DEPARTMENT OF ENERGY'S EMERGENCY ENERGY CONSERVATION PROGRAMS

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HEARING

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON

GOVERNMENT OPERATIONS

HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

SEPTEMBER 4, 1980

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(III)
The subcommittee met, pursuant to notice, at 10:03 a.m., in room 2247, Rayburn House Office Building, Hon. Toby Moffett (chairman of the subcommittee) presiding.

Present: Representatives Toby Moffett, Robert F. Drinan, Mike Synar, and Arlan Stangeland.

Also present: Steven Engelmyer, counsel; Ann Genovese, secretary; and Cathy Sands, minority professional staff, Committee on Government Operations.

Mr. Moffett. The subcommittee will come to order please.

Today's oversight hearing is focused on the 1979 Emergency Energy Conservation Act, commonly referred to as EECA. That legislation, passed shortly after the seizure of American embassy personnel in Iran, is designed to prepare the Nation in the event of an oil shortage.

While the events in Iran may have triggered that specific legislative action, there has been a long-standing problem with our Nation's almost total lack of emergency planning in the energy area. Seven years after the major disruptions caused by the 1973-74 embargo, we still have no rationing plan on the shelf; no viable petroleum reserve; no comprehensive Federal or State emergency plans to deal with significant disruptions.

I might add that we are on the way to the point of having a rationing plan, and we have directed the resumption of filling the reserve; but the fact is we are not anywhere near where we should be.

Without such protections, the Nation will be forced once again to undergo the inconveniences and hardships which result from oil supply cutoffs. Perhaps more importantly, we send the signal to OPEC nations that we are totally unprepared to deal with shortages, that we continue to be vulnerable to cutoffs and threats that oil sales will be discontinued if we do not follow their foreign policy dictates.

EECA, the legislation in question here today, provides an expedited procedure to develop a rationing plan, a process which can continue now that Congress has upheld the President's proposals. That legislation also contains provisions, however, that allow the Federal Government to work with the States in developing conser-
vation plans flexible enough to meet the needs of the various regions and practical enough to be rapidly implemented to meet national targets or the events caused by international shortages. As a major sponsor of that legislation and a member of the conference committee, I can attest to the congressional intent that those plans be used to encourage energy conservation, particularly with regard to gasoline, which accounts for over 25 percent of our oil use.

The decision not to invoke the State energy conservation mechanisms in EECA is unsettling at best. Within weeks after the seizure of the Embassy in Teheran, President Carter in a meeting with State governments instead decided to use the State target and planning mechanisms detailed in EECA but in a totally voluntary instead of mandatory manner. Even the voluntary gasoline consumption targets set by the Department of Energy have been set at levels higher than projected usage, a move hardly likely to encourage conservation.

It is not surprising then that, given the decision merely to recommend rather than require State energy programs and given the lax voluntary targets which were chosen, only Nebraska has bothered to submit an emergency conservation plan to DOE. While it is our belief that the States should be doing more, even given the voluntary nature of the program, it is no wonder that they are not viewing the program with proper seriousness.

The current worldwide oversupply of crude oil and our Nation's present gasoline surplus should not be allowed to lull us into a false sense of security. We would be poor students if, in reviewing the events of the past years, we have not learned that overnight a supply abundance can turn into a supply shortage due to the arbitrary decisions of a foreign cartel, political or natural events. We now have a temporary breathing space. It is not the time to indulge in complacency but to engage in active planning to deal with future supply emergencies.

Our witnesses today, representing the States and the Department of Energy, will doubtlessly assist the subcommittee in determining why we as a nation, 7 years after the Arab oil embargo, have yet to establish an emergency energy plan and why, moreover, we have not more vigorously pursued available opportunities to conserve gasoline.

Our first witnesses this morning come in the form of a panel. They will present their testimony together. One is a representative of the National Conference of State Legislators, Mr. Ken Nelson from Minnesota. The other is a representative of the National Governors Association, Lex Hester, from the Florida State Energy Office.

Gentlemen, will you please come forward? Please remain standing. It is the practice of the subcommittee to swear in all witnesses so as not to stigmatize any witness at any time. Please raise your right hand.

Do you swear to tell the whole truth and nothing but the truth, so help you God?
Mr. Nelson. I do.
Mr. Hester. I do.
Mr. Frum. I do.
Mr. Moffett. Mr. Nelson, would you introduce the gentleman accompanying you please and then state your full name and title affiliation for the record and proceed with your testimony. Without objection, your entire statement will be considered as part of the record. We thank you for complying with our committee rules in having that statement in prior to the hearing. If you would like to paraphrase it, you may. Or, if you prefer to read it, you may do that.

Please proceed, Mr. Nelson.

STATEMENT OF KEN NELSON, CHAIRMAN, NATIONAL CONFERENCE OF STATE LEGISLATURES’ ENERGY COMMITTEE ACCOMPANIED BY RUSSELL FRUM, PROJECT MANAGER

Mr. Nelson. Thank you, Mr. Chairman. By way of introducing myself, I am Ken Nelson, State representative of Minnesota, where I chair the Minnesota House Energy and Utilities Committee in this capacity of testifying before you. I represent the National Conference of State Legislatures as the chairman of their energy committee.

Seated to my immediate right is Russell Frum, who is the project manager for NCSL of the energy emergency preparedness assistance program of the NCSL.

With the brief introduction, I would like to proceed with some comments regarding our common concern of the effectiveness of EECA.

The NCSL, which represents 7,500 State legislators of this country and their staffs, is very much involved in a number of State and Federal issues and significantly involved in energy issues. We became involved with the implementation of title II of this act last December, when our energy committee, which I presently chair, created this energy emergency preparedness assistance program under the NCSL-DOE energy insights project. Since that time, our staff has been in close contact with energy emergency planners across the country—all States, I might indicate—primarily in the person of Mr. Frum.

The NCSL program to date has provided direct assistance regarding the emergency energy authority legislation and planning to the States of Arkansas, Indiana, and Rhode Island. My testimony today will discuss the States role and some of the problems States have encountered with implementation of the act.

NCSL supports Congress original intent for EECA. We are very grateful for this piece of legislation, which we think was germane and relevant and very timely, to provide a means whereby States and local entities are given the first opportunity to develop emergency conservation measures to meet energy demand during time of shortages.

We also recognize the need to meet our country’s international energy commitments and the economic and strategic need to reduce our vulnerability to foreign oil suppliers. We therefore support the efforts to put energy emergency measures in place before actual energy shortages occur.

Frankly, Mr. Chairman and members of the committee, the States response to EECA has been mixed, with some States making a significant preparedness effort and others doing little or nothing,
for a combination of reasons which I would like to share with you as I continue my comments. The Department of Energy verified this in a survey of the 50 States conducted in July. The survey found that only three States, Nebraska, Colorado, and Utah, had completed energy contingency plans. As you indicated in your opening comments, only one State, Nebraska, has submitted a plan for response from DOE. Five States had not taken any action, and the remaining States and territories reported plans in progress.

The definition of in progress is relevant here. What do we mean by being in progress? It can mean very little, in fact, in some States. It could mean that they have heard about it. It could mean that they are tending to respond to it. So, it does not give us an adequate summary of where all States are.

As I indicated, only Nebraska has submitted a plan. The Department has neither approved nor disapproved of this plan, which is of some concern to the States because this could be a precedent-setting for us which we really need.

Twenty-one States and territories have budgeted their own funds to support EECA planning, for a total of nearly $200,000. Thirty-five States have not budgeted funds for this purpose. By July of this past year, 36 States had requested assistance in the form of Federal funding.

The voluntary gasoline conservation targets established last December and updated in June have been a source of confusion and, we feel, have not provided useful assistance for State conservation planning. They have proven useful, it seems, as an exercise for the Department of Energy to work out the methodology for determining targets which would be used in a real emergency shortfall.

The purpose of voluntary targets has been a major concern, as it has never been clarified whether they should serve as emergency planning tools or as long-term conservation goals. I think a basic topic for your consideration this morning would be this. In addition, voluntary targets have been set at a relatively modest level, again as you indicated in your opening comments, and in a sense have been surpassed by the voluntary gasoline conservation which occurred in response to gasoline price increase and the general economic downturn.

The interim Standby Federal Emergency Energy Conservation Plan was published by DOE in February, and, in addition to setting forth likely Federal energy contingency measures, it was intended to guide States in their own planning. However, the prescriptive requirements as a part of those suggested contingency measures which are very complicated for several States to comply with. The States have various resources. Sometimes there is lack of personnel, sometimes a lack of data-gathering processes as well as computer access. So, some of the prescriptions laid down by DOE in the Federal standby plan are somewhat unreasonable for a number of States. I could list several of those reasons why, but I think they are covered in my comments as to what a number of States lack in order to respond to specific requirements.

In actuality, many States do not possess professional expertise, the computer resources, the data bases to accomplish these tasks. For example, in the State of Indiana, one of the States which we have worked very directly with, the division responsible for com-
plying with EECA requirements has a staff of four people committed to several other facets of energy policy and energy responsibilities. They are trying to respond, but they are understaffed, obviously. They lack access to a computer and within Indiana have no statutory authority to collect data from any energy producers, distributors, or consumers. The State depends on the energy industry voluntarily submitting information, which I do not believe personally is proper and is quite inadequate if we are going to respond to a planning responsibility here.

The DOE has not done enough to assist States in these technical requirements, we feel. A program to provide technical assistance directly to the States would improve the development and the quality of plans submitted to the DOE for approval. With all of its analytical expertise, computer resources and massive accumulation of data, the Department has failed to come forward to share these resources with us. Sometimes in energy decisions, we feel, we are frequently on the frontline, and therefore we ought to work as much as possible in a partnership capacity with Congress, the Federal Government, and DOE.

The Energy Information Administration of the DOE was developing the energy emergency management information system, EEMIS, which would have given States and could give States direct access to certain EIA data bases and forecasting models. This computerized system would do three things: One, provide energy data around which States can build their own information capabilities; two, provide assistance to States in their development of emergency programs and systems; and, three, predict the effects of measures the State takes takes to alleviate energy emergencies.

The development of this system has been slow at best, and the data presently available is not of sufficient detail to permit more than gross State energy emergency analysis.

The Federal plan issued in February provided little documentation to show that its main strategies will yield conservation benefits equal to or greater than their costs. In other words, what are the payoffs of one measure versus another, regarding several of the options in terms of gasoline conservation. If we could be shown the economic benefits of that per State, that would greatly facilitate our deciding which are the ways and methods which we should go. This has not been provided.

The Department of Energy has worked with MIT at the Center for Transportation Studies and has attempted to refine the February plan and has provided some supplementary data to aid States. However, this is not broken out, disaggregated for State use; that would help States very much.

The lack of these guidelines, we believe, discouraged some States from expediently completing their planning efforts. Indeed, some States, according to the earlier-mentioned DOE survey, intend to wait for an actual emergency before finalizing their response: The reactive process which you and I, involved in legislative responsibilities in governments are frequently criticized for, reacting rather than planning effectively. This is a method to prevent that, but it is not being done. So, we will again, perhaps appropriately, be criticized for reacting rather than planning.
No process to review or tentatively approve completed plans is currently available from the DOE. The approval process is the only certain method for States to evaluate their planning process.

With that, Mr. Chairman and members, I would like to conclude with 10 hopefully succinct statements about suggestions for strategies to assist States.

One, is perhaps the most difficult: Clarify the intent of the program. Whether this could be done internally by DOE or by Congress, you gentlemen will know better than I. We believe Congress intended the EECA as an emergency mechanism rather than a strategy for gaining long-term conservation. However, confusion has arisen over the possible use of the emergency conservation targets over the long term.

Here I would like to divert momentarily and cite the Federal Register, which I was reading at 1 o'clock this morning, to simply say that in this document it says in essence that this can be a long-term conservation planning effort. I quote:

> It should be made clear that neither the Federal plan nor any State emergency conservation plan developed under the act is intended to impair in any way ongoing efforts to achieve energy conservation. In fact, the opposite effect is desired and expected. Perhaps the most significant contribution of such planning will be a greater public awareness and acceptance of the need for progressive and continuing conservation efforts. The existence of efforts aside from those implemented under the act will mitigate and could even obviate the need for using the emergency plans developed under this measure.

In other words, if this measure were truly enacted as a long-term conservation planning tool, it could in essence prevent the need for enactment of the emergency plan itself. That is something that I think deserves clarity in terms of what the program was intended to do.

Two, as a subpoint: I would like to say that definition of emergency, I suspect—I am not sure if it is written into the record—one could argue today that in essence we are into an emergency if we look upon the exportation of U.S. dollars for OPEC oil, for instance, and its impact. I think States should do that from their own perspective: If we are trying to do that in Minnesota, to document rather dramatically for our people how much we are paying for energy costs that go beyond our own State, beyond our own Nation. I suppose one could call that an emergency. I would say that, in essence, it is certainly an indication of an emergency.

Three, I would also like to say that, once EECA hits the States, it can be diverted to different State agencies. If it is only seen as an emergency planning tool, then it might go to an emergency preparedness office, civil defense related, that responds only in cases of disaster, sort of a reactive response again. However, if it is indicated that it might be long-term conservation goals, then it might in essence go to the energy agency or the planning agency.

So, I think that is something to keep in mind as this filters down to the States: Where is it diverted within the State government in terms of its areas of responsibility.

The No. 1 point I am saying is, clarify the intent of the program; that would help.

No. 2, the DOE should give greater priority to the program. It would help the States greatly if they would respond to the Nebraska plan. Approve it, disapprove it, make recommendations. We
need a model. We need a precedent. We need some guidance here as to what other States are doing. We are looking upon that with bated breath, if you will.

Also, States have not received the impression the program is that important because of the lack of response, for instance, to the Nebraska plan. We do not have clear guidelines. There have been some infrequent meetings and informational assistance to the States on behalf of DOE. That is my second point.

No. 3 is, accelerate the development and completion of the EIA’s EEMIS program, the energy emergency management information system, a computer system providing a lot of State resource which we do not have within our own abilities, at least a number of States.

Four, expand the MIT study to provide State disaggregated data which States could use directly.

Five, establish a technical assistance program within the DOE to aid States in the development of State plans.

Six, establish within the DOE a quick informal review process to permit States to submit plans for comment. It is sort of a feedback system in abbreviated fashion that would allow States to submit plans tentatively and get an informal communication process going whereby we know whether those plans are acceptable or not.

Seven, provide direct funding to States for the development of State EECA plans. That is always a problem I am sure you hear frequently.

Eight, develop more flexible requirements for State plans, backing off from sort of the complicated expectations that a lot of States cannot respond to. And here a suggestion, to underscore some of the urgency, if you will, of possibly a deadline, possibly a calendar deadline. Right now there is sort of a tentative deadline assuming there is an emergency crisis of energy that comes on the scene. Then that sort of is the deadline and kicks in with the 45-day process and the 30-day process. But it might facilitate it if there was established a calendar deadline of some kind whereby we could respond to. Then there is a determined date.

Nine, establish criteria for the evaluation of State Plans, harkening back again to the Nebraska model.

Ten is a more general suggestion: Clarify and refine Federal, State, and local roles.

NCSL is in the business of facilitating State government to be more effective to its constituencies. In that sense, we are trying to work with you, Congress, the Federal Government, and Federal agencies to increase communication, to increase our effectiveness, our production, if you will, of State and Federal policy.

We welcome this opportunity and are grateful for being able to testify before you. We welcome the opportunity to work more cooperatively, intensively with the DOE in maximizing the effectiveness of this program.

We would like to suggest, from a legislative perspective, that we in State legislatures of these 50 States are sometimes benignly ignored in the sense that a program like EECA, for instance, does not come to our direct attention. It comes, perhaps, to the Governor’s office, or maybe even a State agency.
There are legal barriers out there in the State which prevent States from maximizing the effectiveness of this program. They cannot gather data; some are prohibited from it. They need legal direction to do that from their State legislature. We do not know about how we could best remove those barriers. I would suggest strongly that Congress and perhaps DOE could be more conscious of the role of States in this energy decisionmaking process we are all involved in and in the implementation of this program, removing the barriers that are out there. And we are glad to help if we are aware of what those barriers are.

I am suggesting strongly that communication with legislative branches of government, whether directly to the States or through NCSL, is a need that we are anxious to respond to.

In conclusion, I would like to cite a quote that is germane here, I think, as we are dealing with energy policy and energy problems. I believe it is true that, "people support what they help to create." In other words, local units of government, starting with the States and even on down to counties, municipal and local units of government, can make some tremendously helpful energy decisions. And then we will get support from the people on this energy problem that we are all involved in.

We need time. If we are just allowed a 45-day time, then we are not going to get a lot of participation and commitment from people in the respective States that we all represent. So, give us time and we can respond. We need, however, intensive cooperation from the DOE.

Thank you very much for this time.

Mr. MOFFETT. Thank you for that very interesting testimony, Mr. Nelson.

I think at this time, rather than go to our other witness, we will go to questions under our 5-minute rule. At this time the chair recognizes the gentleman from Oklahoma, Mr. Synar, for 5 minutes.

Mr. SYNAR. I think the testimony was very clear, Mr. Chairman; no questions.

Mr. MOFFETT. The chair now recognizes the gentleman from Minnesota, Mr. Stangeland, for 5 minutes.

Mr. STANGELAND. Thank you, Mr. Chairman. I am sorry that I was not here when the meeting began to welcome a former colleague and a friend, Mr. Nelson. It is good to see you here, Ken. I want to thank you for an excellent piece of testimony.

Mr. NELSON. Thank you.

Mr. STANGELAND. Currently the voluntary gasoline conservation targets are intended to reduce consumption by approximately 5 percent or restrict consumption of gasoline to 7 million barrels a day. In your testimony you state that these targets are relatively modest, and most reductions in gasoline usage are due to higher prices and the economic downturn.

In your opinion, what level should these voluntary conservation targets be set so as to provide significant energy reductions while not unduly burdening the States? Would a 10 percent reduction be a more responsible goal in overall conservation? Do you have any figure?
Mr. NELSON. Mr. Chairman and Congressman Stangeland, it is a
treat to be here and dialog with you in this setting whereas we
used to dialog in the Minnesota House.

I would say that 5 percent, I believe, was set and was exceeded, I
think, by all States, in part due to the pricing and the economic
downturn. I am not comfortable in setting a specific target for
myself for NCSL, whom I am representing today. However, I think
we have here a mechanism which could do that, a mechanism
which could, in essence, provide long-term energy planning with
substantial targets—let me say that, substantial targets—will, in
essence, perhaps obviate the need for enactment or implementation
of an emergency plan. I think we perhaps can cooperatively avoid
an emergency by proper responses along the way.

The timing of the establishment of the voluntary targets and the
increased costs which helped to realize those targets is really ger­
mane to this discussion. I frankly do not know all of the implica­
tions of that. It seems to me that we should try to see it as a
benefit, as a positive act that has happened and now let's go from
there.

I think none of us would like to see increased costs of gasoline,
but we do see the need for reduced consumption of gasoline for a
combination of reasons. I would hope that Congress and DOE to­
gether with the States could develop a mechanism, and take it then
the next step so we do not have to rely upon the marketplace to
help us realize those goals.

Mr. STANGELAND. At the present time what is the status of
Minnesota's State emergency plan?

Mr. NELSON. The Minnesota plan—Minnesota is sort of approach­
ing it in an incremental stage. They are looking upon fuel types.
They have developed a plan on fuel oil. They are completing a plan
on gasoline. Their intention is to go then to natural gas and utili­
ties.

