sup>must</sup> ~~WILL ALSO~~ <sup>will be required.</sup> ~~BE PROVIDED.~~

WE MUST ALSO REFORM THE NUCLEAR LICENSING PROCEDURE, <sup>plant</sup> *proper siting, safety standards, and supervision must be guaranteed.*

~~WHICH NOW IRRITATES NEARLY EVERYONE INVOLVED.~~ <sup>However,</sup> EVEN WITH THE

MOST THOROUGH SAFEGUARDS, IT SHOULD NOT TAKE TEN YEARS TO LICENSE A PLANT. I PROPOSE THAT WE ESTABLISH REASONABLE, OBJECTIVE CRITERIA FOR LICENSING, AND THAT PLANTS WHICH ARE BASED ON A STANDARD DESIGN NOT REQUIRE EXTENSIVE INDIVIDUAL LICENSING.

IV. ~~DEVELOPMENT~~

~~WE KNOW THE TASK WE FACE FOR THE NEXT TEN OR TWENTY YEARS: WE MUST USE THE FUELS WE HAVE, AND CONSERVE WHERE WE CAN. BUT ONE GENERATION FROM NOW, AND THROUGH THE NEXT CENTURY, WE FACE A NEW CHALLENGE AND A NEW OPPORTUNITY~~  
<sup>also an additional</sup>  
~~THE CHALLENGE OF DEVELOPING~~ <sup>to</sup> ~~PERMANENT~~ <sup>e</sup> ~~AND~~ <sup>and</sup> ~~RELIABLE~~ <sup>new</sup> ~~ENERGY SOURCES.~~  
~~AND THE OPPORTUNITY OF USING THEM. DEVELOPING THESE SOURCES~~  
~~IS OUR FOURTH STRATEGY.~~ 15 #

THE MOST PROMISING RENEWABLE ENERGY SOURCE IS SOLAR ENERGY, FOR WHICH MUCH OF THE TECHNOLOGY IS ALREADY AVAILABLE.

SOLAR ~~HOT~~ WATER HEATERS AND SPACE HEATERS ARE ~~NEARLY~~ READY  
FOR COMMERCIALIZATION. ALL THEY NEED IS ~~A TEMPORARY~~ <sup>some some</sup> INCENTIVE  
TO ~~STIMULATE~~ <sup>initiate</sup> THE GROWTH OF A LARGE MARKET.

THEREFORE, I AM PROPOSING A GRADUALLY DECREASING TAX  
CREDIT, TO RUN FROM NOW THROUGH 1984, FOR APPROVED SOLAR  
HEATING EQUIPMENT, ~~INSTALLED~~ <sup>on buildings. Initially</sup> IN HOMES. IN THE FIRST YEAR, IT  
WOULD BE 40 PER CENT OF THE FIRST \$1,000 AND 25 PER CENT OF  
THE NEXT \$6,400 INVESTED.

~~THERE ARE A VARIETY OF OTHER STEPS [I WILL PROPOSE]~~  
~~TO MAKE PERMANENT ENERGY SOURCES MORE PRACTICAL AND EFFEC-~~  
~~TIVE:~~

-- FEDERAL SUPPORT FOR LOANS AND MORTGAGE EXTENSIONS  
TO FINANCE SOLAR HEATING SYSTEMS;

-- A <sup>three</sup> FIVE YEAR, <sup>program</sup> \$200 MILLION EFFORT TO INSTALL SOLAR  
SYSTEMS IN MANY FEDERAL BUILDINGS; <sup>AND</sup>

-- MORE EXTENSIVE RESEARCH AND DEVELOPMENT INTO PERMA-  
NENT ENERGY SOURCES. [ I PROPOSE THAT ] WE <sup>[ SHOULD ]</sup> CREATE AN OFFICE OF  
SMALL SCALE TECHNOLOGIES TO FUND SMALL, CREATIVE PROJECTS  
AND SUPPORT INDIVIDUAL INVENTORS AND ENTREPRENEURS.

INCREASED PRODUCTION OF GEOTHERMAL ENERGY CAN BE INSURED  
AS  
BY PROVIDING THE SAME TAX INCENTIVES FOR GAS AND OIL DRILLING  
OPERATIONS.

V. ~~EQUITY~~

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.

THE DESIRE <sup>FOR</sup> ~~TO~~ EQUITY IS REFLECTED THROUGHOUT OUR  
PLAN.

[ PROPOSALS ]

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-- IN THE WELLHEAD TAX, WHICH ENCOURAGES CONSERVATION  
BUT IS RETURNED TO THE PUBLIC;

-- IN A DOLLAR-FOR-DOLLAR REFUND OF THE <sup>wellhead</sup> TAX <sup>as it affects</sup> ON HOME  
HEATING OIL;

-- IN REDUCING THE <sup>unfairness</sup> INEQUITY OF NATURAL GAS PRICING;

[WHICH HAD SET REGION AGAINST REGION;]

-- IN ENSURING THAT HOMES WILL HAVE THE <sup>oil and</sup> NATURAL GAS  
THEY NEED, WHILE INDUSTRY TURNS TOWARD THE MORE ABUNDANT  
COAL THAT CAN ALSO SUIT ITS NEEDS;

-- IN BASING UTILITY PRICES ON TRUE COST, SO EVERY-  
USER PAYS ~~[HIS WAY]~~ A FAIR SHARE;

-- IN THE AUTOMOBILE TAX AND REBATE SYSTEM, WHICH  
REWARDS THOSE WHO SAVE OUR ENERGY AND PENALIZES THOSE WHO  
~~[CHOOSE TO]~~ WASTE IT.

