

Y4
.C73/2
92-103

1040

92/4
Im 8/13
EN 2/4

COUNCIL ON ENERGY POLICY

GOVERNMENT
Storage
APR 23 1973
KANSAS STATE UNIVERSITY

JOINT HEARING BEFORE THE COMMITTEE ON COMMERCE AND THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS UNITED STATES SENATE NINETY-SECOND CONGRESS

SECOND SESSION

ON

S. 3641

TO ESTABLISH A NATIONAL ENERGY RESOURCES ADVISORY BOARD

S. 3802

TO PROMOTE COMMERCE AND ESTABLISH A COUNCIL ON ENERGY POLICY IN THE EXECUTIVE OFFICE OF THE PRESIDENT, AND FOR OTHER PURPOSES

AUGUST 10, 1972

Serial No. 92-103

Printed for the use of the Committee on Commerce



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1973

88-991 O



COMMITTEE ON COMMERCE

WARREN G. MAGNUSON, Washington, *Chairman*

JOHN O. PASTORE, Rhode Island	NORRIS COTTON, New Hampshire
VANCE HARTKE, Indiana	JAMES B. PEARSON, Kansas
PHILIP A. HART, Michigan	ROBERT P. GRIFFIN, Michigan
HOWARD W. CANNON, Nevada	HOWARD H. BAKER, Jr., Tennessee
RUSSELL B. LONG, Louisiana	MARLOW W. COOK, Kentucky
FRANK E. MOSS, Utah	TED STEVENS, Alaska
ERNEST F. HOLLINGS, South Carolina	J. GLENN BEALL, Maryland
DANIEL K. INOUYE, Hawaii	LOWELL P. WEICKER, Jr., Connecticut
WILLIAM B. SPONG, Jr., Virginia	

FREDERICK J. LORDAN, *Staff Director*

MICHAEL PERTSCHUK, *Chief Counsel*

HENRY LIPPEK, *Staff Counsel*

ARTHUR PANKOPF, Jr., *Minority Staff Director*

DAVID CLANTON, *Minority Staff Counsel*

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

HENRY M. JACKSON, Washington, *Chairman*

CLINTON P. ANDERSON, New Mexico	GORDON ALLOTT, Colorado
ALAN BIBLE, Nevada	LEN B. JORDAN, Idaho
FRANK CHURCH, Idaho	PAUL J. FANNIN, Arizona
FRANK E. MOSS, Utah	CLIFFORD P. HANSEN, Wyoming
QUENTIN N. BURDICK, North Dakota	MARK O. HATFIELD, Oregon
GEORGE McGOVERN, South Dakota	HENRY BELLMON, Oklahoma
LEE METCALF, Montana	JAMES L. BUCKLEY, New York
MIKE GRAVEL, Alaska	

JERRY T. VERKLER, *Staff Director*

WILLIAM J. VAN NESS, *Chief Counsel*

DANIEL A. DREYFUS, *Professional Staff Member*

STEVEN P. QUARLES, *Special Counsel*

MARY JANE DUE, *Staff Counsel*

CHARLES COOK, *Minority Counsel*

CONTENTS

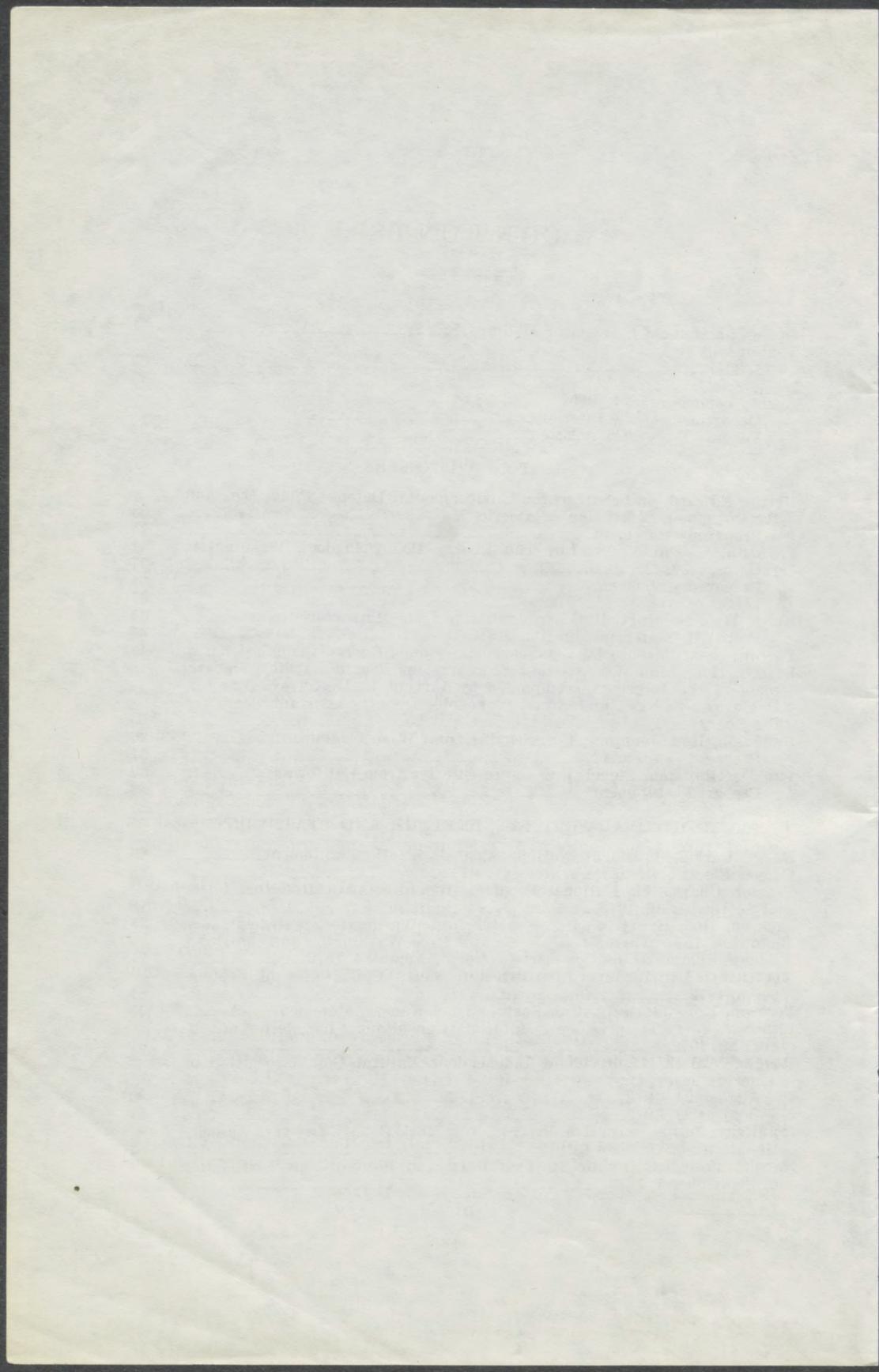
	Page
Opening statement by Senator Hollings.....	1
Text of bills:	
S. 3641.....	3
S. 3802.....	11
Agency comments on S. 3802:	
Department of the Interior.....	22
Federal Power Commission.....	23

LIST OF WITNESSES

Berlin, Edward, on behalf of the Environmental Defense Fund, Inc., and the Consumer Federation of America.....	68
Prepared statement.....	74
Freeman, S. David, director, The Energy Policy Project, Washington, D.C.	57
Prepared statement.....	64
Letter of August 18, 1972.....	67
Keith, Hon. Hastings, U.S. Representative from Massachusetts.....	34
Prepared statement.....	38
Larson, Hon. Clarence E., Commissioner, Atomic Energy Commission....	44
Larson, Hon. John W., Assistant Secretary for Program Policy, Department of the Interior, accompanied by Vincent E. McKelvey, Director, Geological Survey; and Steve Wakefield, Deputy Assistant Secretary for Energy.....	53
Randolph, Hon. Jennings, U.S. Senator from West Virginia.....	26
Prepared statement.....	31
Van Deerlin, Hon. Lionel, U.S. Representative from California.....	32
Prepared statement.....	33

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

Bagge, Carl E., president, National Coal Association, statement.....	89
Edison Electric Institute, statement.....	88
Frazier, Charles H., National Economic Research Associates, Inc., letter of September 12, 1972.....	79
Jackson, Hon. Henry M., U.S. Senator from Washington, statement.....	26
Magnuson, Hon. Warren G., U.S. Senator from Washington and chairman, Senate Committee on Commerce, letter of August 4, 1972.....	27
McCloskey, Michael, executive director, Sierra Club, letter of September 8, 1972.....	84
Pearson, Hon. James B., U.S. Senator from Kansas, statement.....	25
Plunkett, Jerry D., president, Materials Consultants, Inc., letter of August 29, 1972.....	91
Rogers, Walter E., president, Independent Natural Gas Association of America, letters of:	
August 24, 1972.....	80
October 11, 1972.....	81
Rolnitzky, Julius, executive director, New York County Lawyers Association, letter of October 4, 1972.....	82
Swidler, Joseph C., Public Service Commission, State of New York, letter of September 1, 1972.....	79



COUNCIL ON ENERGY POLICY

THURSDAY, AUGUST 10, 1972

U.S. SENATE,
COMMITTEE ON COMMERCE AND
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The committee met at 9:30 a.m. in room 5110, New Senate Office Building, Hon. Ernest F. Hollings presiding.

Present: Senators Hollings, Randolph, and Stevens.

OPENING STATEMENT BY SENATOR HOLLINGS

Senator HOLLINGS. The committee will please come to order. Our hearings today will consider S. 3641 and S. 3802. These hearings are being jointly held by the Committee on Commerce and the Committee on Interior and Insular Affairs.

I want to welcome the distinguished chairman of the Public Works Committee, who is an ex officio member of the Interior Committee's fuels and energy policy study under Senate Resolution 45, Senator Jennings Randolph of West Virginia. Senator Randolph has a deep personal interest in these energy matters.

Without objection, I want to ask that the statement by Senator James B. Pearson of the Commerce Committee, on his bill S. 3641, be included in the record.¹ S. 3641 would establish a nine-member National Energy Resources Advisory Board to make investigation of present and future energy resources and requirements, and submit an annual report on legislative recommendations and current energy activities of public and private enterprise.

S. 3802, which I introduced with Senator Magnuson, would establish a high-level three-member Council on Energy Policy. The function of this Council would be to establish a central point for the collection and analysis of energy information, to coordinate energy activities of the Federal Government, and to prepare a long-range comprehensive plan for energy utilization.

This proposal would provide a single place where Congress and the President can seek information and policy recommendations regarding energy. It insures that a single body has responsibility for examining the overall energy picture. Further, the proposed Council would be independent of operating agencies and not subject to their inherent biases.

Legislative action appears appropriate because increasingly the Nation is faced with shortages of energy, unacceptable environmental im-

Staff member assigned to this hearing: Henry E. Lippek.

¹ See p. 25.

pacts, soaring energy prices, inadequate incentives for efficient utilization and conservation of energy resources.

Historically, Congress has formulated energy policy on an ad hoc basis in response to problems as they appeared. During the past 6 months alone, the Commerce Committee has held extensive hearings to consider legislation to alleviate natural gas shortages, to promote energy research and development, and resolve powerplant siting disputes.

During these hearings, there was also discussion of broad issues of energy policy and how these various legislation proposals would fit into the Nation's overall energy picture.

Several witnesses stated there is an imperative need for establishing a coherent national energy policy in addition to congressional action on individual problem areas. For example, Council on Environmental Quality member, Dr. Gordon McDonald, stated at the Commerce Committee's May 15 hearing, "We clearly do need better mechanisms for establishing a national energy policy."

Atomic Energy Commission Commissioner James T. Ramey called for establishment of a power council composed of all energy agencies.

On numerous occasions, Secretary of Interior Morton has pointed out the need for establishing a more rational energy policy.

In an attempt to respond to this testimony and numerous public statements made by officials and industry representatives, the bills pending before the committee today were introduced.

In my view, the establishment of an energy policy council is not inconsistent with the President's program to create a Department of Natural Resources. In fact, the organizational pattern that is proposed by the bills before us today is analogous to the Nation's approach to environmental protection: the Council on Environmental Quality formulates policy while the Environmental Protection Agency administers the Nation's pollution control laws.

The President has declared, "Together, the Council on Environmental Quality and the EPA provide a forceful institutional team for Federal environmental actions."

Perhaps similar success can be achieved in the energy field by establishing a single council for energy policy and by improving Federal organizational structure to better administer energy policies.

I am very pleased that this is a joint hearing of the Commerce and Interior Committees. The proposals being considered today do not prejudge the fuels and energy policy study currently under way pursuant to Senate Resolution 45.

I hope, however, that these hearings will make a contribution to the debate on the appropriate way to coordinate national energy policies and improve management of energy resources. The fuels and energy policy study will recommend substantive policy changes—here we are examining the establishment of an institutional framework to implement those recommendations once they are made.

The Federal Government is unprepared to comprehensively and systematically deal with the energy problems currently facing the Nation. It is time that Congress establish an overall institutional mechanism before current energy difficulties worsen into a crisis making later remedial action far more difficult.

(The bills and agency comments follow :)

1 consent of the Senate from among individuals who by virtue
2 of their service, experience, or education are especially
3 qualified to serve on the Board. The members shall select
4 a Chairman and a Vice Chairman from among their mem-
5 bership. The terms of office of each member of the Board
6 shall be six years except that—

7 (1) the members first appointed shall serve, as
8 designated by the President, three for a term of two
9 years, three for a term of four years, and three for a term
10 of six years;

11 (2) any member appointed to fill a vacancy shall
12 serve for the remainder of the term for which his pred-
13 ecessor was appointed; and

14 (3) a member shall be eligible for reappointment
15 for one additional term.

16 (c) Any vacancy in the Board shall not affect its powers
17 and five members of the Board shall constitute a quorum
18 except that the Chairman may prescribe a lesser number to
19 constitute a quorum for the purpose of conducting hearings.

20 (d) Members should be chosen from persons who are
21 representative of the fields associated and concerned with fuel
22 and energy use and production.

23 ADMINISTRATIVE POWERS

24 SEC. 3. (a) In order to carry out the provisions of this
25 Act, the Board is authorized to—

1 (1) appoint and fix the compensation of personnel
2 of the Board in accordance with the provisions of title 5,
3 United States Code;

4 (2) make, promulgate, issue, rescind, and amend
5 rules and regulations as may be necessary to carry out
6 the functions vested in the Board and delegate authority
7 to any officer or employee;

8 (3) employ experts and consultants in accordance
9 with section 3109 of title 5, United States Code;

10 (4) appoint one or more advisory committees com-
11 posed of such private citizens and officials of Federal,
12 State, and local governments as it deems desirable, to
13 advise it with respect to its functions under this Act;

14 (5) utilize, with their consent, the services, equip-
15 ment, personnel, information, and facilities of other Fed-
16 eral, State, and local public agencies with or without
17 reimbursement therefor;

18 (6) accept voluntary and uncompensated services,
19 notwithstanding the provisions of section 3676 of the Re-
20 vised Statutes, March 3, 1905;

21 (7) accept unconditional gifts or donations of serv-
22 ices, money, or property, real, personal, or mixed,
23 tangible, or intangible;

24 (8) take such actions as may be required for the
25 accomplishment of the objectives of the Board; and

1 (9) make contracts with public or private non-
2 profit entities to conduct studies related to the purposes
3 of this Act.

4 (b) Upon request made by the Board, each Federal
5 agency is authorized and directed to make its services, equip-
6 ment, personnel, facilities, and information (including sug-
7 gestions, estimates, and statistics) available to the greatest
8 practicable extent consistent with other laws to the Board
9 in the performance of its functions with or without reimburse-
10 ment.

11 (c) Each member of a committee appointed pursuant
12 to clause (5) of subsection (a) of this section who is not
13 an officer or employee of the Federal Government shall be
14 compensated at the rate prescribed for GS-18 under section
15 5332 of title 5, United States Code, for each day he is en-
16 gaged in the actual performance of his duties (including
17 traveltime) as a member of a committee. All members shall
18 be reimbursed for travel, subsistence, and necessary expenses
19 incurred in the performance of their duties.

20 (d) (1) The Board or any duly authorized subcommit-
21 tee or member thereof may, for the purposes of carrying out
22 the provisions of this Act, hold such hearings, sit and act
23 at such times and places, administer such oaths, and require
24 by subpoena or otherwise the attendance and testimony of
25 such witnesses and the production of such books, records,

1 correspondence, memorandums, papers, and documents as
2 the Board or such subcommittee or member may deem ad-
3 visable. Any member of the Board may administer oaths or
4 affirmations to witnesses appearing before the Board or be-
5 fore such subcommittee or member. Subpenas may be issued
6 under the signature of the Chairman or any duly designated
7 member of the Board, and may be served by any person
8 designated by the Chairman or such member.

9 (2) In the case of contumacy or refusal to obey a sub-
10 pena issued under paragraph (1) by any person who resides,
11 is found, or transacts business within the jurisdiction of any
12 district court of the United States, such court, upon applica-
13 tion made by the Attorney General of the United States at
14 the request of the Chairman of the Board, shall have juris-
15 diction to issue to such person an order requiring such person
16 to appear before the Board of a subcommittee or member
17 thereof, there to produce evidence if so ordered, or there to
18 give testimony touching the matter under inquiry. Any fail-
19 ure of such person to obey any such order of the court may
20 be punished by the court as a contempt thereof.

21 COMPENSATION

22 SEC. 4. (a) Section 5314 of title 5, United States Code,
23 is amended by adding at the end thereof the following new
24 paragraph:

1 (B) on the extent of investments by public
2 and private enterprise for the maintenance of reli-
3 able, efficient, and adequate sources of energy and
4 fuel, including the adequacy of such investments to
5 provide a clean environment.

6 (b) In conducting inquiries and compiling the report
7 required under section 5, the Board shall consider—

8 (1) the proved and predicted availabilities of our
9 national fuel and energy resources in all forms and fac-
10 tors pertinent thereto, as well as worldwide trends in
11 consumption and supply;

12 (2) projected national requirements for the utiliza-
13 tion of these resources for energy production and other
14 purposes, both to meet short-range needs and to provide
15 for long-term future demands;

16 (3) the interests of the consuming public, includ-
17 ing the availability in all regions of the country of an
18 adequate supply of energy and fuel at reasonable prices
19 and including the maintenance of a sound competitive
20 structure in the supply and distribution of energy and
21 fuel to both industry and the public;

22 (4) technological developments affecting energy
23 and fuel production, distribution, transportation, or trans-
24 mission, in progress and in prospect, including desirable

1 areas for further exploration and technological research,
2 development, and demonstration;

3 (5) the environmental effects of energy production;

4 (6) the effect upon the public and private sectors of
5 the economy of any recommendations made under this
6 Act, and of existing governmental programs and policies
7 now in effect;

8 (7) the effect of any recommendations made pur-
9 suant to this Act on economic concentrations in industry,
10 particularly as those recommendations may affect small
11 business enterprises engaged in the production, process-
12 ing, and distribution of energy and fuel; and

13 (8) governmental programs and policies now in
14 operation, their effect upon segments of the fuel and
15 energy industries, and their impact upon related and
16 competing sources of energy and fuel and their interac-
17 tion with other governmental goals, objectives, and
18 programs.

19 APPROPRIATIONS

20 SEC. 6. There are hereby authorized to be appropriated
21 such sums as may be necessary to carry out the purposes
22 of this Act.

92D CONGRESS
2D SESSION

S. 3802

IN THE SENATE OF THE UNITED STATES

JULY 18, 1972

Mr. HOLLINGS (for himself and Mr. MAGNUSON) introduced the following bill;
which was read twice and referred to the Committee on Commerce

A BILL

To promote commerce and establish a Council on Energy Policy
in the Executive Office of the President, and for other
purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Energy Policy Act of
4 1972".

5 STATEMENT OF FINDINGS

6 SECTION 1. The Congress hereby finds that—

7 (a) there are large numbers of Federal agencies,
8 which were created at different times and for different
9 purposes often to handle specialized problems, all directly
10 involved in the establishment of energy policy;

1 (3) prepare, in consultation with other interested
2 organization and bodies, a long-range comprehensive
3 plan for energy utilization to foster improvement of the
4 efficiency of energy production and utilization, reduction
5 of its adverse environmental impact, conservation of en-
6 ergy resources for future generations by reducing en-
7 ergy demands, and development of technological capa-
8 bilities to produce alternative clean energy sources.

9 (c) Congress authorizes and directs that, to the fullest
10 extent possible—

11 (1) the policies, regulations, and public laws of the
12 United States shall be interpreted and administered in
13 accordance with the policies set forth in this Act; and

14 (2) all agencies of the Federal Government shall—

15 (A) utilize a systematic, interdisciplinary ap-
16 proach which will insure the integrated use of both
17 physical and social sciences in producing and utiliz-
18 ing the Nation's energy resources;

19 (B) submit to the Council on Energy Policy
20 established by this Act for clearance and approval
21 all legislative recommendations and reports, to the
22 extent that such recommendations and reports deal
23 with energy matters.

24 (C) gather data and information and develop
25 analytical techniques for use in the management,
26 conservation, use and development of energy re-

1 sources and makes such data available to the Council
2 on Energy Policy for inclusion in the Energy Report
3 required by this Act;

4 (D) recognize the worldwide and long-range
5 character of energy concerns and, where consistent
6 with the foreign policy of the United States, lend
7 appropriate support to initiatives, resolutions, and
8 programs designed to foster international coopera-
9 tion in anticipating and solving such problems;

10 (E) include in every recommendation or re-
11 port to Congress on proposals for legislation and
12 other major Federal actions having a significant
13 affect on energy availability or use a detailed state-
14 ment by the responsible official on whether such a
15 proposal or action is consistent with the long-range
16 plan formulated by the Council on Energy Policy
17 pursuant to this Act. If such proposal or action is
18 not consistent with such plan, the statement shall
19 also contain a detailed justification for the proposal
20 or action.

21 (F) include, at the direction and in the dis-
22 cretion of the Council on Energy Policy, an energy
23 impact statement by the responsible official, as well
24 as any other Federal agency designated by the
25 Council, on (i) the relationship of the proposed

1 action to the National Policies declared by this Act;
2 (ii) the relationship of the proposed action to other
3 essential national policies which are not directly re-
4 lated to the policies declared by this Act; (iii)
5 short- and long-term economic, technological and
6 social benefits and costs to the Nation which are
7 anticipated to accrue from such action; and (iv)
8 the economic and technological impacts as well as
9 the benefits and costs related to the alternative ac-
10 tions discussed in the impact statement.

11 ESTABLISHMENT OF A COUNCIL

12 SEC. 3. (a) There shall be created in the Executive
13 Office of the President a Council on Energy Policy (here-
14 inafter referred to as the "Council"). The Council shall be
15 composed of three members who shall be appointed by the
16 President by and with the advice and consent of the Senate.
17 The members of the Council shall serve for five-year terms
18 except that of the three such members first appointed one
19 shall be appointed for a two-year term and one for a four-
20 year term, as designated by the President at the time of ap-
21 pointment. The President shall designate one of the members
22 of the Council to serve as Chairman. Each member shall be a
23 person who as a result of this training, experience, and attain-
24 ment, is well qualified to analyze and interpret energy trends
25 and information of all kinds; to appraise programs and activ-

1 ities of the Federal Government in the light of energy needs
2 of the Nation; to be conscious of and responsive to the en-
3 vironmental, social, cultural, economic, scientific, and esthetic
4 needs and interests of the Nation; and to formulate a national
5 energy plan and recommend national policies with respect to
6 wise energy management. No more than two members of
7 the Council shall be appointed from the same political party.

8

DUTIES

9 SEC. 4. (a) To carry out the purposes stated in section
10 2 of this Act the Council shall serve as the principal adviser
11 to the President and the Congress on energy policy exercis-
12 ing leadership in formulating Government policy concerning
13 domestic and international energy issues.

14 (b) The Council shall make recommendations to the
15 President and the Congress for resolving conflicting energy
16 policies of Federal agencies.

17 (c) The Council shall develop and annually update a
18 long-range comprehensive plan for energy utilization in the
19 United States to carry out the purposes as stated in section 2
20 of this Act which shall provide guidance to Federal, State,
21 and local agencies and nongovernmental entities concerned
22 with energy in the United States.

23 (d) The Council shall promptly review all legislative
24 recommendations and reports to Congress of Federal agen-
25 cies, to the extent that such recommendations and reports

1 deal with energy matters. The Council, if it disapproves such
2 an agency report or recommendation shall state in writing
3 to Congress and the involved Federal agency its reasons
4 therefor.

5 (e) The Council shall keep Congress fully and currently
6 informed of all of its activities and neither the Council nor its
7 employees may refuse to testify before or submit information
8 to either House of Congress or any duly authorized committee
9 thereof.

10 ADMINISTRATIVE PROVISIONS

11 SEC. 5. (a) In exercising its powers, functions, and
12 duties under this Act the Council shall—

13 (1) consult with representatives of science, indus-
14 try, agriculture, labor, conservation organizations, State
15 and local governments and other groups, as it deems
16 advisable; and

17 (2) employ a competent, independent staff which
18 shall utilize, to the fullest extent possible, the services,
19 facilities, and information (including statistical informa-
20 tion) of public and private agencies and organizations,
21 and individuals, to avoid duplication of effort and expense
22 thus assuring that the Council's activities will not un-
23 necessarily overlap or conflict with similar activities au-
24 thorized by law and performed by other agencies.

25 (b) Members of the Council shall serve full time and the

1 Chairman of the Council shall be compensated at the rate pro-
2 vided for level II of the Executive Schedule Pay Rates (5
3 U.S.C. 5313). The other members of the Council shall be
4 compensated at the rate provided for level IV of the Execu-
5 tive Schedule Pay Rates (5 U.S.C. 5315).

6 (c) The Council may employ such officers and em-
7 ployees as may be necessary to carry out its functions under
8 this Act. In addition, the Council may employ and fix the
9 compensation of such experts, consultants or contractors to
10 conduct detailed studies as may be necessary for the carry-
11 ing out of its functions under this Act in accordance with
12 section 3109 of title 5, United States Code (but without
13 regard to the last sentence thereof).

14 ENERGY REPORT

15 SEC. 6. The President shall cause to be prepared and
16 submitted to the Congress on or before July 1, 1973, and
17 annually thereafter, an energy report. This report shall
18 include—

19 (a) an estimate of national energy needs for the
20 ensuing ten-year period to meet the requirements of the
21 general welfare of the people of the United States and
22 the commercial and industrial life of the Nation;

23 (b) an estimate of the domestic and foreign energy
24 supply on which the United States will be expected to
25 rely to meet such needs in an economical manner with

1 due regard for the protection of the environment, the
2 conservation of natural resources and implementation of
3 foreign policy objectives;

4 (c) current and foreseeable trends in the price,
5 quality, management and utilization of energy resources
6 and the affects of those trends on the social, environ-
7 mental, economic, and other requirements of the Nation;

8 (d) a catalog of research and development efforts
9 funded by the Federal Government to develop new tech-
10 nologies, to forestall energy shortages, to reduce waste,
11 to foster recycling and to encourage conservation prac-
12 tices; and recommendations for developing technology
13 capable of improving the quality of the environment, in-
14 creasing efficiency and protecting employee health and
15 safety in energy industries;

16 (e) recommendations for improving the energy
17 data and information available to the Federal agencies
18 by improving monitoring systems, standardizing data,
19 and securing additional needed information;

20 (f) a review and appraisal of the adequacy and ap-
21 propriateness of technologies, procedures, and practices
22 (including competitive and regulatory practices), em-
23 ployed by Federal, State, and local governments and
24 nongovernmental entities to achieve the foregoing objec-
25 tives; and

1 (g) recommendations for the level of funding for
2 the development and application of new technologies, as
3 well as procedures, and practices which he may deter-
4 mine to be required to achieve such objectives and im-
5 prove energy management and conservation together
6 with recommendations for legislation.