I think it is a commendable process. I think the gasoline plan
was very thorough in its hearings throughout the State. They
involved the public to a great degree. In part, Minnesota was, shall
I say, blessed with some State legislation in 1977 where we had
directed some emergency planning already. So, they built upon
that and expanded it in responding to the Federal requirements.

I am not sure that it is indicative of other States. I am led to
believe that it is not. So, there is a question, too. When you prepare
the plan in response to fuel types as versus the Nebraska plan
where it is a total plan in one proposal, there is kind of a tactical
question, I guess.

Mr. STANGELAND. Have you submitted any portion of the plan?
How long do you anticipate it will be before the plan will be
submitted to the DOE?

Mr. NELSON. For Minnesota?

Mr. STANGELAND. Yes.

Mr. NELSON. I cannot answer that.

Mr. STANGELAND. Is the State energy agency doing this or the
State planning agency?

Mr. NELSON. No; the State energy agency is doing this. It is their
responsibility. We have, as you well know, established a State
energy agency since 1974 which, I think, has done a commendable job. It has this responsibility.

Mr. STANGELAND. You partially answered my next question. Through that, is Minnesota addressing the emergency conservation measures not only for gasoline but for diesel, home heating, and other energy sources then?

Mr. NELSON. Right.

Mr. STANGELAND. Can you give us a scenario of what would happen in Minnesota if an emergency were declared today?

Mr. NELSON. Yes. We also passed this past legislative session an emergency authority designating the Governor or the executive council or the legislature if it were in session could declare a state of emergency for 30 days. Then it would terminate unless extended again. So, that process is in motion.

The plan which is now in final stages for gasoline has several phases depending upon degree of shortage or degree of emergency. It steps into a more significant phase each time with tighter measures. So, I think it would respond in that way.

Again, I do not want to detract from the other States by the fact that you and I mutually represent Minnesota. I am not so sure that this is true of other States; I believe it is not. In most cases it might be.

I would also like to mention that the Minnesota plan has not been submitted to DOE for approval. Only in essence three States have completed their plans: Colorado, Utah, and Indiana—pardon me, Nebraska.

Mr. STANGELAND. One point you made was the need to develop more flexible requirements for State plans. I would just comment that if the States would submit plans and let the DOE comment, then we could respond. We could take a look and see if DOE is being too stringent with the States. We could perhaps come up with some perfecting legislation to assist the States. But our hands are pretty much tied until the States submit those plans so that we see what DOE does.

Mr. NELSON. Mr. Chairman and Congressman Stangeland, I am trying to indicate in my comments why the States have not. I do not think that there has been a strong stimulation from DOE for that nor assistance, technical or personnel. States are handicapped for lack of personnel, computer resources, data gathering processes, and legislation.

So, my comments are, yes; we would like to respond as the States; but we need more assistance than we have received.

Mr. MOFFETT. The chair now recognizes the gentleman from Massachusetts, Mr. Drinan, for 5 minutes.

Mr. DRINAN. Thank you, Mr. Chairman. I want to thank the Honorable Mr. Nelson for his fine statement.

You indicate here that by July, 36 States have requested Federal funding. I have been reading Dr. Stelson's statement from DOE. It is unclear to me whether any funding is available yet from the supplementary budget.

Mr. NELSON. Mr. Chairman, Congressman Drinan, I do not believe so. I am not cognizant of that. We can find that and submit that to the committee, but I do not believe——
Mr. Drinan. Would you develop what funding apparently is thought to be available or will be available, for which the 36 States have applied? They have applied for very modest sums. The average grant, if it does come, would be only $42,000. That hardly furnishes an office in Minnesota or elsewhere.

What is the conception of the States of this program?

Mr. Nelson. Again, I am not cognizant of where that money might flow from, if it were to flow.

Mr. Drinan. Under the bill that we are discussing that passed last year, the DOE has authorization to give sums to the States to improve their machinery to save energy.

Mr. Nelson. Well, then, Mr. Chairman and Congressman Drinan, I wish they would release that money because I do not believe they have.

Mr. Drinan. Would Minnesota be one of the 36 States?

Mr. Nelson. I am not sure that Minnesota—well, Minnesota could use the funds. I am not sure we specifically requested those. Perhaps we have. I am not certain of that. I know 36 States have, as you indicated.

Mr. Drinan. On another point, do you think that the DOE should move faster with respect to heating oil? They seem to be concentrating on gasoline targets.

Mr. Nelson. Mr. Chairman, Congressman Drinan, I believe, as a northern tier State and a fourth of our homes are dependent upon heating oil in Minnesota, and we were graced with a mild winter last year as we all were, that that is a crisis, a potential crisis. Fuel oil could be as significant an emergency problem as gasoline. Certainly the cost implications are in that we in one heating season doubled the payment per gallon of fuel oil in Minnesota.

Mr. Drinan. If you had been in Congress when the Emergency Energy Conservation Act of 1979 passed, what would you have added or subtracted from the bill now with the hindsight that we have? I mean, what is defective about the bill? What should be altered or what should be modified?

Mr. Nelson. I would suggest that, as I have tried to do in my comments here, clarity of intent—is it truly an emergency plan, or is it a long-range conservation goal? I personally have the bias that I would like to see it developed more as a long-term conservation goal, which could in essence prevent the emergency need. That perhaps needs to be clarified, although, as I indicated in my quote of the Federal Register, that seems to be the intent of the act. But it is not clear out there. I am not sure the States—

Mr. Drinan. That is a very perceptive comment. My recollection of that bill going through was that the Congress was not clear as to the intent of the bill, as the country is not clear. We do not like to think that an emergency, a national crisis is going to come. Yet we say we should be providing for it. As a result, we fall into the theory that, well, we'll have some type of comprehensive energy planning or conservation over a long period of time.

I thank you for your comments. It has been very helpful to me and I am certain to the subcommittee. Thank you, very much.

Mr. Nelson. Thank you.

Mr. Moffett. Mr. Nelson, I have a few questions. Let me first say that we are greatly appreciative of Elgie Holstein's work. As
you know, he used to work for Representative Maguire and did a great deal of work on the Interstate and Foreign Commerce Committee on energy matters. We have missed him a great deal, but we are glad to see that he is still doing good things.

You testified that only three States have completed emergency plans and only one, Nebraska, has submitted their plan to DOE for approval. Is it not true that many of the remaining States are not even in the process of developing adequate plans?

Mr. Nelson. Right.

Mr. Moffett. In fact, many of the plans that are in the process of being developed are of poor quality. Is that a fair statement?

Mr. Nelson. I think that is a fair statement. It is our assessment that States need direction in terms of what in fact is a quality plan; we do not know.

Mr. Moffett. When DOE surveyed the States to assess their planning efforts under this act, they reported 49 out of 57 jurisdictions with plans in progress. Did your committee find this to be an accurate reflection of the progress in State planning, 49 out of 57 jurisdictions?

Mr. Nelson. It raises questions in our minds in terms of what in progress means. Does that mean that they have heard about it? Does that mean that they are committed to it? Does that mean that they are having public hearings?

Mr. Moffett. They could be thinking about it. That might indicate in progress; right?

Mr. Nelson. It could. In one case we are aware that one State has committed one-fourth of one person for the year to respond.

Mr. Moffett. The fact is that the DOE really does not know how much meaningful planning is actually going on?

Mr. Nelson. According to their survey, it seems that a number of States have promised certain target dates. I think there needs to be more monitoring of that to find out if those are going to be adhered to as well as the ongoing quality development of those plans.

Mr. Moffett. Do we know of any States that have specifically taken action in order to meet their target? In other words, there are some States that have done things on their own, ridesharing or vanpooling or what have you. But do we know what States have taken action solely because they became aware that this target was there and they had to meet it?

Mr. Nelson. No.

Mr. Moffett. Well, in fact, as you were discussing earlier, these targets were designed to reduce gasoline demand by 5 percent, while market forces have reduced it by 9 percent is that not right?

Mr. Nelson. Right.

Mr. Moffett. Is it not also true that many States view the targets as a joke?

Mr. Nelson. Well——

Mr. Moffett. Since they were set at such low levels, they are really laughable targets, are they not, in the view of many States?

Mr. Nelson. I would think so in the sense that——

Mr. Moffett. I think that is true in my State; I do not know about yours.
Mr. Nelson. It creates sort of a problem of liability—believability, I should say—
Mr. Moffett. Credibility?
Mr. Nelson. Right.

If, in essence, we sort of cried wolf once and it has been responded to, how are the States going to respond now if we cry wolf the second time.

Mr. Moffett. And whether it is with regard to this conservation initiative or others in progress, thermostat settings or what have you, it does not exactly set a very good tone, does it, as far as credibility is concerned?

Mr. Nelson. No.

Mr. Moffett. As far as resources are concerned you would agree I take it, that many States lack the resources to prepare a comprehensive plan under this act.

Mr. Nelson. Absolutely.

Mr. Moffett. Is it not also true that many States do not even have the legal authority to collect the necessary information? Were you not saying that, I think, in response to a question from Mr. Drinan earlier?

Mr. Nelson. Yes; and I would like to take a second to elaborate on that, quoting from a study on the organizational structure of energy agencies in the United States. It is a study done by the State of Washington indicating that only 35 energy agencies have the authority to collect supply demand data: 24 gave the authority to require forecasts; 17 have subpoena power.

This alludes to my comments legislatures have to be notified in terms of what they have to do legislatively.

Mr. Moffett. Why would not legislatures be doing that anyway right now, even absent a Federal act? Why would they not be doing it?

Mr. Nelson. Well, for a combination of reasons. I think there still is a lack of belief that there is truly an energy problem or an energy crisis. I think our constituencies are doubting that. There have been different kinds of responses to it, some with less than wholehearted commitment. So, there develops a disbelief about it.

Some people are scapegoating it and saying: “Well, it’s big oil’s problem; it’s OPEC’s problem; or it’s Federal Government. So, we are scapegoating the problem.”

Energy, as you well know—and those of us who have struggled with it know it is a very complex issue that is very hard to tackle. So, when you tackle one facet, as we are attempting to tackle here, some people will throw up their hands and say: “Well, what good does that do?” Yet, we all know these pieces must fit together. And it is fairly new on the scene. So, for a combination of reasons, States have not responded as aggressively as they perhaps should have.

Mr. Moffett. As far as the information necessary to put a good plan together, is it your understanding that the DOE has already compiled much of this information but has failed to share it with the States?

Mr. Nelson. It is my understanding to that effect.

Mr. Moffett. The regional DOE offices have often acted at other times as a liaison between DOE and State governments. Have the
regional offices been able to assist the States in preparing their plans?

Mr. Nelson. From my understanding, not very substantially. Again, it seemingly has not received a priority within the regional offices that we are suggesting it should receive. Also, it has not provided the technical assistance which we feel should probably emanate more from the Washington office because they have the resources.

Mr. Moffett. There have been no guidelines from DOE.

Mr. Nelson. No. In fact, there has been some confusion because it has not been clear whether the standby Federal plan is in essence a model or whether it is implicit guidelines or not. So, there is not clarity there.

Mr. Moffett. I am looking at an internal Department of Energy memo. It is to Bernhardt Wruble, Executive Assistant to the Secretary, regarding voluntary State gasoline targets. They note a number of things here. They say, for example, with regard to the setting of these targets at a very low level:

The final EIA report, issued in March, made this distinction clear. It is the discrepancy between this report—projecting consumption at 6.9 FHWA—and the State targets—projecting consumption at 7.2 FHWA "in other words, more lenient"—which is causing Moffett’s concern.

They go on to say:

With a few exceptions, the States are not doing much under the voluntary targets. In fact, IR is currently preparing an action memo recommending that we drop all pretense of looking for plans under the voluntary program and concentrate instead on getting agreement on the methodology for computing targets under a mandatory program.

[Additional information follows:]
Voluntary State Gasoline Targets

the bullets in your draft memo to the Secretary, subject as above, to confirm the origin of the figures.

The 7.0 national target was in fact based on a projected consumption rate of 7.2, adjusted to reflect the potential impact of certain State actions (enforcement of 55 MPH speed limit, expanded ridesharing, etc.) - estimated at 200,000 barrels per day. However, this figure for projected consumption (7.2 million barrels per day) was based on an erroneous reading of the draft EIA Short Term Forecast Report. Figure projections in that report were stated in terms of the Monthly Energy Report (MER) data, and adjusted to translate them into the Federal Highway Administration (FHWA) data used in the state targets. But the EIA report was already stated in terms of FHWA data, making the 7.2 projection high by the amount of the adjustment (.34 MMB/D).

The final EIA report, issued in March, made this distinction clear. It is the discrepancy between this report (projecting consumption at 6.9 FHWA) and the state targets (projecting consumption at 7.2 FHWA) which is causing Moffett's concern.

There does not seem to be much. Only Texas and Iowa came in at all with plans to implement the voluntary targets and Iowa's was submitted informally. Very few states implemented any conservation measures under the umbrella of the targets. The Regional staff approach to the voluntary targets has been "hands-off." They do not discuss the voluntary targets with the States and do not monitor the State responses, if any. Several Regions reported that the voluntary targets were viewed by some States as confusing the whole issue, by diluting the impact of the mandatory targets planning. There was also some feeling that the States who were meeting, exceeding or close to their voluntary targets viewed them as undermining their arguments for stronger measures within the State. While no firm data will be available until August, when the new forms devised by EIA will be submitted for the first time, preliminary data indicate that roughly half of the States are not meeting their targets. I can find no correlation between those few states implementing conservation measures and those not meeting their targets.

to clarify the role of the current recession in consumption levels.

In the original (February) "estimates, we assumed an annual growth in GNP of +.8% per year, 1979-1980. This was based on guidance from OMB. We are now assuming an annual decrease in GNP of -1.3% based on a more pessimistic reassessment of the economy by OMB. This was based on guidance received informally from OMB for use in preparing the budget update. The estimated impact on consumption from such a change: a reduction of 100,000 barrels per day.
Current estimates for consumption are now 6.96 (per EIA) or 6.98 (per PE). The recommended range for publication is 6.8 to 7.1.

All Linden agrees that we would do much better to talk in terms of a range, so that our 7.0 falls within that range.

With a few exceptions, the States are not doing much under the voluntary targets. In fact, IR is currently preparing an action memo recommending that we drop all pretense of looking for plans under the voluntary program, and concentrate instead on getting agreement on the methodology for computing targets under a mandatory program.

If we want to make the case that the main benefit from the voluntary program is in its educational impact—raising awareness of the need to conserve—there is some evidence to support this position, although the evidence would not be considered "overwhelming." States have taken some actions since the target program went into effect. A quick survey of the Regions indicates the following:

**Negative responses:** Regions IX, VIII, X

Region II—New Jersey implemented a minimum purchase plan.

Region VI—New Mexico put bumper stickers on all state vehicles asking that citizens report speeding.

Region VII—Iowa sponsored an Iowa Freedom Day in May (no driving that day).

Kansas and Nebraska implemented a PR campaign.

Region III—Pennsylvania put gasohol in all state cars, increased enforcement of the 55 MPH limit, and urged ridesharing program.

Delaware put gasohol in state trooper vehicles and urged ridesharing.

DC eliminated 30% of the vehicle maintenance fleet, mandated that police cars remain idle for 1 hour each day, limited city cars to half a tank of gas only, and eliminated chauffeur service for city officials.

Some of these measures will be claimed by the TCAC effort, and there is no way to assert positively that these measures resulted from the target program, but they were at least started after the program was implemented.
Mr. Moffett. They say here, with regard to the regional office, only Texas and Iowa came in with plans to implement the voluntary targets, and Iowa’s was submitted informally. “Very few States implemented any conservation measures under the umbrella of the targets.”

Then they say:

The regional staff approach to the voluntary targets has been hands-off. They do not discuss the voluntary targets with the States and do not monitor the State responses, if any. Several regions reported that the voluntary targets were viewed by some States as confusing the whole issue by diluting the impact of the mandatory targets planning.

We will get into this memo in greater detail with the DOE witness, but from all indications there is not much happening with regard to technical assistance for the States and regional office activity and so forth.

I assume it is your opinion that the lack of technical assistance and the failure to create an identifiable approval process has really inhibited the States’ planning efforts.

Mr. Nelson. It has.

Mr. Moffett. You obviously do not feel that the legislative branch at the State level has been adequately involved in the State EECA planning efforts. You have indicated that. Would you go so far as to agree with the statement that the level of emergency planning in the country, as evidenced by what you have seen, is at a dangerously inadequate level if something were to happen and we were to have a cutoff of oil?

Mr. Nelson. I would say so.

Mr. Moffett. Do you think it would be equally correct to state that, if we had a cutoff of oil tomorrow, that there is no way on God’s green Earth that we could implement EECA, based on what you have seen?

Mr. Nelson. I believe that to be true. In fact, what I was trying to indicate in my comments, if we came down with a crisis management plan now with the 45-day timing, what we have done in a sense is reacted again, which we are commonly criticized for, and also by that process—and it is very brief—we have basically disallowed the possibility of public participation and public involvement. That is a crucial point here, I think.

When we make energy decisions in this country, finally it comes back to Mr. and Mrs. America, individuals who basically are the energy consumers. If they are not involved in a kind of a thoughtful way in developing a plan and response to a potential emergency, and maybe in a more positive way to a long-range plan, conservation plan, then we have basically, in a sense, prevented them from helping us to carry out the plan. I said people support what they help to create. They have not helped us create it if we have prevented them from helping us create it by saying: “No, it’s got to be done in 45 days, folks.” Then it is just too late.

Mr. Moffett. I am about to conclude my questions. But I want to take a couple of minutes here to talk about the intent of this law. Other members have mentioned it.

I can talk, I think, fairly accurately and with some experience about what we intended. What essentially happened—I do not want to go through a long history of this, but what essentially happened—and we should have this for the record anyway—was
that we had President Carter submit a rationing plan, as you may recall, in 1979. It was defeated, as I am sure my colleagues will recall.

Then the President said:

Well, OK, let the Congress come up with its own plan—which is the biggest mistake, of course, because we had just demonstrated that 535 people cannot write a plan. So then the plan languished and nothing happened. Then we had the meeting at Camp David with different energy chairmen and the President last summer. Bennett Johnston, a fine Senator from Louisiana, and I suggested that we take the approach of having State conservation as an alternative to rationing, perhaps a prelude to rationing but, hopefully, just as an alternative so that we could get some conservation so that rationing would truly be the last resort.

He introduced S. 1030 and passed it over there. Then I and several others did it over here. We came out with this product.

Now, it is absolutely true—and this was a problem when we were in the midst of the legislation—that there were contradictions and ambiguities. That, in a sense, reflected quite well, actually, the mixed emotions and the different viewpoints that different members brought to the legislation and to the conference.

For example, if we go back over the law there is a statement that seems to indicate that Congress expected these State conservation plans to be used. We say in the findings section that it is likely that energy disruptions will recur. Then in the definitions section we define the term “severe energy supply interruption.” We said it is one which the President determines is or is likely to be of significant scope and duration and may cause a major adverse impact.

Then, in part a, section 211, one could easily get the impression and be confused by the language which clearly states that the President has to find that there is a crisis or is likely to be a crisis—I am paraphrasing, but this is basically it. Then he may establish monthly energy conservation targets for any such energy source for the Nation generally and for each State.

That would lead one to believe that: The intent really was not to get into this stuff until a crisis is either upon us or on the horizon.