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I PROPOSE ONE OTHER STEP TO <sup>insure proper balance in</sup> ~~EMPHASIZE THE EQUITY OF~~  
<sup>more accurate</sup> OUR PLAN. WE NEED <sup>BETTER</sup> 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. ~~[THIS PLAN WILL PROPOSE]~~ <sup>WE NEED</sup> AN INDEPENDENT  
INFORMATION SYSTEM THAT WILL GIVE US ~~[THE]~~ <sup>ACCURATE</sup> RELIABLE  
DATA ~~[WE NEED]~~ ABOUT ENERGY RESERVES AND PRODUCTION, EMERGENCY  
CAPABILITIES AND FINANCIAL DATA FROM THE ENERGY PRODUCERS.

I HAPPEN TO BELIEVE IN COMPETITION, AND <sup>we don't</sup> ~~I'M NOT SURE~~  
WE HAVE ENOUGH OF IT.

DURING THIS TIME OF INCREASING SCARCITY, COMPETITION  
AMONG ENERGY PRODUCERS AND DISTRIBUTORS MUST BE GUARANTEED.

<sup>I RECOMMEND</sup> ~~[IT IS RECOMMENDED]~~ THAT <sup>individual</sup> SEPARATE ACCOUNTING BE REQUIRED FOR <sup>of energy companies</sup>  
PRODUCTION, REFINING, DISTRIBUTION, <sup>and marketing separately for</sup> SALES AND DOMESTIC AND  
FOREIGN OPERATIONS, ~~FOR EACH MAJOR ENERGY COMPONENT.~~ <sup>STRICT</sup>

<sup>Strict enforcement of the anti-trust laws</sup>

*Can be based on this data, and may prevent*  
~~ENFORCEMENT OF ANTI-TRUST LAWS BASED ON THIS DATA CAN PREVENT~~  
*the need for structural or divestiture.*  
~~THE NEED FOR VERTICAL AND HORIZONTAL DIVESTITURE~~ *??*

PROFITEERING THROUGH TAX SHELTERS SHOULD BE PREVENTED,  
AND INDEPENDENT DRILLERS SHOULD HAVE THE SAME INTANGIBLE TAX  
CREDITS AS ~~[ARE NOW ENJOYED BY]~~ THE MAJOR CORPORATIONS.

THE ENERGY INDUSTRY SHOULD NOT REAP LARGE UNEARNED  
*Increasing prices on ~~present~~ <sup>existing</sup> supplies of oil should*  
PROFITS. RETURNS FROM INCREASING PRICES SHOULD BE CAPTURED  
*not result in windfall gains but*  
~~[BY THE GOVERNMENT]~~ FOR THE PEOPLE OF OUR COUNTRY.

WE MUST MAKE IT CLEAR TO EVERYONE IN THIS COUNTRY  
THAT THE PEOPLE, THROUGH THEIR GOVERNMENT, <sup>will now be</sup> ARE SETTING OUR  
ENERGY POLICY, ~~AND NOT THE ENERGY COMPANIES.~~

~~IN ORDER TO~~ <sup>carry out</sup> ~~IMPLEMENT THIS POLICY,~~ THE NEW DEPARTMENT  
OF ENERGY SHOULD BE ESTABLISHED WITHOUT DELAY. CONTINUED  
FRAGMENTATION OF GOVERNMENT AUTHORITY AND RESPONSIBILITY  
FOR OUR NATION'S ENERGY PROGRAM IS DANGEROUS AND UNNECESSARY.

~~(ENDING #2)~~

TWO NIGHTS AGO, I SAID THAT THIS DIFFICULT EFFORT

WOULD BE THE MORAL EQUIVALENT OF WAR, <sup>(insert)</sup> IT WILL DEMAND THE  
BEST OF US -- OUR VISION, OUR <sup>dedication our courage,</sup> SELFLESSNESS, OUR WILLINGNESS  
<sup>and our sense of common purpose.</sup>  
~~TO COOPERATE AND BEAR BURDENS.~~

BUT WE HAVE MET CHALLENGES BEFORE, AND OUR NATION

HAS BEEN THE STRONGER FOR IT. THAT IS THE RESPONSIBILITY

WE FACE TOGETHER NOW -- YOU IN THE CONGRESS, THE MEMBERS OF

<sup>my</sup> ~~MY~~ ADMINISTRATION, AND ALL THE PEOPLE OF OUR COUNTRY. ~~LET~~

~~US BEGIN.~~

###

*If successful, this effort will protect our jobs,  
our environment, our national independence, our standard  
of living, and our future. Our energy policy will be innovative,  
but fair and predictable. It will not be easy.*

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