7 PUBLIC ACCESS TO INFORMATION

8 SEC. 7. (a) Copies of any communications, documents,
9 reports or information received or sent by any member of
10 the Council shall be made available to the public upon identi-
11 fiable request, and at reasonable cost, unless such information
12 may not be publicly released under the terms of subsection
13 (b) of this section.

14 (b) The Council or any officer or employee of the Coun-
15 cil shall not disclose information obtained by him under this
16 Act which concerns or relates to a trade secret referred to in
17 section 1905 of title 18, United States Code, except that
18 such information may be disclosed—

19 (1) to other Federal Government departments,
20 agencies, and officials for official use upon request;

21 (2) to committees of Congress having jurisdiction
22 over the subject matter to which the information relates;

23 (3) in any judicial proceeding under a court order
24 formulated to preserve the confidentiality of such infor-
25 mation without impairing the proceedings; and

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., August 9, 1972.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your request for the views of this Department on S. 3802, a bill "To promote commerce and establish a Council on Energy Policy in the Executive Office of the President, and for other purposes."

We strongly oppose the enactment of S. 3802.

S. 3802 would create in the Executive Office of the President a three man Council on Energy Policy. The Council would serve as the principal advisor to the President and the Congress on energy policy, exercising leadership in formulating Government policy concerning domestic and international energy issues. In discharging its responsibility, the Council would establish a central place for the collection, analysis, and interpretation of energy statistics and data and prepare a long-range comprehensive plan for energy utilization.

Energy programs and responsibilities are presently scattered among numerous Federal agencies. There is no single agency charged with formulating and implementing policies and programs to assure effective energy resource utilization and conservation, while at the same time meeting future energy requirements and the achievement of environmental objectives.

The Department of the Interior has been concerned with the present fragmentation of energy management responsibilities for some time, particularly in the light of the energy crisis which is facing the Nation. This department and the Administration have responded with a number of organizational changes, some effected and some proposed, to facilitate the formulation and implementation of a coordinated energy policy. We believe these changes to be more constructive than that proposed by S. 3802 which we feel would be counter-productive.

On March 25, 1971, the President proposed to Congress the establishment of the Energy and Mineral Resources Administration within a new Federal Department of Natural Resources. The Energy and Mineral Resources Administration will have five major functional areas of responsibility: Policy development and planning; research and development; information and analysis; regulation and enforcement; and special proprietary functions. In providing for these essential policy and administrative tools, President Nixon said:

"The single energy authority which would thus be created would be better able to clarify, express, and execute Federal energy policy than any unit in our present structure. The establishment of this new entity would provide a focal point where energy policy in the Executive Branch could be harmonized and rationalized."

A highly competent staff already exists within a number of the Federal agencies that would be combined within the Energy and Minerals Administration in DNR. For instance, the budgeting and civil nuclear power function of the AEC would be conducted within the new Department. These functions are currently being performed by the AEC staff which would be consolidated in DNR. Under this organizational framework, these functions would receive direction and guidance from the same person concerned with the development of other energy sources.

The Department of the Interior contains the capability for gathering and analyzing information relating to energy matters, including exploration, development and conversion. It also manages the Federal lands which contain a large percentage of the Nation's fuel resources. These existing capabilities would be consolidated in DNR.

Two things are important to note about the Energy and Minerals Resource Administration: First its recognition of the close relationship between energy and minerals and second its relationship to all natural resources.

Pending the enactment of the Department of Natural Resources, there have been significant steps taken within the Administration as a whole and within this Department to coordinate energy matters. On the Department level, we have created an Energy Information and Analysis Group.

Among the responsibilities of the Group will be the monitoring, collecting, analyzing, evaluating, and publishing, as appropriate, of information on all aspects of energy and fuels including coal, oil, gas, nuclear, hydro-power, geothermal, solar and other sources. This includes such areas as resources and

reserves, exploration, production, processing, transportation, distribution, consumption, research and development affecting the energy field, environmental impacts, foreign trade and related matters. A considerable amount of statistical and informational data of varying degrees of reliability and usefulness is presently available. What is lacking is the concentration of analytical capability to develop it into usable reports (complete with options and recommendations) for the use of the Secretary of the Interior in making and implementing policy. The Group will provide the factual basis and options necessary for the development of Departmental positions on such matters as energy policy and program elements. It will also provide a mechanism for the establishment of coordinated, Department-wide reports and projections on various energy matters.

On the Executive Branch level, the President's Domestic Council has established an Energy Subcommittee headed by the Secretary of the Interior. The President outlined the role of this Subcommittee in his Clean Energy Message of June 4, 1971:

"Until such time as (DNR) comes into being, I will continue to look to the Energy Subcommittee of the Domestic Council for leadership in analyzing and coordinating overall energy policy questions for the executive branch."

In contrast to the above described actions, S. 3802 would merely superimpose on the existing fragmented structure another layer of bureaucracy. We feel this would simply further delay decisions on matters of national energy policy. Moreover, it would not be able to coordinate energy policy with other mineral and natural resource programs as well as the Department of Natural Resources or the interim measures already in effect for this purpose.

Accordingly, we strongly recommend that the Congress not enact S. 3802 but rather enact legislation to create the President's proposed Department of Natural Resources.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

JOHN W. LARSON,
Assistant Secretary of the Interior.

FEDERAL POWER COMMISSION,
Washington, D.C., September 22, 1972.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your letter of August 9, 1972, requesting comments on S. 3802, a bill to create a Council on Energy Policy. The views set forth below are mine as the Chairman of the Federal Power Commission and not necessarily those of my fellow Commissioners.

Section 3 of the bill proposes the creation of a Council in the Executive Office of the President to be composed of three persons to be appointed by the President with the advice and consent of the Senate. Under Section 2, it is the declared purpose of the bill to establish a central point for the collection, analysis and interpretation of energy information, to provide for long-range comprehensive planning of energy management consistent with social, environmental and economic needs of the Nation, and to coordinate all energy activities of the Federal government.

The Council would serve as principal energy policy advisor to the President and the Congress, recommend resolutions of conflicting energy policies of Federal agencies, develop and annually update a long-range comprehensive energy utilization plan to carry out the purposes of the Act and provide guidance to all types of governmental agencies and non-governmental entities regarding energy matters, advise the Congress of its views on legislative recommendations and reports of other Federal agencies, and submit a comprehensive energy report annually to the Congress. Section 4.

The bill would in certain respects place considerable additional responsibilities on the Federal agencies concerned regarding their functions in support of the objectives of the bill. It would require:

(1) submission to the Council for clearance of all energy-related legislative recommendations and reports;

(2) the gathering of information and the development of analytical techniques respecting management, conservation, use, and development of energy resources;

(3) coordination with foreign policy objectives regarding worldwide and long-range energy concerns;

(4) preparation of a detailed statement regarding the consistency with the Council's long-range plan of every recommendation or report to Congress on proposals for legislation or other major Federal action having a significant effect on energy availability or use;

(5) in the Council's discretion, submission of an energy impact statement regarding the relationship of the proposed action to national energy policy and other national policies and an analysis of the anticipated short- and long-term economic, technological and social benefits and costs of the proposed action, as well as the economic and technological impact and benefits and costs involved in alternative actions discussed in the impact statement.

I am in accord with the general purposes expressed in the bill, including the creation of a Council on Energy Policy. Shortly after I joined the Federal Power Commission as Chairman on August 1, 1969, I proposed to the Congress in Hearings before the Subcommittee on Energy, Natural Resources, and the Environment, Senate Committee on Commerce, the establishment of a National Energy Resources Council with the primary purpose of monitoring on a continuing basis the Nation's energy resources in relation to our immediate and long-range energy requirements, under a 'total-energy' concept, recognizing the need to balance economic and environmental concerns.

I have consistently repeated this recommendation, including as recently as August 1, 1972, in Hearings before the Flood Control and Internal Development Subcommittee of the House Committee on Public Works and in an address before the Section on Public Utility Law at the American Bar Association Convention on August 14, 1972.

There are now some 36 departments, agencies, commissions or councils which directly affect the Nation's energy resources. It should be self-evident that much of this jurisdiction must be centralized and streamlined as proposed by the President in his request for a new Department of Natural Resources.

In addition, I believe there is a need for the creation of an energy advisory body within the Office of the President which would also serve as the evaluation center for national and international energy data and trends. These functions of the Council, together with the proposed annual report as detailed in § 6 of the bill and the Council's responsibility to recommend necessary legislation, would be of significant assistance in the formulation of national energy policy by the President and the Congress.

As our principal national energy advisory body, the Council would also be responsible for the ongoing assessment of our energy needs in light of environmental, foreign policy, and national security considerations. Such coordination is necessary if we are to satisfy our energy requirements and achieve the nation's economic, social and environmental goals. In addition, the Council would constitute the mechanism for coordination of the programs of Federal agencies in their efforts to implement our national energy policies. In other words, I submit that S. 3802, insofar as it is designed to create a coordinating advisory body, is necessary. Such an agency would serve as the energy equivalent of the Council of Economic Advisers and the Council on Environmental Quality. However, the principles of a national energy policy must be defined insofar as may be feasible by the Congress rather than the Council with broad powers of implementation and execution vested in the Executive branch.

I believe that the operational and implementing responsibilities in the energy field, including those outlined in the bill, should be centered in the President's proposed Department of Natural Resources. That agency would exercise the planning and developmental jurisdiction necessary to secure the resources required to meet national needs. However, as the bill has been drafted, the Council would discharge many of these responsibilities and thus constitute another level of regulation in the Federal bureaucracy. For example, it would be required to clear all agency legislative recommendations and reports to the extent they apply to energy matters. Certainly, the Council should be supplied with copies of such proposals and reports and be given the opportunity to inform Congress and the President whether they are consistent with its views as to national policy. However, Council clearance prior to submission of proposals and reports to Congress would be not only duplicative of OMB clearance requirements, but also unduly restrictive of powers delegated to this and other agencies by the Congress.

Furthermore, I am opposed to the detailed energy statement requirements contained in the bill. These requirements would substantially delay the processing of the many applications pending before this agency and create an additional heavy burden on our limited manpower. More fundamentally, however, I oppose this provision because the energy impact statement prescribed in the bill closely parallels and is susceptible to the same inordinately time consuming and confusing uncertainty that has characterized the environmental impact statement procedures of the National Environmental Policy Act (NEPA). In my view, these procedures are still in their infancy and have yet to be perfected. I am not in favor of duplicating these procedures in the energy field, thus promoting the delay and litigation that have characterized the impact statement provisions of NEPA. Moreover, the Commission is already making energy impact analyses because we are required under NEPA and other applicable laws, including our own enabling statutes, to evaluate energy alternatives to a proposed resource development program. Accordingly, energy impact statements are in fact being prepared which should obviate the need for the detailed energy statement prescribed in S. 3802.

Finally, I suggest that this legislation is subject to very broad interpretation and could be construed to empower the Council to impinge upon the authority conferred upon this and other agencies by the Congress through the adoption of a long-range plan which might be inconsistent with existing laws affecting such agencies. As noted earlier, I do not endorse this concept.

Sincerely,

JOHN N. NASSIKAS,
Chairman.

(The statement follows:)

STATEMENT OF HON. JAMES B. PEARSON, U.S. SENATOR FROM KANSAS

Experts in the energy field and the general public are aware that we have an energy problem in this nation. We are beginning to run short of some of our most vital energy resources and we can foresee the time when several of them will be exhausted. In my own state, some farmers, homeowners, and industries can no longer be guaranteed adequate supplies of natural gas. Blackouts and brownouts have become all too familiar to residents of our great cities. And other manifestations of the energy problem are becoming more apparent every day.

Whether this energy problem becomes an acute energy crisis in the not so distant future will depend on our taking prompt action to provide a comprehensive, coordinated plan for the utilization of our remaining energy resources. We cannot afford to wait until our nation runs out of first one then another of our energy resources before we take decisive action for then it will already be too late. We can create a rational program for utilizing those remaining energy resources efficiently, effectively and prudently. That is what these hearings are about.

On May 24 of this year, I introduced a bill to establish a National Energy Resources Advisory Board to make recommendations to the President and the Congress so that each could have the information it needs to formulate a national energies policy. Senators Young, Spong, Bennett, Pell, Schweiker, and Javits are cosponsors of this legislation. Senators Hollings and Magnuson subsequently introduced similar legislation. These bills fill an obvious need for while we have some 61 federal agencies, commissions, committees and other entities with some jurisdiction over bits and pieces of the energy question, we do not have a single body with comprehensive authority. The legislation we consider today would create such a body.

The National Energy Resources Advisory Board proposed in S. 3641 would perform several basic tasks which are not now being done. It would gather data on all aspects of the energy question from the reserves of basic fuels and projections of future demand to prospects for technological developments which affect our energy supply and rate of utilization. Based on this data, the Board would undertake a comprehensive evaluation of the status of our energy supplies and the demand for them. It would evaluate the interrelationships between the various energy resources—examine them as an energy matrix, in which the use of one fuel has an impact on the use of all others.

The Board would undertake this evaluation in order to make an annual report to the Congress and the President. The report would recommend specific legisla-

tive and administrative action with regard to coordination of effective and reasonable policies to assure reliable and efficient sources of fuel and energy adequate for balanced economy, a clean environment and the maintenance of our national security. It would also report on the extent of investments by public and private enterprise for the maintenance of reliable, efficient and adequate sources of energy and fuel, including the adequacy of such investments to provide a clean environment.

This report, along with continuing advice from the expert staff and Board members, could provide the basis for the formulation of a badly needed national energies policy.

While this Board has a broad mandate, I must emphasize that it is an advisory board. It cannot, and should not, be an all powerful agency charged with formulating a national energy policy. That power must be exercised by the President and the Congress. But the Board is absolutely necessary if the President and the Congress are to have the capacity to develop a comprehensive and continuing national energies policy.

Our problem at present is not that we are failing to examine the energy problem. The Senate itself, with the passage of Senate Resolution 45 took a long step toward a thorough evaluation of the question. But we must now take the second step—and establish a permanent body to evaluate and make recommendations about this question. While there are those who would claim that our energy problem is being competently and expertly studied by numerous government agencies, I would ask them to examine that assertion closely. I believe that they will find that parts of the problem are under investigation. But the point is that we need to pull together all of the data, and all of the recommendations, and all of our expertise to establish one plan. For only in that way can we prevent a severe problem in the future.

The bills my colleagues and I have introduced are basically compatible. They are aimed directly at the same problem and utilize the same approach. I hope that from these hearings we can report legislation which will provide our government with the machinery it needs to formulate a rational plan for the use of our oil, coal, gas, and other energy resources—a plan which will prevent our energy problem from becoming an energy crisis.

Senator HOLLINGS. Our distinguished colleague from West Virginia has other hearings scheduled, and I want to recognize Senator Randolph at this time.

STATEMENT OF HON. JENNINGS RANDOLPH, U.S. SENATOR FROM WEST VIRGINIA

Senator RANDOLPH. Mr. Chairman, I am very appreciative of your consideration of my schedule for this morning, and permitting me therefore to appear before your group of very concerned, and I am sure very helpful, witnesses who will testify today.

I have been asked by the chairman of the Interior and Insular Affairs Committee, Senator Jackson, to ask you, Mr. Chairman, in his absence to include in the record his comment, perhaps not on just the legislative proposal now pending before the Commerce, and for our consideration today during your chairing of this hearing, but in a sense to explain what is being done in the Interior Committee under the action of the Senate, reflected through the passage of Senate Resolution 45.

Senator HOLLINGS. The statement will be included.

(The statement and letter follow :)

STATEMENT OF HON. HENRY M. JACKSON, U.S. SENATOR FROM WASHINGTON

Mr. Chairman, I welcome the opportunity to participate in this hearing today. As you know, the Study of National Fuels and Energy Policy authorized by Senate Resolution 45 has been under way for almost a year. Our hearings have

covered a broad range of subjects, including the organization of the Executive Branch to formulate and manage a coherent national energy policy. I am sure that today's hearing will contribute further to our understanding of this important aspect of the energy problem.

It is no secret that the organization of the Executive Branch in the energy field leaves much to be desired. Too many agencies are attacking too many parts of the problem on a piecemeal basis. Important responsibilities in the energy field, such as energy conservation, are not assigned at all.

In my view, the most significant deficiency in the Federal approach to energy policy is the lack of high level, technically competent surveillance of the energy system as a whole.

Major energy policy decisions in the Executive Branch are usually made on the basis of studies and recommendations of temporary advisory boards or task forces. These groups are called together to prepare recommendations on specific policy problems. Their mandate is narrow and short-term. They are not charged with responsibility for identifying tradeoffs and determining the full consequences of their recommendations.

They have no institutional "memory" from which to begin their work, and there is no agency charged with the continuing responsibility to monitor the results of the decisions which are made.

The measures and organizational concepts we are discussing today are concerned with these deficiencies. But I am not yet certain of the specific action which should be taken. We know that similar conditions exist regarding water resources policy, and may exist in other areas of resource policy. There are obvious limits to the member of high level advisory groups which can be established and we must determine the scope of interest which is appropriate. Energy may be too narrow. Natural resources may prove to be too broad. Again it may be preferable to assign appropriate staff support to an existing agency or institution.

The proposals to create a Council on Energy Policy and a National Energy Resources Advisory Board—the subject of today's hearing—embody concepts which are included in my own bill, S. 3330, to create a Board on Natural Resources Planning and Policy. All of these proposals must be carefully considered before we make any final recommendations to the Senate regarding Executive Branch reorganization in the energy field.

AUGUST 4, 1972.

HON. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR SCOOP: The Commerce Committee will hold hearings on August 10 to consider S. 3802, a bill to establish a Council on Energy Policy. The function of this Council would be to act as a central point for the collection and analysis of energy data, to coordinate the energy activities of federal agencies and prepare a comprehensive national plan for energy utilization.

I know of your personal interest and that of the members of the national fuels and energy policy study in this matter. You and any other members of the fuels study are most welcome to join us on August 10.

Sincerely yours,

WARREN G. MAGNUSON, *Chairman.*

U.S. SENATE,
COMMITTEE ON INTERIOR AFFAIRS,
Washington, D.C., August 8, 1972.

HON. WARREN G. MAGNUSON,
Chairman, Senate Commerce Committee,
Washington, D.C.

DEAR WARREN: Thank you for your letter of August 4, 1972, inviting the members and ex-officio members of the Senate Interior Committee's Study of National Fuels and Energy Policy to attend and participate in the hearings you have scheduled for August 10 on S. 3802 and other pending measures on Federal organization for energy policy development and administration.

I appreciate your thoughtfulness in extending this invitation and I have notified the other members of the Committee of the hearing and your invitation to participate in this hearing of the Commerce and Interior and Insular Affairs Committees.

As you know, in March of this year I introduced S. 3330, a bill quite similar to S. 3802. I have refrained from scheduling hearings on this measure because I felt it was advisable to have the full benefit of the Committee's Study of National Fuels and Energy Policy before making a legislative effort to reorganize the energy functions of the Federal government. I look forward to the hearing and plan to participate. I am confident that the hearing record will make a substantial contribution in identifying major issues involved in Federal energy policy development.

With best regards,
Sincerely yours,

HENRY M. JACKSON, *Chairman.*

Senator RANDOLPH. Thank you, Mr. Chairman.

At the outset of my very brief remarks, I commend the chairman of the Commerce Committee, Senator Magnuson, and I commend the chairman hearing this legislation this morning, S. 3802, for their continuing efforts to focus attention on a very crucial subject, not only before the Congress but before the American people.

And I shall of course attempt to cooperate and to join in every constructive approach.

I have noted, Mr. Chairman, on frequent occasions, that there is a need for a national energy policy. It is integral to assuring the economic future of our Nation, and it is essential to our national quest for environmental quality.

You are aware, Mr. Chairman, through your concern, that the Commerce Committee for some 14 months has actively participated in the work being done within the Interior Committee pursuant to Resolution 45. Chairman Jackson and I jointly sponsored that resolution.

Now the Public Works Committee also stands with the Commerce Committee in participation—active participation—input in this study.

Also, the Joint Atomic Energy Committee has been represented, and we believe the significant Senate study, which will come in the form of a report and recommendations in January of 1973—already we have made interim reports—will help us to respond as you, Mr. Chairman, wish to respond, in a very positive way on the emerging national energy crises.

Now, in anticipation of the need for such a detailed investigation of the study of energy requirements and fuel resource policies, I proposed, on July 6, 1970, to establish a National Commission on Fuels and Energy. This Commission was to be composed of Members of Congress, the executive branch, and the public; and, of course, was to report to the President and the Congress.

Now, Mr. Chairman, this Commission proposal was opposed—this is factual, and perhaps in a degree understandable—by the spokesman of the administration, as closely paralleling and duplicating an executive branch study requested by the President and considered to be well underway in November of 1970.

However, and with no criticism—I have spoken of the constructive features of the work from the administrative level—the results of this all-executive study have not yet been made public and, in a sense, today you are bringing to our attention through these hearings the fact that the studies go on.

And they must go on. They must be very carefully carried forward. But there is a time for meeting a problem, and we must meet this problem sooner than later.

Now, fortunately, we think, in the Senate we initiated this national fuels and energy policy study at a time when we are able to make an attack on the basic problems that we are considering.

It is already apparent from the proceedings of the study that it is going to have an impact on all segments of our economy. We cannot have it otherwise.

I firmly believe, Mr. Chairman, it would be a mistake—this is just my considered reasoning—for the Congress to delegate to the executive branch total responsibilities in this area of a fuels and energy policy for the United States. Indeed, the Senate study should be allowed to proceed until its conclusion early next year.

If the Congress, Mr. Chairman, is to recommend any reorganization that would cope with the problems of a national energy policy, the resultant recommendations should reflect this comprehensive approach, not only to the formulation of an energy policy, but also to the promotion and the regulation of energy resource and development.

I am concluding now, Mr. Chairman, by emphasizing that in your important hearing today, you are focusing attention on one part of this very critical issue, which I think not should but must be resolved by the Congress, employing the committee structure for an extensive public discussion of the full ramifications of a national energy policy for the consumer, for the environmental quality, for national security—yes, for the well-being of our people in a general strengthened economy.

I repeat, for these reasons, I believe the Congress at this time is the most appropriate body from which action can and should come.

It would be a mistake, I think, to delegate this responsibility to the executive establishment alone at this particular time.

This certainly does not preclude, Mr. Chairman, a recommendation by the members of the national fuels and energy policy study for a Council on Energy Policy as one of its subsequent findings and

Senator HOLLINGS. 1967. That is just 5 years ago.

And in conclusion, the cooperative efforts of the Commerce Committee, the Public Works Committee, and Joint Committee on Atomic Energy, and the Interior Committee—these four units within the Senate—working, as they are, cooperatively, will be helped further toward the necessary ends by the significant and timely hearing over which you preside. Thank you.

Senator HOLLINGS. Thank you very much, Senator Randolph. I know you are busy. I wish I could get into a little discussion, but you have other hearings.

In 1967, we had brownouts, and as a freshman Senator I was assigned to preside over those hearings, indicating the level of prestige, interest, and concern that the Congress had at that time in the energy situation.

Senator RANDOLPH. What year?

Senator HOLLINGS. 1967. That is just 5 years ago.

Senator RANDOLPH. I recall in 1959, I presented a resolution to the Congress.

Senator HOLLINGS. That only bolsters my view in this area.

Senator RANDOLPH. I couldn't get any support.

Senator HOLLINGS. You couldn't get anyone to be interested? The Congress itself felt only a freshman Senator ought to take testimony from the FPC and look into the brownouts.

I will never forget, at that time the FPC said, with respect to oil imports and nuclear energy, that these are not FPC responsibility.

Coming as I have from being a Governor of a State, I know you have to fix responsibility to get things done. It just seemed to me in Congress that no one was in charge.

And I have very definite feelings on the other side of the coin; namely, it would be a mistake for the Congress not to fix it somewhere in the executive. I think this is one of the first steps, and does not preclude in any way the Interior study, nor am I trying to oversimplify this situation because it is complex. However, the responsibility that spills over into the several departments needs to be coordinated.

We continue to have brownouts. You started in 1959, and I started in 1967. We are still having the brownouts. We are still studying, we are still reporting, and I feel that someone needs to be in charge. This is similar to the environmental concerns of the Nation, where you fix the responsibility with the Council on Environmental Quality, and everyone is required to file an impact statement, and where environmental matters, as determined from time to time by the Congress, are administered by the Environmental Protection Agency. In a similar way, I would conceive this Energy Council to dovetail, expedite, and accelerate matters, and more than anything else it would fix responsibility.

We are going to adjourn shortly, and action on S. 3802 couldn't be a mistake. What would be a mistake is to only talk about it, study it, hear it, and otherwise belabor it; to have everybody say it's a very serious thing, but to have nobody in charge.

I thought a very simple three-man council within the executive, charged with promulgating a comprehensive plan, charged with the receipt by the various agencies of impact statements, charged with carrying out the results and recommendations of congressional studies; that is, Senate Resolution 45. And that Public Works may find necessary and appropriate. Interior certainly has a major responsibility in this area. But the Commerce Committee with its jurisdiction over the Federal Power Commission has primary responsibility in this area.

And while we all are fulfilling our individual and segmented responsibilities, what damage could be done by saying, "Mr. President, here is a qualified council; let's start coordinating all these various activities and studies, and fix this thing so that it begins to even out the demand and supply in the crisis that everyone called a crisis 5 years ago."

Senator RANDOLPH. Mr. Chairman, there certainly is no deep difference of opinion between you and me on this matter. Already the executive branch is doing this. They have been working on it. They have had a program within the executive branch of government, and from time to time—

Senator HOLLINGS. I wish you were free to stay for the remainder of the hearing. We are going to hear from the executive branch, and their official approach is going to be the same old political approach—when in doubt, do nothing, and stay in doubt all the time.

I have to get meaningful recommendations in secret from the executive branch. I am not an energy expert, but I have it from the best minds within the executive, that, frankly, this Council is a good way

to do it; and that if we enact it in the Congress, then there will be some checkpoint and some fixing of responsibility which will begin to bring order out of chaos.

Senator RANDOLPH. I do not appear in an adamant posture against the so-called three-member council. I only say that now underway with four committees of the Senate is a very indepth study with recommendations to be made the first part of next year. That is not something far in the future.

I do realize, and I share with you—although in different language—that we do something so often in this country after the fact, rather than before the fact. We react to a crisis of one type or another.

And certainly I share with you every effort, instructive in many segments brought together in common purpose, the desire to act now, not later, and I have constantly, as you have here this morning, directed my attention and my advocacy toward that end. Thank you very much.

Senator HOLLINGS. Thank you very much. I appreciate the leadership you have given this particular problem.

(The statement follows:)

STATEMENT OF HON. JENNINGS RANDOLPH, U.S. SENATOR FROM WEST VIRGINIA

As I have noted on frequent occasions, the need for a National Energy Policy is integral to assuring the economic future of our Nation and essential to our national quest for environmental quality. As you are aware, the Commerce Committee for some 14 months has participated in the Senate's Fuels and Energy Policy Study being conducted by the Interior Committee pursuant to Senate Resolution 45 of this Congress. Chairman Jackson of that committee and this Senator jointly sponsored that resolution. As Chairman of the Committee on Public Works and the co-author of S. Res. 45, I have had the privilege of participating in this Study. The Joint Committee on Atomic Energy also is represented in this significant Senate study in response to an emerging national energy crisis.