But then there is language such as that a little farther down in that same section: “From time to time the President shall review and, consistent with subsection a, modify the targets.” That does not exactly reflect a crisis.

Before the end of the 12th month following the establishment of any conservation target and annually thereafter while such target is in effect—that seems to indicate that the targets would be in place well beyond a crisis.

Then, of course, there is language that says that: “If the President determines that the interruption does not exist or is not imminent or such actions are not required”—that is a general, broad, possibly ambiguous phrase, or such actions are not required—“then the targets would cease to exist.”

Notwithstanding all that confusion which we foisted on you, it does say in section 212(b)(2):

Each State is encouraged to submit to the secretary a State emergency conservation plan as soon as possible after the date of enactment of this act and in advance of such publication of any such target.

Now, that is clear. No matter what the reading of the legislation is, whether it is a piece of legislation to be implemented when a
crisis is almost upon us or whether it is a long-term conservation piece, each State is encouraged to submit a plan as soon as possible after the date of enactment of this act and in advance of such publication of such target.

In fact, Governor Lamm of Colorado testified before us and said, making an impassioned plea for voluntary conservation:

The Governors are willing and able to meet the challenge that this type of legislation puts on us. More specifically, what we would argue for is flexibility in meeting a series of national goals for reduction of oil consumption, and we would suggest three steps which we think could help in responding to energy shortfalls. No. 1, most importantly, is voluntary conservation.

So, he made a pitch for that.

All I am saying is we really should not—we should clarify the intent of the law, yes; and these hearings are trying to play a role in doing that. But we really should not be arguing about whether or not conservation plans are required or envisioned in this act. EECA uses the word "encourage." The only reason the word "encouraged" is in there is because of pressure from the Governors, rather than "each State is required to submit to the secretary a State emergency conservation plan."

I remember very vividly—I cannot produce the exact point in the conference committee—a debate over the word "encouraged," which I took part in.

I hope Mr. Nelson, you are not arguing that EECA should be a conservation oriented program and the States should be aggressively trying to figure out how they would cope with a shortage and that they should be coming up with conservation plans. You are not arguing that. But what you are saying is you ought to get more guidance and direction and help from DOE. Is that right?

Mr. Nelson. That would help a great deal for States to move ahead more aggressively.

Mr. Moffett. Are there any further questions for Mr. Nelson? You will stay with us?

Mr. Nelson. Yes, thank you.

[Mr. Nelson's prepared statement follows:]
The States' Response to
the Emergency Energy Conservation Act of 1979

Testimony by the Honorable Ken Nelson,
State Representative from Minnesota
and Chairman, National Conference of
State Legislatures' Energy Committee,

Before the U.S. House Subcommittee on
Environment, Energy, and Natural Resources

September 4, 1980
INTRODUCTION

Mr. Chairman, I am Representative Ken Nelson, Chairman of the Minnesota House Energy Committee. I am here today as the Chairman of the National Conference of State Legislatures' State-Federal Assembly Energy Committee, to offer our perspective on the States' and Territories' response to the 1979 Emergency Energy Conservation Act. The National Conference of State Legislatures is the official representative of the country's 7,500 legislators and their staffs. NCCL became involved with state implementation of Title II of EECA last December, when our committee created an energy emergency preparedness assistance program under the NCCL-DOE Energy Insights Project. The project is providing direct technical assistance regarding energy emergency authority legislation and planning to the States of Arkansas, Indiana, and Rhode Island. As a result of this work our staff have been in close contact with energy emergency planners across the country. My testimony today will discuss the states' role under EECA and some of the problems states have encountered with implementing the Act.

WHAT EECA REQUIRES OF THE STATES

With the passage of the Energy Emergency Conservation Act of 1979, states were put on notice that they would be required to develop emergency energy conservation plans. As this committee knows, if the President finds that a severe energy supply interruption exists or is imminent, or that actions to reduce domestic energy demand are necessary under the international energy program, he may set monthly state emergency energy conservation
targets for each affected energy source. Within 45 days after the establishment of these state targets, states must submit to the Secretary of Energy emergency energy conservation plans containing measures they will enforce to reduce consumption of each targeted energy source to the level established by the President.

The Act also requires the Department of Energy to develop a Standby Federal Emergency Energy Conservation Plan which the President may impose in any state which he finds not meeting its state measures or conservation target. If the state does not develop and implement a plan approved by the DOE, the President may impose the Standby Federal Plan immediately after consultation with the Governor. EECA specifically encourages states to develop their plans as soon as possible and submit them to the DOE for tentative approval.

The National Conference of State Legislatures supports Congress' original intent for EECA, as stated in the Conference Report:

"... to provide a means whereby the states and local entities are given the first opportunity to develop emergency conservation measures to meet energy targets in times of shortages. The aim of this title is to see that effective state emergency conservation plans are developed and available for use when they are needed."

We recognize the need to meet our country's international energy commitments, and the economic and strategic need to reduce our vulnerability to sudden energy shortages such as oil embargoes. NCSL therefore supports the effort to put standby measures in place in time to cope effectively with emergency shortages.

1Conference Report to Accompany S. 1030, Senate Report No. 96-366, 96th Congress, 1st Session.
STATUS OF STATE EECA PLANNING

Frankly, Mr. Chairman, the states' response to EECA has been mixed, with some states making a significant preparedness effort and others doing little or nothing. The Department of Energy verified this in a survey of the fifty states and seven territories published in July. The survey, conducted by the regional offices, found that only three states, Nebraska, Colorado and Utah, had completed energy contingency plans called for in EECA. Five states had not taken any action, and the remaining states and territories reported plans "in progress."

To date only one state, Nebraska, has submitted a plan to the Department of Energy for the tentative approval allowed in EECA. The Department has neither approved nor disapproved the plan. Twenty-one states and territories have budgeted their own funds to support EECA planning, for a total of $194,500. Thirty-five states have not budgeted funds for this purpose. By July, thirty-six states had requested assistance in the form of federal funding.

As the representative of the Nation's legislatures, the National Conference of State Legislatures is concerned about the response to EECA by the states. Since Congress passed the Act last November, our work indicates that most states have made little progress toward preparedness for another major oil embargo or other energy shortage. "In progress" as reported by many states in actuality means little, if any work, has been done on the development of a state plan and the state energy offices are usually very reluctant to admit to the lack of activity in this area and the degree of planning is often exposed during legislative work hearings.

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Here are some of the problems which may be hindering state action:

**Voluntary Gasoline Targets**

The voluntary gasoline conservation targets established last December and updated in June have been a source of confusion at the state level and, we feel, have not proved useful in assisting state conservation planning. They have proven useful, it seems, as an exercise for the Department of Energy to work out the methodology for determining targets which would be used in a real emergency shortfall.

Confusion surrounding the purpose of the voluntary targets has been a major concern, as it has never been clarified whether they should serve as emergency planning tools or long-term conservation goals. If the voluntary targets are emergency planning tools, then the methodology should be established and retained for an energy emergency. If the voluntary targets are to serve as conservation goals than they have been set at a relatively modest level, and have been negated by voluntary gasoline conservation which occurred regardless of the targets. Gasoline price increases and the general economic downturn have had more to do with the decrease in consumption of gasoline than the effects of voluntary conservation targets.
The interim Standby Federal Emergency Energy Conservation Plan was published by DOE in February, and, in addition to setting forth likely federal energy contingency measures, it was intended to guide states in their own planning. Rather than assisting the states, however, the interim Federal Plan laid out prescriptive requirements for state plans which may be too complicated to comply with.

Referring to the Federal interim Submission, Contents, and Approval requirements for State Plans, attached in Appendix A, we would like to outline the requirements we believe unreasonable for most states.

(b)(4) Estimate energy savings resulting from adopting each conservation measure.

(b)(8) Estimate effects (and detailed analyses) that operation of the measure will have upon:
(i) Importation into, exportation from, and use of, energy sources within the state;
(ii) Economy of the state;
(iii) Economy of units of local government within the state; and
(iv) The environment, including effects on lifestyles, health and safety.

(c)(5) Provide for the establishment and maintenance of a data collection program for the monitoring of demand and consumption of any targeted energy sources.

These may seem to be straightforward and reasonable requirements, but, in actuality many states do not possess the professional expertise, the computer resources or the data bases to accomplish these tasks. For example, in the state of Indiana, the division responsible for complying with EECA requirements has a staff of four. This division, although trying to comply, is understaffed, lacks access to a computer and has no statutory authority to collect data from any energy producers.
distributors or consumers. The state depends on the energy industry voluntarily submitting information.

The DOE has done little to assist states in these technical requirements. A program to provide technical assistance directly to the states would improve the development and the quality of plans submitted to the DOE for approval. With all its analytical expertise, computer resources and massive accumulation of data, the Department has failed to come forward and share these resources with us.

At one time the Energy Information Administration (EIA) of the DOE was developing the Energy Emergency Management Information System (EEMIS) which would have given state energy offices direct access to certain EIA data bases and forecasting models. ³ This computerized system would:

* Provide energy data around which states can build their own information capabilities;
* Provide assistance to states in their development of emergency programs and systems;
* Predict the effects of measures the state takes to alleviate energy emergencies.

The development of this system has been slow at best and the data presently available is not of sufficient detail to permit more than gross state energy emergency analysis.

The Federal Plan issued in February provided little documentation to show

that its main strategies will yield conservation benefits equal to or greater than their costs. A conservation measure cost/benefit analysis for individuals and organizations should be addressed by the Federal Plan. The selection of measures should consider not only the energy savings but also the costs to energy users. Moreover, the cost of state planning and implementation of conservation measures was not addressed at all.

During the past six months the Department of Energy, working with the Massachusetts Institute of Technology Center for Transportation Studies, has attempted to refine the February Plan and has provided some supplementary data to aid states. However, this data is on a national level with no state disaggregation.

The DOE has been reluctant to publish final guidelines. The lack of these guidelines has, we believe, discouraged some states from expediently completing their planning efforts. Indeed, some states intend to wait for an actual emergency before finalizing their response.

Approval of State Plans

As mentioned earlier, no process to review or tentatively approve completed plans is currently available from the DOE. The approval process is the only certain method for states to evaluate their planning progress. Approval or disapproval of plans permits states to learn from others and to improve their plans in advance. We need an approved plan on which to build and update as more information becomes available. We understand that there is currently no federal criteria set for evaluating state
EECA plans; work in this area needs to be expedited and communications with the states improved.

STRATEGIES TO ASSIST STATES

In conclusion, Mr. Chairman, here are our suggestions for assisting states in their energy emergency preparations under EECA:

1. Clarify the intent of the program. We believe Congress intended the EECA as an emergency mechanism, rather than a strategy for gaining long-term conservation; however, confusion has arisen over the possible use of the emergency conservation targets over the long-term.

2. The DOE should give greater priority to the program.

3. Accelerate the development and completion of EIA's Energy Emergency Management Information System (EEMIS).

4. Expand the MIT study to provide state disaggregated data which states could use directly.

5. Establish a technical assistance program within the DOE to aid states in the development of state plans.

6. Establish within the DOE a quick informal review process to permit states to submit plans for comment.

7. Provide direct funding to states for the development of state EECA plans.

8. Develop more flexible requirements for state plans.

9. Establish criteria for the evaluation of state plans.
10. Clarify and refine federal, state, and local roles. We advocate increased communication among governmental groups and levels. We welcome the opportunity for increased input in the Department of Energy's efforts, and heightened cooperation between the executive and legislative branches within the states. As you well know, the perspectives of the branches are often very different.

Finally, we respectfully suggest that the Congress and the Administration bear in mind the unique qualities and limitations of states and their legislatures. These bodies, often operating part-time and biennially, have had limited opportunities to address EECA requirements specifically. It is our hope that, with better cooperation and communication with the Department of Energy, we will be of assistance in furthering the purposes of EECA.
APPENDIX A

Standby Federal Emergency Energy Conservation Plan

Submission, Contents, and Approval of State Plans
Subpart B—Submission, Contents, and Approval of State Plans

§ 477.11 Purpose and scope.

This subpart specifies how and when a State shall submit its State Plan, what a State Plan must contain and what criteria the Secretary will use to determine whether or not to approve a State Plan.

§ 477.12 When and how to submit State plans.

Not later than 45 days after the date of publication of a Target in the Federal Register, each State, acting by or through its Governor, shall submit to the Secretary ten copies of its proposed State Plan. Each State is encouraged to develop its proposed State Plan as soon as possible and in advance of publication of a Target and to submit the State Plan to the Secretary for tentative approval. Upon application by a State, the Secretary may for good cause shown by the State, extend to a specific date the period for submission of a proposed State Plan by publishing notice thereof, together with the reasons therefor, in the Federal Register.

§ 477.13 Content of State plans.

(a) Each State shall decide what measure or measures shall be included in any submitted plan, but is not obligated to include any measure contained in the Federal Plan. Each State Plan (and any amendment thereto) shall contain data which demonstrates to the Secretary that, taken as a whole, it is likely to achieve the State’s Target or Targets; is not likely to impose an unreasonably disproportionate share of the burden of restrictions of energy use on any specific class of industry, business, or commercial enterprise, or any individual segment thereof; and is consistent with applicable Federal law, rule or regulation, is not an undue hardship on interstate commerce and, if it is a tax, tariff, or user fee, is authorized by State law.

(b) In furtherance of (a) above, each State Plan shall set forth the name and a brief description of each measure and contain the following information as to each measure—

(1) Whether the measure is voluntary or mandatory.

(2) At what level of specific shortage the measure will be instituted and, as applicable, the levels of increased shortage that will be due to an increased shortage.

(3) The name of the State agency or unit which will enforce the measure, the procedures, including public information and education, which will be used to assure compliance; a schedule of any fines to be imposed for noncompliance with the measure, together with the procedures the State will use to assure persons subject to such fines receive adequate notice, opportunity for hearing and right of appeal; and the extent to which non-State entities will be used in enforcement;

(4) Estimated energy savings resulting from adopting the measure, including detailed analyses in support thereof;

(5) Estimated number of State employees required to implement, monitor and enforce the measure effectively, including the number of persons presently in place to administer the measure; the number available for administration (including any to be detailed) and the number required to be hired;

(6) Estimated monthly cost to the State to implement, monitor and enforce the measure effectively, including the estimated funds available per month from State and local sources; the funds available for reallocation thereof (and whether reallocation requires legislative approval or can be effected administratively) and the funds needed to be appropriated; and the estimated dates when funds will be needed and available for use. Together with the name of the agency(ies) or official(s) responsible for distributing the funds;

(7) The effective date of the measure, if a date other than the date on which the Secretary approves the State Plan; and

(8) The estimated effects (and detailed analyses thereof) that operation of the measure will have upon—

(1) Importation into, exportation from, or use of, energy sources within the State;

(2) The economy of the State, including effects on lifestyles, health and safety;

(3) The State Plan shall also—

(i) Identify the name, address and telephone number of the State official[s] in overall charge of the State Plan;

(ii) Specify the technical assistance which the State will provide to implement and operate the State Plan, and in the preparation of the State Plan, the contents of which shall be any assistance that will be provided on an individual or collective basis, will be different in various areas within the State (e.g., urban, suburban, or rural) and will be available to the State Plan as the Secretary may require; and

(iii) Demonstrate, by summary of other data provided in the State Plan, that the State will achieve its Target or Targets.

(b) A State Plan may, but need not, include a request for delegation of Federal authority to administer and enforce a mandatory measure, not authorized by State law. Such request shall be deemed to include a request to enter into an agreement with the Secretary permitting the State pursuant to a delegation of Federal authority to administer and enforce such measure, for which a Federal delegation is requested.

(c) Each State Plan, not later than 45 days after its publication in the Federal Register, shall be deemed to include a request for delegation of Federal authority as set forth in section 213(b)(1)(B)(ii) of the Act to retain exclusivity to pay costs incurred by the State in connection with administration and enforcement of such measure and that any excess funds will be returned through the Secretary to the general fund of the United States Treasury.

(d) If the Secretary finds final approval to the State Plan under § 477.14 hereof, then that shall constitute an agreement with the Secretary with respect to the collection and retention of civil penalties between the State and the Secretary, and the delegation of Federal authority as set forth in the approved State Plan shall become effective as of the effective date of the mandatory measure.
authorized by State law, to remain in effect until revoked in accordance with the Act.

(e) A State Plan may, but need not, permit persons affected by any measure in the State Plan to use alternative means of conserving at least as much of the same energy source as would be conserved by the measure. If a State Plan so permits, the State Plan shall include an effective procedure for the approval and enforcement of the alternative means by the State or by any political subdivision of the State.

(f) A State, with the approval of the Secretary, may amend its State Plan at any time. A State's request for approval shall set forth the specific amendments proposed, together with any changes in the data previously submitted under this subpart.

§ 477.14 Criteria for approval of State plans.

(a) The Secretary, as soon as practicable after receipt of a State Plan or amendment thereto and within 30 days if at all possible, shall review the State Plan or amendment thereto and shall approve it, on a tentative or final basis, as appropriate, unless the Secretary finds that the State has not complied with this subpart, in which case the Secretary shall either disapprove the State Plan or amendment thereto or approve it on a conditional basis.

(b) If the Secretary disapproves or conditionally approves all or any part of the State Plan or amendment thereto, the Secretary shall give immediate written notice thereof to the Governor, setting forth in detail why the State Plan was not approved on a tentative or final basis and permitting the State to resubmit a revised State Plan, within a time period specified by the Secretary in such notice.

(c) Any measure contained in a State Plan or amendment thereto shall become effective in the State on the date the Secretary approves the State Plan or amendment thereto on a tentative or final basis or on such later date as may be approved by the Secretary. In no event, however, shall any tentative approval be construed to result in a delegation of Federal authority to administer or enforce any measure contained in a State Plan or amendment thereto. The Secretary retains the right to undertake a final review of the State Plan as a whole in light of existing conditions once any Target is established.
Supplement to Testimony by
Minnesota Representative Ken Nelson
On The Department of Energy's
Emergency Energy Conservation Program
September 4, 1980

1) Are states planning--how many are/are not?
   NCSL's Energy Insights Project has been in contact with state energy offices regarding EECA planning since February, 1980, when we began collecting energy emergency plans and drafts from the states. We have received copies of some type of energy emergency plan from 24 states. Of these, however, only 13 are plans specifically aimed at meeting EECA requirements.

2) What quality plans/planning are states doing?
   Of the 24 state plans reviewed by NCSL, less than half are considered adequate to address the requirements of EECA; of these, a handful, perhaps four, can be considered comprehensive, that is, covering most possible energy contingencies. Most plans focus on one energy source, such as gasoline or fuel oil.

3) Is U.S. DOE making EECA a priority?
   The Insights Project has found little indication that energy emergency preparedness is a priority within the Department of Energy. This fact is evident in the deficiencies of three important program aspects:
   a) Technical assistance
      State energy offices have received little or no information on EECA planning from DOE. Department representatives claim information packages based on KTT Transportation Center materials were sent in August; a quick phone survey found three states which had not received it.
   b) No final guidelines or plan approval criteria
      As of September 1, no final state guidelines, no criteria for preliminary approval of state plans had been developed. Indeed, as late as early September, DOE contractors responsible for developing "model" state plan criteria contacted NCSL Insights staff for information on "where to begin" their work.
   c) Lack of regional office knowledge of EECA program
      In our work with the states, NCSL's energy program attempts to keep regional DOE offices informed and involved. However, in our work with three separate regions, we were only able to find one individual in one region really familiar with EECA and cognizant of federal energy emergency preparedness efforts. We have recently been told that DOE plans a regional EECA orientation this fall. We applaud the idea, and are concerned about the role DOE regional offices will take in approval or review of EECA efforts by the states.
Mr. Moffett. I think what we would prefer to do with our next witness is to have your testimony included as part of the record. We did not receive the testimony in time for the members to review it. So, we would like it to be included as part of the record, without objection.

I am sure that Mr. Hester’s views on this will come out in answer to questions, if that meets with the approval of my colleagues.

At this point the Chair recognizes the gentleman from Oklahoma.

Mr. Synar. No questions.

Mr. Moffett. The gentleman from Minnesota, Mr. Stangeland, is recognized.

Mr. Stangeland. Thank you, Mr. Chairman. I just cannot help but sit here and make a comment along these lines to the States. It may well be that you are putting too much emphasis on expertise in Washington that really is not here and does not exist. You might well want to venture out into uncharted waters and come back and give some direction to the Federal DOE as to what is feasible and what are the options that you have to solve some of these problems.

Mr. Hester, how many States to your knowledge have implemented a voluntary conservation measure for gasoline, home heating oil, diesel, and other energy sources?

STATEMENT OF LEX HESTER, DIRECTOR, FLORIDA STATE ENERGY OFFICE, STAFF CHAIRMAN, SUBCOMMITTEE ON RENEWABLE RESOURCES AND CONSERVATION, COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENTAL MANAGEMENT, NATIONAL GOVERNORS’ ASSOCIATION, ACCOMPANIED BY NANCY GINN

Mr. Hester. The NGA’s most recent survey shows that we believe every State is in some state of planning.

I am a little stunned by the exchanges that have taken place here. I do not think it is near as bleak as the chairman feels that it is, that the States are not taking it with proper seriousness. Now, I am not going to represent that emergency planning is at the optimum, but I think it is far, far further along than generally recognized.

As pointed out by Representative Nelson, we had some real problems. What is a quality plan? What is an improvable plan? What is a complete plan? Just using my own State as an example, for instance, like Minnesota we have some State legislation that requires an emergency plan. In 1978, we had a plan. Statewide hearings basically established a process for dealing with any type of an emergency. When EECA passed we decided that we needed to update that and get into more specific measures as, for instance, the standby plan of Uncle Sam. And we have done that. That plan is still in process.

We held statewide hearings in the winter all over our State on this plan. We are now in the preimplementation stage. I have five people that are doing nothing but working on emergency planning at the present time, basically of the EECA type. When you talk about a sticker plan, the preimplementation of that type of plan is
elaborate and the costs for doing so are great. If you take the nine 
measures in DOE’s standby plan, on minimum purchase, we have 
done that. Last year we had a trucker’s strike. We had to call out 
the National Guard. We had to implement odd and even. We had 
to implement minimum purchase. We not only have a plan; we 
have had experience operating it, as do many States, North, East, 
West, and South, when we had the energy shortages in the summer 
of 1979.

All the States have elaborate public information systems. A lot 
of our primary funding through EPCA and ECPA is for long-range 
energy conservation plans. On 55-mile-an-hour enforcement, all of 
us have programs in that regard. We would all like to get a little 
bit higher enforcement. We are working on that. You have some 
penalties to keep us honest, if we don’t do it within 2 years. We all 
have programs on mandatory temperature reduction. We have an 
elaborate program there. We have contracted with DOE to enforce 
that program.

Of the nine measures that were listed, only on the sticker plan 
and employer base plan do we not have full implementation.

I have not submitted the Florida plan to the Secretary on a 
voluntary basis at this point because of uncertainty over the proc­
ess at DOE. And I do not blame them for having some reluctance 
to clearly establish that process because we are still evolving.

It was stated here—Representative Nelson felt, and I think 
Chairman Moffett agreed that the voluntary targets were kind of a 
half-hearted effort, that they did not do enough. Well, at the time 
they came out, they were not a modest effort. We all stood on our 
heads. For some States they were extremely severe. Florida was 
one of those. We spent weeks and months arguing with DOE about 
the methodology of how these came. Since then it has turned out 
that it was indeed a modest goal. We can all applaud that we have 
achieved a 9-percent reduction. But I think that some of that credit 
actually goes to the States and to DOE. I think that some of the 
efforts of EPCA and ECPA and all these other acts that are out 
there is beginning to come in. Some of that result is beginning to 
come in. You have to recognize that that 9 percent saving—when 
we say the marketplace, it is not just the marketplace. No doubt 
that $1.25 gas has done a lot of that. But the fact of the matter is 
gas has actually dropped in price or has remained stable for the 
last 4 months. We are awash in it. There is lots of gas out there. 
Yet, the American public is, for the first time, beginning to signifi­
cantly reduce. I think that is a cumulative effort of the bills that 
you have passed, that the States are beginning to finally get that 
message across to the public, the very important public participa­
tion that Representative Nelson has put forth; and the efforts of 
DOE are beginning to come home. Looking for that instant miracle 
is not going to occur.

On your specific answer, I sincerely believe that all States are 
doing some degree of emergency contingency planning. Now, for 
the smaller States, it is tougher for them.

This is my testimony, but I want to bring it out here. I realize 
this is a long answer, but Representative Nelson did not touch on 
the funding problem.
One of the problems we have is the States get money from Uncle Sam; most of it comes from under EPCA and ECPA. If you are a small State, you get a small pot of money; and you have relatively limited flexibility under that. Now, the law allowed DOE to allow States to use some of that money that is under those conservation acts for this EECA planning. But there was a lot of confusion in DOE among the regional offices, et cetera. That was not fully ironed out until spring of this year before some of that money was freed up.

In the meantime, many of the States had already made long-term commitments. Congress added the Residential Conservation Service; that is the home energy audit program. The summer outages in 1979 caused us all to have to pull money into allocation that we were not expecting. So, that put us tight. Schools and hospitals, we had to divert a little money there. We have emergency building temperature, a rationing interface and, for the Western States, a synfuels preimplementation type of effort. All of those things put increasing pressures on limited pots of money. So, States had a hard time suddenly coming up with a bunch of new money to go out and do additional emergency energy planning.

We asked for more money. DOE came in on our behalf, asked Congress for $10 million in a supplemental. It was turned down. We have asked for it again. You gave a supplemental appropriation of approximately $2.7 million with a specific restriction on that $2.7 million that it could not go to the States.

I think you pointed out in your testimony, well if you look at these figures, each State had a $42,000 average need. We were all expecting to go to the bank and get about $50,000 apiece. It did not come through with the restriction.

Mr. Moffett. You say DOE asked Congress for money. Are you convinced that DOE and the White House lobbied the appropriate appropriations subcommittee for that money?

Mr. Hester. Well, sir, I cannot speak for that lobbying effort. I know they put it in the pot.

Mr. Moffett. The fact is that they did not push for that money. In fact, there were representations made to Congressman Yates' subcommittee that, in fact, the money was not really needed, that it was not a high priority. Mr. Yates acted on behalf of—at least partly on behalf of those representations.

Mr. Hester. Shame on them, but I have cried to them repeatedly as have the other 49 States.

Mr. Stangeland. I am going to catch that quorum, Mr. Chairman. But before I go I would request that this book, the "National Governors' Association Energy and Natural Resources Program, Ensuring Our Energy Future: State Initiatives for the '80's," be made a part of the record.

Mr. Moffett. Yes, of course.

Mr. Hester. We are very proud of that, and I appreciate that.

Mr. Stangeland. I just had a chance to peruse it a little and see there are some things happening with the States going on. Personally I think the States can be leaders in this area.

Mr. Hester. I would certainly concur with that.
Can I use the introduction of that to touch on one of the important points that Representative Nelson made? You discussed with him clarifying the intent of the program. The National Governors' Association strongly believes that the intent of EECA should be for emergency purposes. Long-range conservation goals really ought to be based through the conservation acts. We call it EMPA—

Mr. Moffett. What happens if we have an oil cutoff next week? What happens if the Saudis cut back to 8 million barrels a day and Iraq and Libya cut off oil altogether?

Mr. Hester. I think the States can respond to that. You said and Representative Nelson agreed that there was no way in God's green Earth that we could—

Mr. Moffett. How?

Mr. Hester. I think we could—

Mr. Moffett. How do we know that?

Mr. Hester. I do not think you are ever going to know, but I have more confidence in the ability of the States to respond—

Mr. Moffett. But that is not the issue, Mr. Hester. I perhaps have as much confidence as you do. But the fact is that EECA says each State is encouraged to submit to the Secretary a State emergency conservation plan as soon as possible after the date of enactment of this act. Now it appears to me what we are hearing is: We'll give you a plan if you give us more money. That is what we appear to be hearing.

The legislation does not say each State is encouraged to submit to the secretary a State plan as soon as possible after adequate funding is provided.

Why have not the States come forward with these plans? You seem very encouraged by what the States are doing. In fact, your own State. Sounds like it is doing some very exciting things.

Mr. Hester. I am encouraged because I have a little different perspective. In my staff capacity, I have chaired several meetings of energy directors from a majority of the States. So I know the agony they have gone through trying to comply with the act. I know there is an awful lot of anxiety. There is a lot of anxiety at DOE. There is a lot of anxiety in the States.

All of us do not want to get in that approval process. That is where we have a problem, you know. Once you get into that, you get everything etched in stone.

The States, in all of our relationships with Uncle Sam, strive for maximum flexibility. If the NGA has a motto over the doorway, it is: flexibility; let the States do their thing.

Mr. Moffett. That is the plea that was made by numerous Governors when we were putting this bill together. That is why we have words like encouraged in there.

Mr. Hester. Yes, sir.

Mr. Moffett. Some States are refusing to come up with plans. Most States, as you know, almost all States have failed to submit plans.

Mr. Hester. There may be a few States out there that are refusing to come up with a plan, but I tell you they are small in number and that the state of planning out there is in better shape than you might be led to believe.
Mr. Moffett. Mr. Nelson has talked to State people, too. He does not seem to share that. Our subcommittee staff does not see that it is nice to say that planning is going on out there. But when are we, under a Federal act, going to see the fruits of the State's efforts? What has to happen? After all that is what we are interested in, right?

Mr. Hester. That is a fair criticism. If DOE will approve the Nebraska plan—a lot of States are holding back. We have got the Nebraska plan in there really as a test. You know, they are supposed to approve it within 30 days. They have 2 more days. When we see what they do to that and Nebraska tells us how fairly they treated them and so forth, then I think you will see them flood in.

On behalf of the NGA, I will commit to you, we will go home, urge our States to get their planning, in whatever State it is in, in.

One of the recommendations that Representative Nelson made is that their needs to be a quick feedback, an informal kind of a process in between that final, this is it, you did good or you did bad——

Mr. Moffett. OK, how do we get around this problem of the different perceptions of the intent of this act? You are saying that we are going to be confronted with a number of States who are going to refuse to submit plans until there is actually an emergency declared.

Mr. Hester. Well, let me touch on that. Back in December, January, there was an awful lot of anxiety nationally from the White House on down about the worsening Iranian situation, et cetera. They sincerely thought they were going to have to implement—I believe they sincerely thought, without speaking for them—mandatory targets. There was every indication.

They wanted to get the data straightened out. They wanted to give the States a chance to have input into it. There were some false starts. They released the targets before the States got input. We all screamed and said you made some mistakes. They had made some mistakes in data because they had depended on highway collection data. Some States report that differently than others. We got all that straightened out. In the meantime, things calmed down a little bit and the emergency evaporated. Then they were stuck with, I guess—and that is my terminology—the voluntary targets. The States had maintained: don't say there is an emergency unless you really have an emergency. One of my big problems is the public perception problem. One of the things we have said to DOE and that we have not been able to get full agreement on is that you cannot take something like a target for gasoline conservation or whatever it is in isolation. If in fact that you set as a goal that we are going to reduce gas 10 percent of whatever it is, then you need to control the supply side.

Don't tell us that you—you know, name a State that has done something to meet the voluntary targets. Well, fortunately, most of us have met them through the marketplace, as you say, but I think that it is more than just the marketplace.

We say, if the States are awash in gas, as we are right now, and you went out and started hollering emergency, emergency, the roof's falling in, like Henry Penney, the people are going to yawn and they are not going to do it. You cannot cry wolf. Therefore, if
you have a national goal, whatever that goal is, you have to tie it all together. It should be linked to the allocation system. It should be linked to the rationing system.

We have all these emergency systems going on separately. They do not come together. For instance, if you are going to cut back, we say you should use the allocation system, perhaps by import quotas, filling their strategic oil reserve, tighten the supply at the same time that you set the quotas.

Mr. Moffett. I agree with that, but DOE has refused——

Mr. Hester. Doe does not fully agree with that. They have some mechanical problems in how to achieve that.

Mr. Moffett. I want to get to this question of the attitude out there that you are discussing. You say: Well, what can we do when we are awash in gasoline; it’s hard to make people believe there’s a crisis. And you also said something to the effect don’t declare there is an emergency unless there is an emergency. But is it not a fact that the history of the last 7 years, in terms of energy actions, has been one of belated responses to crisis and poor planning that it has been one of overstating the nature of an emergency?

I remember so vividly—and perhaps you do, too—how incredibly difficult it was to get States to fact up to the problems we had during the early Iranian crisis when we had enormous gasoline lines in certain parts of the country. We had had them in California and then we had them in the East and other parts of the country, in Florida, as I recall. It was like pulling teeth at that point to get even measures which were essentially antipanic devices such as minimum purchase and odd-even, not necessarily direct conservation devices.

It was incredibly difficult because no one, it seemed, had really planned for that type of emergency. What we are saying here is that it is really a discussion about leadership. I really cannot believe that we would have much disagreement, whether we were in a State legislature or a Governor’s chair or NGA or the House or walking down Main Street as an average citizen somewhere, that we thought to be prepared on just a fundamental basic level for a cutoff. I think what we are saying is that some of us who were very much involved in pushing this legislation through, we do not see that the basic, fundamental first steps are being accomplished. That gives us cause for some great concern. I am somewhat relieved if you say there is a great deal of planning going on out there if you can back it up. You said at a couple of points: I believe that this is happening. If it is more than just that kind of faith but some actual figures that you can show us that indicate that there is more planning going on than there is, that is terrific news. But the fact is we are not seeing these plans come in. Give me an answer to this, if you would. Are we going to have many States that say we are not submitting a plan until DOE declares an emergency—in other words, the strictest, narrowest possible interpretation of this law?

Mr. Hester. Well, it would be presumptuous of me to speak for the 50 States.

Mr. Moffett. But you did say that is your policy.
Mr. Hester. I will go back and make an effort to see that we start getting plans to you once we are satisfied that the DOE review process is—

Mr. Moffett. We will help you on that then.

Mr. Hester [continuing]. A rational one, which I am confident it will be.

I agree with everything you say on the need. The only place that I think we might have a difference is, I think we have come a long way since the summer of 1979. I think EECA has helped us do that, plus a combination of other circumstances, plus DOE. I do not want to dump on DOE. We fight with them constantly, but I think they have got some tough problems. I think they have tried to work with us, although there are areas and I have suggestions where they can improve. I think we are getting our act together a whole lot better than it was just a year ago.

Mr. Moffett. Well, you are not going to dump on DOE because you are a consultant to DOE, right?

Mr. Hester. A consultant to DOE?

Mr. Moffett. Yes; NGA is. Are you not?

Mr. Hester. No.

Mr. Moffett. No? In no way?

Mr. Hester. No. I am trying to get some of that money, but we have not had any success yet. I would like to be. [Laughter.]

Mr. Moffett. So, there is no relationship with the National Governors—

Mr. Hester. Not that I know of, there isn’t.

Ms. Ginn. There is with NGA but not with—

Mr. Moffett. That is what I am saying: NGA.

Ms. Ginn. But when you—

Mr. Hester. We are not getting any money on EECA, are we?

Ms. Ginn. For information—

Mr. Moffett. Yes, you are.

Mr. Hester. Information sharing.

Mr. Moffett. Yes. I thought there was.

Ms. Ginn. But that is not connected with what he says—

Mr. Moffett. I understand that. That’s fine.

Mr. Hester. NGA is not going to sell out for a little information; it has to be bigger than that. [Laughter.]

Mr. Moffett. I understand. But I think there is a reluctance perhaps to be as forthcoming as far as a frank appraisal of what DOE is doing.

I am still not convinced, though, that we have—I do not mean to belabor this point, but it is really at the crux of what these hearings are about. A survey by DOE of the States, found that: The majority of States consider this to be an ongoing process which may only be formally completed after an emergency is declared and targets published. In general, State plans will be completed—quote, unquote—when required by regulation or faced with implementation of the standby Federal emergency conservation plan.

You say that the NGA interpretation is that this is an emergency measure; right? That was your testimony.

Mr. Hester. Yes.

Mr. Moffett. But then you also say to us that you are going to encourage the States to submit plans.
Mr. HESTER. I think, since you have stressed it here, there is a lot in what you say. That image that nothing is happening, that we would be in utter chaos, that we have not done our job, I think we need to correct that even if it causes us a little pain.

Mr. Moffett. That's good. That is very good.

I do not believe there is a rollcall vote on. I think we can proceed to our next witness.

Gentlemen, thank you very much for your testimony. We appreciate it.

[Mr. Hester's prepared statement follows:]
Testimony of

Lex Hester
Director, Florida State Energy Office

Staff Chairman
Subcommittee on Renewable Resources and Conservation
Committee on Natural Resources and Environmental Management
National Governors' Association

Before the

Subcommittee on Environment, Energy and Natural Resources
Committee on Government Operations

on

The Energy Emergency Conservation Program

September 4, 1980
Mr. Chairman, members of the Subcommittee, my name is Lex Hester. I am the Director of the Florida Energy Office and am Governor Graham's designee to the National Governors' Association Subcommittee on Renewable Resources and Conservation. As staff chairman of the Subcommittee, I appreciate the opportunity to testify before you today on behalf of the National Governors' Association.

First, let me stress that the Governors are committed to contingency planning and responding in a timely manner, if the need arises, to a severe supply disruption. States have extensive experience in dealing with energy shortages. Governors undertook voluntarily the management of the Arab embargo problem, as well as the natural gas shortages of 1975 and 1976, and the coal strike of 1977-78. In addition, the Governors were the first to respond last summer as gasoline lines began to appear and will undoubtedly be called on again by the public to respond if we are faced with a similar or more severe crisis in the future.

The policy position of the Governors on energy emergency preparedness adopted in September of 1977 stresses that states should adopt energy emergency management plans. This policy was reaffirmed in Denver at the annual Governors' meeting this past summer.

However, I would also like to emphasize that states have faced a number of problems in their planning efforts to date related specifically to the Energy Emergency Conservation Act which was passed last summer by Congress and which is the primary focus of the hearing today. In continuing my testimony, I will give a brief description of state activities to carry out their responsibilities under EECA; outline some of the problems states have faced in their efforts; and
provide a series of recommendations for successful contingency planning at both the state and federal levels in the future.

**State Activity to Date under EECA**

State efforts in contingency planning, as I have indicated, began long before the EECA legislation was enacted. In June 1978, the National Governors' Association conducted a survey of state energy emergency documents. Over half of the states had developed such documents. However, these documents, in general, do not concentrate specifically on petroleum emergency conservation measures as required under EECA.