In anticipation of the need for a detailed investigation and study of the energy requirements and fuel resource policies of the United States, on July 6, 1970, I proposed the establishment of a National Commission on Fuels and Energy. This Commission was to be composed of members of the Congress, the Executive Branch, and the public, and was to report to the President and the Congress on:

First, the Nation's projected energy needs, broken down into regional areas, for the next two decades with particular reference to electric power;

Second, the fuel resources available or which must be developed to meet those needs, including, as applicable, the programs for research, development, and demonstration necessary to provide those major technological advances which may greatly enhance the Nation's ability to efficiently and economically utilize its fuel resources;

Third, the air, water, and other pollution created by energy requirements, including any programs to overcome promptly and efficiently any technological or economic barriers to the elimination of such pollution; and

Fourth, the existing policies and programs of the Federal Government and of State and local governments, which have any significant impact on the availability or economic utilization of such fuel resources and on the ability to meet the Nation's energy needs and environmental requirements, including proposals, policies, and programs for reconciling the Nation's environmental quality requirements with energy needs.

This Commission proposal was opposed by representatives of the Administration as closely paralleling and duplicating an executive branch study requested by the President and considered to be well underway in November 1970. However, the results of this all-executive study have not yet been made public. The only sign was the President's Clean Energy Message last year which represented a compilation of existing program activities rather than a statement of national energy policy.

Fortunately, the Senate initiated the National Fuels and Energy Policy Study which I have mentioned. It is already apparent from the proceedings of the

Senate's Study that the formulation of a national energy policy will have impact upon all segments of our economy. At this time, I firmly believe, it would be a mistake for the Congress to delegate to the Executive Branch total responsibilities in this area. Instead, the Senate study should be allowed to proceed to conclusion early next year.

Hearings have already been held on the proposed Department of Mineral Resources for the administration of energy resource development programs. Federal energy research programs and priorities also have been the subject of hearings before the Senate Interior Committee as well as this Committee. In addition, the House Science and Astronautics Committee is in the process of concluding a major research study in this area.

A major contribution to be made by the National Fuels and Energy Policy Study is in the area of energy administration and management, as well as regulation. If the Congress is to recommend any reorganization dealing with national energy policy, the resultant recommendations should reflect a comprehensive approach, not only to the formulation of energy policy, but also to the promotion and regulation of energy resource and development.

The hearings this morning deal with only one part of this very critical issue which should be resolved by the Congress, employing the Committee structure for an extensive public discussion of the full ramifications of a national energy policy for the consumer, for environmental quality, for national security and for our economy.

For these reasons, I believe the Congress at this time is the appropriate body. It would be a mistake to delegate this responsibility to the executive establishment alone at this time. This does not preclude a recommendation by the members of the National Fuels and Energy Policy Study for a Council on Energy Policy as one of its subsequent findings and recommendations.

Senator HOLLINGS. We want to welcome to the committee the Honorable Lionel Van Deerlin, Congressman from California, and the Honorable Hastings Keith, Congressman from Massachusetts. Would you gentlemen like to come forward together or singularly? As you choose.

Mr. VAN DEERLIN. I am much better off with my colleague than alone.

Senator HOLLINGS. I welcome you both to the committee. Please proceed in whatever manner you wish.

STATEMENT OF HON. LIONEL VAN DEERLIN, U.S. REPRESENTATIVE FROM CALIFORNIA

Mr. VAN DEERLIN. Let me say, since you have given us the option, that the work that has been done on the House side toward solution of our energy problems has been borne almost single-handedly by my Massachusetts colleague, Mr. Keith.

This has been a labor of some uniqueness, inasmuch as Mr. Keith has chosen not to run for reelection, and will not be in the next Congress. The work that he has done since making that decision, and that he will continue to do between now and the end of the year, represents the very highest kind of public service. Though a layman, Mr. Keith has become an expert in these matters.

I will have a statement to enter into the record. I think you will probably be far more edified by hearing from Mr. Keith than you would from me. And for that reason, I gladly yield to Hastings Keith.

Senator HOLLINGS. We appreciate it, and your statement in its entirety will be included in the record.

(The statement follows:)

STATEMENT OF HON. LIONEL VAN DEERLIN, U.S. REPRESENTATIVE
FROM CALIFORNIA

Mr. Chairman, Members of the committee:

I am happy to be here this morning with my colleague, Congressman Keith, in support of our shared goal of establishing a Council on Energy Policy in the Executive Office of the President.

Before going any further, however, I would like to extend the credit where it is due for developing this new concept of "a voice at the top" in shaping our energy policies. That credit should go to Mr. Keith, who had devoted many months to comparative studies of the energy crisis in this country and abroad. HR 15752 and HR 15758, were introduced in the House last June 28, as the culmination of Mr. Keith's work, by 44 House Members.

Our legislation is quite similar in its basic thrust to S 3802, the Hollings/Magnuson bill which you are considering today.

Like HR 15752, S 3802 would provide a desperately needed focal point within the Federal Government for planning the conservation of existing energy fuels and the development of new sources for power—and all this while keeping pollution to a minimum.

This is a tall order, but one the three-man council envisioned by both the House and Senate measures should be prepared to fill.

Energy is at one and the same time both a bane and a blessing. As S. Fred Singer, professor of environmental sciences at the University of Virginia wrote in an article published this week in the Washington Star:

"On the one hand, it (energy) has produced the highest level of material well-being for about one-fifth of the world's population. On the other hand, it produces most of the world's pollution and is in the final analysis responsible for the world's population explosion."

There are, I believe, some 65 federal agencies now involved in energy matters. With each of these agencies having only a relatively small piece of the action, none obviously is in a very good position to show us where we have been and where we are headed in this critical area.

Take the rather baffling matter of natural gas. We are constantly told that because of rigid federal controls prices are artificially depressed—and so is the incentive for uncovering new supplies of this invaluable fuel. Last week, as everyone in this room knows, the Federal Power Commission accepted this underlying contention of the natural gas industry and voted to let producers and pipeline companies set higher prices at the wellhead.

All this seems logical enough—but it is quite confusing to my constituents, and myself. In the past three years, the 350,000 residential customers of the San Diego Gas & Electric Company have been saddled with increases totaling nearly 20 percent in the prices *they* must pay for natural gas—all of which happened *before* the FPC moved to relax federal rate-setting controls.

What then is the true situation regarding natural gas?

Are there sufficient known reserves of the fuel to meet projected future demands? Does industry have the wherewithal to get these extra supplies out of the ground?

And if not, can some other fuel be found or developed that can do the same job, at comparable prices?

These questions might appear simplistic, but as I'm sure everyone here will agree, the answers definitely are not.

It is in precisely this sort of murky area that the proposed Council on Energy Policy would be able to offer the most guidance.

With a unique overview of the activities of a multitude of agencies in and outside the Government, it could formulate guidelines to assist Congress and the Executive Branch in assuring that present and future needs for natural gas—or a natural gas substitute—could be met.

Without the guidance which the Council would provide, we are hard-pressed at this point even to come up with solid definitions.

For example—what exactly is connoted by that much bandied-about term, "energy crisis?" To the power industry, an energy crisis means essentially that there is *not enough* power. But the environmentalist sees this problem in exactly opposite terms: to him, the crisis comes from *too much* power.

Nuclear fission could be a great panacea of the future, as potentially the most efficient source of energy. With breeder reactors, it may be possible to consume virtually all the raw uranium fuel, leaving little or no conventional waste. But with nuclear power, we will also have to exercise extraordinary care to isolate radioactive wastes that are potentially the most lethal pollutant of all.

Mr. Keith has pointed out, and I agree, that within the next decade the United States may have to depend on foreign imports for half or more of its fuel needs. Clearly, if such a time is coming, we'd better start preparing for it now, for the possibility that our energy policy—now practically nonexistent—might of necessity become a central concern of our foreign policy. Looking further ahead, what could we do if a suddenly hostile nation decided to cut off our supply of a precious fuel? Could we find a substitute?

The proposed Council on Energy Policy might not have all the answers, but whatever direction it was able to provide would be a distinct improvement over our present groping in the darkness.

S 3802 is urgently needed legislation, and has my unqualified endorsement.

Senator HOLLINGS. Congressman Keith, we will be glad to hear from you at this time.

STATEMENT OF HON. HASTINGS KEITH, U.S. REPRESENTATIVE FROM MASSACHUSETTS

Mr. KEITH. We have a Commerce Committee executive session on powerplant siting that, unfortunately for the public, won't move very fast today. It won't even start on time.

It could move more rapidly if we had the advantages of the advice and counsel of an energy policy agency of some sort.

I have been listening with great interest to your observations and to your opening statement. Lionel turned to me earlier and said, "I couldn't agree with him more." That is a feeling that we share.

I have a prepared statement which I would be pleased to have made a part of the record.

Senator HOLLINGS. I will be included in its entirety.

Mr. KEITH. I think you may find that the executive agencies are not as far apart on this issue as you may think. We sent copies of the report of a trip that I took to the OPEC organization and some of the countries and mailed them to 15 or 20 people, and with one or two exceptions the support was unanimous and enthusiastic, for the kind of agency which your bill calls for. We haven't heard from the executive agencies officially, however.

And I am delighted to see some of the representatives of those agencies here this morning.

My statement has quotations from high officials within these agencies, such as General Lincoln, Phil Handler, head of the National Academy of Sciences, Jim Akins at the Department of State and Mr. Nassikas of the FPC, all of whom speak very favorably of the concept which you have.

I would simply say that both our domestic policy and foreign policy are going to be synonymous with our success or failure in the field of energy.

Our whole life style depends upon an adequate supply of energy. Who is to say, when an energy crisis develops what the proper course of action should be. Certainly no Congressman wants to file a bill or speak in favor of rationing of gasoline, in a peacetime situation. So on the domestic scene, it is important.

On the foreign policy scene, with the underdeveloped countries, some of whom have great resources in the energy field, the have-nots are becoming the haves. The impact on our balance of payments; the impact on our defense posture; the changing world scene as it relates to foreign policy—war being so outmoded and economics playing such an increased role—there are such a variety of impacts, that we need very much to have someone that understands their inter-relationship. Someone who is responsible not only to the executive branch but to the legislative branch.

I think a policy is equally important to the private sector. In the absence of a policy, the research and development in the private sector cannot move forward as confidently.

Who wants to invest in L. & G. tankers if they don't know whether or not they are going to get the contract or what the situation is in other fields? And who wants to invest in shale or solar heat or other alternative sources if they don't know but what they might be confronted by Government competition.

We have a scheme of life, a way of life here—not only the life style of the individual, but the life style of corporate America depends upon sound information and established policies that are understood, so they can proceed to develop this nation's resources and satisfy the needs of our people.

I think these hearings are very important. I can't think of anything more important at this time than to get the answers to some of these questions so that the Congress can get on about its business in all the related areas.

I am very pleased to be here today to lend support to your cause.

Senator HOLLINGS. Mr. Keith, we appreciate very much your giving us such a comprehensive background to this problem.

I am a latecomer in this area. You mentioned the hearings on your powerplant siting bill. Is that bill coming over, do you think, in time for us to act on it on the Senate side?

Mr. KEITH. I wouldn't wait for the House. But if you take action on the Senate side, it might spur activity on our side.

I would say, however, that it is a pretty tangled morass at the moment. We have had it under consideration for so long that there is beginning to be emerging a feeling of despair.

I think that if you had an energy council, it could lend a lot of weight to those deliberations—a lot of help.

It may get to be a fight between the environmentalists and the economic interests on powerplant siting. If you had an agency that could balance these two out, outline the need for powerplants and interpret the data and then say something. You know, remove some of the doubts as to the impact of nuclear power on our environment and remove some of the arguments of the occasional person who says we have plenty of power or there are alternate sources or those people who say we shouldn't progress at all. A coordinating agency would help expedite the powerplant siting bill.

Senator HOLLINGS. Let me be candid with you. I am somewhat in despair over here, and definitely in the minority. It's obvious from the hearings we are conducting, that there is strong interest by the Interior Committee, strong interest by the Public Work Committee; and if we

tried to report out a bill as you suggest, I think we would have those saying we were prejudging the study directed by Senate Resolution 45, and that a bill is precipitous and confusing.

I don't think I could do it alone. What I had in mind was amending that powerplant siting bill when it came over here from the House side. I wanted to do it not in a crass fashion to injure any progress on this particular point, but to fix the responsibility.

You have the depth in this field. Could any injury be caused, in your judgment, by establishing a council on energy in the Executive Office, so we could start with requiring all Federal agencies to consider the environmental, economic and energy impacts of all major actions.

In addition, how do you get together the Interior Department, the Federal Power Commission, AEC and the 60 other energy decision-makers in government? That is what I want to know. We must coordinate efforts so that the private sector can know what to expect.

Mr. VAN DEERLIN. Of course, what you want, Mr. Chairman, is to do something in a timely fashion.

Senator HOLLINGS. Right. We are late now—if we acted this afternoon, we'd still be late.

Mr. VAN DEERLIN. I am really sorry Senator Randolph couldn't have remained for the remainder of the session. He referred to the work that is under way in the four Senate committees, and I think there are many parts of the country that a few years down the road will find it hard to warm their hands on the printed reports of four Senate committees in this field.

They talk about waiting for a Department of Natural Resources, which the President has asked for, and which I think most of us would favor. But the Chairman of the Government Operations Committee on the House side, our California dean, Chet Holifield, assures us that no new department of government has ever been created in less than two Congresses.

So we are talking about 4 years there. Now the blackouts and brown-outs that could ensue within 4 years, the runaway in prices of natural gas which may ensue from last week's order from the Federal Power Commission—in my own home county there are 380,000 customers using natural gas. We are completely at the mercy—our power company, which buys from El Paso Natural Gas and from the pipeline operators, is as powerless as the public to do anything about the price of gas at the well head or pipeline charges.

I simply find it incredible that we should be asking the public, or expecting the public to sit patiently by while Congress procrastinates for as much as 4 years in this matter.

Mr. Keith is leaving our midst voluntarily. I think many more of us might leave involuntarily if we fail to face up to this problem.

Senator HOLLINGS. You put it very dramatically and I think very accurately, unfortunately.

I would like both of you gentlemen to criticize the council approach in S. 3802 as compared to Senator Pearson's bill.

He has a seven man council. His approach, as I see it, is through hearings, and that is a good way to determine certain information, but I do not see it as a way to establish the responsibility and start coordinating.

After consulting with what I feel are the best minds within the Administration, I decided that what was needed was a three man council to require impact statements from the various agencies and then to be responsible for the promulgation of a comprehensive plan.

Would you recommend any addition or subtraction to this particular bill? If you were king for a day, what would you do? Pass this bill and go ahead with it? Change it in some measure? Or what?

Mr. KEITH. I think, generally speaking, your bill is an improvement on mine, and mine was an improvement upon the concept to which you referred earlier of the seven man approach.

If I understand that one correctly, it is sort of another council of the interested Department heads and agency heads that have to understand their inter-relationships.

But as witnesses will testify later, I believe, you run into what you might call the least common denominator result of such action.

They meet two or three times a year and they send representatives, and it would not be an action agency. It would be a clearinghouse. I think we need to have something that is much more than that.

Senator HOLLINGS. Very good. Is there anything further you want to add?

Mr. VAN DEERLIN. I would only say, Mr. Chairman, since you brought up the plantsiting bill, this illustrates dramatically our failure in dealing piecemeal with the problem.

This bill came out of our subcommittee on communication and power last September. Now this is getting around to almost a full year. Now it is in full committee.

The word from the outside is that all interested parties hope there will be no bill at all passed.

Well, you know, this business of an energy crisis is whatever you want to think of it as. The power companies look at it as a lack of ability to produce energy. The environmentalists look upon it as the production of too much energy.

And the aim of this plantsiting bill was to provide a last stop jurisdiction for deciding these matters. But it's only one part of the problem.

Until we know whether the power needs of this Nation must inevitably double in 10 years, or whether there are steps which could be taken which will involve some tough decisions—my colleague has mentioned rationing of gasoline. This would be one of the simplest of all.

You might reach a point where the public good would require a tax increasing in geometric proportion on the ownership of second and third cars in a family.

And I suggest to you, what Congressman wants to introduce that bill?

Senator HOLLINGS. Exactly.

Well, you both are more experienced than I in this field, and I appreciate your advice. Perhaps you will find an opportunity to amend your powerplant siting bill with this Council bill, or I wonder if we can do it directly by passing it through the Senate and House with current time limitations?

Mr. VAN DEERLIN. Mr. Chairman, the Senate enjoys a latitude of action in the matter of combining bills which we do not on the House side. And if we can put school prayer and a resolution for National Baseball Week on the Senate side, I think that to put a National Energy Council on the bill dealing with powerplant siting would be highly relevant.

Senator HOLLINGS. If we can do it, we will try. Thank you both very much.

Mr. KEITH. Thank you, sir.
(The statement follows:)

STATEMENT OF HON. HASTINGS KEITH, U.S. REPRESENTATIVE FROM MASSACHUSETTS

Mr. Chairman and Members of the Committee, it is with great pleasure that I appear before you this morning with my colleague from California, Mr. Van Deerlin. We are here in support of S. 3802, which is basically the same as H.R. 15752 and H.R. 15758 which we, along with 43 other members of the House, submitted on June 21st.

I must begin by commending the Committee for its prompt action on the Hollings/Magnuson bill. We regret that the Commerce Committee in the House has not been as diligent as you are. I must also congratulate Senator Hollings and Magnuson on your awareness of the cresting energy crisis. The Committee's concern for the problem which the proposed Council on Energy Policy addresses is most encouraging.

There is no need to rehash all the figures and statistics dealing with energy. We have found in our research that numerous discrepancies crop up, but the general theme remains the same: we now use about 13 million barrels of oil per day and in eight years we will be using approximately 24 million barrels and projections are that 50% of this oil will be imported; we have an abundance of coal but have had to decrease its use because of its polluting characteristics; we have large reserves of natural gas but because of the price structures and government regulations, they're not available to us.

Nor are we, it seems, working as effectively as we could and should on finding substitute sources of energy.

Nuclear power currently offers the best alternative. However, waste disposal, plant siting problems and other factors have delayed getting these needed plants on the line. Some progress was made recently on the fast breeder reactor in that a site—near Oak Ridge, Tennessee—has been chosen for a pilot plant.

In other research and development areas, we are progressing, but not as quickly as we might. We particularly need to accelerate R & D in the fields of coal gasification, solar energy, geo-thermal and geo-pressure energy, magneto-hydrodynamics, tar sands and oil shale.

The most obvious and the main question that will be asked with reference to this legislation is: Is this Council on Energy Policy a necessity? The answer is a resounding yes! Why, then, is it a necessity—for the following reasons.

Secretary of the Interior Rogers Morton said while testifying before the House Interior Committee there were over 60 Federal departments, agencies, and bureaus concerned with energy. Each of them has their own mandate and operates in its own world.

Dr. Philip Handler, the President of the National Academy of Sciences, replied to my report by saying:

"There is no doubt in my mind about the urgent requirement for improved institutional arrangements in the Federal government for dealing with energy questions. A *coherent, consistent body of national policy in the energy field must be developed, both to supplant the plethora of unrelated or, worse, conflicting policies now existing, and also to fill the gaps where necessary policy guidance is missing.* Your bill is clearly aimed at that need and I agree that the policy advice in question should be put together at the White House level. There it could be properly related to the concerns of the Council on Environmental Quality, the Office of Emergency Preparedness, the Council of Economic Advisers, and other bodies as appropriate."

Handler goes on to say:

"At the same time, there is an equally urgent need for much better focus in the planning, coordinating, and execution of federal operating programs relating to energy. These include the conduct and support of research and development, matters of domestic regulation and international trade, economic studies, the measurement and monitoring of energy-related environmental impacts, and a host of other matters." (emphasis added)

I have attached a copy of my report to the copies of this testimony that you have.

There is diffusion, disarray and distraction in the Government's energy policy. We don't have one, concrete national energy policy. We have instead bits and pieces of policies for each segment of the energy spectrum. These need to be drawn together—consolidated. The agencies, departments, and bureaus need to be given a unified direction if we hope to escape from this crisis in the next 10 years.

I put that 10-year time limit on the crisis for two reasons. Firstly, alternate energy forms will not be producing significant amounts of power until after 1980 at the earliest. Secondly, the opposition which a Council on Energy Policy will meet.

The President has called for an Executive reorganization and the creation of a Department of Natural Resources. The President described the energy crisis in his energy message—but the proposed department has little prospect of coming into being until 1975 at the earliest.

We don't really know what the effects would be if we were unable to get oil. As it stands now, we are threatened by OPEC—not in a military sense but in an economic sense. As much destruction can be caused to a society and a life style economically as by dropping tons of bombs. If projections hold true and some action is not taken, the nations of the Persian Gulf and the Southern Mediterranean will have that economic leverage. But that is not the only direction from which the threat comes.

The Soviet Union has for years used energy as a tool of foreign policy to keep its satellites in line. We are now negotiating with Russia to get gas and oil. Not much information has been forthcoming from the White House about these negotiations—what direction are they taking? Will we become as dependent upon Russia for fuel as Japan was upon us prior to 1940?

We cannot wait the years that might be required to get a Department of Natural Resources operative to get the answers to these questions. We do not need another large body of men—operating on the least common denominator principle—that is, in reality, nothing more than a debating society where nothing, or very little, is accomplished.

I agree with the President that an Executive reorganization is desirable. Until it's here, however, it is incumbent on Congress to take action. When the DNR is formed, the Council on Energy Policy should be an integral part of it. The assignments of the committees of Congress alone makes it difficult for the DNR to be formed.

Another reason for the Council is that in our system the private sector assesses the problem, exercises the initiatives and makes the advances. Today, the private sector doesn't know where it stands. It asks what the Government's policy is; what course it should pursue in R & D; how much it can spend and for what projects. * * * In an organization where the right hand doesn't know what the left hand is doing—or worse, one hand cancels out the other—there is no assurance for anyone and there is no confidence to proceed. A Council on Energy Policy would serve to alleviate that situation.

The recently published report on energy by the Chase Manhattan Bank says on page 55 "rather than working in harmony for the good of the nation as a whole, government often chooses to play the short sighted role of an adversary instead."

Sometimes, these actions of governmental hindrance reflect a lack of knowledge and understanding. * * * As a nation, we cannot embrace the free enterprise system with one arm and simultaneously reject it with the other.

The response to the legislation we introduced has been heartening. Federal Power Commission Chairman John Nassikas wrote me that:

"My review of your finding and recommendations indicate that we are in substantial agreement on the nature of the needed solutions to our energy prob-

lems. The focal point of your recommendations appears to be recognition of our pressing need for a coordinated national energy policy to be formulated and supervised by a centralized energy policy agency."

The Chairman continued,

"I have been urging the creation of an Energy Policy Council and the formulation of a national energy policy since the early days of my tenure as Chairman of this Commission, which began on August 1, 1969. I repeated my support for these proposals in hearings on April 19, 1972, before the House Committee on Interior and Insular Affairs."

Another who has responded is James Akins, the Director of the Fuels and Energy Section of the State Department. He said that he is:

"Delighted with (our) recommendations for action. There is really little need for further studies. Enough information is already available to convince anyone who will listen that there is an energy crisis. What we now need is action."

Akins is a realist. He added that this is an election year and the Administration doesn't particularly want to highlight the energy problem. Energy policy should not be so close to the White House * * * so cloaked in secrecy. I don't believe that energy—and hence the nation's welfare—is or should be a political football; it is far too important to be bandied about or put off.

General George Lincoln, the Director of the Office of Emergency Preparedness, wrote me that he agrees "that there is a pressing need to establish a single federal agency that would be responsible for the execution of our national energy policy." He also agrees "that the situation is urgent."

The proposed Council on Energy Policy that is before you in S. 3802 is, in my opinion, the answer. It would be a high level, prestigious, independent agency that would be responsive to the problem, the President and the people as well as being responsive to the Congress and the corporate interests. If we hope to end the crisis we, in government, must work together. This Council would, be our rallying point * * * our focal point. At the moment, what policy there is in the shadows. We read in the papers about the Executive Branch discussing an LNG agreement with the USSR. How can individuals and the different corporate interests proceed as they should and proceed intelligently if they are not advised as to what role the government will play? How can we expect to legislate effectively if we don't have a Council which would be responsible for furnishing us and the President with information from which we can make informed judgments and intelligent votes?

A national energy policy, formulated by a council such as your legislation S. 3802 recognizes, could help resolve the situation. It would give all the interested parties and agencies the necessary information for them to proceed. It would not be bogged down in debates where the most uninformed opinion prevails. It would not be held up by endless hearings from which no decisions can be made.

The council would, by a clear definition of policy, enable the private sector to use its resources to find answers that would benefit the nation.

Mr. Chairman, this country has always been able to solve its economic problems and the related social problems that spring from them. We have the resources—we must determine how to use them and get at them in a way that will continue to afford this nation and perhaps the rest of the world a high standard of living. The council proposed by Senators Hollings and Magnuson would help make that determination.

Thank you.

OVER A BARREL?

(A Report of a Trip Concerning Energy By Congressman Hastings Keith
(R-Mass.))

INTRODUCTION

Because the energy crisis in the United States may be, in many respects, similar to that confronting the countries of Europe—and because we in all likelihood, will in the near future be largely dependent upon the Middle East and North Africa for our substantial quantities of energy fuels, it seems most appropriate that we should know how the countries of Europe are organized individually and collectively to cope with their "energy crisis."

Accordingly, I wanted to see how other industrialized nations are dealing with their energy problems—and to see how the countries rich in energy reserves are

reacting to their newly recognized pre-eminence in the world community. An attempt was also made to ascertain what energy problems are facing other parts of the Western Hemisphere and how other countries regard the United States' role as a competitor in this impending crisis.

In connection with this, and with the concurrence of Commerce Committee Chairman Harley O. Staggers, I travelled to London, Brussels, Paris, Vienna, and Algiers.

In London my staff assistant Michael Koff and I spoke with one of the most eminent oil consultants on the European Continent, with a Director of British Petroleum, with the British Foreign Office and with the Vice President of the Central Electric Generating Board.

In Brussels and Paris I had an opportunity to discuss the problem with the energy section of the North Atlantic Treaty Alliance (NATO), and the European Economic Community (EEC) and the Organization for Economic Cooperation and Development (OECD).

In Vienna although I visited with the Director who manages the Nation's state-owned and operated oil and gas facilities, my primary purpose was to talk with the President of OPEC, a world-wide organization of Oil Producing Exporting Countries. Also in Vienna I had the opportunity to meet with officials of the International Atomic Energy Agency (IAEA).

In Algiers I met with the Chief Economic Minister of the Algerian Foreign Ministry and with the Minister of Economics, officials from the Ministry of Commerce and the Vice President of the state-owned oil and gas company SONATRACH.

In these countries and international organizations, work is proceeding rapidly on the formulation of a coordinated energy policy. In the United States, there are, presently, more than 60 different Federal agencies dealing with the energy question. There are more than a dozen Congressional Committees acting independently of each other looking at the problem. This great diversification of responsibility assures that the problem is beginning to be recognized. At the same time, the various agencies and committees concerned, in the absence of this centralization of responsibility, have made it very difficult to coordinate and direct the efforts of the Nation in the energy field at the present time and in the future.

SUMMARY

For the past weeks and months it has become increasingly evident that Members of Congress, agencies of Government, foundations, educational institutions and private citizens are concerned with the oft-heard phrase "energy crisis." As a senior Member of the Interstate and Foreign Commerce Committee, which has the Federal Power Commission within its jurisdiction, I have heard this phrase being used more and more often in connection with the legislation before our Committee. Several bills dealing, in part, with this problem are now pending before the Commerce Committee.