In May of this year, the NGA conducted a telephone survey on state activity specifically under EECA. The purpose of this survey was to promote information sharing among the states. The survey results show that almost all states had been, to varying degrees, involved in planning for a gasoline shortage. Approximately half of the states were involved at the time with developing working papers and documents for internal review on the possible strategies and options which might be appropriate for their state under EECA. In some cases, states were working from or intended to modify comprehensive emergency plans developed in the state before EECA was passed. Many states were already in the process of public hearings or had conducted such hearings.

A survey conducted by DOE subsequently in mid-July also confirmed the general results of the NGA survey.

The NGA staff recently spoke with states to update the earlier May survey. Results of these updates indicate that all states were either in the process of working on an EECA program or were considering modifying existing contingency plans to meet EECA standards. The majority of states, prompted by the gasoline shortage of last summer and DOE's voluntary gasoline targets, have concentrated on devising plans to address a gasoline shortage as opposed to other fuels.
In my own state of Florida, we completed an Interim Florida Energy Emergency Contingency Plan in March 1980. This plan was developed in response to EECA and to our own statutory requirement in Florida to develop a plan in response to serious shortages of primary and secondary energy sources in the state. We had hearings on the plan this last winter and are proceeding with preimplementation efforts.

**Constraints on State EECA Planning and Recommendations**

Although both the NGA and DOE surveys reflect a large degree of EECA activity and commitment by states to contingency planning, they also indicate that state plans vary in their degree of development and analytic support and reveal some of the problems states have faced. A few states indicated that they were holding off on further efforts until DOE issued final regulations on EECA or until additional funding could be obtained. Although I feel that we in Florida have done a credible job in developing the Florida plan, I also see the need for further refinement.

I would like to now outline briefly the problems states have faced and suggest some recommendations.

First, some states are in need of further guidance on what DOE will view as an "approvable" plan. The standby federal plan, according to the Conferences, was intended to serve as a guide to the states. The final rulemaking on the standby federal EECA is expected some time this fall. The DOE issued an interim final rulemaking and a proposed rulemaking on the standby federal plan on February 7. Although this rulemaking has provided some guidance to the states, it is too broad to be of great use. Some states are apprehensive about continuing to put time and resources into a plan which they have no way of knowing, at this time, will be approved.
Secondly, states which are farther along in the planning process should not be required at this point to conform to new requirements. Rather, these states should be given the opportunity for an informal technical review from DOE. Over the last few months, some of these states have been frustrated in their attempts to obtain either an informal technical review of their plans from DOE or formal approval and have been bounced back and forth between various people in DOE headquarters or in the regional offices in seeking a contact to review their plan. By not having communicated to the states a clear review mechanism, the signal given to the states is that plan submission is not being encouraged. This problem has been communicated to the Department and we are hopeful will be addressed shortly.

In addition, the states recommended in individual testimony and in NGA testimony on the proposed standby regulations that the paperwork requirements for state plans as specified in Section 477.13 of the proposed regulations be kept to a minimum. EECA provides flexibility by allowing states to achieve an overall energy target as the cumulative effect of many measures. It does not require states to anticipate savings for individual measures and meet these savings. It is for precisely this reason that EECA calls for a "test" of state plans once a shortage has occurred and the Act has been triggered. Although Congress provides flexibility to states in developing plans, the uncertainty about how stringent DOE requirements will be has hindered the planning process. States should be encouraged to undertake analysis on estimated energy savings and estimated effects of various measures to the extent possible given limited staff and resources. Such analysis should be viewed as one tool among many to help ascertain which measures are the best under emergency circumstances. However, state plans should not be
evaluated based on these numbers. This will only lead to confusion and debate.

Thirdly, we recommend that sufficient funding be made available to support planning and preimplementation under the EECA program. Contingency planning, as all insurance policies, is necessary but costly. EECA has been more costly than anticipated especially if the requirements in the DOE proposed standby plan are expected to be fulfilled.

A typical planning scenario includes the development of internal documents outlining the options and providing supporting feasibility and cost/benefit analysis for each measure. The analysis could include potential savings, costs, implementation difficulties, lead times, anticipated public reaction, the role of local government, possible economic or other impacts, possible legal constraints, and enforcement requirements. A variety of questions would be addressed such as, in an employer-based plan, "does an employer have the legal power to restrict parking to employees?"; or in a compressed work week, "do union wage and hour contracts supercede the emergency powers of the Governor?"; or "at what degree of shortfall would this measure be most appropriate?; when should it be made mandatory?" Seeking public comments or holding public hearings is an additional major cost. Once the measures have been screened, problems associated with actual implementation must be addressed. State agency responsibilities must be assigned and a monitoring system for testing the effectiveness of measures must be devised. The plan must then be revised according to new data, experience, or legal changes. In addition, some measures will take months of preparation before an actual or anticipated emergency. For instance, under a public information campaign, market research studies, brochures, prerecorded TV/radio tapes and other information materials prepared beforehand would cut the lead time substantially. Stickers in a sticker plan must be preprinted. Communications with employers and arrangements for emergency commuting must all be made before an emergency.
Since EECA covers all energy shortages, not just gasoline, this planning process must be repeated for each energy source, tripling or quadrupling these costs. Although some of these planning questions can be addressed on a national basis, many are state specific and require state specific data and planning.

In addition, the limited funds that have been made available for EECA planning have only recently been made available. DOE, as called for under EECA, now allows states to use EPCA/ECPA funding for EECA planning. However, modifying EPCA/ECPA plans to allow for EECA planning was, in some cases, a confusing process. Most states had committed EPCA/ECPA funds to existing conservation programs and developed their FY 80 grant application accordingly. Final instructions for modifying EPCA/ECPA plans to include EECA planning were distributed to states in early January. EPCA/ECPA plans are not, in general, approved until March or April, or even later. Although a procedure was developed for states to begin spending on EECA planning before final approval of FY 80 EPCA/ECPA plans, a clear notification of this was not given to the states nor, in some cases, to the regional offices responsible for plan approval. Some regions, therefore, allowed the use of such funding while other regions continued to disallow their use. Most states were only allowed to begin using these funds this spring.

DOE has recognized the need to provide states with additional funds for EECA planning and therefore submitted an appropriations request to Congress of $10 million for FY 80. These funds were not appropriated and only a limited sum was made available for technical assistance.

As funds were not forthcoming for FY 80, we urge Congress to support the $10 million in funding for FY 81 which DOE has requested. In addition, we feel these funds should be provided with flexibility in order that those states at earlier stages of plan development can concentrate on initial planning efforts.
while those which have completed initial screening of measures can now take
preparatory actions for the implementation of those measures. The appropriation
of these funds will also give a signal to the states of the serious interest
Congress has in EECA and Congressional willingness to provide implementation
funds in a speedy manner, if EECA were to be invoked. Once the appropriation
is made, DOE should insure that the funds are made available to the states in a
timely manner.

My fourth recommendation regards technical assistance needs of the states.
As I mentioned earlier, many states desire an informal technical review of their
plans. States at an earlier stage in the planning process need further guidance
through the final regulations, examples of a "good" state plan and other sample
documents.

Information sharing programs among the states are particularly useful. The
National Governors' Association has begun such an effort which should be continued.
In addition, a more ambitious information sharing effort including peer matches
would be advisable.

Achieving an emergency conservation target is only one goal of EECA. The
broader goal is, according to the legislation, "to provide for emergency con­
servation and other measures . . . in order to cope with market disruptions and
protect interstate commerce." In order to cope with market disruptions, the
effect of individual measures on the situation compared to the impact of the
shortage without imposing measures should be analyzed. In some cases, a measure
might provide significant savings but cause more disruption or economic loss than
the shortage itself and this should be evaluated to the extent possible. Samples
of methodologies for savings and impact assessments would be useful. States which
are farther along could use assistance in looking at the methods for implementation
of individual measures. This type of planning will minimize lead times, once a shortage has occurred. The work already done by some states and DOE should be widely circulated but, as mentioned earlier, the limitations on such analysis should be recognized. Although a technical assistance program as I have described it would be beneficial, it can not take the place of state specific planning in every state.

The use of states as laboratories to carry out additional analysis is highly recommended. Many states including Florida are willing to participate in such an effort. The use of outside organizations which have not been involved in EECA to date, such as some of the national laboratories, should be discouraged. It is too difficult at this point in time to bring them up to speed on the EECA program and on state needs.

The wealth of information and work done over the past year in some states should not be ignored. The states must have a strong role in any technical assistance programs developed to insure a program responsive to state needs.

Finally, I would like to discuss a number of issues which states have repeatedly raised as concerns regarding the timing of the imposition of EECA and the manner in which state EECA efforts will be incorporated into an overall national contingency planning effort.

The states feel strongly that EECA should not be invoked unless, as the legislation requires, the President determines a severe energy supply interruption exists or is imminent or that actions to restrain domestic energy demand are required under the international energy agreement. The measures being developed for EECA are contingency measures intended to be used in a shortage situation. EECA is not the proper vehicle for non-emergency conservation efforts. Other programs have been established at the state and national levels
to deal with such long term conservation efforts. I am submitting with my testimony a recent report by the NGA entitled *Ensuring Our Energy Future: State Initiatives for the 80's*, which discusses the many conservation efforts underway in the states among other activities states are undertaking to deal with our nation's energy problems. These measures can be intensified and we hope that the current pending legislation, H.R. 7945, the Community and State Energy Planning Assistance Act of 1980, will help achieve this end.

There is one area in which we feel H.R. 7945 is in conflict with the EECA program. The bill as it is currently written does not provide for adequate coordination at the state and local level. This is especially apparent in the emergency area. Localities could develop plans or programs which are either repetitive with the EECA effort or are in direct conflict. Local efforts in the emergency areas which might be taken under H.R. 7945 should be required to be consistent with state plans and should be targeted toward EECA implementation, in which localities will play a vital role.

States are also concerned that if mandatory or voluntary targets are imposed in a period of abundant supply in anticipation of a shortage, then they should be combined with measures to reduce supply availability. The ready availability of supply can act as a deterrent to conservation. Governor Graham has described this concern to Deputy Secretary Sawhill in a letter on behalf of the NGA Subcommittee on Renewable Resources and Conservation, in late March, in which he expressed our willingness to work with DOE to further investigate supply side options to couple with demand restraint.

EECA must be viewed as one vehicle among many and must be pulled together in a total emergency strategy including the allocation system, a gasoline rationing program, and other emergency programs. For instance, if the allocation
system is not coupled with EECA, a state may have an abundant supply situation which will make emergency conservation efforts more difficult, while another state may be experiencing an extreme shortage.

The states, DOE, and Congress should be encouraged to take this broader approach to contingency planning.

Thank you for the opportunity to testify before the Subcommittee. I will be happy to address any questions you might have.

Mr. Moffett. Our next witness is Dr. Thomas Stelson from the Department of Energy. Dr. Stelson, please come forward.

As you know, it is the practice of the subcommittee to swear in all witnesses. Will you have other people with you?

STATEMENT OF THOMAS E. STELSON, ASSISTANT SECRETARY FOR CONSERVATION AND SOLAR ENERGY, U.S. DEPARTMENT OF ENERGY

Mr. Stelson. I have a few people with me.
Mr. Moffett. Will they be testifying?
Mr. Stelson. Why don’t we wait and see?
Mr. Moffett. That is fine. Please raise your right hand.
Do you swear to tell the whole truth and nothing but the truth, so help you God?
Mr. Stelson. I do.
Mr. Moffett. Thank you again, Doctor, for being with us. You have submitted a long statement to the subcommittee. Without objection, that will be considered as part of the record. I would really prefer that you paraphrase that, particularly since, in reading it, I noted that—and I say this with all due respect—a good portion of it is a discussion of various methods for achieving conservation. And we are appreciative for that information. But it is not directly to the point of the implementation of this act. So, if you could be so kind as to focus on the questions by now you know we are interested in, we would appreciate that.
Mr. Stelson. I would be glad to.
Mr. Moffett. Would you identify yourself formally for the record including your title?
Mr. Stelson. Thomas E. Stelson, Assistant Secretary for Conservation and Solar Energy, Department of Energy.
I would be glad to make a brief summary statement.
Mr. Moffett. Thank you. Your full statement will be inserted.
Mr. Stelson. Mr. Chairman, under this act we are primarily concentrating on gasoline because it is the principal petroleum-based consumer product. The act does include other energy forms but, with the limited resources, the limited time and the limited information base, we have focused on gasoline as a high priority.

The act specifies a complex sequence of action in response to an energy emergency. The President finds a severe energy supply interruption exists or is imminent, or there is a need to restrain demand to meet U.S. obligations under the International Energy Agreement. He may then establish national and State conservation targets for each affected energy source. When that happens, we go
into a process: 45 days for the States to respond with State plans; 30 days for us to review and approve the plan; 90 days to evaluate the operational effectiveness of a State plan and then, if necessary, the implementation of the Federal standby program.

As you probably know, we went in with a supplementary request in January for 29 people and $14-plus million. That request was, in large part, denied. So, we are handling this program with about 10 people who have been pulled together from the limited resources that we had in other programs. Thus, we are running it with substantially less money and substantially fewer people than was originally envisioned. Consequently, it is undoubtedly moving slower and is not as comprehensive.

I would comment briefly, based upon the previous comments, that, from our standpoint, we are practically overwhelmed by interest at the State level. Every State has individually met with us at least twice. The 7 million barrels a day annual gasoline target was a subject of tremendous interaction between State Governors, and legislators and State energy offices and DOE. There are still three States that have substantial disagreement with the target methodology and we are continuing to work with them. So, even though we have been working with the State since December of 1979 in developing and finalizing the target—setting methodology, we have not even completed that process.

We feel it is important that the States have confidence in the methodology. In a decentralized system of emergency responses such as encompassed in the target—setting and title II of the set, enthusiastic State participation is an essential requirement.

There are basically three levels of response in our total Federal energy emergency response system. Presently we are working as hard as we can to put in place energy efficiency and conservation measures, which is the first step. The EECA law is basically an emergency demand restraint program. That is sort of the next step which would be implemented in an emergency. Then, of course, there is rationing, which is another, more deterministic step.

However, we would like to have conservation so embedded and so successful that the need for emergency demand restraint measures would be eliminated and the need for rationing perhaps eliminated.

I think it is fair to say that we, as a Nation, are making incredible progress. In the last 4 weeks oil imports were down 35 percent. Some people would say it is due to price, and some would say it is due to conservation programs. Some would say it is due to economic conditions. But, clearly, it is a national achievement of substantial extent that I think we can all be proud of. As we achieve the results of basic energy conservation measures, which I will call energy efficiency, the need for emergency measures and the enthusiasm we can generate in States to divert resources into emergency measures steadily declines. So, this is one of our problems. We have limited resources, and the success of basic conservation measures is decreasing the amount of interest in emergency measures.

We have extensive conservation programs throughout the States. While I will not dwell on this, there is one thing I will comment on. Having come from a State and having been heavily involved in State energy practices, the one generalization you can always make is that every State is different. They have different data. They
have a different organization. They have different legislative mandates. Our EECA work which so heavily involves each State is a very complex task because of this diversity.

The data issue alone was complicated. We have two available gasoline data systems. They vary annually by 300,000 to 350,000 barrels of gasoline a day. The bringing together of those systems and the thorough understanding of them is a complex task.

We have given the States some flexibility in establishing their 1980 monthly gasoline targets. We want the States to have maximum flexibility in determining monthly target levels, as they requested. One complication in setting monthly targets has been because the rate at which States collect gasoline taxes and have data and information available varies from State to State.

Once we established a 7 million barrel per day goal for 1980 it would have been far more hectic when visualized from the State level to change anything than it would be when just visualized from the Federal end. We had tremendous resistance from the States to play around with the methodology or target level in the middle of the year. So, even though the target has become less binding as the year goes on, and conditions change, we have decided and I do not recommend that we change.

I agree with the gentleman from Florida that imagination in carrying our program forward to the States is proceeding. Of course, EMPA is a major consideration which would bring together many of these diverse activities. In terms of funding, of course, we were blocked and, in fact, instructed by the Congress not to fund States. The only avenue that we could find to help them was through the State energy conservation programs.

As we move toward EMPA, hopefully, we will have a better system of partnership relationship between the Federal Government and States. I think this is crucial. It is another goal that helps all of these other programs. It is a goal that we are working on very diligently.

Those are some general comments. I would be glad to try and answer questions.

Mr. Moffett. Thank you very much. I would like to go over some questions to establish a background for the record.

On February 7, 1980, the Department of Energy published in the Federal Register the proposed Federal emergency energy conservation plan. Is that right?

Mr. Stelson. Yes.

Mr. Moffett. That proposed plan dealt only with measures designed to conserve gasoline and not other fuels such as heating oil and diesel. So, at this time the DOE has no emergency plans to conserve fuels other than gasoline. Is that right?

Mr. Stelson. In this program, we are focusing on gasoline first. However, the standby Federal plan does include, instructions on temperatures in nonresidential building—a measure aimed at a variety of nonmotor fuels and electricity.

Mr. Moffett. You testified that the House Appropriations Committee limitation on funding has hurt the program. We have all seen how aggressively the administration can lobby for other bills. Considering the importance of this program, how hard did DOE lobby for it? Are you in a position to know whether letters were
sent, whether phone calls were made, whether Representative Yates and others were given the impression that the Department considered this priority?

Mr. Stelson. I do not really know. I am not involved in that process particularly, but I am involved internally in the process in DOE. I would say that Secretary Duncan has stated repeatedly his enthusiasm for proceeding with conservation measures as his top priority.

Mr. Moffett. How about this particular one?

Mr. Stelson. It was included in the——

Mr. Moffett. Has he specifically said that he is enthusiastic about this particular one?

Mr. Stelson. Yes.

Mr. Moffett. Do you have any evidence that he or any other department officials made it known to the Appropriations Committee that this was an important program, that they did not want cut?

Mr. Stelson. Yes; I am aware that they said that.

Mr. Moffett. You are aware?

Mr. Stelson. Yes.

Mr. Moffett. I was told by a member of the Appropriations Committee that a high-level Department of Energy official said these conservation grants for the States got little bang for the buck, in his words, and therefore was not a top priority. Does that sound off base to you?

Mr. Stelson. That sounds directly contrary to the conclusions of meetings I have been in. We repeatedly reached the conclusion that these restraint programs get the maximum bang for the buck.

Mr. Moffett. I agree with you. I am on your side. I am just not sure we saw evidence up here—I am not trying to make excuses for the Appropriations Committee. I think they should have put the money in. But——

Mr. Stelson. In terms of the total DOE budget these are relatively small items. They probably are not way at the top in terms of concerns. But I think they have systematically been supported. I have systematically supported them and received good response.

Mr. Moffett. I do not question that you have supported them. The question is whether or not at the end of the pipeline, where the DOE policy comes out and is represented up here, I think there is a little confusion about whether or not there was support.

According to DOE documents your predecessor, who was Dr. Savitz—is that right?

Mr. Stelson. Yes; she was the acting assistant secretary.

Mr. Moffett. She requested a reprogramming of funds for EECA in November of 1979 since a supplemental appropriation request usually takes 6 months for congressional action, and she felt work must begin on EECA immediately. That was November of 1979.

Mr. Stelson. Correct.

Mr. Moffett. Now we go to July 23, 1980, in a memo from Hank Bartholomew, the EECA program manager. Without objection, that memo will be introduced in the record.

[The material follows:]
MEMORANDUM TO: Mel Chiogioj
FROM: Hank Bartholomew
SUBJECT: Status of EBTR and EECA Funding

EMERGENCY BUILDING TEMPERATURE RESTRICTIONS PROGRAM

A. Emergency Authorization

On July 8, 1980, Emergency Programs (EP) completed a request for an emergency allotment to authorize $1.4 million dollars in FY 1980 headquarters unobligated funds to support State and Regional inspection activities. This request was later reduced, at the request of the CS budget and the Controller's offices, to $1,350 million to provide a "cushion" in the event that program costs previously incurred may not have been reflected in the financial tracking system, and forwarded to Russ Coller on July 10.

Due to the urgency of the matter, EP and CS budget staff jointly prepared the request for Controller's approval and action.

On July 10, EP initiated a survey, through IR, to determine the status of EBTR funds available in the Regions. (See Attachment). The survey results were received on July 17.

On July 16, my office was informed by Controller's office that an informal poll of Regional financial officers had been conducted and concluded that the emergency request was inappropriate since the Regions had substantial sums of unobligated EBTR funds.

Follow-up phone calls on July 17 to Regions II, V, and X indicated that Regional EBTR staff is completing actions for obligating their balances and that the tracking system does not reflect these obligations. In other words, Regional funds are substantially depleted.

Region VIII may reflect an accounting error since our accounts indicate those funds were obligated in FY 1979 and for some reason appear in the FY 1980 status report as unobligated.

Given these factors, EP questions the decision of Controller to withhold an emergency allotment. The alternative, of course, is to provide Regional authorization in the financial plan which will provide spending authority by August 7.
It is my considered opinion that an additional delay of 16 days, in view of the delays already experienced and the extremely limited funds now in the Regions, will be highly detrimental.

Hawaii is a case in point; two inspectors are without funding and have been for two weeks. Furthermore, each of the Regions has repeatedly and continually requested financial assistance in order to "keep the States from leaving the program," yet the Department is apparently unable to support the Presidential mandate with respect to EBTR.

Currently, we are unable to undertake inspections in 26 States and can perform only severely curtailed inspections in the 24 States currently participating in the program. What support we are receiving from the States is more a matter of their strong program commitment, good faith and their close relationship to the Regional EBTR program directors than support from DOE headquarters.

B. Reprogramming

EP, on July 10, 1980, after several abortive attempts to obtain reprogramming funds for EBTR (an earlier request to provide reprogramming support from the Weatherization program was withdrawn), submitted a request for $5.0 million in reprogrammed funds from Industrial programs.

As of July 22, this request had not yet escaped CS.

On the advice of CS budget and the Controller's office, EP prepared the reprogramming request as a pre-authorization, requesting concurrence of the Congressional committees prior to transferring authorization to the Regions.

Such request needs the approval of the Chief Financial Officer and General Counsel, approval of OMB and the approval of the appropriate Congressional Committee Chairmen.

General Counsel has suggested that in the alternative, DOE could simply transfer the funds and notify the appropriate committees of the action, allowing 30 days (or less) for disapproval. If no objection is voiced during that period, approval will have been obtained.

General Counsel also indicates that DOE could simply "inform" the Hill that the transfer has taking place. This would avoid any delay in reprogramming but might cause the Department problems later.

In each case, approval of Controller or the CFO is necessary. I continue to urge that immediate action be taken to accomplish the reprogramming.

While the $1.350 million will provide "bridge" support for the program, EP will be unable to implement the EBTR program in the absence of the support requested in the reprogramming request.
Again, I find it inexcusable that this request continues to languish in a variety of Department offices, suggesting either a lack of concern for the program or a disregard for the Presidential mandate.

I find this even more difficult to accept in light of the savings already accomplished, the potential to increase those savings and the positive response Congress has expressed for the program.

I also suggest that if the Department is unable to meet the compressed deadlines for this program, it is inadequate to respond to a real emergency.

**EMERGENCY ENERGY CONSERVATION ACT PLANNING**

Numerous requests to reprogram funds to support EECA planning efforts have been forwarded only to be returned to my office without action. While Congress has appropriated $1.5 in FY 1980 supplemental funds, these are inadequate for the responsibility.

We have been assured time and again that $5.7 million in reprogramming is being sought, but to date no action has occurred to even identify a source of funds. I have now been advised that further action to seek EECA reprogramming was terminated by word from Flint Nelson; acting without consultation with the program office.

I urge that this decision be reversed and that $2.7 million (rather than the original $5.7 million request) for State grants only be identified promptly and that action be taken to reprogram funds immediately to support this important program.

Unless the Department displays a willingness to support this program by committing funds, EP cannot assure that it will meet the requirements of the Act. Continued delay only suggests a lack of interest and determination to ready this Nation for an energy crisis.

Attachment
Mr. Moffett. This Bartholomew memo states:

Numerous requests to reprogram funds to support EECA planning efforts have been forwarded only to be returned to my office without action.

We have been assured time and again that $5.7 million in reprogramming is being sought, but to date no action has occurred to even identify a source of funds.

Since specifically the EECA legislation authorizes the reprogramming of funds if necessary, why has it not been done?

Mr. Stelson. Well, let me go through that. In general, a reprogramming request without identification of what funds would be reprogrammed generally does not get anywhere because it is sort of an open-ended request—

Mr. Moffett. What did he have here?

Mr. Stelson. We systematically proceeded with reprogramming request by identifying funds. This has been one of my responsibilities. Now, unfortunately, there are legal constraints as to what reprogramming can be done because of different committee structures and appropriations requirements.

We did proceed systematically with an attempt to reprogram funds, for example, from the weatherization program, which was the largest pool of unexpended funds at that time. But, as that was proceeding, the Senate passed a rescission of $100 million out of that program and cut the ground right out of the reprogramming operation. In salvaging the funds for weatherization, it did not look wise to then reprogram it.

Mr. Moffett. But why in the world did not DOE come up here and say to members who have been supportive of your program: Look, we’re in trouble on this; we need some help; we need some internal lobbying? It never happens. We have to go to you and say what’s going on, why isn’t DOE fighting for this program.

Mr. Stelson. I think you must admit that the signals we have gotten from Congress are not particularly good when we are specifically prohibited from funding States in the modest funds we did receive and the supplemental.

Mr. Moffett. What signals are you talking about?

Mr. Stelson. The kind of signal like an instruction from Congress not to give any funds to the States to help with the EECA planning.

Mr. Moffett. You are talking about a June 1980 decision?

Mr. Stelson. Yes.

Mr. Moffett. I am talking about all the months leading up to that and who was watching out for this in the sense of trying to organize some support within the Congress, which does exist, as you may or may not know, to make sure that there were funds available.

There is no question that the failure, whoever’s failure it is, combined failure on the part of, let’s say, all of us to make funds available has caused major problems with implementing this legislation; right?

Mr. Stelson. I agree with you completely. I share your concerns.

Mr. Moffett. I think our other two witnesses said that.

In another memo from Mr. Bartholomew dated May 29, 1980, entitled “Impending Budget Crisis in Emergency Programs,” Mr. Bartholomew states:
The budget situation must be resolved quickly. Failure to do so will likely bring great embarrassment, if not disgrace, to this agency and the administration. I would prefer not to be a party to such a situation where a program which is potentially one of the most effective tools for responding to a future severe oil supply interruption is eviscerated due to either a lack of commitment on the part of the agency or disinterest.

That is the end of the quote.

It sounds like a pretty concerned official to me who sees this program in jeopardy.

Mr. Stelson. I agree. He was concerned; I was concerned; DOE was concerned.

Mr. Moffett. This is a memo from Mr. Bartholomew to Mr. Chiogioji that we are inserting.

[The material follows:]
MEMORANDUM

FOR: MEL CHIOGIOJI
FROM: HANK BARTHOLOMEW
SUBJECT: IMPENDING BUDGET CRISIS IN EMERGENCY PROGRAMS

While I know that you are generally aware of the budgetary constraints facing both major emergency conservation programs (EBTR and EECA), I wanted to take this opportunity to focus on the most significant problems and alert you that we may be facing a crisis.

Emergency Building Temperature Restrictions

Approximately 6 weeks have passed since the President extended the EBTR program for another 9 months. To date, I don't believe the supplemental budget request for $9.2 million has yet been sent to OMB. Considering the current political climate and the abbreviated legislative year due to the conventions this summer, it seems highly unlikely that we will be given any new money for this program.

I have previously indicated that we could operate a reasonably successful program with a budget of $7.0 million, i.e., the so-called "reprogramming" budget that was discussed with Maxine Savitz immediately after EBTR was extended in April.

At the moment, I am unable to finance any substantive work in support of the program. This means that, absent additional funds, we will be unable to fund State grants, provide budget to the Regions for regional/state support contracts, print and distribute new information pamphlets and forms, mount any kind of a reasonable inspection/site visit effort, or evaluate the program. While there is a degree of flexibility available to us with respect to the quality and quantity of products and services we provide in support of the program, we are not even yet at the threshold of a viable program.

Emergency Energy Conservation Program

The situation with the EECA program is almost identical to that which we face in EBTR — there is no money available to do anything beyond what we are presently engaged in doing, i.e., publishing a standby Federal plan. The supplemental budget request languishes on the Hill, while the program office is pressured continuously to bring order to the program. The acknowledged key to early success is whether we can get the States substantially involved in developing State plans. To this end, an ad hoc task force has prepared a draft strategy and management plan, which was provided to you on May 28.

That plan urges that money be made available immediately for State grants ($50K per State), as well as for Headquarters and Regional contracts. If such funding is not, or cannot be made available in the immediate future, it is the considered view of the task force members that further efforts to enlist State participation be abandoned until either sufficient funding is provided or until such time as the President establishes mandatory targets in response to a genuine energy emergency.
Neither alternative can be considered satisfactory either in the context of the intent of Congress or in the light of Dr. Sawhill’s recent remarks about the likelihood of a serious oil supply interruption in the near future.

Summary

The budget situation must be resolved quickly. Failure to do so will make the task of managing these programs virtually impossible and will likely bring great embarrassment, if not disgrace, to the Agency and the Administration. I would prefer not to be a party to such a situation where two programs (one a proven success and the other potentially one of the most effective tools for responding to a future severe oil supply interruption) are eviscerated due to either a lack of commitment on the part of the Agency, or disinterest.

Mr. Moffett. Mr. Chiogioji is Deputy Assistant Secretary?
Mr. Stelson. Yes, he is.
Mr. Moffett. Right.
How about the Secretary? Was he ever made aware of these budget problems to your knowledge?
Mr. Stelson. Yes, he was.
Mr. Moffett. Do you know if he was aware of the obvious concern of people like Mr. Bartholomew as reflected in this impending budget crisis in emergency programs memo? Just for a department official to write impending budget crisis in emergency programs on a memo, to me, is rather extraordinary; don’t you think?
Mr. Stelson. Yes; I agree with you. We were moving ahead to work in partnership with the States. That partnership, in essence, fell apart because of lack of funds to effectively move it forward.
Mr. Moffett. I am trying to determine whether the DOE really has its heart in this thing or not. You know, you might and Bartholomew might, but—
Mr. Stelson. Let me say this——
Mr. Moffett [continuing]. What was the response to this kind of thing? There is no evidence that I know of that Mr. Yates was really leaned on in a persuasive, constructive kind of way from the higher-ups at the Department, from Secretary Duncan or from Deputy Secretary Sawhill.
Mr. Stelson. I know that in testimony before him it was enthusiastically supported by representatives of DOE.
Mr. Moffett. Come on now; how long have you been in town?
Mr. Stelson. I have been here since January of the year.
Mr. Moffett. OK; that is long enough to know that there is testimony—the gentleman from Minnesota knows this—and then there is deliberations and decisionmaking it is really in the trenches when—Secretary Duncan should get on the phone to Chairman Yates and say: “This is important to us and we really think it’s a good program for these reasons.” That is a little different than just going testimony. OK?
I think it is just possible that some people higher up at DOE lost interest in this program once the Iranian crisis began to fade in the public’s mind. Also, we have an election coming up where you don’t have to be a David Broder to be able to chart where the respective candidates come down on conservation.
The incumbent—I say this without any partisan intent—but, if you examine their positions, it is clear that the incumbent, who I do not think has exactly an exemplary record in pushing for con-
ervation, but compared to what the other major party candidate is saying, it is clear that, in terms of this type of conservation, has more interest in it. I do not think that Mr. Stangeland or any of the others on the other side of the aisle would disagree with that. Mr. Reagan's statements have been that there is plenty of fuel around, and so forth.

So, politically you see a situation in the next couple of months where there is not going to be a great appetite to push this kind of program. Do you think you will have more support for this program after the election?

Mr. Stelson. I think your point is a good one in that, as the appearance of an emergency recedes a little bit, it gets more and more difficult to generate support for emergency measures.

Mr. Moffett. OK.

I yield to the gentleman for questions at this time.

Mr. Stangeland. Thank you for yielding.

If I do not get all these question in, I would request that the staff might submit them.

Mr. Moffett. Of course.

Mr. Stangeland. I sometimes wonder if the DOE's emphasis—and they have been rebuffed—is directed more toward, say, gasoline rationing as a conservation measure than these voluntary measures that we are looking at. Perhaps because of that, they have not been as rapid to push conservation on a voluntary basis.

I understand that Nebraska is the only State, Dr. Stelson, which has submitted a plan to DOE for approval. Can you give me the status of the DOE's review of that plan?

Mr. Stelson. Yes, that is correct. They have submitted a plan. We are working intensively with them on that plan. We think it is a very constructive move on their part. We are devoting time and attention which will lead to helping them develop that plan to both their satisfaction and ours, it is an ongoing working partnership.

Incidentally, the 30 days stipulated in the act for DOE's review of State plans does not apply to this situation. We are more interested——

Mr. Stangeland. Why doesn't the 30 days apply?

Mr. Stelson. It only applies to a situation where the President has declared an energy, the declaration of an emergency, when States would be required to submit a plan within 45 days. We are not in that process. This is a voluntary period and process we are in currently.

Mr. Stangeland. When do you expect to complete approval of that Nebraska plan?

Mr. Stelson. Much depends upon the State of Nebraska. We certainly do not want to penalize them for their initiative and forward-looking position. We hope to work with them carefully and do a very good job rather than turn their plan around in a big hurry. They also, I think, support that.

Mr. Stangeland. Why would approval of their plan penalize them?

Mr. Stelson. Well——

Mr. Stangeland. We heard testimony today that you are not going to get many State plans, if any, until the States see how the DOE responds to what Nebraska has done.
Mr. Stelson. That is right. Many of them look upon this as a Federal Government level to beat upon States in an unfair way. We want to make sure that there is a full level of understanding. We are working on this plan with Nebraska in a partnership way.

Mr. Stangeland. When do you expect we will see approval of that plan?

Mr. Stelson. I expect approval of their plan will be relatively soon. We are steadily working with them. It is not just sitting on a shelf.

The reason I would not make a prediction as to when it will be is because I want the State of Nebraska to be fully satisfied with the approved plan also.

Mr. Stangeland. Are they satisfied with the progress that they have gotten so far?

Mr. Stelson. I think so.

Mr. Stangeland. Why do you think more States have not submitted emergency plans for review?

Mr. Stelson. I think there are two reasons. One is that in the law is a relatively indefinite thing as to when States should submit plans when there is not an emergency, and an emergency has not been declared. The other reason is that many States are very strapped for funds and for organizational systems to do an adequate job on this plan. With the lack of the funding which they anticipated and which we anticipated their having, their planning procedures are disrupted and delayed. So they have been slowed down because of this.

Mr. Stangeland. Mr. Chairman, I want to catch that vote. I request that the staff be allowed to submit questions.

Mr. Moffett. If you can stay with us a bit longer, and we do appreciate your patience, we will run over and catch this vote. I will come back and complete questioning. Minority professional staff members may have a couple of questions as well.

The subcommittee will stand in recess. I think there probably will be two votes, so it will taken about 15 minutes. [Recess taken.]

Mr. Moffett. The subcommittee will come to order.

Thank you for your patience.

Would you agree that it is crucial to the success of this program that States prepare and submit their energy plans prior to an actual crisis or supply interruption?

Mr. Stelson. It would be very helpful. I think we should do everything we can to encourage that.

Mr. Moffett. You heard the testimony of our witnesses earlier, I am sure. They seem to think that they need guidance from DOE as to the criteria for approval or rejection of their plan and that the only guidance that you have given thus far is contained in the proposed Federal conservation plan. Is that not correct?

Mr. Stelson. That is the formal guidance we have given them. But I would say that a week does not go by, in fact maybe not even a day, that we are not in touch with States who are working on their plans and we are working with them. So, it is a dynamic, ongoing process. It is not something that is not happening at all.

Mr. Moffett. But you heard Mr. Nelson's testimony. It did not sound like he or his association were pleased with the caliber of
technical assistance that they are getting from the DOE. In fact, on July 22, 1980, as you may know, a report was issued by the EECA headquarters regional task force. Without objection, that will be introduced into the record.
[The material follows:]
MEMORANDUM

TO: ALL REGIONAL REPRESENTATIVES
THRU: NORMAN KREISMAN /
OFFICE OF INTERGOVERNMENTAL AFFAIRS
FROM: HANK BARTHOLOMEW /
OFFICE OF EMERGENCY CONSERVATION PROGRAMS

SUBJECT: REVISED PLAN FOR ALLOCATION OF FY 1980 SUPPLEMENTAL BUDGET IN SUPPORT OF THE EECA PROGRAM

Enclosed is a draft discussion of the issues and recommended approach to allocating the $1.5 million supplemental appropriation recently given by the Congress. It should be noted that I do not consider this to be a radical departure from the earlier strategy and plan developed by the Headquarters-Regional EECA Task Force except insofar as the Congress has effectively restrained DOE from using any portion of the $1.5 million for direct, general State planning grants.

The concept of a two-phase program remains; only now the first grant awards cannot be made until FY 1981. In the meantime, I propose to accelerate the development and dissemination of "technical assistance" products and services to the States and local government, in keeping with the clear intent of Congress as expressed in the supplemental appropriation bill.

I would appreciate your studied comments with respect to the program described in the enclosed document. In particular, I would like to hear of any reasonable alternatives to the approach I am proposing, bearing in mind that this program has obligations that go beyond just providing grant funds to the States. I also would like to know if the proposal to allocate $25,000 per Region is reasonable, or not, in view of your limitations in effectively obligating such funds before the end of the current fiscal year.

As usual, I will look to the lead Region (Region I) to compile and report on the views of the Regions. I would hope to hear your response not later than close of business, Monday, July 28, or sooner, if possible.

cc: M. Chiogioji

Enclosure
A Headquarters-Regional Task Force earlier this year developed a proposed Strategy and management plan for facilitating the development of State emergency conservation plans, as required by EECA. The essential elements of that plan included:

1. Provision of modest grants ($50,000 per State) to support the preparation of an EECA State management plan;
2. Development and dissemination of technical assistance documents, products and services to the States, with primary delivery through the Regional Offices;
3. Enhancement of Regional Office capability through technical training and the provision of discretionary financial resources; and
4. Initiation of efforts to expand the scope of the standby Federal plan to include fuels and energy sources other than motor gasoline.

The plan noted that DOE does not have the authority or leverage to compel States to submit State plans prior to the formal establishment of emergency conservation targets by the President, as provided for in EECA Section 211. Although the statute "encourages" the States to submit such plans as early as possible, and in advance of any future emergencies, Congress did not appropriate any new funds for this purpose. Instead, EECA (in Title III) provides authority to obtain appropriations or to reprogram from funds made available under EPCA.