It has been generally recognized by economists and political scientists that today's demand for energy has accelerated to such an extent that a worldwide energy crisis is almost upon us.

In addition to this, representing an area (SE Mass.) which in past summers has endured unwillingly and uncomfortably the inconvenience of blackouts and brownouts, I have become increasingly aware of the economic and political implications that are relevant to the problem. Congress must legislate in this field if it is to be truly responsive to the needs of the nation—and in fact of the world.

The countries of the Middle East, North Africa and Venezuela are making and will continue to make agreements with industrialized nations that need energy fuels. These countries have realized that it is now a seller's market and are taking steps that will insure that they will remain in control.

The nations of Europe have awakened to the fact that they must have increased quantities of oil and natural gas and that they are buyers in this seller's market. The Europeans want to improve their economic base and to better their standard of living and are in competition not only with other nations but with each other for their needed fossil fuels. The governments of Europe are now making their commitments which sustain and contribute to the increasing cost of energy.

The states of the Eastern Mediterranean, the Persian Gulf and North Africa are currently in a position where—collectively through OPEC and individually—they are willing to bargain and negotiate terms and prices. In the not not too

distant future *they will be in a position to dictate those terms and prices.* Already, Iraq has nationalized almost all of the foreign interests—including two American companies—in the oil field because that government felt (according to their press statement) that the companies were “not serving the people of Iraq and were deliberately squandering the riches of the country (sic) and manipulating their future prosperity.” This view has been supported by OPEC. These developments put the United States in a particularly poor position for several reasons:

We, as a free enterprise, democratic society, must now often deal with a closed socialist society. Our oil and gas companies cannot deal with the companies of other nations on a company to company basis, but must deal with government and/or companies with total government backing; witness the SONATRACH organization in Algeria or the German and French oil companies, which receive full governmental support. Our State Department helps American companies but, basically, because they are an American business interest and not because we are a consuming country.

Secondly, we are handicapped because while the nations of the world are organizing to meet their energy needs, the United States continues to remain distracted, disoriented and diffused. We are without a coordinated approach.

The main point I realized from my discussions in Europe and North Africa is that the United States is not presently capable—because of organizational structures and strictures—of coping with this energy problem in a substantive way. Our own citizens expect us to provide for them and the free world expects us to take a leading role in energy affairs.

In my view, the people of America and of the free world assume, and rightly so, that we as a nation are smart enough to have planned for this crisis. They can hardly believe—or be expected to believe—that a country who a few years ago was anticipating and providing instructions for home-built bomb shelters would not be prepared for the more reliably predicted (and perhaps even more potentially dangerous) energy crisis.

This does not mean that the United States has not done well in meeting energy requirements in the past. Nor does it mean that we must do away with the private nature of our energy industry. What it does mean, and what it appears to me to be, is a warning. It is a warning that, because energy is essential to our very existence, action must be taken to anticipate and cope with this upcoming crisis. Failing to do this—it could be said that we could become powerless, in a sense, in practically every sector of our society.

While there is disorganization on matters relating to oil and natural gas (import quotas, Alaskan pipeline, tanker design and subsidy depletion allowances, power plant siting, environmental problems, etc., etc.) there is as much, if not more, disarray in the proposed remedies for resolving the crisis. Coal gassification, oil shale, tar sands, solar heat, the fast breeder reactor, fusion and other processes, now only figments of the imagination, may offer viable solutions.

The technology is available—particularly with the winding down of the war effort and the space program—to fill the energy requirements. The problem is that neither the public nor the private sector knows specifically—or even generally—enough about our energy plans to come forward with the necessary capital so that the research and development efforts can proceed.

The private sector cannot do research and development without a policy to guide them. The effort itself is far bigger than any one giant oil company. They want to undertake that effort if only because they have customers to serve. Absent a policy, the companies might do research and development on, for example, coal gasification at enormous costs. Meanwhile, the government may, on its own, begin research and development efforts on tar sands or solar energy. No investor would want to put up the large amounts of money needed for research and development without some guarantee that his efforts would not be cancelled out or totally duplicated. As it stands now, the industry has no assurance that the government will do anything.

A case in point is the business arrangement between the Maritime Fruit Corporation of Israel and the General Dynamics Corporation. The Federal Government could not make up its mind on policy issues and left General Dynamics no alternative but to scrap plans for building large cargo-carrying ships for the Israeli firm. Even now, there is no policy—and maybe there will be no ships—on the construction of tankers to carry liquified natural gas.

If there was a national policy it would give confidence to investors and generate the necessary capital to cope with the problem. The beneficiary of that would be our economy.

CONCLUSIONS

The Executive Branch—absent our action—could say that it has been waiting for Congress to approve a reorganization plan calling for a Department of Natural Resources. That department would be responsible for all energy affairs. The Congress, however must recognize that the problem is too pressing and too important to wait for such development. The political, jurisdictional and other matters make the Department of Natural Resources almost impossible to create in time for it to be effective. Congress must take that initiative!

Based on the facts and data available to me both at home and abroad it is apparent that we are heading for an energy crisis that could be disastrous.

Presently, we are not ready should that crisis occur.

We need a Council of Energy Policy that would:

- (a) study the problem;
- (b) publicize the situation; and
- (c) recommend action.

Finally, it is obvious that legislation is required to create that council.

RECOMMENDATIONS

A Council on Energy Policy

In order to formulate and coordinate a national energy policy, Congress must create a Council which has the capability to comprehensively study the situation and recommend an appropriate national response.

The energy crunch is of staggering proportions. Heads of the utility industry, environmental groups and high government officials have all spoken in favor of a coordinating policy.

I recommend that Congress act to create a Council on Energy Policy (CEP) that would formulate the policies needed.

If we as a Nation are to meet our internal power commitments and our international economic and technological commitments in light of what other nations are doing, we must have—as they do—a coordinated policy.

Many solutions to the energy situation will be available and feasible. We hear them discussed or read of them daily in the press. Each agency of the government is going its own way in developing these potential sources and all of them are at least ten years in the future. We cannot wait that long! (It takes at least ten years to go from the drawing board to the operating station for a nuclear power plant.)

A Council on Energy Policy, in the Executive Branch—but nevertheless responsible to Congress—is the ideal organizational structure. Using non-partisan personnel who have the foresight to look to the future energy situation and what America could and should be like the Council would develop guidelines for government and industry to follow. By placing it in the White House, it will have sufficient prestige to get the facts it needs in order to be effective and to coordinate the other agencies of government that are involved.

Presently, the Council on Environmental Quality is the only high level Government agency of this type. CEQ deals daily with energy as it relates to the environment. This equally prestigious council will enable a balance to be struck between the environment and the power needs of the country. As it is now, the needs of the Nation in the power and energy field are remaining diffused and diverse.

None of the functions performed by existing agencies dealing with energy would be assumed by the Council. It would simply create overall policy guidelines within which the existing agencies could operate. The council would be, therefore, a clearing house for policy matters that cut across agency lines.

Above all, the Council would be responsive to *both the President and the Congress*. All questions relating to energy and energy policy could be answered in one place—not the five dozen places that either now “pass the buck” or have incomplete answers.

Stockpiling

As I noted earlier in this report, the European countries have anticipated the problems that could occur in the event their supply of oil was cut off. Apparently all nations in Europe have directed—or will direct in the near future—that

users of oil maintain a 60 to 90-day supply in reserve. It appears that at least in some parts of the United States, such precautionary steps should be considered and probably initiated.

Other Steps to Conserve Energy in Europe

1. Horsepower—Europeans tax their automobiles on the basis of horsepower. This has caused the rise of the "small car," and the consequent decline in the use of gasoline and oil—as well as helping to eliminate pollution.

2. Higher costs—gasoline and oil cost more for the consumer in Europe. The taxes on oil and gas by-products being much higher in Europe tend to keep the demand within reasonable bounds.

3. Regulations—It may sound simple, but most cities on the Continent have regulations forbidding the use of baths and showers after a certain hour of night. This effectively cuts down on the hot water usage and in turn on the electricity or fuels used in firing-up a hot water heater.

4. Entertainment—many countries of Europe have a users' tax on radios and televisions. The viewing or listening public is taxed on the number of radios and/or televisions they have.

It is quite obvious that we're not ready to adopt the European approach to the problem of energy conservation. We don't really know, however, what the situation is that is confronting us now; more particularly we don't know what the future might hold in store.

We do know that our standard of living is such that all but those in really depressed circumstances are big users and consumers of energy. If the time arrives when we can no longer afford the luxurious use of energy, it will be imperative that we have the best advice and counsel with reference to the restrictions that would have to be imposed. It would be difficult to enact legislation to cope with such an eventuality unless we had prestigious counsel to help shape public opinion.

All of this, it seems, adds even more justification to the need for a Council on Energy Policy.

Cooperation

We must open new avenues of discussion and cooperation between ourselves and other industrialized nations.

America's highly sophisticated technology does not insure that we have everything, nor that we know everything. The British and the Soviets appear to be ahead of us with the fast breeder reactor. It has been reliably reported that these countries are making more rapid progress than we are with other forms of energy generation.

We are not too big that we cannot learn. We are not too sophisticated that we cannot associate with others or exchange ideas.

Before this energy crunch turns into an energy crisis, and before that crisis turns into an energy catastrophe, we must begin learning from and cooperating with other nations who face many of the same energy problems that could confront us.

All evidence points to the need for a coordinated attack on the problem in order to give the country, the Congress and the Executive agencies the perspective that is required if we are to respond intelligently to the situation that confronts us.

Senator HOLLINGS. Next we have the Honorable Clarence E. Larson, Commissioner, U.S. Atomic Energy Commission.

Mr. LARSON. Mr. Chairman, I have additional members of the AEC staff with me, whom I would like to have sit with me.

Senator HOLLINGS. I welcome them to the committee. Would you identify your colleagues for the record?

STATEMENT OF HON. CLARENCE E. LARSON, COMMISSIONER, U.S. ATOMIC ENERGY COMMISSION

Mr. LARSON. Mr. Chairman, it is a pleasure to have with me today Commissioner Ramey, and also our General Counsel, Mr. Hoffman, and our Assistant General Manager for Energy and Development, Mr. Flaherty. They will be with me.

Senator HOLLINGS. We are very glad to have them.

Mr. LARSON. Mr. Chairman, it is a pleasure for me to appear before these distinguished committees on the vital subject of energy.

And I am particularly pleased to give the comments of the AEC on the conditions that have given rise to the proposed bills, S. 3802, to establish a Council on Energy Policy in the Executive Office of the President, and S. 3641, to establish a National Energy Resources Advisory Board.

The proposed bills reveal an awareness of the energy problems which presently confront the Nation and an appreciation of the acute need to address this situation more effectively. I use the term "problems" because in my view we are being confronted by three separate problems.

First, the immediate problem, which involves shortages of electric power and natural gas in certain areas of our country.

Second, an intermediate problem involving supplies of virtually all forms of fuel for the decades of the 1980's and 1990's.

Third, a long range problem relates to the need to provide an adequate energy supply for future generations.

I would like to comment on what the AEC is doing to meet what I term the immediate energy problem. It is well known that some parts of the United States have experienced, and other parts could possibly experience, electric power shortages during the remaining weeks of this summer. I noticed that, Senator Hollings, you referred to one such shortage in New York as part of your remarks when you introduced this legislation in the Senate.

The delays encountered in completing the licensing of certain nuclear powerplants account for some of these potential shortages. The AEC is working diligently to assure that its processes and procedures are not a source of delay.

We are hopeful that nuclear and fossil electric generating plants will soon be able to keep pace with increasing power demands. It is significant to note that between now and the end of this year, about a dozen nuclear plants are expected to be licensed for full-power operation.

As you are aware, in addition to streamlining the licensing process, the AEC is also actively pursuing specific energy research and development programs to meet rapidly increasing intermediate and long-term needs for electricity.

Senator HOLLINGS. Mr. Larson, do you think a coordinating council in the Office of the President would be a help of assistance in determining electricity needs and fostering an institutional climate for technological improvement?

Mr. LARSON. Well, Mr. Chairman, I am going to address this particular point in the rest of my testimony. I will be glad to discuss it more fully at that time.

Senator HOLLINGS. All right, sir.

Mr. LARSON. The most important program under development by the AEC is the Liquid Metal Fast Breeder Reactor (LMFBR). President Nixon noted in his clean energy message to Congress on June 4, 1971:

Our best hope today for meeting the nation's growing demand for economical clean energy lies with the fast breeder reactor. Because of its highly efficient

use of nuclear fuel, the breeder reactor could extend the life of our natural uranium fuel supply from decades to centuries, with far less impact on the environment than the power plants that are operating today.

The President has made the commercial demonstration of the LMFBR by 1980 a national commitment. I am happy to state to the committee that on this Monday just passed—August 7, 1972—a memorandum of understanding, describing the arrangement for the first demonstration plant, was signed by the parties—the AEC, TVA, and the Commonwealth Edison Company of Chicago.

The AEC is also pursuing another important energy alternative of potentially longer range significance in its controlled thermonuclear research program. The development of fusion power holds the prospect of unlocking the virtually unlimited energy available from the heavy hydrogen contained in the world's oceans.

We hope to establish the technical feasibility of this process within the next 10 years. The development of commercial fusion power will, of course, require significantly longer time periods, but, based on the results to date, we are optimistic that the goal can successfully be achieved by the year 2000.

As I suggested earlier, the energy problems are by no means limited to the availability of electricity. The limitations on the domestic availability of liquid fuels and natural gas which currently supply about 75 percent of the total energy market—and for which there are no ready substitutes—constitute what I have referred to as the intermediate energy problem.

The best available forecasts today offer the gloomy prediction that by 1985 the United States will be dependent upon foreign countries for about one-third of our total energy needs which includes more than 50 percent of our total petroleum supply.

The economic implications of an additional impact on the U.S. balance of payments of a \$15-\$20 billion annual outflow are very serious. The national security implications of relying on imports for over half of our petroleum need not be elaborated to this committee.

This is one of the most formidable challenges facing the President and the Congress in formulating the Nation's energy policy. Equally challenging will be the development of technology that will permit the economic use of our domestic resources, while maintaining an acceptable level of environmental protection.

The President, through the appropriate agencies, is promoting the development of supply alternatives and new technology to use fuels in efficient and environmentally acceptable ways.

Recently, through an amendment to the Atomic Energy Act of 1954—as amended—the considerable technical talents of our AEC national laboratories have been brought to bear on research into non-nuclear energy matters with the potential of making a significant contribution to our energy resources during the balance of this century.

This new undertaking resulted from congressional action taken last year to extend AEC's research and development mandate to include activities relating to "the preservation and enhancement of a viable environment by developing more efficient methods to meet the Nation's energy needs."

Funded at a level of \$3 million, the AEC has made a modest beginning in this general energy field in undertaking work on three proj-

ects: Superconducting transmission lines, bulk energy storage—the development of high performance batteries—and the technology of dry cooling towers. We plan to investigate in the near future additional technical options to meet our Nation's energy needs.

In all of these efforts, we will continue to work closely with other agencies and with U.S. industry to broaden the base of energy technology.

We will also continue to carry out research in our AEC national laboratories for other Federal agencies and State and regional organizations.

For example, over the past several years, the AEC national laboratories have undertaken specific research projects, at the request of other agencies, on the fluidized-bed combustion of coal and associated sulfur removal; atmospheric pollution studies of metropolitan areas; and investigation of a process of generating electricity by use of a conducting fluid and a magnetic field, commonly known as magneto-hydrodynamics.

These demonstrate the broad capabilities for the research funded by other agencies at the AEC national laboratories.

But cooperation and coordination of efforts by existing Federal Agencies may, in fact, not be adequate at a time when the Nation is facing a critical energy shortage. Our need for energy is so great that the role of Government is already shifting from a position of supporting competing individual energy sources to that of determining how the Nation's needs might best be met from the range of available energy sources. A unified energy policy is needed if, in fact, it is not overdue.

On March 25, 1971, the President sent to the Congress a proposal to create a Department of National Resources which would have as one of its prime objectives the unification of Government efforts in the energy field.

The proposal would consolidate the Nation's natural resources function within five administrations: Land Resources; Water Resources; Energy and Mineral Resources; Ocean, Atmospheric and Earth Resources; and Indian and Territorial Affairs.

Of particular interest here is the proposed Energy and Mineral Resources Administration, which would be charged with the responsibility for assessing our natural resources, operation of the uranium raw materials and enrichment program, the conduct of energy research and development, as well as mine health and safety.

The AEC testified on August 5, 1971, in support of this measure. We believe the creation of a department with this capability is the step which must be taken now toward the goal of assuring adequate centralized planning and allocation of resources over the years to meet both near term and long range energy needs.

S. 3802 proposed a centralization and emphasis on energy policy at the highest level in the executive branch similar to that afforded by the Council on Environmental Quality and the Council of Economic Advisers.

I would observe that until the Department of Natural Resources is established, these functions are now being carried out in the energy subcommittee of the President's Domestic Council.

A second proposal, S. 3641, would create a National Energy Advisory Board of nine members, appointed by the President, with the advice and consent of the Senate.

The Board would advise the President and the Congress on the best uses of our national energy resources. The Board would have broad authority to conduct hearings and investigations, but would not be charged with the power to formulate a national energy policy. That power would remain with the President and the Congress.

Mr. Chairman, we support the goal that I have set forth. The motivation of and contribution to the dialog on energy policy afforded by these hearings on the pending bills is salutary. These proposals join with other recent suggestions in presenting a wide range of options to governmental organizations to meet the present situation.

It is reasonable to expect there will be differences on the appropriate means of securing the objective of achieving more efficient machinery for decisional and policy formulative performance by the Federal Government.

We do believe, however, that the basic reorganization proposed in the Department of Natural Resources more fully meets the needs of the present situation.

The necessary step now, in our view, is the moulding of essential governmental resources into a centralized and coordinated structure at the departmental level. This department would give a single agency a focal point "to clarify, express and execute Federal energy policy" to use the words of the President in his energy message.

I am confident that, given the interest that is demonstrated by these hearings, and by the introduction of these proposals, we are moving toward an enhanced understanding of the nature and scope of the challenge of these energy problems, and the measures required to meet that challenge.

Mr. Chairman, the AEC appreciates the opportunity to appear before this distinguished committee on a subject of such immediate and far reaching significance.

Senator HOLLINGS. Commissioner Larson, thank you very much.

You began your statement with a very fine review of all the activity, the various research endeavors, the different programs that have been instituted, and in your particular Commission, the research program that has been going on.

Then you said—"But cooperation and coordination * * * may, in fact, not be adequate * * *" to meet the critical energy shortage.

You said a unified energy policy is needed, if in fact it is not overdue. And I was on course with you. But then you started into this song about the Department of Natural Resources.

We had that on ocean matters, on coastal zones, ocean pollution. You have to make a realistic proposal.

No one in Government thinks they are going to get a Department of Natural Resources in less than a period of 4 years. Do you think we can wait 4 years to begin coordinating and assuming responsibility somewhere in Government?

Mr. LARSON. Mr. Chairman, with regard to this, I had high hopes that things would move much faster than this. I mentioned some of the other efforts, such as the subcommittee of the Domestic Council.

Senator HOLLINGS. How many full-time staff members does the Domestic Council have? What are they doing in the energy fields?

I believe if you took a table of organization and looked at the full-time members, you would see they are not really into this.

Mr. LARSON. I believe you are correct with regard to the full-time members.

Senator HOLLINGS. In fact, some of you folks have suggested that they leave a lot to be desired. Actually what we need is a unified energy policy, and the Domestic Council cannot provide it.

Now the Department of Natural Resources—I cosponsored such a proposal with Senator Moss of this committee some 4 years ago. We are all agreed on the concept, and we will keep working toward it and hopefully we will get that department someday.

But, like Pogo, we met the enemy, and the enemy is us, right in the Congress. How are you going to get the Interior and Commerce and Public Works Committees to relinquish jurisdiction, and put it all in a new department? And which Senator is going to end up with which committee?

Is it unreasonable to wait on that particular answer while we are having energy problems and no coherent direction. Who is in charge of energy in this Government today?

Suppose you came from Japan to the city of Washington, and you asked "who is in charge of your energy policy"—where would you be sent?

Mr. LARSON. I believe that would be a very difficult question. I am not sure of the answer.

Senator HOLLINGS. Exactly. But Japan has it. They know. They are organized, they know where they are headed, and they are moving and beating us competitively.

With the age-old American spirit you and I both have, we don't like to get beat by competition.

I think we can govern better than the Japanese can, but yet we are not doing it, and it's all because the best of minds and intent come to analyze the problem, talk about the activity and then say wait on the Department of Natural Resources. I have received the Good Government award in about three places, and I know you have the right spirit and the right ideas, but then you say wait for the Department of Natural Resources.

That is not going to wash; and this sort of position is why the public is losing confidence with us here in Washington.

It seems that you folks would want to really jump on us in the Congress to get the responsibility fixed in legislation.

Let's assume we are not going to have a Department of Natural Resources—where would you put responsibility in the meantime? You think we can wait for the Department of Natural Resources?

Mr. LARSON. I cannot answer with regard to how long this would take.

Senator HOLLINGS. Right. Would this move be inconsistent with that Department of Natural Resources? From your experience and position as a Commissioner, would that inhibit in any way the developing and institution of a Department of Natural Resources?

Do you find it inconsistent to go ahead and fix an energy council within the executive department?

Mr. LARSON. I think certainly all of us will applaud any way of getting better coordination in this particular field. I had reference to the activities of the Subcommittee of the Domestic Council, which is doing some coordination in this field. I would also like to take this opportunity to point out that the AEC has moved positively to speed up the licensing of nuclear powerplants. This has already had an effect in averting some of the possible blackouts that might have occurred.

Senator HOLLINGS. We commend you for that. You folks have facilitated that considerably.

Mr. LARSON. Also we have already taken steps for completing about a dozen more licenses, which will alleviate the winter peak. Thus there are steps being taken, and in coordination with the executive branch, to alleviate some of these crises that we face.

Senator HOLLINGS. However, your research and development is at the level of \$3 million. You know, the amendment by Senator Magnuson to the powerplant siting bill is for \$300 million. Do you have any comment on that? It would be financed by a surcharge on electricity.

Far more research is needed. What comment would you have on the Magnuson amendment?

Mr. LARSON. I think we all agree that more research and development is needed—badly needed—in this field of energy. And I am very fortunate in having my colleague, who testified before that committee, Mr. Ramey. Would you care to say a few words?

Mr. RAMEY. Senator Hollings, in my prior testimony on behalf of the Commission, we indicated we did believe a great deal more research and development was needed, and that we were making some progress with the utility industry in the fast breeder effort in which the utility industry is contributing around \$250 million to this first breeder demonstration plant by a commitment of a certain percentage based on their capacity.

And the general view was that we ought to give the utility industry—both privately owned and publicly owned—a little more opportunity to see whether, on a voluntary basis they can through the research institute that they are setting up, and through their own surcharges, contribute adequately to an R. & D. fund, before we would support putting a tax on across the board.

We also pointed out that in addition to these contributions, whether by taxation or otherwise, we would still need a great deal of Federal Government support for R. & D., beyond what the industry can put in.

Senator HOLLINGS. So then the \$3 million effort sort of pales before the \$300 million.

Mr. RAMEY. Yes, sir; and we would certainly expect and hope that that \$3 million would grow from year to year in these other areas.

Mr. LARSON. Mr. Chairman, I would like to point out that I made reference to the fact that this is a modest beginning. Perhaps I should have said a very modest beginning, because this is going to take an order of magnitude, greater funds than this.

Senator HOLLINGS. Well, I want to thank you and Mr. Ramey and your other colleagues. I don't want to single anybody out and get them in trouble, but it was comments made by you folks and other witnesses who previously appeared before this committee that prompted S. 3802.

Looking at S. 3802 from the standpoint of its structure. Is there any criticism you would have of it? Is there a better way to do it? I know you have taken the stand for the Department of Natural Resources, and so have I and so has everybody else. But when this will happen is another question. Would you prefer Senator Pearson's bill with the seven- or nine-man council and the hearing approach? Or would you prefer S. 3802 with a smaller council, the responsibility fixed, a requirement for a comprehensive plan, and the requirement for impact statements from the several agencies of Government?

How would you amend S. 3802 if you were a Senator?

Mr. LARSON. We have had some discussions on certain parts of this. And our General Counsel I think may have something to say about the impact statement.

Senator HOLLINGS. I would appreciate his comments.

Mr. HOFFMAN. I would think that on a technical basis, unlike the parallel agencies that you have indicated, which are the CEQ, on the one hand, in environmental areas, and the Council of Economic Advisers, that they have no active coordinating role. They are a policy adviser to the President.

Your bill reaches down on the other hand, and pulls in a coordinating role which is essentially a departmental type of activity, and plans it at the White House level.

Now I think in terms of the eventual agglomeration of capability, that the DNR proposes, and whether that comes about as a result of DNR or some other measure that Congress comes out with, that S. 3802 might possibly have a dampening effect, since you have to then recycle and reorganize these various functions again.

With regard to the requirement for and the language that relates to the energy impact statement which, as I read it, was taken fairly straightly from the Environmental Protection Act, I assume you appreciate the far-reaching impact of this kind of requirement. In part because of its legal structure in which it occurs, it is a procedural requirement, as a NEPA statement is, and to some extent I think, given our history of development in the environmental area, there are attempts that I note in your bill to make it optional or put some conditioning language to make it as effective as possible or as practicable.

I think, given our experience in the environmental field, it might be well, too, if you decide to keep that idea in the bill, to scope it out with a lot more precision. The requirements for energy, the impacts on energy supply, and the demand on a number of projects of Government that may not have been thoroughly considered in drafting the bill might actually have a dampening effect on being able to carry forward the essential goal of formulating a cohesive energy policy.

Senator HOLLINGS. Could you help us with that, or would you get in trouble?

Mr. HOFFMAN. In terms of drafting a bill?

Senator HOLLINGS. In terms of amending the bill to reflect your recommendations—you don't mind doing that for the committee, do you?

Mr. HOFFMAN. Well, I think the executive branch is in the position of giving, when asked, a drafting service to the Congress, and I would certainly, within those—

Senator HOLLINGS. Maybe what we are really doing is what the President did in the intelligence field. You have the CIA, the Army, Air Force and Navy Intelligence, National Security Council, FBI, Justice and others. Each has its own, different nuance, and every President has struggled to get a reliable intelligence system.

Finally President Nixon had to bring in Mr. Helms to the White House to assume coordinating responsibility. What I would ask him to do in the energy area, he has just done in intelligence by executive order, he brought Helms in; Helms is in charge; we know it, and the intelligence community knows it.

If I could only get him to do that with respect to energy, rather than just giving a nebulous answer about the Domestic Council, we would be better off.

I can tell you, that crowd can't hack it over there. They don't know what is going on, and no one has an energy policy.

If the President would do that, we wouldn't have to pass S. 3802. But as it is now, everybody is talking and no one is in charge.

I am going to get you to help us with redrafting and if we get a chance we might put it through.

Is there anything further you wish to add, Mr. Larson?

Mr. LARSON. No, I think I have completed my statement.

Mr. RAMEY. I might just add a word on this. As you mentioned in your opening statement, I had suggested the desirability of some form of coordinating council on energy matters. And those, of course, were my personal views on the subject, not the Commission's views.

The type of council that I had suggested was—it wasn't a three-man group, but it was more of a group composed of representatives of the Federal energy agencies.

I haven't had the time to really analyze your bill and your proposal, but I do notice that it doesn't have much reference to participation or representation of the other energy agencies.

Perhaps one improvement could be to set up some type of representation—even as an advisory committee to your energy council, composed of rather top level representatives of the interested energy agencies. FPC, Interior, AEC, and so on.