In response to the need for additional financial support and the admonition in Title III to seek such funds, if needed, DOE submitted a request for supplemental appropriations (for FY 1980) in January, 1980. That request sought $14.1 million, including $10 million for State grants. The balance of the request ($4.1 million) was to cover both Headquarters and Regional support activities. Subsequently, the House Appropriations Subcommittee recommended reducing the request to $2.0 million, with no funds for State grants.

The task force recommended, thereafter, that internal DOE funds be reprogrammed, in the amount of $5.7 million, with the following distribution:

1. State grants $2.7 million
2. Regional support contracts 1.0 "
3. Headquarters support contracts 2.0 "

To date, the Department has been unable to identify any such funds for the recommended reprogramming.
in July, the Congress passed the FY 1980 Supplemental Appropriation, provided $1.5 million for the EECA program. However, the Report of the House Appropriations Committee (Report No. 96-1086) contained severe and precise limitations with respect to the disposition of the appropriated funds. On page 111 of the Report, the Committee stated the following:

"The Committee recommends $2,000,000 (subsequently reduced to $1,500,000 by the Conference Committee) out of the $14,072,000 request for emergency energy conservation. The portion of the request for additional state grants of $10,000,000 is not recommended. A substantial level of funding has been provided to state energy conservation planning for several years, and $47 million is already available in fiscal year 1980. Since the nature of essential state programs has changed over the years, increased requirements for energy emergencies can be offset by decreased requirements in other areas, such as mandatory conservation measures. The $2,000,000 (now $1,500,000) in contract funds should be used to the greatest extent possible to provide information and assistance to States in view of their increased needs."

Shortly after passage of the FY 1980 Supplemental Appropriations bill, the Office of Emergency Conservation Programs requested an interpretation of the language of the House Committee Report from the DOE Office of General Counsel. In essence, General Counsel states that while a "recommendation" of the Congress does not necessarily bar the application of these appropriated funds, from a strict legal standpoint, prudence would suggest that DOE be responsive to the recommendation. In this view, the program office concurs, without reservation.

The effect of the Congressional constraint on the use of the FY 1980 supplemental appropriation and the failure of DOE to identify and re-program the recommended $5.7 million (or any amount) is to preclude any opportunity to provide planning grants to the States in FY 1980. This, in turn, raises two issues:

1. How should the $1.5 million supplemental appropriation be allocated in order to meet both the programs objectives and the urgings of Congress—which are not necessarily incompat-ible; and

2. How should DOE deal with the States in the interim between now and whenever FY 1981 funds become available—assuming that the FY 1981 appropriation includes funds for State planning grants.

The purpose of this document is to recommend approaches to resolving both of these issues, and still retain, to the maximum extent feasible, the basic elements of the strategy and management plan previously devised by the task force.

**ALLOCATION OF FY 1980 SUPPLEMENTAL APPROPRIATION FUNDS**

After eliminating State grants, both because of the Congressional constraint and the absence of alternative funding sources, we are left with three major elements in the EECA program:
1. Development and dissemination of technical assistance documents, products and services to the States;

2. Enhancement of Regional Office capability; and

3. Initiation of efforts to expand the scope of the standby Federal plan to fuels and energy sources other than motor gasoline.

The issue is how to distribute the $1.5 million across these three elements. Obviously, there is an infinite series of possible arrangements, including ones in which one or another of the elements would not be funded during FY 1980. However, the approach presented here proceeds from the presumption that all three elements are essential and interrelated, and thus, will be funded. The only question is in what comparative proportions?

What is proposed here, and discussed in more detail below, is the following allocation:

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State planning documents, products &amp; services</td>
<td>$600,000</td>
</tr>
<tr>
<td>Enhanced Regional support</td>
<td>250,000</td>
</tr>
<tr>
<td>Program expansion and other activities</td>
<td>650,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,500,000</strong></td>
</tr>
</tbody>
</table>

State Planning Documents, Products and Services

The task force has determined that certain "technical assistance" must be provided (or be made available) to the States if the EECA program is to be reasonable effective. A major deficiency is the absence of a definitive set of guidelines for the States to follow in preparing their emergency conservation plans. Further, it is acknowledged by the task force that DOE does not now have clearly articulated criteria for accepting or rejecting a proposed State plan, or a measure within such a plan.

While DOE has published general requirements for State plans in Subpart B of the rulemaking pertinent to the standby Federal plan, it is clear that they are too broad and therefore insufficient for the States' needs and inadequate for DOE's use.

A second need, to be met at the earliest opportunity, is a set of guidelines, data and methodologies for the states to employ in assessing the potential energy effects of proposed emergency conservation or demand restraint measures. For the measures included in the current issue of the standby Federal plan, and for a limited number of other transportation-related measures, MIT has developed assessment methodologies. However, these methodologies are aimed more at estimating the nationwide or average effects of measures and do not provide sufficient more than cursory guidance for States to perform similar analyses at the State or local level. (In some instances, the transition from a national-level assessment to a State-level assessment is, or may be relatively easy—but, this is not universally true, by any means.)
A third need is for a set of model guidelines for implementation and administration of measures and plans, at the State and local levels. This is an area where, to date, DOE has been able to do little work of any substance—DOE's efforts have been aimed primarily at the development of measures and their assessment, with respect to energy, economic and to a lesser degree, social impact. The manner of implementing such measures has generally been addressed only in a relatively broad manner, with less attention to the specific relationships, for example, between State authorities and local government agencies and officials, or to a definitive analysis and discussion of the specific steps that would be required in order to implement a given measure of an integrated emergency plan.

There are other studies, analyses, references materials, etc., i.e., technical assistance products, that are or will be needed by both the States and DOE before the planning process can be completed in full satisfaction of the requirements of EECA; legal analyses, alternatives for delivering essential public and private services during an emergency, and assessments of regional and interstate effects, to name just a few.

Given that such products must be developed and produced, as well as distributed and used, the next questions that arise are: How? When? By whom?

We believe there are four essential factors to be considered, with respect to these "technical assistance products:"

a) Need for the product. (A product that is not needed, should not be developed or produced.)

b) Quality of the product. (Considering the importance of this program, there is no room for products having less than the highest quality—with respect to accuracy, form, "useability," etc.)

c) Timeliness of the product. (Congressional urgings and the realities of global circumstances dictate the expedited development of contingency plans.)

d) Credibility of the product. (If the end-user, in this case States and local governments, cannot accept the validity of these products, it is unlikely that the products will be used to serve their intended purpose, i.e., to aid States and local governments to develop and implement contingency plans.)

Based upon current and projected limitations on DOE staff (both with respect to numbers and specific disciplines), it is apparent that DOE cannot, within any reasonable period of time, develop and produce these products "in-house." We must turn to outside help.
The conventional approach, under such circumstances, would be for DOE to obtain the services of a consultant or support services contract that possesses the requisite talent, experience, and capacity to perform, at a fair and reasonable cost. Without doubt, there are such contractors in the market who could identify and verify the need for these products; could develop such products of high quality; and could do so within a reasonably short time. However, there is considerable, unresolved doubt as to whether their products would have or could gain the acceptance of the end-users. Historically, there is an aversion to accept at face value a product, similar to these, if it has been produced in a “vacuum” or without close consultation with these particular end-users. To avoid such a result, close coordination and consultation with States and local governments would be essential during all phases of the development of any products. This could be done through the offices of key public interest groups, such as the National Governors’ Association, the U.S. Conference of Mayors, etc. However, experience has demonstrated that the logistics of coordination and consultation with such groups, especially on matters of relative complexity, such as gasoline targets methodologies, is likely to be a long and laborious process. Thus, the crucial element of “timeliness” would be sacrificed.

Another approach would be to turn to States and local governments, themselves, rather than to a conventional contractor, to design and develop the needed products. In so doing, however, a different set of problems are encountered. First, there are but a few states, and probably even fewer local governments, that have the resources and wherewithal (even if given Federal funds) to undertake these special projects on their own. Second, even if certain capable State and local agencies were given these tasks (operating under contract), it is reasonable to expect that the “products” would largely reflect the specific experiences and biases possessed by them. Thus, the applicability—and therefore the credibility and acceptance—of the end-product could or would be diminished; possibly even substantially so.

A variation on this approach (of turning directly to the States and local government) would be to “contract” with any and all States that wished to participate, and with as many local governments as the budget would allow. The problem here is twofold: First, a general, indiscriminate distribution of funds to any State wishing to undertake a project could be viewed reasonably as a circumvention of the Congressional admonition against State “grants,” regardless of the particular legal instruments that might be used. Second, such an approach would be extremely inefficient and ineffective, in consideration of the relatively small amount of money that is available and the degree to which it would be disbursed when spread over as many as 57, jurisdictions, or more, if we consider including units of local government.

Yet another approach, and the approach recommended by the program office, is a hybrid, wherein, selected States and local agencies are brought into a consortium (of sorts), operating under contract and under the direction of a DOE contractor. The contractor (in this case, probably
the Oak Ridge National Laboratory, Energy Division, Regional and Urban studies Section) would, under the direction of DOE, identify, develop, and produce the various "products," using the State and local consortium members as subcontractors to undertake and perform specific tasks. Project teams, comprising representative States, and where appropriate, local governments, as well, under the direction of and with the technical support of the Oak Ridge National Laboratory (ORNL), develop the various needed products—first in draft form, then as the products are subjected to DOE and peer review, in more final form.

Prior to initiating a given project, DOE and ORNL would agree to a set of "product" specifications, to insure consistency, quality and minimum overlap between projects. These product specifications would be incorporated expressly into the contract work statements for the States and local governments selected for the program.

Further, an informal review and advisory group would be assembled by DOE and ORNL to assist in overall program integration and to assist the program office in defining program policy and direction. This group would consist of the State and local contractors, representatives from key public interest groups (such as the National Governors' Association, the U.S. Conference of Mayors, etc.), key EECA program contractors (e.g., Massachusetts Institute of Technology, Argonne National Laboratory) as possibly selected States and local governments that are not themselves directly participating in the consortium as project contractors. In this way, there should be ample opportunity for products, at all stages, to be reviewed by a representative group that has an interest in the EECA program, and thereby insure to a considerable degree in quality and consistency of studies, reports and similar products.

As "draft" products are developed (e.g., a model State plan or a model State-level analytical methodology), they would first be reviewed by the DOE task force and the advisory group. Then, and as appropriate, the drafts could either be circulated to all States (and to cities and counties, through appropriate channels), or made the subject of a series of educational workshops, or both. In either approach, the objectives would be to both disseminate the information contained in the product and to obtain substantive feedback on the contents and quality of the product from the ultimate end-users. Again, this process will serve to insure not only the quality of the products, but their credibility, as well.

The program office would like to see early draft products on key matters, especially model State plans and State-level analytical methodologies, produced and out for review and feedback sometime during the Fall of 1980. Such a timeframe will be consistent with the budget cycle for the allocation of FY 1981 State planning grants. More will be said of the strategy for financial assistance in the "Program Management and Administration" section, below.
The project teams, as noted above, will typically consist of more than one State, and in some instances, will also include local governments. Further, it is considered advisable that the "make-up" of the project team be representative of a variety of interests, i.e., different regions of the country, large and small States, large and small local governments, urban and rural communities, etc. While it will be literally impossible to fully accomplish such an objective, every effort should be made to optimize these relationships.

Candidate Projects and Products

For initial program planning purposes, we have identified a series of candidate projects that would be undertaken by the ORNL consortium. These are not necessarily to be considered final nor all inclusive; indeed early efforts on this program are likely to identify other needs, as time goes on. The initial list of projects/products includes the following:

a) Comprehensive Outline of Model State Plan. This document would identify all necessary elements and considerations to be incorporated into a State plan. To the extent feasible, it also would articulate specific parameters (with "model" language) such as exemptions, appeals processes, State and local agency responsibilities, budget formats, strategies for phasing in (or out) certain classes of measures (e.g., voluntary vs. mandatory, level of "stringency") as a function of either the projected or actual shortfall, or the apparent relative success of the State plan in meeting the mandated targets, etc.

b) Model Energy Impact Assessment Methodologies. This product would present one, or more, methodologies for estimating, at the State level, the likely effects of selected emergency conservation or demand restraint measures, or general classes of such measures. Development of this product (which is viewed as a continuing process as more measures and improved data become available) would begin with motor gasoline measures that are included in the standby Federal plan and/or measures that have been subjected to analysis by the CS Office of Transportation Programs and its contractor, MIT. The MIT analyses, in general, have been aimed at estimating nationwide or average effects, in support of the standby Federal plan, and, to date, little attention has been given to developing State-specific methods and procedures. The consortium project would adopt the MIT-developed techniques to the State level.

c) Model Guidelines for Implementing and Administering a State EECA Plan. This project would develop a series of applicable approaches to administering an EECA State plan. It would include a checklist of steps, such as delegations and reporting mechanisms that a State could follow in developing the implementation part of its EECA plan. The end product would integrate the experiences of States and local governments in prior energy emergencies, as well as the findings of Studies and assessments that the project team would undertake.
d) Model Local Government Emergency Conservation Plan. This product would be similar to the "model State plan," except it would be drawn from the perspective of local governments, such as cities and counties, as well as quasi-governmental agencies, such as municipal planning organizations, and metropolitan councils of government. DOE and ORNL would closely coordinate this "local" project with the "State" project to insure both consistency and the proper airing and resolution of State-local issues.

e) Requirements for Emergency Energy Information and Data. This project would be aimed at identifying the needs of State and local government with respect to data and information needs prior to and during an energy emergency. A major component of this project would be the close integration with any existing information and data systems, such as those administered by the DOE Energy Information Administration (EIA) and the Economic Regulatory Administration (ERA). The "data" elements are expected to include fuel-specific supply and demand/consumption, at the national, regional, state and local levels. The "information" components, at minimum, would include resource documents, bibliographies, model and actual State and local plans, etc. The findings of this project would be used to design an appropriate EECA information system that would include not only identification of the "resources," but of the "delivery systems," as well.

f) Legal Analysis Project. It is well known that many emergency measures are constrained, to one degree or another, by legal requirements or prohibitions—at the Federal, State and/or local level. An analysis of these constraints is essential in order to develop appropriate legislative or executive remedies that could be employed during an energy emergency. Even where such impediments do not exist, it will be useful to have developed a set of model instruments, such as Executive Orders, that would be available to States and local governments prior to the onset of an emergency and which would allow expeditious implementation of emergency plans. This project would undertake such studies, analyses, and drafting.

g) Model Methodologies for Projecting Social, Economic and Tax Revenue Impacts at the State and Local Levels. Social and economic impacts are addressed, to a limited degree, in the DOE regulatory and economic analyses of the standby Federal plan; but not sufficiently to substantially aid State and local planners. Further, since taxes, per se, are prohibited as Federal measures (pursuant to EECA and EFCA emergency conservation programs), no explicit analysis has been done with respect to the effects of taxes and surcharges on fuels and energy in support of the standby Federal plan. However, Governors are not prevented from instituting emergency tax measures in their EECA State plans. Therefore, this project would undertake
studies and analyses aimed at developing assessment methodologies in relation to State and local taxes, as well as expanding upon work previously done with respect to assessing social and economic effects of a variety of emergency conservation and demand restraint measures.

h) Analysis of the Impact on Essential Public Services During an Energy Emergency. EECRA requires, in the course of establishing State-level baseline consumption for the purpose of setting emergency conservation targets, that appropriate adjustments be made to the baseline consumption to properly reflect the priority uses of fuel as set forth in the Emergency Petroleum Allocations Act. Most public services provided by State and local government logically and legally fall into one or more of the "priority" classifications. Yet, to date, only a cursory analysis has been done—on the most obvious services—to insure that all such services are given proper recognition not only in the development of target-setting methodologies, but in the formulation of emergency measures, as well. This project will undertake such studies to identify and characterize the whole range of State and local government services. The findings of this project, in turn, will be used to reassess, and if necessary, modify currently planned emergency measures, and to aid in the development of additional measures as appropriate. The findings also, to the extent the results can be quantified, will be useful in designing or modifying target-setting methodologies and State baseline consumption calculations.

Means of Review and Delivery of Program Products

A principal objective of this program is to insure that the "products" are given the widest possible dissemination in the shortest possible time, and to insure that all States and local governments are given full opportunity to review and provide substantive comment on the products. Further, the program must be able to assimilate such comments and upgrade the products, to the maximum extent practicable. Achievement of such an ambitious objective demands a communications and delivery system almost without parallel in DOE.

The program office proposes to implement a combination of subsystems to insure that these objectives are met. Among the means being considered are:

a) Direct communication and feedback with the States and local government through the Regional Offices—a continuing process;

b) A series of either (or both) regional or national conferences and workshops dealing with specific "products;" and

c) Involvement of the key public interest groups (National Governors' Association, U.S. Conference of Mayors, etc.) in both the product review and product distribution processes.
As suggested earlier, as early drafts of certain products are developed, they would be circulated and would become the subjects of regional or national workshops. The program office hopes that the first such workshops could be conducted as early as the Fall of 1980.

Enhanced Regional Support

The enhancement of Regional Office capability to undertake technical assistance and other program-related functions for their States (and local governments, as well) was a principal aspect of the earlier program strategy and management plan. In this revised plan, that priority does not change.

The ultimate success of the EECA State emergency program remains dependent upon a high level of competent Regional participation. This will require both personnel and budgetary support. The issue of increasing the Regional "emergency conservation" staff to at least three positions per Region, by merging the current EECA slot with the two EBT positions (and subsequently making those EBT positions permanent), has been given full consideration in the earlier strategy and plan.

Under the FY 1980 supplemental appropriation (of $1.5 million) the program office has proposed that $250,000 of that sum be shared among the Regions for the purpose of establishing the requisite technical support contracts, etc., that will be needed. There may be alternative approaches to expending these funds, and the Regions should consider them as soon as possible, in order to avoid the temporary loss of funds during the year-end fiscal recoupment by the Controller and OMB.

Program Expansion Beyond Motor Gasoline

The third, and last major element in this revised plan, is the initiation of efforts to expand the scope of the entire EECA program beyond the current boundaries. As was previously established, DOE has focused its attention on motor gasoline for two reasons: (1) It is the fuel offering the greatest potential for reduction in petroleum demand, due in large part to the extensive amount of gasoline that is consumed in so-called discretionary driving. (2) It is the only fuel or energy source for which DOE currently has a capability to define, in accordance with the provisions of EECA, monthly State-level consumption, and thereby, set monthly, State-by-State targets. Absent such a capacity, the President is constrained from implementing EECA for any fuels other than gasoline.

Therefore, the program office will initiate research and development efforts aimed at this needed program expansion, with emphasis on other petroleum fuels, such as heating oil, as well as electricity and natural gas. These programs must be viewed as having a priority nearly equal to the development of State plans. In addition, it is essential that other "constituencies," beyond State and local governments become better informed about and more involved in the EECA programs. In particular affected business and industry, who have such a crucial role to play, and so much
at stake, during an energy emergency, must become more directly involved with State planners as EECA plans are developed. Therefore, the program office intends to initiate a program to facilitate such business and industry education as soon as possible.

In addition, beyond merely responding to the short-term requirements of EECA, the program office has a responsibility to develop a workable long-range conservation contingency program, under the provisions of EPCA; including the formulation, approval and, if necessary, implementation of standby conservation plans that can be implemented nationally by the President. To date, the only standby conservation plan that has been approved by the Congress, under EPCA, is the Emergency Building Temperature Restrictions (EBTR) program. Other measures are needed to augment both EBTR and the EECA program.