Because you are going to have to have some way of—as you have put it—putting the finger on these agencies to have their active participation, in order to coordinate energy policy and programs.

The best way of doing that is, as I indicated in my testimony on your siting bill, and in my letter that you requested was to follow the example we had in the siting reports.

Senator HOLLINGS. Yes.

Mr. RAMEY. We had this interagency committee on siting of powerplants that produced these two rather good reports. I think everybody agrees, on siting, that Dave Freeman, when he was in the Office of Science and Technology, headed up.

And we did have rather active input at a pretty high level of the various interested agencies.

Now that doesn't always work so well, I grant that. I think the other point made by our General Counsel on this language that is sort of taken from NEPA, could cause delays—rather than help solve the energy crisis—the energy statements could cause further delays on powerplant construction and operation by just the sheer weight of the paperwork and of the review process of having all of these statements.

And it could get tied up in litigation, as happened and is happening, with the National Environmental Policy Act, where you have rather general language that various interested groups could take an agency into court for its resolution and come up with interpretations that no one necessarily expected.

Senator HOLLINGS. Well, we are very much indebted to you, Mr. Ramey, for your guidance and wise counsel.

It was intentional that we didn't bring representatives from the various agencies to makeup the energy council. I have found, as Churchill did, that you have always got that predetermined charge not to preside over the demise of your own empire. What they would do, then, is not coordinate, but rather attend the meetings and make certain that the status quo or authority or responsibility of their particular group is in no way disturbed. Otherwise, they immediately are considered disloyal, and replaced by somebody else who will protect the group.

This is no way to coordinate.

We thank you gentlemen very much this morning for your appearance.

Next we have the Honorable John W. Larson, the Assistant Secretary for Program Policy of the Department of the Interior.

STATEMENT OF HON. JOHN W. LARSON, ASSISTANT SECRETARY FOR PROGRAM POLICY, DEPARTMENT OF THE INTERIOR, WASHINGTON, D.C.; ACCOMPANIED BY VINCENT E. McKELVEY, DIRECTOR, GEOLOGICAL SURVEY; AND STEVE WAKEFIELD, DEPUTY ASSISTANT SECRETARY FOR ENERGY

Mr. LARSON. Thank you, Mr. Chairman.

Senator HOLLINGS. Mr. Larson, you may proceed; sir.

Mr. LARSON. I am pleased to be here to continue the onslaught of Swedes before this distinguished committee. I have with me here, Dr. McKelvey, who is the director of the Geological Survey within the Department of Interior, and Mr. Steve Wakefield, Deputy Assistant Secretary for Energy within our Department. We in the Department of Interior, fully share your concern with the present division of responsibility for the Federal Government's role in formulating, coordinating, and implementing energy policies and programs. Also, we fully support the declaration of purpose of S. 3802, which calls for the establishment of a central authority to concentrate energy information and analytical capabilities, coordinate activities, and prepare comprehensive plans to improve all aspects of energy production and utilization.

We believe, however, that President Nixon's proposal for the creation of a Department of Natural Resources will more effectively serve these objectives than the Council on Energy Policy which the bill proposes.

As the Federal Government's principal resource management agency, the Department of the Interior has taken the lead in alerting the Nation to growing difficulties in energy supply and calling attention to the need for an appropriate organization within the Federal Government to deal more effectively with it. In March of last year, President Nixon sent to the Congress his proposal for reorganizing the executive branch, which includes the centralization of major energy responsibilities of the Federal Government within an Energy and Minerals Resource Administration of a new Department of Natural Resources. Bills to implement this part of the President's proposal have been before the Congress for 17 months, and I am hopeful that the Congress will act on them during this session. I believe it to be the most effective and feasible means of establishing an agency with the power to act and respond to the very serious energy problems we shall be facing for many years.

Now, I would like to emphasize the words "responsibilities" and "act." The proposed reorganization and establishment of the Energy and Minerals Administration would fix both "responsibilities" and authority to "act" in one agency. As President Nixon commented in his energy message of June 4, 1971:

The single energy authority which would thus be created would be better able to clarify, express, and execute Federal energy policy than any unit in our present structure. The establishment of this new entity would provide a focal point where energy policy in the executive branch could be harmonized and rationalized.

The proposed Energy and Minerals Administration is the most quickly attainable alternative for centralizing energy authority and responsibility because it would build upon existing capabilities and concentrate them. A highly competent staff already exists within a number of the Federal agencies that would be combined within the Energy and Minerals Administration in the Department of Natural Resources. For instance, the budgeting and civil nuclear power function of the AEC would be conducted within the new department. These functions are currently being performed by the AEC staff which would be consolidated in the Department of Natural Resources. Under this organizational framework, these functions would receive direction and guidance from the same person concerned with the development of other energy sources.

The Department of the Interior contains the capability for gathering and analyzing information relating to energy matters, including exploration, development, and conversion. It also manages the Federal lands which contains a large percentage of the Nation's fuel resources. These existing capabilities would be consolidated in DNR.

While the establishment of the Energy and Mineral Resources Administration within a Department of Natural Resources would provide an organization with the capacity for both formulating and executing energy policy, the executive branch has moved to respond to the need for "interim coordination." In his clean energy message to Congress, after calling for the creation of DNR, President Nixon

stated: "Until such time as this new Department comes into being, I will continue to look to the energy subcommittee of the Domestic Council for leadership in analyzing and coordinating overall energy policy questions for the executive branch." Secretary Morton presently serves as chairman of this subcommittee.

In order to strengthen the considerable but diverse energy information and analytical activities which presently exist within the Department of the Interior, an energy information and analysis group is being established. All energy activities will be organized and coordinated to provide for maximum input within the capabilities of each agency.

Among the responsibilities of this new group will be the monitoring, collecting, analyzing, evaluating, and publishing, as appropriate, of information on all aspects on energy and fuels including coal, oil, gas, nuclear, hydropower, geothermal, solar and other sources. This includes such areas as resources and reserves, exploration, production, processing, transportation, distribution, consumption, research and development affecting the energy field, environmental impacts, foreign trade and related matters.

A considerable amount of statistical and informational data of varying degrees of reliability and usefulness is presently available. What is lacking is the concentration of analytical capability to develop these data into forms which can be readily used by the Secretary of the Interior in developing policy. The group will provide the factual basis and options necessary for the development of departmental positions on such matters as energy policy and program elements. It will also provide a mechanism for the establishment of coordinated, departmentwide reports and projections on various energy matters.

In summary, pending the establishment of DNR, we believe that many of the functions envisioned for the Council on Energy Policy are now being accomplished within various agencies of government with coordination through the Domestic Council. To the extent that additional coordination is required, the proposed new Department of Natural Resources would be the most effective organizational answer. Under this recommendation, responsibility and authority for both formulating and executing energy policy would be firmly established. The proposed Council on Energy Policy would impose yet another bureaucratic layer of government on top of the larger number of Federal agencies which already exist and interpose yet another organization between these agencies and the Congress. This could well result in delaying and impeding, rather than in expediting, decisions in matters of national energy policy.

We will be pleased to answer any questions.

Senator HOLLINGS. Well, Mr. Larson, now as I understand it, earlier the Department of Interior appeared before the Senate Interior Committee and testified that 85 percent of the employees to be transferred to this Energy and Minerals Administration would come from the Bureau of Mines, isn't that correct?

Mr. LARSON. I don't have the figures on that.

Mr. WAKEFIELD. That is approximately correct.

Senator HOLLINGS. All right, and the Interior Department testified that the primary concern of the Energy and Minerals Administration is development.

Mr. LARSON. Development?

Senator HOLLINGS. Yes, sir. We don't see a conservation charge there at all. That came up before the Interior Committee hearings.

Mr. LARSON. We certainly see a conservation charge.

As you are aware, Mr. Chairman, the Department of Interior and the DNR proposed department has a both conservation and development side, different from other departments which have a more single oriented mix. All the activities we engage in, we see a balanced approach. The Secretary has made that his policy. I think it is well understood throughout government and it is well understood within our agency. I can't say the policy is always carried out perfectly but that is our policy and we are seeking to carry it out.

Senator HOLLINGS. That came out in the hearings on page 44 but we don't have that before us at this moment. What about the FPC? The Office of Emergency Preparedness? All these other agencies of government are not encompassed in this Energy and Minerals Administration.

Mr. LARSON. No, that is true, but here I—

Senator HOLLINGS. How do you take a comprehensive approach if you don't include these principals in the problem or in the solution?

Mr. LARSON. If I may, I would like to analyze that in terms of the proposed council and the proposed Department of Natural Resources. The Energy and Minerals Administration within the Department of Natural Resources would be, in my opinion, the center of gravity for this activity. It is obvious that it does not bring in to play every agency concerned with energy. However, the proposed council doesn't do that either. As you mentioned earlier, that probably would not necessarily be the best thing. So that—just having the lowest common denominator I don't think is the proposal of the administration and certainly doesn't appear to be your proposal. I think our feeling is this, that we have a number of people in the Government now who are concerned with energy that have a good deal of competence. If a council were created, you know the first place they would go to hire staff people would be in the various agencies now concerned with energy. Instead of strengthening the agency in the energy field, we think that you would dilute the effort and impose another bureaucratic layer.

Senator HOLLINGS. We don't know that the action is the wise action or the right action. Maybe it should be diluted. Maybe a lot of this research is misdirected—perhaps the AEC is doing too much and the other departments are not doing enough. We do know that there is no coordination or direction and don't you think it is time we do have a place in Government that is in charge of our energy policy?

Mr. LARSON. Yes; within the Department of Natural Resources. The bill has been before Congress for 17 months and there has been one set of hearings held—

Senator HOLLINGS. Come now, the bill has been before Congress for several years. You requested it 17 months ago, but I sponsored it under Lyndon Johnson's administration. As a practical man coming up here, you know good and well that that has been in the Congress for several years. Do you think it will be passed by this Congress in the next 3 or 4 years?

Mr. LARSON. I can't imagine that a responsive Congress could fail to deal with a problem of this magnitude. As you mentioned, this has been proposed for some time and I believe really has met very little opposition in theory, certainly I just can't imagine that the Congress would fail to address that question.

Senator HOLLINGS. Well, we thank you very much for your appearance.

The next witness is Mr. David Freeman, Director of the Energy Policy project, Washington, D.C.

STATEMENT OF S. DAVID FREEMAN, DIRECTOR, THE ENERGY POLICY PROJECT, WASHINGTON, D.C.

Mr. FREEMAN. Mr. Chairman, I have a prepared statement I would like to submit for the record and summarize it if I may?

Senator HOLLINGS. Good, Mr. Freeman. We are glad to welcome you to the committee. Your entire statement will be included and we are glad to hear from you now.

Mr. FREEMAN. Mr. Chairman, today's hearing is a momentous occasion for those of us concerned with formulating national energy policy.

I was especially pleased to receive your invitation. I know from my own experience the vital need for a council on energy policy, such as proposed in the bills before us. It seems to me it should be clear by now to anyone who follows this matter that one of the first steps necessary to achieving solutions to our energy problems is to bring some focus and direction to the efforts of the Federal Government.

It is no secret that when it comes to energy policy, no one is really in charge. As the Paley Commission Report suggested, back in 1952, "The hydra-heads of energy policy must be reined together."

This is a suggestion that has a good deal more relevance today than it did 20 years ago. But I think it is important, Mr. Chairman, for the record of this hearing to reflect that this was the major recommendation of this massive study of our energy situation back in 1952, I have a copy of the relevant pages from the Paley Commission Report, pages 129 and 130. I would like to submit for the record, because I believe that they will illustrate that 20 years ago we foresaw the need for such a council and if it was needed then, it is desperately needed today.

Senator HOLLINGS. It will be included in the record.

(The document follows:)

NEEDED: A COMPREHENSIVE ENERGY POLICY

While private industry should bear the major burden of expanding energy supply and adjusting the pattern to the needs of future national growth, Government must continue to make major contributions at many points, as previous discussion and recommendation has made clear.

In the past, Government has dealt with energy problems largely on a piecemeal basis with separate programs for coal, for gas, for petroleum, for electricity, and for atomic energy, with each usually handled by one or more separate agencies operating under one or more separate legislative authorizations.

The Commission is strongly of the opinion that the Nation's energy problem must be viewed in its entirety and not as a loose collection of independent pieces involving different sources and forms of energy. So numerous and vital are the interrelations among all sectors of the energy field, that problems in any one sector must be dealt with always in full consideration of the side effects on all

other sectors. The aim must be to achieve a constant pattern of policies and programs throughout the entire energy field.

This aim is not inconsistent with the necessity, shown by past experience, to tailor public policies and actions to unique conditions in each sector of the energy field. Public utility regulations apply to electricity but not to coal; natural gas is a more regulated industry than petroleum though both are subjected to conservation controls not applicable to other energy resources; Government engages in substantial technical research programs in some parts of the energy field but not in others; the Federal Government builds hydropower projects and fosters atomic development but does not enter to the same extent into other energy sectors.

Despite these necessary variations the fact remains that each such tailored policy or program has repercussions throughout the energy field. Programs to improve the technology of coal production, transportation and utilization can affect the requirements for hydropower, the costs of electricity, and even international petroleum markets; regulation of gas prices and extensions of pipelines can influence the consumption of petroleum and coal; the leasing of underwater oil lands on the Continental Shelf can affect not only the market conditions for coal and gas along with oil but is related to the fueling of naval vessels and aircraft and the efficient operation of the total economy in the event of war; the speed with which atomic energy is developed, and the extent to which private industry is brought into its progress, can bear importantly on the future of the entire coal industry. But if effects are carefully foreshadowed and appraised, it should be possible to harmonize separate actions in particular sectors of the energy field with the broader aims of energy policy as a whole.

Ideally, the Nation should have a comprehensive energy policy and program which embraces all the narrower and more specific policies and programs relating to each type of energy and which welds these pieces together into a consistent and mutually supporting pattern with unified direction. This implies no increase in Government activity; it well might mean less. It does mean that the multiple departments, bureaus, agencies and commissions which deal with separate energy problems must be less compartmentalized—more aware of the problems of coal vis-a-vis oil and gas; of waterpower as compared with lignite as a source of electricity; of the effects of pipeline regulation, for example, on oil imports from Venezuela. Petroleum production and costs are affected in the long run not only by tariffs and depletion allowances in tax legislation, but by decisions of the Federal Power Commission on natural gas, by actions of the Petroleum Administration for Defense, by Bureau of Mines research on production of oil from shale and coal, by procurement plans and actions of the Department of Defense, as well as by regulation in the separate States.

Obviously there must also be an awareness on the part of all those dealing with energy policy of the close relationship of energy to the broader problems of materials, economic growth, and national security.

The Commission could not undertake to trace out the administrative threads that need to be knit together, nor can it lay down firm criteria for coordinated policy in an indefinite future. The situation is dynamic, and policy must shift with changing pattern. But on one point, the Commission is very clear: the hydra heads of energy policy must be reined together. This can be accomplished only if all parties concerned—the President and Congress, the State and Federal agencies, and the energy industries—work from a common base of understanding of the total energy outlook, the interrelations within the energy field, and of the relations between energy and the rest of the economy. Such a comprehensive understanding can be achieved only if one central agency of the Government has clear responsibility for assaying trends and policies throughout the entire energy field. The scrutiny will be effective only to the extent that the same agency carries out the broad analysis required to appraise the various specific energy policies and programs for which today responsibility is scattered among a score of agencies. The Commission believes that such an agency would have to include within its purview a thorough knowledge of the activities, the progress, and the problems of private industry as well as of the influence and effect of the activities of Government.

The Commission therefore concludes that the most important step for Government to take at this time toward developing a comprehensive energy policy is to

achieve, through a single agency, a comprehensive and continuing review of the long-term energy outlook and an appraisal of the adequacy of public and private policies and programs for coping with the problems that such a review may reveal.

Such a coordinating office must obviously work closely with all other Government agencies concerned with energy problems and with industrial and other private research organizations with interest in that field. Its review and appraisal must embrace a consideration of demand prospects, the availability of energy resources both foreign and domestic, and not least of all, the trend of technological developments and the specific needs to further such developments. It should report potential shortages and other oncoming problems in time for corrective action by either private industry or Government, and should recommend the measures required and who might best undertake them.

The agency's activities relating to energy should be closely coordinated with similar efforts involving materials generally, the technology of materials, and national security.

MR. FREEMAN. In the 1950's and 1960's, it perhaps did not seem crucial that we develop a mechanism for making better sense out of our energy policy. The Nation had abundant sources of energy, prices were low and we had not yet recognized that the air we breathe and our rivers were being used as public garbage cans for the waste products of a high-energy situation.

That is changing and we are moving rather suddenly from an era of apparent abundance to a period of scarcity. But the energy agencies are still operating under the ground rules of prior decades when more was always better and smoke was a sign of progress.

It is little wonder that their programs do not mesh with those of new agencies such as the EPA and they do not mesh with the aspirations of the American people which are demanding a new standard of performance.

But there is no one in Government to develop the policies for reconciling these conflicts. These conflicts, Mr. Chairman, are much more widespread than just a question of energy and the environment. We now see the foreign policy of the nation very much enmeshed with our energy policy, because imports supply as much as half of the growth.

Thus the State Department and the White House, itself, have a very deep interest in our energy policy as exemplified by the Middle East and the recent discussions of the President with the Soviet Union as to importation of natural gas. As balance of payments considerations become then a significant aspect of energy policy and, with tax reform, a major concern of the Nation, we will be reassessing the special incentives to encourage exploration for fuels as well as new tax provisions for carrying out other goals of energy policy. We thus find for several reasons the Treasury Department is moving from a peripheral to a central role in fashioning of our energy policy.

There is increasing concern about monopolies in fuel production, as well as other segments of the energy industry. Thus the Justice Department's Antitrust Division plays a significant role. As we face up to the shortages of natural gas, and other sources of energy, we find the basic price controls of the FPC must be reexamined.

If we look beyond the narrow confines of energy supply we find that energy policy is meshed with transportation policy. We must

*In the postwar period, 1947 was an abnormally high year for domestic consumption of bituminous and anthracite coal. The total of 605 million tons was higher than the comparable 1946 figure of 542 million tons and the tonnages for the years after 1947, which were in successive years, 584 million, 478 million, 493 million, and 514 million in 1951.

question a transportation policy which gives the suburban consumer no choice other than to drive a 1 or 2-ton car to move a 150-pound person to work. It is a policy which encourages travelers to use airplanes for short, 200-mile trips, when a fast train could transport him at one-eighth the consumption of energy. The responsibilities of the DOT are thus centrally related to an energy policy.

Indeed, we cannot consider energy policy without addressing the basic issue of how America is to grow. Of prime importance is how and where we plan to house our growing population. It will make a powerful difference whether people must travel 30 miles a day to work, or whether they can be provided with decent housing, adequately insulated, in close proximity to their jobs. Thus the Department of Housing and Urban Development must be involved in energy policy formulation.

Mr. Chairman, with these examples, I have attempted to sketch out the pervasive nature of energy policy. It involves a multitude of Federal interest that go beyond the energy agencies. This includes foreign policy, environment, taxation, transportation, housing and urban planning, price controls, antitrust enforcement, international trade, and research and development.

Indeed, energy policy is a vital concern of most of the major departments, as well as many independent agencies. It is thus apparent that to fit the pieces of the energy puzzle together we need an entity with a mandate that can cover all of government, as well as reflecting the needs and aspirations of all segments of our high energy civilization.

The establishment of a Department of Natural Resources would greatly strengthen the energy programs now scattered in Interior and the AEC, but it could at best provide only one of the many inputs required to develop a national energy policy.

Our policies must evolve through coordination of the ongoing programs in a multitude of departments and agencies. It is vital therefore, that we establish an umbrella council to be a focal point for the continuing task of shaping our energy policies to meet the changing problems of the coming decade.

The council must be an entity that stands high in the pyramid of Government, with sufficient stature and staff to coordinate and integrate the conflicting views of the agencies, and, most important of all, to chart a course of action.

That strong voice for such an agency could be achieved only by making it an integral part of the White House establishment. The sponsors of S. 3802, and the comparable bills, properly lodge the proposed council in the Executive Office of the President.

It could then work as a part of the Presidential team in concert with the Council of Economic Advisers, the Council on Environmental Quality, the Office of Management and Budget, and the President's White House staff.

S. 3802 provides for an independent council, bipartisan in nature, and supported by a staff of its own. Based on my experience, Mr. Chairman, I believe those provisions are crucial to the success of the entity. A council that is a committee, made up of the heads of existing agencies, would be a tragic mistake.

Cabinet committees are at best a most awkward mechanism for getting anything done. This is not to suggest the existing departments and agencies cannot make an essential contribution to the development of a national energy policy. Commissioner Ramey's suggestion that an advisory committee made up of them is, I believe, a good one.

But, an independent high-level council is essential if the hard choices inherent in reconciling conflicting views are to be presented to the people and to the Congress for decision. The bill's provision for independent council staff is also essential. Without a strong staff of its own, the council would be at the mercy of the special interests inside of Government, as well as outside.

A strong staff at this level of Government would also provide continuity from one administration to the next, which is important in this crucial and essentially nonpartisan area of concern.

S. 3802 would make the council responsive to the Congress and the public. This role of spokesman is vital because Congress and the public cannot be expected to make any sense out of the babble which results from the many agencies now speaking out in all directions on the problems of energy.

In the final analysis, the Congress must determine our national energy policy through the authorizing and appropriation committees. But the Congress cannot develop coherent policies unless there is a focal point in the executive branch which can serve as the spokesman on energy matters.

Such a spokesman can best present the views of the agencies backed by the White House. S. 3802 would serve that function.

The full development of a national energy policy will be a never-ending task that very much moves the Congress as well as the President and the concerned departments and agencies and the Executive Branch. The bill before us wisely provides only the mechanism and not the substance of a policy. The substance will evolve over time. If there is a process in Government to bring the issues into focus.

Mr. Chairman, there is one theme about energy policy which all parties and interests seem to echo these days. There is general agreement on the absolute necessity of moving to establish a National Energy Policy.

The work of this committee and the results of the study under Senate Resolution 45 being conducted by the Senate Interior Committee, paralleled by efforts in the House and executive branch will contribute to this task. I hope our own Ford Foundation Energy Policy Project will also make a contribution. Whatever findings are made we must have a focal point, a process in the executive branch where energy policy can be pieced together and integrated.

S. 3802 provides us with a sensible proposal to fill a gaping hole in the institutional arrangements needed to provide a national energy policy. It represents a positive and a crucial step toward that end. I urge the committee in consultation with the other concerned committees of Congress to report favorably the basic features of this legislation just as promptly as possible.

Thank you, sir.

Senator HOLLINGS. Mr. Freeman, obviously we are appreciative of your statement. You covered the ramifications of the problem and

made a more cogent analysis of the solution and the provisions of S. 3802, than I could have done myself.

You are far more familiar with this and the committee is indebted to you for your help and assistance. As you said on page 7, the Congress and the public cannot be expected to make sense out of the babble which results from the many agencies now speaking in all directions. Therein is our problem.

Everybody has an input and a comment but no one wants to really fix the responsibility. Again as you detailed here, if all these agencies would be involved, there is not a big enough room in the White House to have everyone represented in that fashion.

Would you comment, having looked over the Pearson bill and S. 3802, on the differences as you see them and the recommendations that you make.

Mr. FREEMAN. S. 3802 would provide a three-man council rather than a larger council and it seems to me that the smaller council is in harmony with the other councils that we have in the White House establishment that are functioning well. I believe that a three-man council can come to decisions a good deal more efficiently than the larger groups. The fundamental deficiency of the Pearson bill in my view is the provision that suggests that these large number of people should be representative of the particular entities in the energy establishment.

It contemplates, I believe, essentially a committee rather than a council and for the many reasons that I state in my prepared testimony I believe that we need a council that can chart a course of action and knock heads together, and not a committee.

Also, S. 3802 has a number of more detailed provisions with respect to staffing that I think are proper and correct. I do have a question about one feature of S. 3802 that I mentioned in our prepared statement, that is, the wisdom of trying to put in the statute the criteria for energy impact statements.

I would leave that to the council, after the council is established, for comment—

Senator HOLLINGS. Rather than to fix it into law.

Mr. FREEMAN. Yes.

Senator HOLLINGS. All right, sir. How critical from your vantage point working on this problem, is the need for fixed authority in the energy field?

Can we wait another year? I don't find anybody in Congress that even adopts a 4-year outlook for the Department of Natural Resources. They just say, we all will have moved down the road before we see a Department of Natural Resources.

Unless the attitude changes substantially, I can't see it occurring in the next 4 or 10 years. How critical is this need for fixing the authority?

Mr. FREEMAN. It seems to me that developing a focal point and a mechanism that has the backing of Congress for developing a national energy policy is the logical, critical, urgent first step that is needed immediately.

There are always excuses for delays, of course, but this step, according to the Paley Commission Report, is 20 years late today. I think everything that has happened in the last 20 years suggests that the

energy problem is more diffuse, more fragmented and much more important to the nation's future now than it was then. So it seems there is a compelling case for action now.

Senator HOLLINGS. Can you give the committee some idea of your energy policy project in terms of Senator Randolph's congressional study?

How would your energy policy project compare as to the financing and the breadth of the Interior Committee study?

Mr. FREEMAN. We hope our work will be of assistance to the study that the Senate Interior Committee is undertaking and to the executive branch of government. I feel that the development of a national energy policy is going to be a matter on which we will be working for the rest of the life of this Nation.

We are not going to develop a policy on a single sheet of paper or in one statute and live by it. We are speaking about questions that go to the heart of how America is to grow and live in the future.

I hope our work will make a contribution to public understanding of the importance of this issue and be of some assistance to the officials who have to make policy. But the bill before us today really only provides the drawing board on which you can work. It provides the house in which the energy policy working party can live.

It seems to me it is just the foundation piece and a first step that I would think is relatively noncontroversial.

Senator HOLLINGS. Do you think S. 3802 prejudices the study and research work that your energy policy project is now engaged in?

Mr. FREEMAN. Well, as I mentioned in my prepared statement, it could very well be that at the end of our study we will have some ideas that bear on this question that may be more detailed and more refined.

I don't preclude the possibility of our Ford Foundation project having a good deal more to say on this subject and certainly on the subject of the substance.

Our project is primarily for public education and it seems to me that anyone on the outside of Government who has had the experience that I have is obligated to give the committee the benefit of his views based on his experience without prejudice to what we might learn in the next year from further study.

My opinion today is based on my prior experience working 4 years in the executive branch of Government in the Office of Science and Technology with a two-man staff with the task of trying to coordinate energy policy. My opinion is that this is a vitally and urgently needed step and it is needed now.

Senator HOLLINGS. How would you respond to Secretary Larson's contention that the establishment of this energy council would just impose another layer of government upon the already established agencies?

Mr. FREEMAN. Well, I happen to have worked with the Ash Council when I was in Government and helped do the staff work to put together the proposal for the Department of Natural Resources. I take second place to no one in the administration in my support for a Department of Natural Resources.

I hope the Congress will act on that proposal promptly, but in my view, the establishment of a council on energy policy would facilitate the establishment of a Department of Natural Resources and I think there is a parallel on which you can draw.

We had the environmental responsibilities in government scattered all over the lot and it was the establishment of a Council on Environmental Quality which gave impetus to bringing some coherence out of that situation. It was that Council's strong voice atop the pyramid of government that made it more possible to develop the proposal for the Environmental Protection Agency which was subsequently presented to the Congress as a reorganization plan and approved.

So you have a recent history that is very suggestive that the establishment of this Council will help make things happen, including the establishment of a Department of Natural Resources. As to the additional layer of bureaucracy, it seems to me what we need is a focal point where the scattered bureaucracy can be integrated and pieced together; it seems to me that rather than adding a layer to the bureaucracy this Council would have the great possibility of piecing the bureaucracy together. I think we could look at the parallels of the Council of Economic Advisers and the Council on Environmental Quality and I don't think anyone could say that they have inhibited the development of either economic or environmental policy. On the contrary, they have facilitated that development. They provide the mechanism, the focal point.

Senator HOLLINGS. Well, we thank you very, very much. Is there anything further you wish to add? If so, let us know. We will consider going to the guidelines as you suggested and letting the Council itself determine the criteria for an energy impact statement.

Mr. FREEMAN. There may be other portions of the bill that need reshaping. I have not had the opportunity to study the fine points of the bill that much but the essential features are sound.

Senator HOLLINGS. If you can find that time in the next week and submit any suggestions that you have, we will include them in the record.

We would appreciate it, too.

Mr. FREEMAN. Thank you.

(Mr. Freeman's statement and comments follow:)

STATEMENT OF S. DAVID FREEMAN, DIRECTOR, THE ENERGY POLICY PROJECT

Mr. Chairman and Members of the Committee:

Today's hearing is a momentous occasion for those concerned with formulating a National Energy Policy for this country. I congratulate the Committee and the sponsors of the bills before you for their initiative in holding this hearing to consider the mechanism for the development of a National Energy Policy. It is also gratifying to note that similar legislation has been introduced in both houses of Congress with widespread bi-partisan co-sponsorship (S. 3330 by Senator Jackson, and H.R. 15758 by Congressmen Van Deerlin and Keith).

I was especially pleased to receive your invitation to participate in these hearings. I know from my own experience in the Executive Office how much an agency like the Council on Energy Policy is needed as a first step to basic policy reform in this area. My testimony today reflects my experience from 1967 through 1971 in the Executive Office of the President, attempting in a small way to coordinate the work of the agencies dealing with energy.

I am now directing an Energy Policy Project that is sponsored by the Ford Foundation. Its purpose is to provide the information and policy analysis that will help inform the public as to the nature of the energy problems and the alternative solutions that may be developed. While I hope the Ford Foundation Project will make a contribution to the governmental process as well as to the substance of an energy policy, my testimony this morning does not reflect the work of that study, which is just getting underway. What I have to say is based upon my personal experience in government and my analysis of the energy problems in the months since I left government service. I am delighted to share with the Committee whatever insights I may now have without prejudice to any more definitive or different proposals that further study and analysis may suggest.

It should be clear by now to those who have been following the energy problems that one of the first steps necessary to achieving a solution is to bring some focus and direction to the efforts of the federal government. It is no secret that when it comes to energy policy in the federal government no one is really in charge in any meaningful way. As the Paley Commission Report suggested in 1952 "the hydra heads of energy policy must be reined together;" a suggestion more relevant today than then.

Take the current shortage of natural gas in this country, for example. The public asks why the shortage exists and how it can be eliminated. We hear a multitude of causes for the shortage, if we believe all the special pleaders inside and outside of government. Depending on which ax they grind, they blame the Federal Power Commission for keeping the wellhead price too low, the Interior Department for not leasing enough land on easy enough terms and with strong performance requirements, the environmentalists for blocking off-shore lease sales, the Environmental Protection Agency for shifting too much of the market to natural gas through its pollution controls, the Congress for reducing the depletion allowance, the Atomic Energy Commission for spending research money for nuclear power that they believe should have gone to other clean energy sources, and on the petroleum industry for underestimating demand or holding back on deliveries to create a shortage and boost prices. Others claim the shortage of natural gas is in the resource base itself and that the wasteful patterns of consumption are growing faster than it is feasible to find and produce what is left.

Those conflicting views bring home the diverse and frequently inconsistent responsibilities of different federal agencies. No government entity has the responsibility and competence to sort out the charges, much less to develop an action program to provide an adequate supply of clean energy for America's future. Other examples of conflict between the energy programs of different agencies are legion. Perhaps more telling are the instances where the tough decisions are not made because there is no one in a position to push the decision-making process to a conclusion.

In the 1950's and 1960's it did not seem crucial that we develop a mechanism for making better sense out of our energy policy. The nation still had abundant sources of energy, prices were low, and the nation had not yet alerted itself to the fact that the air we breathe and our waterways were being used as public garbage cans for the waste products of a high energy civilization.

Now all of that has changed. We have moved rather suddenly from an era of apparent abundance to a period of scarcity in energy supplies that are compatible with our new found environmental ethic. Thus we find that the energy agencies are still operating under the ground rules of prior decades when more was always better and smoke was a sign of progress. It is little wonder that their programs don't mesh with those of new agencies such as the Environmental Protection Agency and the aspirations of the nation as a whole which demands new standards of performance. There is no one to develop a policy for reconciling the conflicts which are much more widespread than just a question of energy and the environment.

We now see the foreign policy of the nation very much intermeshed with our energy policy because imports are now supplying as much as half of the growth of energy supply and are likely to do so for the foreseeable future. Thus the State Department and the White House itself have a very deep interest in our energy policy as exemplified by the Middle East and recent discussions with the Soviet Union as to the importation of natural gas.

As we enlarge the importation of energy, balance of payments considerations that trouble the Treasury become a significant aspect of energy policy. And with tax reform a major concern we will be reassessing the special incentives to encourage exploration for fuels as well as considering new tax provisions to carry out other goals of energy policy. We thus find that for several reasons the Treasury Department is moving from a peripheral to a central role in the fashioning of our energy policy.

There is increasing concern about problems of monopoly in fuels production as well as other segments of the energy industry. The Justice Department's Anti-Trust Division thus plays a significant role in energy policy. And we face up to the shortages of natural gas and other domestic sources of energy, we find that the basic price control mission of the Federal Power Commission must be reexamined.

If we look beyond the narrow confines of energy supply we find that energy policy is meshed with transportation policy. It is in this area that greater efficiency in the use of energy is a good way to help solve the energy problems. We must question a transportation policy which gives a suburban consumer no choice other than to drive a one or two ton vehicle to move a 150 pound person to work. It is a policy which encourages a traveller to use airplanes for a short 200 mile trip when a fast train could transport him at one-eighth the per capita consumption of energy. The responsibilities of the Department of Transportation are thus centrally related to an energy policy.

Indeed, we cannot consider energy policy without addressing the basic issue of how America is to grow. Of prime importance is how and where we plan to house our growing population. It will make a powerful difference whether people must travel thirty miles a day to work or whether they can be provided with decent housing, adequately insulated, in close proximity to their jobs. Thus the Department of Housing and Urban Development must be involved in energy policy formulation.

Mr. Chairman, with these examples I have attempted to sketch out the pervasive nature of energy policy. It involves a multitude of federal interests that go beyond the energy agencies themselves. There interests include foreign policy (State); the environment (EPA); transportation (DOT); taxation (Treasury); housing and urban planning (HUD); price control (FPC and Price Commission); anti-trust enforcement (Justice); international trade (Commerce and the Tariff Commission); and research and development (NSF). Indeed, energy policy is of vital concern to most of the major departments as well as many independent agencies.

It is thus apparent that to fit the pieces of the energy puzzle together we need an entity with a mandate that can cover all of government as well as reflecting the needs and aspirations of all segments of our high energy civilization. The establishment of a Department of National Resources would greatly strengthen the energy programs, now scattered in Interior and the Atomic Energy Commission, but it could provide only one of the many inputs needed to develop a National Energy Policy. There is no way for a single, line agency or department to fashion and implement a National Energy Policy all by itself. Our energy policies must evolve through the coordination of the on-going programs of a multitude of departments and agencies.

It is vital, therefore, that we establish an umbrella council such as proposed in S. 3802 to be a focal point for the continuing task of shaping and reshaping our energy policies to meet the changing problems of the coming decades. The Council must be an entity that stands high in the pyramid of government and with sufficient stature and staff to coordinate and to integrate the conflicting views of the agencies and to chart a course of action. That standing and the strong voice such an agency would require can be achieved only by making it an integral part of the White House establishment.

The sponsors of S. 3802 and comparable bills properly lodge the proposed Council in the Executive Office of the President. It can then work as part of the Presidential team in concert with the Council of Economic Advisors, the Council on Environment Equality, the Office of Management and Budget, and the President's White House Staff.

S. 3802 provides for an independent Council, bi-partisan in nature and supported by staff of its own. I believe these provisions are crucial to the success of the entity. A Council that is a committee made up of the heads of the existing agencies would be a tragic mistake. Cabinet committees are at best a most

awkward mechanism for getting anything done. This is not to suggest that the existing agencies cannot make an essential contribution to the development of a National Energy Policy. But an independent, high level Council is essential if the hard choices inherent in reconciling conflicting views are to be presented to the people and decisions made.

The bill's provision for an independent staff for the Council is also essential. Without a strong staff of its own, the Council would be at the mercy of the special interests in government and on the outside. A strong staff at this level of government could also provide continuity from one administration to the next, which is important in this crucial and essentially nonpartisan area of concern.

S. 3802 would make the Council responsive to the Congress and to the public. This role of spokesman is vital because Congress and the public cannot be expected to make sense out of the babble which results from the many agencies now speaking out in all directions on the problems of energy. In the final analysis, the Congress must determine our National Energy Policy through the actions of the authorizing and appropriations committees, but the Congress cannot develop coherent policies unless there is a focal point in the Executive Branch which can serve as the authoritative spokesman on energy matters. Such a spokesman can reflect the best thinking of all the executive agencies backed by the White House. The Council to be established by S. 3802 would serve that function.

The actual development of a National Energy Policy is a never ending task that very much involves the Congress as well as the President and the concerned Departments and Agencies in the Executive Branch. The bill before us wisely provides only the mechanism and not the substance of a policy. The substance will evolve over time if there is a process in government to bring the issues into focus.

I have not had an opportunity to study the detailed features of the bills before you but there is at least one aspect of S. 3802 which troubles me. Section 2(c) (2) (F) attempts to specify guidelines for an energy impact statement to be prepared by all agencies at the discretion of the Council. These criteria seem quite vague to me and I am concerned that the bureaucracy might comply with a flood of meaningless paper. It would seem preferable to allow the Council to specify the contents of the energy impact statement, as well as the circumstances when they are needed, after opportunity for comment by the agencies and the public.

There are no doubt other features of S. 3802 that could benefit from further scrutiny. But the essential features are sound.

Mr. Chairman, there is one theme about energy policy which all parties in interest seem to echo these days. There is general agreement on the absolute necessity of moving to establish a National Energy Policy. The work of this committee and findings of the study under S. Res. 45 being conducted by the Senate Interior Committee, parallel efforts in the Committees of the House, the Executive Branch, and elsewhere will contribute to this monumental task. I hope our own Ford Foundation Energy Policy Project will also make a contribution. But whatever findings are made, we must have a focal point, a process in the Executive Branch where energy policy can be pieced and integrated.

S. 3802 provides us with a sensible proposal to fill a gaping hole in the institutional arrangements needed to develop a National Energy Policy. It represents a positive and crucial step toward that end. I urge the Committee, in consultation with the other concerned Committees of the Congress, to report favorably the basic features of this legislation as promptly as possible.

THE ENERGY POLICY PROJECT,
Washington, D.C., August 18, 1972.

Hon. ERNEST F. HOLLINGS,
U.S. Senator, Senate Committee on Commerce,
Washington, D.C.

DEAR SENATOR HOLLINGS: This is in response to your suggestion that I provide detailed comments on S. 3802, to supplement my testimony at the hearings on August 10, 1972. I have a few specific questions and suggestions which, for convenience, I shall list in the order of their appearance in the bill rather than in order of importance.

1. In Section 2(b) (2), page 2, lines 25 and 26 would provide a more positive mandate if changed to read "to coordinate energy activities so as to develop coherent energy policies in the Federal Government: and".

2. Section 2(b) (3), page 3, lines 1-8, refers to a "long-range comprehensive plan". There is a potential danger in this formulation, in that it might encourage the formulation of a rigid plan when what is needed is a continuing planning process. I suggest changing "plan" in line 3 to "planning process" to encourage a continuing planning process with respect to our energy needs.

3. In Section 2(c) (2) (A), page 3, line 17, I suggest rounding out the thought by adding "with maximum efficiency and conservation of resources".

4. As I noted in my testimony, Section 2(c) (2) (F), page 4, line 21, to page 5, line 10, attempts to specify guidelines for an energy impact statement to be prepared by all agencies at the discretion of the Council. These criteria seem quite vague and perhaps not very helpful. It would seem preferable to delete the criteria and allow the Council to specify the contents of the energy impact statement, as well as in what circumstances they are needed, pursuant to criteria adopted after opportunity for comment by the agencies and the public. The criteria should be made subject to change by the Council as experience and changing circumstances would dictate.

5. Section 6, page 8, lines 15-17, requires an annual report beginning July 1, 1973, but it does not specify a date for subsequent annual reports. I would recommend a fixed due date for each annual report. That could be accomplished by inserting "on or before July 1" after the word "and" on page 8, line 17.

I hope these suggestions will be useful.

Sincerely,

S. DAVID FREEMAN,
Project Director.

Senator HOLLINGS. The next witness is Mr. Edward Berlin, on behalf of the Environmental Defense Fund, Inc., and the Consumer Federation of America.

STATEMENT OF EDWARD BERLIN, ON BEHALF OF THE ENVIRONMENTAL DEFENSE FUND, INC., AND THE CONSUMER FEDERATION OF AMERICA

Mr. BERLIN. Thank you, Mr. Chairman.

Senator HOLLINGS. Mr. Berlin, if you don't mind we will take a recess for 15 minutes so I can go over to the Appropriations Committee. We will stand in recess for 15 minutes.

(Recess.)

Senator HOLLINGS. Now, Mr. Berlin, let me welcome you to the committee, and apologize for the delay but we just were required to be present at that Appropriations Conference, and it went much longer than I expected. I thought that would complete it, but now we have a roll call. Is it possible for you to submit your statement and summarize?

Mr. BERLIN. That was my intention.

Senator HOLLINGS. I will sit with you as long as that bell will allow.

Mr. BERLIN. That is fair, and I will submit my statement and summarize and I will consider that more than adequate.

Senator HOLLINGS. I appreciate your understanding.

Mr. BERLIN. I am very delighted to be here on behalf of the Environmental Defense Fund and Consumer Federation of America on this particular piece of legislation.

It might, at first blush, seem strange for CFA and EDF to join together on issues such as this but on reflection one would have to agree that in the energy area environmentalists truly are consumers. Out of each \$1 of per capita income that consumers of the United States spend something on the order of 10 percent is directly spent on energy. That,

Mr. Chairman, does not begin to take account of the external costs, the costs of scarred landscape, fouled air, and heated water.

We simply must begin to recognize that energy decisions made today in satisfaction of often ill-conceived wants, largely will dictate the quality of life we impose on future generations. This Nation, with 6 percent of the world's population, consumes in excess of 35 percent of the world's production of power.

As a nation we have demonstrated a remarkable facility to waste energy. We are confident, given an awareness of the nature of the waste and its economic implications, the American consumer will respond intelligently.

Let it be very clear we are not asking, we are not arguing, that anyone should sacrifice to any extent the standard of living that they now enjoy, and indeed, we are confident that if we could approach the problem of energy waste intelligently there would be more than adequate energy available without exponential growth not only to maintain the existing level but to raise the standard of living of those who have yet to enjoy what all of us would consider the type of life that should be enjoyed in American society today.

We are committed to making sure that there is in fact enough energy available so that all people can live a healthful and comfortable life. That objective could more than be accomplished, Mr. Chairman, by some sensible analysis of the energy crisis as it now exists and can more than be accomplished by better utilization of the energy that now is so tragically wasted.

In the year 1970 when it was clear there was a power crisis in this country the electric power industry expended \$395 million on sales promotion or 2 percent of its gross revenues. Contrast that with the fact that in that same year they expended .2 percent on research and development and one can only reach the conclusion that there is something drastically wrong.

There is moreover no reason to be ecstatic about the ability of the Federal Government to respond to the energy crisis.

Decisions are now greatly fragmented as you have pointed out Mr. Chairman. Each agency responds within its own narrow frame of focus. Decisions are chaotic and are made without any long range planning.

The pipeline in Alaska is a pointed example. The Interior Department has committed itself to a plan of action which in its view will expedite the delivery of Alaskan oil. It has done so at the same time the FPC is bemoaning, with justification, the existence of a natural gas shortage.

It is clear to anyone who has been involved at all closely with the Alaskan pipeline situation that the Interior Department's decision to focus, as it has over the last several years, solely on the oil production and transportation problem will serve to exacerbate the natural gas crisis in this country which in the minds of many of us is far more serious than the oil crisis, by delaying unnecessarily our ability to develop and utilize the immense natural gas reserves found in Prudhoe Bay on the north slope of Alaska.

As a Nation we can no longer tolerate that kind of chaotic decision-making. We simply must have accountability. When we talk of the

energy crisis the American public is confused. It does not know where the responsibility lies. It can't point the finger in any direction.

I have become convinced that the only way we can develop a sense of responsibility is to develop a sense of accountability so the American public and the Congress will be able to look in the direction of a body and expect that it will have the facility and capability to address these problems.

Once we impose that type of accountability I do think we will see the kinds of responsive actions that are desperately needed today. That is why we applaud your efforts without reservation, environmental groups and consumer groups, applaud your actions to have Congress consider the legislation that is now before us.

It will clearly be a strong effort to bring order to the now chaotic situation. The American public is entitled to know that when this Government makes basic resource decisions, it does so with the full availability of all basic information. Yet today, for example, the Federal Power Commission makes basic decisions that affect the future direction of the electric power and natural gas industries without any independent capability to do any fact gathering. It must rely, necessarily, entirely on the information submitted it by the very industries that are being regulated.

Senator HOLLINGS. Excuse me. Right at that point I will ask our committee counsel to receive the remaining portion of your statement, if you don't mind.

Mr. BERLIN. Absolutely.

Senator HOLLINGS. Thank you very much.

Mr. BERLIN. Thank you. We urge that among its initial efforts, the Council take a hard and critical look at the current way in which we expend our resources and the way in which resource decisions presently are being made. We expect that as a product of the latter effort, the Congress will wish to consider reorganization of the functions to facilitate comprehensive planning and decisionmaking. We urge that the Council be made to appreciate the absolute necessity of developing the kind of independent fact gathering capacity that I previously alluded to. We suggest, however, such is not feasible on the \$1 million or \$4 million budget that would be provided. Indeed, it would be conservative to suggest that it could be accomplished on a budget tenfold that size. We are convinced that even that much would in a short time, most certainly in the long run, more than compensate the American public with offsetting economic good.

There are a couple of specific suggestions we would like to make to S. 3802. There are two features of the Pearson legislation, S. 3641, that are deserving of consideration by the committee.

Senator Pearson would arm his body with the ability to collect information not only within the bureaucracy itself, but outside through the issuance of subpoenas. We strongly suggest that it will be absolutely essential that the Council have the facility and capability to go beyond the information now reposed within the Federal establishment and can only do so if it has the ability to get at information that now is in the hands exclusively of industry.

Therefore, subpoena authority does seem to be rather basic. The Pearson legislation would also arm the Council with the ability to promul-

gate rules and regulations and the guidelines of which Dave Freeman spoke. We are dealing with a very dynamic situation and Congress should arm the Council with the capability of responding to changing situations through the promulgations of rules, regulations and guidelines.

I would like to say a word about the National Environmental Policy Act in view of the fact that Mr. Hoffman did allude to it ever so briefly and I will try to be equally brief.

Two and a half years ago when the act was enacted, it was thought by many it would serve as the panacea in the energy field in view of the fact that its principal objective is one of coordinating the activities of the Federal Government. Without debating the logic and necessity of NEAA, which we support without reservation, I will concede it largely has failed to accomplish that objective. Decision-making is still fragmented in the energy area. Many are quick to translate that failing into a failing of NEPA itself. I strongly suggest that it clearly is not that. It is a failing of the existing Government machinery to be able to discharge that essential basic responsibility.

Creation of the Council on Energy Policy would be a most meaningful first step in the correction of this deficiency. I do have one additional concern about the Council. It is a concern that I might say is exasperated by the legislation that Senator Pearson has offered. I have always been fearful about amalgamating within one agency all of the spheres of influence operating in the energy sector. It comes as no surprise to learn that the private energy sector includes the most powerful lobbies that we have in this country.

Therefore, by the amalgamation of their areas of activity within one so-called super energy agency, we are making that agency quite vulnerable to the most potent lobbying force we have around.

On the other hand environmentalists, consumers, are relatively impotent. That disturbs me greatly. There is a great possibility that the Council would become the captive—I don't mean this in any invidious sense—of the industries that it is charged with coordinating and supplying direction to, captive because it will be the captive of its own educational experience and unless we have the ability to educate the Council from within, to give it the ability to sit back and reflect on data and propaganda supplied to it by the industries whose policies are going to be under review, the possibility of the Council turning into just one other captive agency, but on a much grander scale, is a very real one.

Nevertheless, on balance the risk of proceeding without creating that type of super agency, and I understand full well it really is not an agency in the operational sense, far outweigh the risks inherent in its creation.

To ameliorate those dangers several minimal standards might be incorporated into the legislation. First, we would suggest that there be a conflict of interest standard imposed that would prohibit appointment to the Council of any person who has had a prior relationship with an energy company, I would say over a 5-year period preceding his appointment.

Mr. LIPPEK. Mr. Berlin, at this point, the Congress is at a dilemma since it happens that many of the people employed in energy industries are also very knowledgeable about the many facets of the Nation's energy problems. To disqualify them from membership on the council may impair its ability to function properly because it doesn't have the expertise?

Mr. BERLIN. That is a very serious problem. I am not unmindful of it and it is for that reason that I sought to balance the dilemma by imposing a 5-year restriction which I think is somewhat analogous to the conflict provision in the R. & D. legislation.

Moreover, we have demonstrated our ability to tap the resources of private industry through the creation of advisory committees and I have never heard of industries shying away from the opportunity to confer with people in the bureaucracy. I am sure they will step up to meet that responsibility if that is a legitimate objective.

It is very difficult to develop expertise, of course, unless one has had an opportunity to participate in the private sector. But we are not talking about expertise in the technical sense as we might be if we were concerned with the planning of transmission facilities. We are talking about making basic policy determinations that to a large degree are more economic in nature.

We would hope that the members of the Council would have expertise in the environmental sciences and that is our second recommendation, that at least one of the members of the Council have a background in one of the environmental sciences and that another member of the Council perhaps be a trained economist who has knowledge of the ore theology involved in the analysis of energy demand, energy supply.

One of the tragedies of the power crisis is that people have begun to equate demand with need. Demand has been created largely by the energy companies, certainly by the electric power industry. We are quick to translate that demand into something the consumers need. We need some independent capability and that is not energy capability but an econometric capability to analyze where we are going from the standpoint of energy demand and conservation of energy.

The problem you raised is a serious one but I think we are in the fortunate situation of dealing with areas of expertise that need not be acquired solely through experience in the industries that are the focal point of the Council's activities.

To the extent that you must go beyond the capability that can be acquired independently it can be supplied through advisory committees. That leads us to our third recommendation.

As you know consumer groups and environmental groups over the past have been somewhat critical over the Federal Government's propensity to rely on industry advisory committees.

At the same time we recognize there must be a free flow of information, we would like that free flow of information to include consumers and environmentalists and it should certainly include industry.

But we suggest, at a minimum, that all meetings with any groups be announced in advance publicly and be open.

Let me say in conclusion that we are fully cognizant of demands being placed upon this committee, certainly as this session of the Con-

gress rapidly comes to a close. We would be very reluctant to suggest that serious consideration be given to any legislation that has not already been the subject of intense consideration.

Senator Randolph's suggestion, his observations about the progress of the study effort on Senate Resolution 45, is quite persuasive at first blush and does have an appealing ring in calling for just a little bit more delay. It will always be possible to argue for delay. We're always going to have more information in this area.

If Senate Resolution 45 culminates early next year, then it can be argued perhaps we should wait until Dave Freeman has completed his study perhaps 6 months later.

No doubt, due to the energy problem, there will be further efforts not only by the Congress but by outside interests as well.

The question that must be asked is not what is the value of waiting but what is the cost of delay? When you pose the question that way, at least to my mind, the answer is quite simple. The Council on Energy Policy will not solve the problem and I am sure the chairman does not view this legislation as being that type of panacea.

It would, for the first time, provide the Congress and the Executive and the public with the information essential to the fashioning of effective long-term responses. The longer we postpone implementation of its objectives the longer we force the American public to stand on the precipice of inevitable disaster.

Therefore I believe that it's appropriate to treat this bill as one which would take a giant step forward without at all cutting off any of the options that might be developed as a result of the effort now underway, in which we place a great deal of faith, by the Interior Committee and by the Public Works Committee and by the Joint Committee on Atomic Energy as a consequence of Senate Resolution 45.

Thank you.

Mr. LIPPEK. Mr. Berlin, you suggested that if the consumer were only given the option, he might very well choose conservation policies in terms of energy use.

How can the consumer be given that option? What does it take to induce him to choose conservation?

Mr. BERLIN. We have a very serious information gap.

Let me cite a trite example although not an inappropriate one; the raging battle between the aluminum throwaway can and the returnable glass bottle.

We, in this country, have built an economy that is based upon marketing gimmickry. We do not compete on the value level, and I include within that, energy conservation. As a result the consumer is sold a bill of goods by Madison Avenue which leads to aluminum cans and an avoidance of the returnable bottle.

Mr. LIPPEK. Do you think simply providing additional information would change these kinds of consumer habits?

Mr. BERLIN. I have sufficient faith in the American consumer to still be convinced that given the ability to make a rational choice, rational choices will be made. I do not think the American consumer realizes that when he or she opts in favor of a synthetic fiber, it may well mean creation of a nuclear powerplant in his or her community.

I do not mean that to sound ludicrous but natural fibers consume about one-fifth the energy of synthetic fibers. Obviously one pair of pants or a shirt makes no difference. But if you talk about the buying habits of an entire segment of our population and add to that the frivolous waste of energy we indulge in and the consumer is made to appreciate that that translates itself into more high voltage transmission lines, the burning of more fossil fuels, more atomic energy plants, I think that educational process will greatly serve to alleviate our energy crisis.

Mr. LIPPEK. We are interested in your suggestion that all meetings of the Energy Council with any outside group be open to the public.

The difficulty is there must be tradeoffs. It is difficult for a business to conduct its business entirely on the record for a number of reasons.

You do not get the kinds of responses that you need; you do not necessarily get the most accurate data, and it takes much longer.

Yet, that must be balanced against the benefits of guaranteeing equal access to the Council by all interested groups.

Do you think all its activity should be conducted on the record; is that what you meant?

Mr. BERLIN. I have heard it said for a long time that if we force the government to operate in the proverbial fishbowl, that the free flow of information will dry up.

Take the FPC which has not been operating in a fishbowl and does have meetings with segments of industry.

I challenge anyone to support the proposition that as a consequence of that type of operation the Federal Power Commission has become measurably better informed. It is a hallow excuse that industry has utilized. I do not think closed doors facilitate the free flow of information.

To the extent that opening those doors would further hamper that flow of information, which I view largely as a psychological problem in the mind of business executives, I think there are ways of guarding against disclosure of trade secrets.

We are not necessarily looking for the minute details of the operations of the Standard Oil Co. We are looking for composite industry information and there are ways of supplying that relevant information without hampering competitiveness.

In my view the argument is a red herring. History simply does not demonstrate that closed doors facilitate the free flow of information.

Mr. LIPPEK. Do you have anything to add, sir?

Mr. BERLIN. Nothing further. We appreciate the opportunity, thank you.

Mr. LIPPEK. Thank you for appearing. The record will remain open for 2 weeks for any other parties to submit comments or statements.

Thank you. This concludes the hearing.

(The statement follows:)

STATEMENT OF EDWARD BERLIN, ON BEHALF OF ENVIRONMENT DEFENSE FUND, INC. AND THE CONSUMER FEDERATION OF AMERICA

Mr. Chairman and Members of the Committee: The Environmental Defense Fund and the Consumer Federation of America are pleased to have this opportunity to express their strong endorsement of an effort designed to coordinate

the now fragmented energy activities of the Federal government and to provide a much needed comprehensive mechanism for the analysis and resolution of our complex energy problems. As consumers, we approach the problem mindful of the fact that out of each \$1 of per capita income consumers today spend an estimated 10 cents on energy. As environmentalists, we are becoming increasingly mindful of the yet additional, unquantified, external costs of energy production and consumption. It recently was estimated that air pollution alone causes between \$10 and \$20 billion in annual damage to property and agriculture. And that ignores the tragic cost to human life. When we add to the obvious atmospheric pollution caused by the combustion of fossil fuels, the problems of strip mining, of oil spills and pipelines, of thermal pollution, of nuclear reactor safety and the disposal of radioactive wastes, we begin to perceive the unmistakable reality that actions we take today in satisfaction of momentary and often ill-considered wants largely will dictate the quality of life we impose upon future generations.

How long can we as a nation, with 6 percent of the world's population, consume 35 percent of the world-wide production of power? How long can we continue the exponential growth of natural resource utilization without threatening the exhaustion of finite, essential natural resources?

Yet, absent the creation of an entirely new thrust to energy decision-making, we will continue, largely in ignorance, to barter away our well-being in irreversible, steady increments.

It is important, at the outset, to analyze the nature of present energy consumption. The Council on Economic Priorities, in its recently released 14-month environmental study of 15 major investor-owned electric utilities (*The Price of Power—Electric Utilities and the Environment*) reported that (page 4):

Not only is 43% of all U.S. power consumed in manufacturing, but the fastest-growing industries are the most power-intensive, resulting in the use of larger amounts of electricity to produce goods with the same amount of economic value. Aluminum production consumes 6.5 times as much energy (per pound) as steel-making, and synthetic clothes take 5-10 times the electric power to manufacture as clothes made from natural fibers. In the commercial sector (21% of electric power), new office buildings are designed so that they must be lighted in broad daylight, and huge shopping centers are built with all-electric climate control. In the home, which uses 32% of the power (the remaining 4% is used by municipalities for lighting and transit), much of the increased demand comes from the boom in "all-electric" homes, heated by remote power plants which burn fuels only one-half as efficiently as gas and oil furnaces.

Mr. Chairman, we have sufficient confidence in the American consumer to conclude that, given relevant information about the energy requirements of competing goods and services, he would without question implement wise conservation policies. But the consumer is denied that option. The options, as delineated by Madison Avenue, revolve around marketing gimmickry and are carefully designed to mask true long-term costs. Let it be understood that we are not now calling upon anyone to sacrifice the quality of his or her life. Those who are dedicated to the promotion of energy consumption are eager to paint the environmentalist as one who would deny the busy housewife her washing machine or the ghetto resident his air-conditioner. We ask no such thing. Indeed, we are committed to securing for all persons the full amenities of a comfortable and healthy climate in which to live.

The simple reality is that the energy now wasted on inefficient production methods, inadequate insulation, virtually non-existent mass transportation, would be more than sufficient to upgrade the true quality of life for all citizens without penalizing even the most affluent.

It is difficult to scan a major newspaper or periodical without reading of the admonitions of disaster emanating from the Board rooms of the energy combines. We must, we are told, have 2 million barrels a day of Alaskan north slope oil if we are to keep up with demand. We must, we are told, include Montana and Wyoming among the casualties of our pension for stripping all mineable land. We must, we are told, construct electric generating plants and transmission facilities to keep pace with a compounded 7 percent annual rate of growth.

But why do we need the Alaskan oil, and the Montana-Wyoming coal and the electric plants capable of satisfying a 7 percent growth rate. Our population is growing at but 1 percent a year.

The answer, as far as the electric industry is concerned, seems clear enough. The industry has chosen to equate "demand" with "need" and to bemoan the existence of a power crisis until it becomes a self-fulfilling prophecy. Thus, in 1970, when the existence of the power crisis was evident, the monopoly-protected electric utility industry spent \$395 million, or 2 percent of its gross revenues, on advertising and sales promotion—a 19 percent increase over similar expenditures in 1969. Contrast this with its commitment to research and development. The Council on Economic Priorities found that (*The Price of Power*, pp. 76–77) :

The electric utilities industry, which in 1970 produced 4 times as much power as in 1950 and expects to grow at least another six-fold by the year 2000, spends only a minute fraction of its income to develop new and better ways of generating electricity. In 1970, the industry channeled a mere \$46 million—0.23% of gross revenues—into research and development, which the President's Office of Science and Technology called a "remarkably small percentage by most industry standards," less than one-tenth of the average for American industry as a whole.

Moreover, this 0.23%, which inched upward somewhat in 1971, is largely focused on "improving present systems," rather than devising inherently less-polluting ones. Southern California Edison, for example, whose \$3.9 million R&D expenditure in 1970 was the industry's highest (representing 0.55% of gross revenue), devoted only 2% of its R&D budget to new generating techniques, primarily geothermal power and the breeder reactor. Just 1% of its budget went to joint programs in the thermonuclear fusion and super-conductivity sponsored by the industry trade group, Edison Electric Institute. In contrast, 39% was appropriated for "aesthetics"—mostly transmission line undergrounding and new construction design, and 14% went to find suitable nuclear and pumped storage sites and to prospect for uranium and coal. Another 12% was earmarked for conventional (although much-needed pollution control to reduce air, thermal, and nuclear emissions.

These priorities are reflected in R&D figures for the industry as a whole. Out of 2270 separate research projects reported in a 1967–70 survey of private and public utilities, close to one-third (722) dealt with transmission and distribution. Most of the remainder concerned routine systems and instrumentation problems such as load forecasting and turbine maintenance, with a smaller amount devoted to pollution control for conventional power plants.

In comparison, only 13 studies were concerned with techniques such as fuel cells and MHD (Magnetohydrodynamics) to raise generating efficiency by converting fuel energy directly to electricity. Thermonuclear fusion—regarded by many as "the ultimate energy source"—was the subject of 3 projects, while not a single study dealt with solar energy. Although precise dollar figures are unavailable, no more than \$10 million of the \$140 to \$150 million budgeted by private utilities for R&D during the 3-year period 1969–71 appears to have gone to investigate cleaner and more efficient ways of generating electricity. This estimate includes research by Edison Electric Institute and the Electric Research Council, organizations that utilities consider better equipped to undertake major projects. "Considering the size of the problem and of the industry involved," says *Fortune* magazine, "The total amount of money spent on the new developments has been miniscule."

Moreover, there is little reason to be ecstatic about the role now played by the myriad of federal agencies that are called upon daily to make vital energy decisions. Their view of regulation is inextricably tied to the necessity to promote. And even were this not the case, it is deceptive to expect even the best intentioned agency to respond appropriately to the energy crisis when its sphere of influence covers but one component of a multi-faceted problem. The inevitable consequence is that narrow focused administrative decision-making serves to exacerbate the wasteful promotional practices of private industry and we all lose—the environmentalist and the consumer who, in the final analysis, is one and the same.

As a nation, we no longer can tolerate chaotic decision-making in the energy sector. As trustees for yet unborn generations, we must not accept it. Yet, unless we develop a mechanism that is capable of focusing attention on the real issues, of analyzing and coordinating the implications and consequences of now disjointed private and public actions, of redirecting priorities with a view to

ward resolving both short and long-term comprehensive problems, we will continue to forfeit our future. The richest nation ever to inhabit the face of the earth tragically will be choked by its own arrogance and blind quest for affluence.

It is for this reason, Senator Hollings, that we applaud your effort, and that of Chairman Magnuson, to bring order to the present chaos. We are not quick to sanction the creation of yet another high government council. But if ever one was needed, it is in the energy area. Piecemeal, *ad hoc*, fragmented decision-making no longer can be tolerated. The American public is entitled to know that when the Federal Power Commission demands that it pay higher prices for natural gas actions taken by the Interior Department will facilitate the FPC's objectives.

Above all else, the American public is entitled to an intelligent, credible analysis of the total energy crisis. In the final analysis the energy crisis is precisely that, a single crisis. Electric power, natural gas, oil, are but parts of a much more important and complicated whole. Are we making wise and efficient use of our finite, environmentally superior, natural gas reserves? Does it make sense, in all cases, to convert low-sulphur fossil fuels to the production of electricity with the resulting heat loss? Are we, in short, making wise use of our resource dollar?

We urge that as its initial efforts the Council take a hard and critical look at the current way in which we expend our resources and the way in which resource decisions presently are made. We suspect that as a product of the latter effort the Congress will wish to consider a reorganization of functions to facilitate comprehensive planning and decision-making. We are confident that as a consequence of the former, the American public itself will initiate and demand of industry as well the implementation of energy conservation programs to eliminate waste while affording a high standard of living for all.

We urge that the Council be made to appreciate the absolute necessity that it develops an independent information gathering capability. It is tragic that the Federal Power Commission is made to set policy for the electric power and natural gas industries by reliance on industry supplied information. There is enough at stake to warrant the immediate development of a sophisticated federal information gathering and analysis capability. This task cannot, however, be met on a \$1 million or even a \$4 million budget. Indeed, we doubt that ten-fold that amount would but begin to scratch the surface. We are convinced, however, that those funds would be well spent and would, in the fairly immediate future, result in far more significant long-term savings. At a minimum, the Council should have access to all information now developed by government agencies and by governmentally supported efforts. Indeed, it should be armed with subpoena power giving it access to all relevant information wherever developed. It is vital that our now disorganized research effort be examined comprehensively. At present, each regulatory segment, in furtherance of its own narrow interest, competes for the too limited federal research dollar. Congress, and the interested federal agencies that have the ability to influence the activities of the private sector, are entitled to a comprehensive analysis of the strengths and weaknesses of current and planned research efforts so that commitments can be made with greater confidence that appropriate action is being taken to meet the energy crises yet to come.

Two and one-half years ago the National Environmental Policy Act became effective with one of its principal objectives being the coordination of federal executive decision-making. Without debating NEPA, which we endorse without reservation, it largely has failed to accomplish that objective in the energy area precisely because of the fragmented nature of decision-making responsibility. Many are quick to translate that as being a failing of NEPA itself. It is not. It is a failing of existing government machinery to discharge an essential, basic responsibility. Creation of the Council on Energy Policy would be a most meaningful first step in the correction of this deficiency.

Mindful of the strength—and unified purpose—of the energy lobby, and the relative impotence of those who would counsel conservation, in all candor we are somewhat fearful about urging the creation of a "super" energy agency. It will, without question, be the target of continual industry propaganda assaults. Nevertheless, on balance the risks inherent in proceeding without such an agency are far more grave.

To ameliorate the potential for industry influence, if not dominance, we suggest the incorporation of minimal safeguards. First, no person should be eligible for appointment to the Council if he has been in the employ of any segment of the private energy industry within five years prior to his appointment. Second, at least one member of the Council should have established credentials in one of the environmental sciences. Third, all meetings of the Council or its staff with representatives of outside interests should be public and the subject of a prior announcement.

Mr. Chairman, we are fully cognizant of the demands on the time of this Committee and on the Congress as a whole and we would not lightly suggest that a problem which has not already been the subject of intensive Congressional analysis this Session is deserving of consideration at this late date. After much reflection, however, we must ask for such consideration of S. 3802. Energy promoters and energy conservationists may differ when it comes to defining the nature of the energy crisis but we agree on one thing—it is very real and will become even more severe with time.

The Council on Energy Policy will not solve the problem. It will, however, provide the Congress, the Executive and the public with the information which is essential to the fashioning of effective long-term responses. The longer we postpone implementation of its objectives, the longer we force the American public to stand on the precipice of inevitable disaster.

Thank you.

(Whereupon, at 12:50 p.m., the hearing was adjourned.)

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

NATIONAL ECONOMIC RESEARCH ASSOCIATES, INC.,
Philadelphia, Pa., September 12, 1972.

WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR SENATOR MAGNUSON: On August 25, you wrote me asking for my views on S. 3802, the bill you and Senator Hollings introduced to create a "Council on Energy Policy." I am honored that you regard these views as of value, and will comply to the best of my ability. This ability is however limited in that I do not purport to be expert in the field of government organization.

First as to the objective: I am totally in accord with you as to the need for the creation and keeping up-to-date of a *national energy policy*. This should not be a rigid "five-year plan" but rather a well thought out, consistent, and integrated set of strategies in the field of energy which can be designed to facilitate movement toward national objectives as they may be established from time to time. As I have testified before your Committee and the Interior Committee (along with many others), the actions of the Federal Government and related agencies impinge very importantly on developments in this field, if, indeed, they do not dominate them. But these actions are taken by many different agencies, in often unrelated, sometimes contradictory fashion, with necessarily unplanned and often unfortunate results. Our resource position is not such that we can afford this degree of ineffectiveness. Moreover, we are emerging into an era when *new* national choices will have to be made—as between conservation and development for instance—and the government must take the leadership in this process.

Second, as to the general scheme of action: I am also in accord with the concept of a small, thoroughly competent agency with direct access to the President and the Congress, to accomplish the stated purpose. This is in contrast to the concept of a new, super-department which would have grouped within it all the elements of government in many Departments, Boards and Commissions presently functioning in some aspects of this field. The creation of such a super-department would seem at first blush to produce an efficient mechanism; but it would have several serious frailties. Basically it would appear to assign much of the decision-making to the Secretary, rather than the President and the Congress—such would be the effect of creating a "super-bureaucracy." Second, unless it embraced so much of the field of government as to be all-inclusive and perhaps unmanageable, it would be bound to leave out a number of key functions. Third, it would be seriously disruptive of government functioning at a time when we could ill afford this disruption. In sum, the alternative of a well-placed, authoritative coordinating agency seems far preferable.

Third, as to the detailed provisions of the bill: the Declaration of Purpose seems to me admirable, the locus of the agency well thought out, and the duties and administrative provisions appropriate to the bill's purposes. I agree also, that the preparation of an annual energy report serves a useful function, particularly in keeping the Congress (and the public) abreast of developments and in a position to take action when this is appropriate.

In summary, the objective is one to which most now subscribe, the mechanism to achieve it well conceived, and the tools provided adequate to facilitate the functioning of the mechanism.

Sincerely yours,

CHARLES H. FRAZIER.

STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION,
Albany, September 1, 1972.

DEAR SENATOR MAGNUSON: Thank you for your inquiry of August 21, 1972, asking for a written statement of my views concerning S. 3802, a bill to create a Council on Energy Policy.

I strongly favor the creation of the Council on Energy Policy. It seems to me essential that the President and the Congress be closely advised about vital energy matters and that the energy policies and actions of the executive branch of the government be rationalized and coordinated so that this nation may enjoy reliable energy supplies at reasonable costs and in ways consistent with national security and environmental values. This country's rapidly deteriorating energy position makes it essential that we develop and apply a coherent set of energy policies designed to bulwark the energy foundation for this nation's economy. The President's energy message to Congress in June, 1971 was a promising beginning toward a rational Federal approach to energy. Since then, however, progress has been slow. I had hoped for early action by the President to establish a Council on Energy Policy, but at this point it seems to me that Congressional action is called for to achieve the purpose.

With regard to the specific provisions of the bill, Section 4(e) appears to deprive the President of executive privilege with regard to the Council. This provision invites a Presidential veto of the bill, and I suggest it be deleted.

Thank you for the opportunity to comment on S. 3802.

Sincerely,

JOSEPH C. SWIDLER.

INDEPENDENT NATURAL GAS ASSOCIATION OF AMERICA,
Washington, D.C., August 24, 1972.

HON. WARREN G. MAGNUSON,
*Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.*

In re S. 3802, a Bill To Create a Council on Energy Policy, Introduced by the Addressee and Senator Hollings on July 19, 1972.

DEAR SENATOR MAGNUSON: This will acknowledge receipt of your letter of August 21, 1972, with reference to the above subject matter, in which letter you express an interest in receiving a written statement of the views of this Association on the proposal. And, in which letter you further advise that the record of the joint hearings of your Committee and the Committee on Interior and Insular Affairs held on August 10, 1972, would be kept open until September 1, 1972. In answer thereto, may I give you the following information.

Your observation that there is no single agency charged with formulating and implementing policies to assure effective energy resource utilization and achievement of environmental objectives is certainly well taken. The result has been a fragmentation of effort in the past and a definite slowing of effective solutions to the ever mounting problems associated with the impending energy crisis. There has been a continuing search for some corrective formula, but as yet none has been developed.

Perhaps the approach proposed in S. 3802 may provide the solution to this very complicated group of problems. Certainly the members of this Association, as well as all in the natural gas industry, whether it be the production, the transmission or the distribution segment, would welcome early action that would deal effectively with the difficulties present, within the framework of the free enterprise system and in keeping with the general theme of permitting private industry to accomplish the task.

In view of the fact that S. 3802 is of recent origin, and comes at a time when many in our industry are on vacation, it has been exceedingly difficult to obtain an in-depth review and analysis of the proposed legislation. We are presently undertaking to do this, but it will be impossible to obtain a meaningful consensus by September 1. Many of the companies will want to relate the proposed measure to their own intricate and complicated problems, which in many instances may be peculiar to one or two companies and not general.

Under the circumstances, it occurred to me that your Committee, as well as yourself and Senator Hollings, would be best served if I could obtain an analysis of the matter from a representative group of our members and furnish the same to you at the earliest date. As stated above, this task is under way, but I doubt seriously that such a consensus could be completed before October 1.

May I commend both you and Senator Hollings for your continued vigorous efforts toward the solution of one of the most serious problems facing the industry in the very near future.

With kindest personal regards, I remain

Sincerely yours,

WALTER E. ROGERS,
President.

INDEPENDENT NATURAL GAS ASSOCIATION OF AMERICA,
Washington, D.C., October 11, 1972.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

In re S. 3802, a Bill To Create a Council on Energy Policy.

DEAR MR. CHAIRMAN: This is in further reply to your letter of August 21, 1972, with reference to the above subject matter. You will recall that on August 24, I advised you of the difficulties that might be encountered in developing a consensus with relation to the many and intricate problems that could be posed by such legislation. My concern in that regard seems to have been substantiated by the desire of many in our industry to be afforded ample time within which to review the overall problem and its solution as S. 3802 relates to them.

Those who have voiced observations are in agreement generally with subdivisions (a) and (b) of Sec. 1 of S. 3802, to the effect that there is no comprehensive national energy policy, due to the creation of a large number of federal agencies at different times and for different purposes. With relation to subdivision (c) of Sec. 1 of S. 3802, we would suggest that the language there used could be construed or interpreted to amount to a blanket indictment of the energy industries, which we are sure the authors did not intend. Hence, we would hope that substitute language could be used to avoid erroneous conclusions.

It would further appear from the information gathered to date that most all feel that the basic problem is of such major importance to the future of this nation that every effort should be made to carefully weigh out all of the variants and undertake to formulate an effective approach that will provide a substantial degree of permanency; that this can best be accomplished by a full study and utilization of our past experiences and the experiences of other nations which have, in the past, faced the energy crisis problem with which we are now confronted; that we must not continue the ad hoc solutions resorted to in the past or pursue a trial and error method in the future.

The overall *problem* is quite simple: "How to meet the future energy requirements of this nation."

As in most cases, the *solution* will not be simple.

We would like to highly commend both you and Senator Hollings for your efforts and understanding of the need for affirmative and early action, which undoubtedly prompted you to author S. 3802. Whether or not S. 3802 can provide the means with which to solve the overall problem or serve as the opening wedge toward solution, is, of course, conjectural at this time. Such approach will no doubt be thoroughly evaluated in subsequent Senate hearings, in which we would hope to participate fully.

However, should it be finally determined that a Council on Energy Policy, as proposed in S. 3802, is the proper course to pursue, there are a number of questions that immediately surface with relation to the present draft of the proposed legislation.

(1) Would the Council, as constituted and empowered, be other than another layer of federal bureaucracy?

(2) Would the formation of such an Energy Council, limited solely to the powers of an advisory group, tend to further fragment rather than coordinate the determination of a national energy policy?

(3) Should a National Energy Council have rulemaking powers to enable it to implement its policies?

(4) Should such a Council have decisionmaking powers and if so, to what extent?

(5) Does Sec. 2(b)(3) contemplate the development of end use allocations of fuel?

(6) Would Sec. 2(c) impliedly repeal present policies, regulations and public laws that might be in conflict with the policies set forth in S. 3802?

(7) What effect would Sec. 2(c)(2) have on the present procedures of those agencies of the Federal government which presently have jurisdiction in energy matters?

(8) What effect would the failure of an agency with regard to compliance with Sec. 2(c)(2) have on the jurisdiction or procedure of a regulatory agency?

(9) What effect would the failure to comply with Sec. 2(c)(2)(B) have on proceedings, both formal and informal, in regulatory agencies?

(10) What would be the effect of the failure on the part of the Council to comply in detail with the requirements of Sec. 2(c), (d), and (e)?

(11) Would the provisions of Sec. 2 create the same confusion that has been created by the provisions of the National Environmental Policy Act of 1969 as to the need for exact compliance with procedures that could effectively delay progress in implementing recommendations by the Council?

(12) Could this bill be used as a basis for suits alleging the failure of a federal agency or agencies in carrying out the mandate of this bill in its proceedings?

The questions above are some of the many that come to the minds of those in the private sector of the energy industries, all of whom are deeply concerned with the present energy situation and are dedicated to its early solution. It has been suggested that a cabinet level post on energy would be the proper approach for an early attack on the subject matter. Such a post could provide a centralization of the many fragments of government presently having jurisdiction in energy matters, and could well include an Energy Council as proposed in S. 3802.

We are, of course, confident that the Senate, through the Commerce Committee and other appropriate committees, will thoroughly weigh all alternatives in search of an effective and successful policy within the framework of our free enterprise system.

Our industry, in full realization of its responsibilities with relation to providing its share of the energy requirements of this nation, is continuing an exhaustive in-depth study of the subject matter. We appreciate the very heavy burden which you in the United States Congress carry in this troublesome area and would hope that our efforts and studies will provide for you a measure of assistance.

Sincerely yours,

WALTER E. ROGERS,
President.

NEW YORK COUNTY LAWYERS ASSOCIATION,
New York, N.Y., October 4, 1972.

HON. WARREN G. MAGNUSON,
*Chairman, Senate Committee on Commerce,
Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Enclosed is a report by the Committee on Federal Legislation of the New York County Lawyers' Association on S. 3802. I hope that this report will be helpful in your consideration of the bill, and respectfully request that it be included in the record of any hearings on the bill.

Sincerely,

JULIUS ROLNITZKY,
Executive Director.

(October, 1972, Report No. F-6, S. 3802)

COMMITTEE ON FEDERAL LEGISLATION,
NEW YORK COUNTY LAWYERS' ASSOCIATION,
14 Vesey Street, New York.

Report on S. 3802, to establish a Council on Energy Policy

Recommendation: Approved in part, disapproved in part

Description of Major Provisions of the Bill

S. 3802, 92d Cong., 2d Sess. (1972) would establish a Council on Energy Policy in the Executive Office of the President consisting of three members representing diverse backgrounds appointed by the President and confirmed by the Senate. The Council would assist in setting national energy policy, and:

"... prepare, in consultation with other interested organizations and bodies, a long-range comprehensive plan for energy utilization to foster improvement of the efficiency of energy production and utilization, reduction of its adverse environmental impact, conservation of energy resources for future generations by reducing energy demands, and development of technological capabilities to produce alternative clean energy sources." § 2(b) (3).

Other federal agencies would be directed to assist the Council and: ". . . submit to the Council on Energy Policy established by this Act for clearance and approval all legislative recommendations and reports, to the extent that such recommendations and reports deal with energy matters." § 2(c) (2) (B).

The Council is directed to review such reports "promptly" and notify Congress and the agency in writing of reasons for disapprovals. § 4(d).

The President is directed to submit an annual energy report under § 6 of the bill.

Discussion

The importance of long-term consideration of energy problems is obvious today. A high-level body concerned with national energy policy as a whole on a long-term basis is therefore highly desirable. The kind of planning described in section 2(b) (3) of S. 3802 would make a real contribution to bringing about effective steps to avoid the emerging energy crisis. Particularly important in this connection would be "conservation of energy resources for future generations" and "development of technological capabilities to produce alternative clean energy sources" mentioned in section 2(b) (3).

On the other hand, the requirement of prior clearance of all legislative recommendations and reports set forth in section 2(c) (2) (B) might well result in depriving Congress and the public of the benefit of differing views on important energy problems. Although the Council is required to act "promptly," delay may well ensue, and even more importantly, the effort to obtain unanimity and prevent disapproval of a report by the Council seems certain to lead to suppression of differences of opinion that might be of value to Congress and the public.

Section 7, guaranteeing public access to various Council records, would not cover internal inter-agency communications by virtue of the exemption from access of anything exempt under the Freedom of Information Act, 5 U.S.C. 552 (b), which exempts such communications.

Differing agencies have differing constituencies and points of view influenced by different experience, see Jaffe, *The Effective Limits of the Administrative Process: A Reevaluation*, 67 Harv. L. Rev. 1105, 1119-27 (1954). The healthy discussion of resulting differences can frequently be of great value in developing an informed public opinion.

Where coordination of approach is necessary, the Executive has the ability to achieve it under existing procedures without the mandated additional level of clearances and possible veto of transmission of reports which would be set up by section 2(c) (2) (B) of S. 3802. The proliferation of levels of review in government indeed can tend to decrease effectiveness and increase cost and delay to a high degree. See Olds, "The Mathematics of Boards, Committees and Panels," 16 Record of The Association of the Bar of the City of New York 161 (1961).

Conclusion

It is recommended that sections 2(c) (2) (B) and 4(d), involving prior clearance of reports and recommendations by other agencies be deleted from S. 3802. We recommend approval of the balance of the bill, especially the provisions for preparation of long-term plans contained in section 2(b) (3).

Respectfully submitted.

Committee on Federal Legislation: Vincent L. Broderick, Chairman; Albert Xavier Bader; Edward Brodsky; Arthur Brooks; John Henry Doyle, III; Arnold L. Fein (Hon.); Richard A. Givens; Edward J. Guardaro; Stephen David Hoffman; William J. Isaacson; Eric M. Javits; Jack Kaplan; Michael W. Leisure; Eliot H. Lumbard; J. Robert Lunney; Robinson Markel; J. Edward Meyer, III; Peter Repetti; John A. Ronayne; Anita Streep; Thomas Kiernan, ex-officio; and Thomas Keogh, ex-officio.

SEPARATE VIEWS

No one is more convinced than the writer of the necessity for an energy program for the country as a whole, or, of the urgency of the need for such a program. This "Energy Policy Act of 1972" however, will do little in my opinion that is constructive in this respect and, by reason of its vagueness and generality will serve no purpose other than to constitute an obstruction in the formation of the necessary policy and legislation for the execution of that policy.

The Bill provides little more than for the creation of a study group that will furnish a report. As such, it is a highly expensive study group and, would seem to make no provision for the execution of anything that the study group recommended.

Furthermore, it is a study group appointed by the President and mainly responsible to him. The history of the administrations from Eisenhower on to and including the present administration have all been friendly to the oil and power interests which would be most affected by any effective procedures for the control and use of national energy.

If any such council were to be erected, in my opinion, it should be the creation of one of the independent agencies, or itself being an independent agency appointed directly by the Congress or Civil Service Commission rather than through the action of the presidential office.

Such studies as are provided for in the Bill in question must to a large extent already be in progress through the Senate and House Committees concerned with this subject. This would at best duplicate work already in progress, and, there is no reason to believe that the duplicatory agency would do anything differently from the Congressional Committees whose function is to do exactly what this Bill would set up a new council to do.

This is exactly the type of work that genuinely concerned Congressmen such as La Follette, Norris, and other similarly concerned Congressmen have performed in the past. If there are no such men in Congress at the present time, they will not arise by the creation of a new council appointed by the President.

In my opinion, the Bill serves no purpose but to spend a little bit more money without any reason to expect any constructive result.

HERBERT LEBOVICI.

SEPTEMBER 8, 1972.

Senator WARREN G. MAGNUSON,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MAGNUSON: I am very happy to submit the attached statement on behalf of the Sierra Club regarding S. 3802, a bill which you and Senator Hollings have introduced to create a Council on Energy Policy.

The Sierra Club has a number of internal committees presently working at drafting a comprehensive energy policy statement for the Club, and I expect our Board of Directors to adopt such a policy at their October meeting. However, we do not have policy relating to the provisions of S. 3802 at this time, I do expect the Board to adopt policy consistent with the attached statement prepared by our staff.

I hope you will include this statement in the record for the hearing on S. 3802 held jointly by the Commerce and Interior and Insular Affairs Committees.

Yours truly,

MICHAEL MCCLOSKEY,
Executive Director.

SIERRA CLUB STATEMENT ON S. 3802, THE "ENERGY POLICY ACT OF 1972"

We appreciate this opportunity to submit a written statement on S. 3802. We believe that there is no matter more in need of greater focus and attention at the federal level than energy. For too long we have been robbing Peter to pay Paul (and vice versa) using the irreplaceable coins of energy that disintegrate a little bit each time they are handled.

The decision-making process on the basic policy aspects of energy must be opened to the public. Some discussion of these policies has been possible in the context of environmental impact statements on such projects as the proposed trans-Alaskan pipeline, OCS drilling leases, the siting of power plants, and proposed dam construction projects. However, environmental impact statements have not and probably cannot bring all important energy issues before the public in a meaningful way. Moreover, energy policy decisions at the highest levels of government, while having a profound effect on our environment and natural resources, have not been subject to environmental impact statements.

Many environmentalists have expressed profound misgivings at the thought of a single, centralized body within the federal government making most important energy-related decisions. This, they feel, would be to put all the eggs in

one basket and make these decisions more subject to undue influence by industries than is now the case.

On the other hand, environmentalists also stress the importance of looking at the "whole picture" at once, and nowhere is myopia and short range thinking more evident than on the subject of energy.

After examining these potentially conflicting national needs—to provide needed focus on and in the subject of energy without creating a decision-making body overly subject to influence by the industries affected by its decisions—we are convinced that the proposed Council on Energy Policy will be beneficial. However, its goals and purposes must be carefully stated to ensure that its procedures are visible to the public, to avoid any possibility of undue influence by industry, and to ensure that the environmental interests are met. Moreover, it is designed to be a coordinative body, not a regulatory or resource leasing body.

We have attached a copy of the bill with a number of suggested changes. Many of these require no explanation, providing further emphasis on the long-range thinking that must be part of energy-related decision-making and on the need to conserve energy and energy resources. Others more specifically spell out our environmental concerns. Sec. 2(c)(2)(F)(iv) states our specific concern that procedures of the National Environmental Act be followed whenever applicable.

We see no reason why energy policy should be made a secondary consideration in the formation of foreign policy (Sec. 2(c)(2)(E)). A wise foreign policy must be increasingly based on environmental considerations.

Finally, Section 7 may not serve any useful purpose and may only be a further limitation on Freedom of Information laws. It may be best to delete it.

S. 3802

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Energy Policy Act of 1972".

STATEMENT OF FINDINGS

Sec. 1. The Congress finds that—

(a) There are *many* Federal agencies, created at different times and for different purposes to handle specialized problems, directly or indirectly involved in the establishment of energy policy;

(b) There is no comprehensive national energy policy but instead a *multitude* of laws, regulations, *policy decisions*, and inactions resulting in narrow, *short-range*, and often conflicting decision-making by individual agencies without adequate consideration of its impact on an overall energy policy, *on the future of the Nation's energy needs, or on our ability to fill those needs*;

(c) Consequently the Nation faces mismanagement of energy resources *without thought for the needs of future generations*, unacceptably high adverse environmental impacts, inadequate incentives for efficient utilization and conservation of energy resources, shortages of supply, and soaring energy prices.

DECLARATION OF PURPOSE

Sec. 2. Congress declares that—

(a) It is the purpose of this Act to protect and promote the interest of the people of the United States, *present and future*, as energy users by establishing a Council on Energy Policy;

(b) It is the purpose of the Council on Energy Policy to—

(1) establish a central point for the collection, analysis and interpretation of energy statistics and data *necessary to formulate policies for wise energy management and conservation*, and to anticipate social, environmental, and economic problems associated with existing and emerging energy technologies *and energy policy alternatives*;

(2) coordinate all energy activities of the Federal government;

(3) *take measures to ensure the coordination of the energy policies of the various state and local governments with those of the Federal government*; and

(4) prepare, in consultation with other interested organizations and bodies, a long-range comprehensive Plan for Energy Conservation and Utilization (*hereinafter referred to as the "Plan"*) to foster improvement in the efficiency of energy production and utilization, reduction of its adverse environmental impacts, conservation of energy resources for future generations, reduction of

excessive energy demands, and development of technology capabilities to produce alternative, *relatively* clean energy.

(c) Congress authorizes and directs that, to the fullest extent possible—

(1) the policies, regulations, and public laws of the United States shall be interpreted and administered in accordance with the policies set forth in this Act; and

(2) all agencies of the Federal Government shall—

(A) utilize a systematic, interdisciplinary approach which will ensure that the integrated use the physical, *biological*, social, and *economic* sciences in producing, *conserving*, and utilizing the Nation's energy resources;

(B) *establish policies designed to provide an adequate supply of energy and non-renewable energy resources for all future generations, to promote the conservation of energy and energy resources, and to protect the environment from the effects of energy generation, transmission and use;*

(C) submit to the Council on Energy Policy established by this Act for clearance and approval all legislative recommendations and reports, to the extent that such recommendations and reports deal with *or have a significant bearing on* energy matters;

(D) gather data and information; develop analytical techniques for use in the management, conservation, use, and development of energy resources; and make such data available to the Council on Energy Policy for inclusion in the *annual* Energy Report required by this Act;

(E) recognize the worldwide and long-range character of energy concerns and lend appropriate support to initiatives, resolutions, and programs designed to foster international cooperation in anticipating and solving *energy-related* problems;

(F) include in every recommendation or report to Congress on proposals for legislation and other major Federal actions having a significant effect on *present or future* energy availability or use a detailed *energy impact* statement by the responsible official on whether such a proposal or action is consistent with the national policies declared by this Act and with the Plan formulated by the Council on Energy Policy pursuant to this Act.

(i) *Such statements shall include discussion of short- and long-term economic, technological, and social benefits and costs to the Nation which are anticipated to accrue from such action and discussion of the economic, technological, and social impacts including the benefits and costs related to various feasible alternative actions.*

(ii) *Such statements may include, at the direction and in the discretion of the Council on Energy Policy, a statement by the responsible official, as well as any other Federal agency designated by the Council, on the relationship of the proposed action to other national policies which are not directly declared by this Act.*

(iii) If such proposal or action is not consistent with *this Act, the Plan, or other national policies*, the statement shall also contain a detailed justification for the proposal or action.

(iv) *Where Section 102(2)C of Public Law 91-190 is applicable, the energy impact statement shall be combined with the environmental impact statement for submission to both the Council on Environmental Quality and the Council on Energy Policy, and all procedures relating to environmental impact statements shall be followed.*

ESTABLISHMENT OF A COUNCIL

Sec. 3. There shall be created in the Executive Office of the President a Council on Energy Policy (hereinafter referred to as the "Council"). The Council shall be composed of three members who shall be appointed by the President by and with the advice and consent of the Senate. The members of the Council shall serve for five-year terms except that of the three such members first appointed one shall be appointed for a two-year term and one for a four-year term, as designated by the President at the time of appointment. The President shall designate one of the members of the Council to serve as Chairman. Each member shall be a person who as a result of his training, experience, and attainment, is well qualified to analyze and interpret energy trends and information of all kinds *from a multi-disciplinary point of view*; to appraise programs and activities of the Federal Government in the light of *the long-range* energy needs of the Nation; to be conscious of and responsive to the environmental, social, cultural, economic, scientific, and esthetic needs and interests of the Nation; and to formulate a

national energy plan and recommend national policies with respect to wise energy management. No more than two members of the Council shall be appointed from the same political party, *and no member of the Council shall have been an employee or have worked for a private energy-related corporation for 5 years prior to his appointment.*

DUTIES

Sec. 4. (a) To carry out the purposes stated in Section 2 of this Act the Council shall as the principal adviser to the President and the Congress on energy policy, exercising leadership in formulating *and coordinating* government policy concerning domestic and international energy issues.

(b) The Council shall make recommendations to the President and the Congress for resolving conflicting energy policies of Federal agencies.

(c) The Council shall develop, *within 18 months from the enactment of this Act*, and annually update a long-range, comprehensive Plan for *Energy Conservation and Utilization* in the United States to carry out the purposes as stated in Section 2 of this Act which shall provide guidance to Federal, State, and local agencies and non-governmental entities concerned with energy in the United States.

(d) The Council shall promptly review all legislative recommendations and reports to Congress of Federal agencies, to the extent that such recommendations and reports deal with energy matters, *and their accompanying energy impact statements*. The Council, if it disapproves of such an agency report of recommendation, shall state in writing to Congress and the involved Federal agency its reasons therefor.

(e) *The Council shall hold public hearings when there is substantial public interest in matters before it.*

(f) The Council shall keep Congress fully and currently informed of all of its activities, and neither the Council nor its employees may refuse to testify before or submit information to either House of Congress or any duly authorized committee thereof.

ADMINISTRATIVE PROVISIONS

Sec. 5. (a) In exercising its powers, functions, and duties under this Act, the Council shall—

(1) consult with representatives of scientific, industrial, labor, and conservation organizations, State and local governments and other groups, as it deems advisable; and

(2) employ a competent, independent staff which shall utilize, to the fullest extent possible, *consistent with the need for reliable, unbiased data by the Federal government*, the services, facilities, and information (including statistical information) of public and private agencies and organizations, and individuals, to avoid duplication of effort and expense, thus assuring that the Council's activities will not necessarily overlap or conflict with similar activities authorized by law and performed by other agencies.

(b) Members of the Council shall serve full time and the Chairman of the Council shall be compensated at the rate provided for level II of the Executive Schedule Pay Rates (5 U.S.C. 5313). The other members of the Council shall be compensated at the rate provided for level IV of the Executive Schedule Pay Rates (5 U.S.C. 5315).

(c) The Council may employ such officers and employees as may be necessary to carry out its functions under this Act. In addition, the Council may employ and fix the compensation of such experts, consultants, or contractors to conduct detailed studies as may be necessary for the carrying out of its functions under this Act in accordance with Section 3109 of Title 5, United States Code (but without regard to the last sentence thereof).

ENERGY REPORT

Sec. 6 The President shall cause to be prepared and submitted to the Congress on or before July 1, 1973, and annually thereafter, an Energy Report. This report shall include—

(a) an estimate of national energy needs for the ensuing ten-year period to meet the requirements of the general welfare of the people of the United States and commercial and industrial life of the Nation, *together with projections of these needs for at least 100 years into the future;*

(b) an estimate of the domestic and foreign energy supply on which the United States will be expected to rely to meet such needs in an economical

manner with due regard for the protection of the environment, the conservation of natural resources, and implementation of *other* foreign policy objectives;

(c) current and foreseeable trends in the price, quality, management, and utilization of energy resources and the effects of those trends on the social, environmental, economic, and other requirements of the Nation;

(d) *progress made during the preceding year toward promoting efficiency and the conservation of energy resources*;

(e) a catalog of research and development efforts funded by the Federal Government to develop new technologies, to forestall energy shortages, to reduce waste, to foster recycling, and to encourage conversion practices; and recommendations for developing technology capable of improving the quality of the environment, increasing efficiency and protecting employed health and safety in energy industries;

(f) recommendations for improving the energy data and information available to the Federal agencies by improving monitoring systems, standardizing data, and securing additional needed information;

(g) a review and appraisal of the adequacy and appropriateness of technologies, procedures, and practices (including competitive and regulatory practices), employed by Federal, State, and local governments and non-governmental entities to achieve the foregoing objectives; and

(h) recommendations for *the direction of and the level of funding for the development and application of new technologies, as well as procedures and practices which he may determine to be required to achieve such objectives and improve energy management and conservation, together with recommendations for legislation.*

PUBLIC ACCESS TO INFORMATION

Sec. 7. (a) Copies of any communications, documents, reports, or information received or sent by any member of the Council shall be made available to the public upon identifiable request, and at reasonable cost, unless such information may not be publicly released under the terms of subsection (b) of this section.

(b) The Council or any officer or employee of the Council shall not disclose information obtained by him under this Act which concerns or relates to a trade secret referred to in Section 1905 of Title 18, United States Code, except that such information may be disclosed—

(1) To other Federal Government departments, agencies, and officials for official use upon request;

(2) To committees of Congress having jurisdiction over the subject matter to which the information relates;

(3) In any judicial proceeding under a court order formulated to preserve the confidentiality of such information without impairing the proceedings;

(4) To the public in order to protect their health and safety after notice and opportunity for comment in writing or for discussion in closed session within 15 days by the party to which the information pertains (if the delay resulting from such notice and opportunity would not be detrimental to the public health and safety).

In no event shall the names of other means of identification of injured persons be made public without their expressed written consent. Nothing contained in Section shall be deemed to require the release of any information described by subsection (b) of Section 552, Title 5, United States Code, or which is otherwise protected by law from disclosure to the public.

AUTHORIZATION

Sec. 8. (a) There are authorized to be appropriated to carry out the provisions of this Act not to exceed \$1,000,000 for fiscal year 1973, \$2,000,000 for fiscal year 1974, and \$4,000,000 for each fiscal year thereafter.

(b) All sums appropriated under this Act shall remain available for obligation or expenditure in the fiscal year for which appropriated and in the fiscal year next following.

STATEMENT OF EDISON ELECTRIC INSTITUTE CONCERNING S. 3802

The Edison Electric Institute, national association of investor-owned electric light and power companies, is pleased to have an opportunity to comment on S. 3802, a proposal to create a Council on Energy Policy.

As a vital segment of the energy industry, the regulated investor-owned electric utilities fully recognize their obligations to the American public to provide for its rapidly growing electrical energy needs. We also recognize our duty to provide this essential energy under sound business principles at the lowest practicable cost, consistent with the continuing need for reliable service and acceptable environmental conditions.

In a recent study, our industry has undertaken a comprehensive review of the job that lies ahead of us during the remainder of this century. It is apparent that major efforts in research and development must be made to effect the technological breakthroughs that are essential to meeting America's national energy needs through this period.

In the short run, because of the rapid imposition of severe environmental restrictions, we are facing major shortages of the basic fuels that are permitted to be used for the generation of electricity. These shortages have resulted in sustained major increases in costs. Such increases, together with other inflationary pressures, high interest rates and the public service obligation to provide the new equipment needed for growing public needs regardless of costs, have imposed severe financial strains on the industry. The strains have been aggravated by the regulatory lag in rate increases and uncertainties that have accompanied the imposition of national wage-price controls.

The final complicating factor is the conflict and uncertainty that presently characterize both Federal and state governmental policies directly affecting our national energy requirements.

The electric utility industry believes that the time has come when our nation cannot tolerate the absence of coordinated, consistent energy policies without running grave risks to the national welfare later in this century.

It is clear that before Federal policies affecting the energy industry can be coordinated with the policies of state and local governments, some means must be devised for eliminating the contradiction and confusion in present Federal energy policies. The establishment of a National Energy Council is an approach to the problem which we believe has merit.

The formation of the National Security Council as a means for coordinating our wide-ranging defense policies is a model that could be followed in coordinating our wide-ranging energy policies. Following that pattern, a National Energy Council could be composed of the heads of the principal Federal agencies with significant energy responsibilities and it would report directly to the President. The Council would be a coordinator of government policies, not a regulatory body. Representatives of such regulatory agencies as the Atomic Energy Commission, the Environmental Protection Administration and the Federal Power Commission might not be members of the Council but an appropriate role would need to be established for them, perhaps as advisers. It is important that their special knowledge of the consequences likely to flow from the adoption of certain energy policies be factored into the decision-making processes from the very start. Advisory committees representing the fuel and energy industries, as well as environmental groups and consumer interests, would also be appropriate.

Once established, the National Energy Council could explore means for consultation with state and local governments. Their views on crucial energy policy problems should be obtained and means for coordinating their policies with those of the Federal government should be developed.

With consistent government policies relating to energy development, our industry is convinced that the nation's rapidly growing need for electric energy can continue to be met in the future. A National Energy Council, as we envision it, could be most helpful in achieving the coordination which is so badly needed to achieve this end.

STATEMENT BY CARL E. BAGGE, PRESIDENT, NATIONAL COAL ASSOCIATION

The National Coal Association (NCA) appreciates the opportunity to present its views with respect to the establishment of a Council on Energy Policy as proposed in S. 3802. NCA represents the producers and sales agencies of most of the nation's bituminous coal, as well as many industry-related associate members. Since one of the major purposes for the enactment of a Council on Energy Policy is to provide a central body for formulating energy policy, enactment of this legislation would have a profound effect upon the coal industry.

Today the nation is faced with an alarming energy shortage which has the potential of becoming a major crisis. For the past three decades the United States

has enjoyed an unparalleled prosperity during which time we had come to assume that a limitless supply of cheap energy would be available to power our ever-expanding economy. At the beginning of this decade, however, it became clear that in recent years we had been living not on fuel additions but on basic reserves, thereby depleting our real balance. Recognition of this fact came in 1970 when the threat of a major crisis demonstrated that our energy economy had shifted from apparent plenty to real scarcity.

Adding to the existing energy dilemma are forecasts of future energy demand. The interim report of the National Petroleum Council projects that total U.S. energy consumption will probably grow at an average rate of 4.2 percent for the next 15 years and thus will almost double the 1970 volume by 1985.

The magnitude of these figures raises a serious question as to whether our present sources of energy can be expanded to keep up with the increasing total energy requirements. Statistics from the U.S. Bureau of Mines show that for 1970, oil contributed 43 percent of the total energy consumed by the nation; natural gas, 32.8 percent; coal, 20.1 percent; hydro-electric power, 3.8 percent; and nuclear 0.3 percent.

Based on present policies, to the extent they exist, the outlook for energy through the latter part of this century could be catastrophic. Of critical concern is the fact that oil and natural gas, which presently account for more than 75 percent of the total energy consumed by the U.S., are presently in a position of declining proved reserves. This is due to the fact that we have been using up our higher grade, more accessible fuels at an accelerating rate, in preference to using our less convenient but more abundant fuel resources.

Compounding the current tenuous energy supply situation are several other concerns which, taken in their entirety, are challenging the basic ability of our energy industries to grow in order to meet the nation's expanding energy requirements. The growing public demand for environmental improvement has further constricted the nation's fuel supply. Restrictive regulatory policies in the form of an unrealistically low well-head price of natural gas and delays and uncertainties in off-shore leasing for oil and gas have also had a debilitating effect on the energy base by impeding resource development.

Increasing production costs have added to the already huge capital requirements experienced throughout the energy industry and new fuel utilization technology—especially fuel conversion—will add even more. The growing reliance on foreign energy sources has also retarded domestic growth which is critical to meeting our energy needs.

In light of this, the critical question that must be faced is whether the United States, which possesses more than adequate domestic energy resources, including virtually limitless coal reserves, can come to grips with these growing energy problems.

The complexity of our energy problems and the diversity of recommended solutions can be mastered only through a rational, comprehensive national energy policy. In an age when industrial technology has proved the worth of the systems approach, piecemeal policymaking by many government hands is an anachronism.

The coal industry has been at the forefront in advocating the adoption of a comprehensive national energy policy. For more than a decade NCA has continued to support those measures which it believes are essential to achieving a coordinated energy policy.

Today, the need for such a policy has become of paramount importance to maintaining our energy-intensive economy. Unless there is an immediate public resolve to meet the impending energy crisis through the adoption of a national energy policy, the nation's welfare will be imperiled.

Government decision-making affecting energy demand and supply should be coordinated within a permanent legislative committee and an executive department. At present, decisions affecting energy supply and demand are made by a host of government agencies and congressional committees. Policies established under this fragmented machinery are often ambiguous or conflicting and, as a result, self-defeating. Some mechanism must be established whereby the overall energy objectives and policies of the nation can be harmonized.

The Energy Policy Act of 1972 is a significant piece of legislation in an effort to come to grips with our rapidly deteriorating energy situation. We endorse S. 3802 as a positive step toward the development of a comprehensive national energy policy. In this regard, there are several items which we believe should be included in Congress's deliberations on this bill.

At the same time, there should be a corresponding energy body in the legislative branch. Congress should coordinate energy policy by combining the various congressional committees now dealing with segments of energy policy into one permanent committee such as a Joint Committee on Energy. At present there are more than a dozen different congressional committees dealing with this subject.

In describing the purpose of the council, S. 3802 provides for a long-range comprehensive plan for energy utilization which, among other things, would foster the conservation of energy resources by reducing energy demands. NCA believes that the inclusion of one possible solution for meeting our energy problems may inadvertently dictate what policies must be followed by the council before they have had a chance to adequately study and become acquainted with the broad range of other policy alternatives. For this reason, the inclusion of specific policies should be avoided to await the careful consideration of the council along with other energy policy alternatives. In addition, the use of "optimal utilization of energy resources" might provide a broader and more appropriate subject for the council's consideration in preparing such a long-range comprehensive plan. For the same reason, the reference to the conservation of natural resources in the preparation of the energy report in Section 6 of the bill may be too restrictive. Again, "optimal utilization of natural resources" might provide broader parameters for the council's consideration.

Another area of concern involves the filing of energy impact statements and the requirement that all legislative recommendations and reports be cleared and approved by the council. NCA believes that administrative mechanisms such as these, unless carefully administered, could become an invitation for counter-productive lawsuits and other obfuscating tactics in general. Rather than providing for the timely resolution of energy problems, they could result in protracted conflicts that would not be in the public interest. The resolution of competing points of view on energy matters must be provided for in such a manner as to allow the council to arrive at its policy decisions and recommendations without deleterious delay.

The inclusion of current and foreseeable energy resource price trends in the council's energy report could also result in unintended consequences. While it is not clear how such trends could be determined, there is the possibility that the inclusion of such material could lead to the regulation of all energy prices. The experience of the Federal Power Commission in trying to deal with cost setting, let alone trying to determine price trends, demonstrates the difficulty of this task. Any deviation from these projections could have an adverse effect on the public's attitude toward the council and could severely hamper its ability to carry out its other duties with the public's confidence.

NCA believes that energy prices, as well as energy utilization, are best left to the demands of the marketplace. Rather than saddling the council with the impossible task of imposing its expertise on the will of the consuming public, we believe the public interest would be better served by having the council formulate policy and disseminate information which will enable the public to make a rational ultimate decision.

Briefly, I have tried to outline some points which should be carefully considered in the legislative proposal before you. I have not taken this opportunity to discuss the many provisions of the bill which NCA wholeheartedly endorses. These have already been amply covered by the other witnesses in the hearings.

NCA strongly supports S. 3802 in principle and believes that legislation of this nature is long overdue. We urge Congress to proceed immediately to enact such legislation as soon as possible. Any delay in enacting such legislation will result in a further deterioration in the nation's energy situation which, in the final analysis, will be to the detriment of the American public.

MATERIALS CONSULTANTS, INC.,
Denver, Colo., August 29, 1972.

Senator WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR SENATOR MAGNUSON: This is to acknowledge receipt of your letter of August 21 calling to my attention legislation S. 3802, introduced by Senator Hollings and yourself. I am very appreciative of your letter and of the opportunity to review and comment on this bill.

I would like to offer two reasons as to why I strongly support S. 3802. As you know from our prior discussions and correspondence, my chief concern in the energy field has been with research and development. There is an overwhelming need for a large, effective, and broad national energy R&D program. The establishment of a Council on Energy Policy will be of great value in establishing a broader long term national policy to which an R&D program can be directed.

First, there has been a lack of direction in energy R&D. Federal spending for energy R&D programs and projects has been on a piecemeal basis. Thus, on one hand we have the Atomic Energy Commission calling for and working to obtain funds for atomic development, and on the other hand, we have buried within the Department of Interior the Office of Coal Research. The AEC is primarily and directly concerned with atomic energy development and the Interior has many concerns only a small part of which is OCR.

Is it not surprising that the AEC receives about ten times as much R&D support as OCR? Yet the coal reserves of the United States are vast, estimated to last 700-800 years at present rates of consumption. Also, coal is basically a dirty fuel that creates enormous problems when burned with old technology. Thus, coal R&D is badly, even desperately, needed.

To carry this example a bit further, simply because OCR has been inadequately funded for over a decade, there is the notion that the organization is ineffective. I think it is fair to say that any organization is bound to be ineffective if its resources are not equal to the problem. The recent appointment of Dr. George Hill as Director of OCR should remove all doubts as to the value and future effectiveness of this group. Dr. Hill is one of the very few capable and qualified technical people left in the field of coal research.

Another example of the imbalances in R&D funding that have arisen from the lack of overall policy is solar energy. Solar energy is abundant beyond our present and future needs, and yet until 1973 fiscal year, we have effectively had a zero funding level. There has not been a public constituency for solar industry, no solar energy industry seeking funds, just an abundant low pollution energy source whose undeveloped presence mocks our wisdom. This state of affairs is sad and tragic.

The second area of need for a Council on Energy Policy is directly related to my own business. Materials Consultants, Inc., currently possesses funds of its own that we would be eager to invest in various energy R&D projects, however, this investment is not prudent until a national energy policy is set forth. We are willing and able to assess the technical risks in a development venture but we can not afford to add risk of seeing our investment wiped out by the stroke of a pen arising from a change in a fluid public policy.

At first sight, this lack of private investment by small creative firms specializing in advanced technology may not seem important since the dollars involved are not large. However, I would call to your attention that in the last twenty years the new creative technological innovations have largely come from individuals and small R&D firms. The impact of technical developments by small firms is probably a hundred times greater than the funds they have had available. Therefore, any barrier that inhibits small firms constitutes a serious national problem. The need for creative new solutions to our societal problems is simply too great to allow any barriers to remain. The lack of a clear national energy policy constitutes a direct and discriminatory barrier to small R&D firms.

This position is not to be construed as an anti big business diatribe. It is obvious that we need large public business corporate institutions to exploit rapidly and effectively new technology. It is my purpose to point out that the council by its function in determining national priorities and policy in the energy field will allow smaller innovative technical firms to direct their time and talents more effectively.

In closing this argument, I would point out that small R&D firms are long on ideas and concepts but short on funds. Consequently, any government action or lack of action that increases their risk works against the interest of small firms and in many cases against the public interest.

In conclusion, let me add my strongest support for the enactment of S. 3802. Also, I want to commend Senator Hollings and yourself for carefully drafting this important and badly needed bill.

Sincerely,

JERRY D. PLUNKETT, *President.*