Program Budget

To perform the various tasks discussed above, the program office is proposing the following allocation of the FY 1980 supplemental appropriation of $1.5 million:

1) State/Local Emergency Conservation Planning Project (ORNL) .......................... $ 600,000
2) Baseline consumption and target-setting methodologies for fuels other than motor gasoline (ORNL) .......................... 200,000
3) Baseline consumption and target-setting methodologies for electricity (Brookhaven National Laboratory) ................. 100,000
4) Program analysis, evaluation, integration, and education and training projects (Argonne National Laboratory) .............. 250,000
5) Long-range planning support (To be Determined) .................. 100,000
6) DOE Regional administrative and technical support ($25,000 per Region) .................................................. 250,000

TOTAL........$1,500,000

Program Management and Administration

The management approach that was discussed in the earlier task force strategy and management plan does not change except with regard to those new elements being proposed; in particular, with respect to the management of the "State/Local Emergency Planning Project," i.e., the so-called "consortium." That portion of the earlier plan, that dealt with State
grants for "management plans" would now be delayed until FY 1981 funds are available. (To date, the House Appropriations Committee has approved a budget of $12 million for EECA, including up to $10 million for State grants, to be administered under the EPCA/ECFA grants program. The Senate has not yet acted.)

The program office anticipates a two-phase program, involving the FY 1981 budget, which would essentially replicate the program contemplated by the task force recommendation. That is, in Phase I, the States would be required (under a nominal $50,000 grant) to provide DOE with a management plan, including support documents indicating the current status of their EECA-related planning efforts. This would provide a basis for Regional review of each States' planning status and an opportunity to enter into "dialogue" on the continuing planning process. Phase II would entail a distribution of the residual amount of the FY 1981 grant funds, based upon a more conventional formulation (i.e., equal shares plus a per-capita allocation of funds), with the Region using the Phase I State management plan as a principal basis for evaluating the States' proposals for further planning grant funds. Receipt of Phase II funds, however, would be conditioned upon satisfactory completion of a Phase I management plan.

The products (either draft, interim or final) coming from the State/Local planning project (i.e., the consortium) would comprise a major technical assistance input from DOE to the States, to complement the financial assistance being provided under the EPCA/ECFA grants. These products also would provide one of several bases for supporting the on-going Regional-State dialogue, contemplated in the earlier version of the task force strategy.

The Regions would participate in the management of the ORNL State/Local project, through the vehicle of the EECA Headquarters-Regional task force. Product specifications, draft products, and interim or final products would be reviewed by the task force (and through it, presumably, the regions, in general). Regional staff would be assigned to work directly with project teams, as well, where such an arrangement would be beneficial either for the consortium participants or for DOE.

Since the Regional Representatives would have the authority to approve (or reject) State plans, clearly the Regions would also have a responsibility to interpret, if needed, the findings of the consortium projects and products; and to obtain State and local input for transmittal to the consortium projects—through the DOE task force.

The basic delivery system, for conveying the various products of the ORNL State/local project, would be through the Regions; as would the first-order level of DOE-State/local communications on the EECA program.

Lastly, the concept of training Regional staff to deal more with the technical aspects of standby Federal motor-fuel measures remains intact. In fact, a test run of the EECA Regional training workshop is currently planned for the week of August 18. Thus, the Regions should proceed to initiate the dialogue with the States that was such an important part of the earlier strategy.
Mr. Moffett. In discussing the guidance offered to the States by DOE, this report stated:

A major deficiency is the absence of a definitive set of guidelines for the States to follow in preparing their emergency conservation plans. Further, it is acknowledged by the task force that DOE does not now have clearly articulated criteria for accepting or rejecting a proposed State plan. While DOE has published general requirements for State plans in subpart b of the rulemaking pertinent to the standby Federal plan, it is clear that they are too broad and therefore insufficient for the States' needs and inadequate for DOE's use.

That statement seems to support what Mr. Nelson was saying. What is your response to that?

Mr. Stelson. I think we are sort of between the devil and the deep blue. We want States to use local initiative. The fundamental position is that States know their State conditions better than we do. It is very clear what they are supposed to achieve. It is supposed to be a systematic set of procedures that will reduce energy consumption, in the case of gasoline, for instance, up to 20 percent.

Mr. Moffett. I think that you are right in the sense that we had testimony earlier that indicated that there is a lot going on out there. Mr. Hester said that he found it rather exciting to see all this activity, and there is a lot of planning and a lot of conserving going on.

Many of us, and certainly the chair, have the feeling that we are not seeing the products of that in terms of plans. I think the States are really dragging their feet, for whatever reason. Some are saying that they do not have funding. Some are saying they did not get technical assistance. Some are saying there is not an emergency yet, so why should we submit a plan.

We are not suggesting that DOE is totally to blame, you understand. But the points that are made, the arguments that are made, the assertions that are made that DOE is not coming across with appropriate direction here, they also seem to have some merit. There is also the larger concern that maybe there is not the support for this program from top officials at DOE.

You can come back to the funding problem again and again. But the fact is it does not take exactly huge amounts of money to articulate criteria for approval or rejection of State plans.

Mr. Nelson said he thought that you already had some data on hand but that you failed to share it.

Mr. Stelson. Well, that is an interesting comment. During the recess I checked into that because our basic position is to give the States absolutely every bit of information that we have. Frequently, States come to us for information that we do not have. There are lots of good things that would be helpful to have in our information system, but we simply do not have it. In fact, one of the principal merits of further proceeding with the target methodology is to get the data system straightened out. That has been a subject of very much discussion and interest.

I would like to pursue the data question further; to the best of my knowledge, we give them everything we have in the way of information. That is our position, and we want it to be our position. But frequently they want something we do not have.

The other thing I want to point out is this. We are systematically trying to build up strength in energy expertise in States. I think we are succeeding. For example, I met with State energy offices 3
or 4 months ago. They pointed out that of the 33 officers at this meeting, there were only three of them that had been in that job a year and a half earlier. So, there is enormous instability in personnel.

So, when we think we are working along well with the State, suddenly they have a change in personnel and we are back to ground zero. It is not an easy job.

Mr. Moffett. I understand that, but—I am glad you have the meetings with the State energy people, why is not the secretary playing a more active role?

You see, I do not think that the States are getting the signal that this is important. It is partly the Congress fault for not coming across with the funding. Certainly it is partly the administration’s fault, it seems to me. It is partly the States’ fault themselves for not going ahead and trying to be creative.

You testified that 49 out of 57 States and other jurisdictions covered by EECA are currently engaged in various levels of emergency planning. Yet, you perhaps heard Representative Nelson’s testimony that the planning often is of really poor quality. In fact, there is another memo from the EECA program manager, which, without objection, will be inserted into the record.

[The material follows:]
EMERGENCY ENERGY CONSERVATION PROGRAM

A Strategy and Management Plan for the Development of State Emergency Conservation Plans

Prepared by:

Office of Emergency Conservation Programs

and

The ad hoc Headquarters-Regional Task Force on the EECA State Program

May 28, 1980
Executive Summary

This report presents the findings and recommendations of a joint Headquarters-Regional task force with respect to a strategy and management plan for quickly obtaining the support and participation of the States in the development of State emergency conservation plans required by the Emergency Energy Conservation Act of 1979 (EECA).

EECA requires the States to submit emergency conservation plans only after the President has established mandatory targets. Prior to that time, the Act merely encourages the development and submittal of State plans. It is apparent that no funds have yet been provided to the States for emergency planning of a quality consistent with the mandate of EECA; and second, the program offices and Regions are prevented from establishing an adequate technical assistance program to support the States' planning efforts.

A key factor in encouraging States to undertake serious planning is the availability of adequate financial assistance. Unfortunately, no funds have yet been appropriated for the EECA program, although a supplemental budget request is being considered by the Congress. The absence of funds constrains the program in two ways: first, we are prevented from targeting seed money to the States; and second, the program offices and Regions are prevented from establishing an adequate technical assistance program to support the States' planning efforts.

The approach recommended involves the creation and maintenance of a joint Federal-State planning process aimed at mobilizing the States, and with the goal of having adequate State plans available when needed. This will require that DOE make available a sum of $50,000 per State, in the form of a special planning grant. Also, DOE will strengthen the capabilities of both Headquarters and Regional offices and implement an ongoing effort to engage as many States as possible in this planning process. The objective in each State will be to increase the level of planning competency and the quality of emergency measures and plans beyond what may currently exist.
Introduction

An ad hoc task group, including both Regional and Headquarters staff, met to undertake the development of a strategy and plan for meeting DOE's obligations with respect to State emergency energy conservation plans required by the Emergency Energy Conservation Act of 1979 (EECA). This report summarizes the analysis, findings and recommendations of that group.

Section I  Background

The Emergency Energy Conservation Act of 1979 (EECA) requires the States to submit State emergency conservation plans to DOE within 45 days after the President establishes mandatory emergency conservation targets. Thereafter, DOE is given 30 days to approve those plans. EECA also encourages the States to submit State plans in advance of any formal target-setting; DOE is authorized to give tentative approval to such preliminary plans.

It is generally agreed that for the EECA program to be successful, the States need to begin the contingency planning process as quickly as possible, in order to avoid States having to develop such plans during the very limited 45 day period allowed by the statute. There are some problems, however, in getting the States to move quickly and diligently towards this objective. First, DOE cannot "demand" that States develop and submit plans at this time—there is no statutory authority to require the submittal of plans in advance of the establishment of mandatory targets by the President. Second, absent adequate funding, DOE cannot effectively "encourage" significant efforts by the States, unless the States are predisposed to employ their own or other financial resources. Third, the public perception that no energy emergency either exists or is imminent makes it difficult for a Governor to make firm commitments to emergency preparedness—especially to stringent measures that would impose severe hardships upon his or her constituents.

Our task, therefore, is to overcome these hurdles as quickly and as effectively as is practicable, in order that the States, and thereby the Nation, will be prepared to cope with future energy supply interruptions; i.e., to fulfill our mission under Title II of EECA. This paper outlines an overall strategy and presents a preliminary management plan for accomplishing this task.

Section II  Program Strategy

The time is ripe for challenging the States to accept and undertake their responsibilities to plan for energy emergencies, as required by EECA. The States, by and large, have demanded an expanded role in determining their energy destinies, as evidenced most recently in the many rounds of discussions on the gasoline targets methodology. Further, DOE needs to mobilize the States' collective manpower and expertise to develop EECA State plans well in advance of the limited and difficult 45 day period allowed for submittal of such plans after the President has established mandatory conservation targets.
One major goal is to ensure that the States understand and accept the need for early planning, in spite of current skepticism. If successful, DOE and the States will be afforded the benefits of early review of State strategies, measures, and estimates of the resources needed to carry out effective plans in the event the President establishes mandatory targets. To facilitate meeting this objective, however, DOE should not impose stringent demands upon the States, especially demands to plan immediately for the extreme shortage levels implied by EECA and the EECA regulations. To do so would only further discourage the many States that are reluctant to proceed at all and could misdirect the efforts of the rest. Instead, we must get the States "brainstorming" and thinking constructively about what such emergencies will mean to their States and how they can best prepare to respond to them.

Once this process is started—with DOE financial and technical support—the State energy offices themselves should better see the need for planning to meet the requirements of EECA and will genuinely want to get on with the task. With constant DOE guidance and support, the States can then be expected to develop a comprehensive array of measures suitable for a range of emergencies and appropriate to the circumstances in their States; proceed with the equally important task of involving local government and the public; performing adequate regulatory and economic analyses; and setting about the many other tasks that will insure that competent emergency plans are available and ready to use when needed.

It must be recognized, however, that this process is not expected to lead immediately to fully comprehensive plans to meet the stringent goals of EECA, i.e., plans to deal with a 20 percent shortage. But, the process will encourage and enable the States to develop measures that can be incorporated into their evolving plans with confidence. An incremental approach, such as this, will not only encourage State planning now, but will provide an atmosphere conducive to continued plan development and perfection as the process evolves.
As an immediate consequence of this approach, formal "State emergency conservation plans" would not be solicited until after the President establishes mandatory targets. Nor will this approach require that DOE provide the "tentative approval" allowed by the statute. In fact, a rigorous, formal process of advance submission and tentative approval would not be in the best interests of either the States or DOE because it would create an unwanted political and adversarial environment. Such formality would also diminish the opportunity for both the States and DOE to learn from an evolutionary process by substituting a formal negotiation procedure for the more desirable and workable approach of mutual consultation and development.

With a State considering every worthy measure it can, within the context of an evolving strategy, and continuously upgrading those measures and strategy as world events and State needs change, there will be greater assurance of proper responses to any energy emergency—at any level mandated by the President. By working closely with the States, DOE will be able to review, understand and, if warranted, agree or disagree upon the basic effectiveness and suitability of each measure, independently or in the aggregate; yet reserve formal approval (even tentative) until a specified target has been established and the State has determined the set of measures and the administrative process (chosen from the array of alternatives already developed and reviewed with DOE) most suitable to the emergency and the needs of the State, including public acceptance. This approach will allow DOE to "grow," along with the State, and thereby enable it to quickly and confidently assess State plans as they are submitted in response to a specific set of targets and circumstances—with greater assurance that the measures will be effective and appropriate.

It is entirely possible that some States will have or quickly develop plans capable of meeting a 20 percent shortfall. In those States, we would gladly receive them and encourage the focus of ongoing efforts to shift to further regulatory and economic analysis, staffing and funding decisions, interagency planning, public involvement, etc., while DOE continues to internally develop more definitive criteria for approving State plans. Further, the products of these successful State efforts can be shared with other States and used to increase DOE's own collective intelligence.

As meritorious as this approach may be, it cannot work without two crucial ingredients: (1) additional capacity to provide technical support, and (2) adequate financial support in the form of State grants. These are the literal sine qua non for the success of the EECA State program. Absent a "stick" in the form of a legal mandate, we must provide a "carrot" in order to both induce and enable most States to become involved in any meaningful way in this program. Further, we must see that a degree of continuity is built into the program to insure both consistency and continuing standby capacity to respond to energy emergencies.
The first step in implementing this strategy is to approach the Governors with an offer of partnership in planning for the Nation's response to energy problems. This can be done through a letter from the Secretary or Deputy Secretary to the Governors that indicates our genuine interest, the imminent need to undertake emergency planning, and offers our guarantee of ongoing interaction and cooperation as the development process unfolds. This letter should also offer immediate financial and technical assistance, with principal DOE responsibility assigned to the individuals known best by the States' energy offices, the Regional Representatives and staffs.

The Secretarial letter would immediately be followed by phone calls from the Regional Offices to the Governors and State energy offices. If the offers contained in the letter are acceptable, a grant would be executed quickly to provide support for the State's planning efforts and to establish a commitment between the State and DOE. While it is unlikely that all States will participate in this process, this approach should gain the support and participation of a majority of the States, and thereby launch a nationwide emergency planning effort.

This program should begin immediately before any more States become too negative about DOE's ability and intentions, and before others complete their "dusting" of old plans and discount the need for further response to DOE and the requirements levied by EECA. It is important to recognize, however, that this strategy will not result in highly developed emergency planning capabilities in all 56 jurisdictions, and that this consultative approach represents DOE's "best shot" at involving the greatest number of States in the EECA program.

Section III Management Plan

This section highlights the key tasks and interfaces associated with implementation of the strategy presented in Section II, above.

A. Principal Responsibilities

Overall management and administration of the EECA State program will be decentralized to the maximum extent practical, consistent with the need for uniformity in administrative policy and budgetary constraints. To this end, the following distribution of authorities and responsibilities will be made:

1. Headquarters Program Offices

   o Office of Emergency Conservation Programs (CS)
     -- Overall program policy and coordination.
     -- Coordination of technical support activities.

   o Office of Transportation Programs (CS)
     -- Transportation programs policy.
     -- Development of transportation measures.
     -- Motor fuels targets and State baseline consumption policies and methodologies.
     -- Technical support for analysis of transportation measures.
2. Regional Representatives

- State program administration
  -- Award and administer State grants.
  -- Review and approve State measures and plans.
  -- Administer and coordinate State EECA activities.
  -- Encourage State consultation with affected businesses, local government, and transportation planning groups.

- Technical assistance
  -- Provide primary delivery of technical assistance to States.
  -- Coordinate State consultation with Headquarters.

3. Headquarters—Regional Task Force

A standby task force will be established, consisting of representatives of the Regions, the CS program offices, the Offices of General Counsel, and the Office of Intergovernmental Affairs. This task force will serve as a central element in the development and administration of the EECA State program. Its key responsibilities and activities will include the following:

- Identify, review and recommend resolutions to substantive policy and administrative issues—
  -- Program management and work plans.
  -- Form and content of State plans.
  -- Criteria and guidelines for reviewing and approving State contingency measures and plans.
  -- Procedures and criteria for granting funds to States.
  -- Training and technical assistance needs.
  -- Coordination of delivery of training and technical assistance.

- Serve as a clearinghouse for emergency programs information and data—
  -- Collect, review, compile and disseminate information and related materials with respect to State contingency measures, State plans, and public information/education.
  -- Establish and maintain ongoing information exchange among Regions and Headquarters offices.

The task force will hold periodic meetings for the purpose of reviewing program issues and progress and resolving problems.

B. Development of State Measures and Plans

The ultimate, long-term goal of this program is to see that each State has a comprehensive emergency conservation plan that is wholly consistent with the objectives of EECA, i.e., a plan that can deal with energy shortages of as much as 20 percent. To approach that goal, however, DOE will carry out a program that recognizes the many uncontrolled variables, such as current State interests, limited resources, and political concerns, and encourages each State to develop or enhance its
contingency planning capability. This will require an iterative process with the States working closely with DOE, primarily through the Regions. It also will require, in varying degrees, an infusion of technical and financial assistance, and the creation of an environment conducive to mutual learning and development.

In the immediate future, it is contemplated that the following events and activities will be instrumental in getting the program started:

- Letter from the Secretary or Deputy Secretary to the Governors extending an invitation to participate with DOE in a program aimed at developing effective State plans and offering grants of $50,000 per State to support State planning efforts.
- Publication of the Standby Federal Plan, including revised rulemaking which simplifies, to some extent, the requirements for EECA State plans.
- Follow-up contacts with the Governors and State energy offices by the Regional Representatives and Regional staff to initiate the EECA program and solicit grant applications.
- Technical training sessions for Regional staff, conducted by Headquarters, covering a variety of motor fuel conservation measures.
- Regionwide workshops for State energy office staffs, conducted by the Regions, with support from Headquarters, covering both technical and administrative aspects of the EECA State program.

Subsequently, the Regions will maintain close contact with the States to encourage and facilitate accelerated efforts aimed at developing contingency measures and plans. Further, communications among the States will be fostered by the Regional staff to facilitate the exchange of pertinent information and ideas, in particular from the more advanced States to those States wherein contingency planning is less advanced.

Frequent and regular information exchanges will be carried out between the Regions and Headquarters staff, in conjunction with the Headquarters-Regional task force. These exchanges will be employed to identify issues—and resolve them where possible—and to develop programmatic guidelines with regard to, for example, standard evaluation methods, State measures and plans criteria for approval, and resolution of potential interstate issues and problems.
Section IV Program Schedule

This section sets forth a proposed schedule of near-term events and activities intended to initiate the EECA State program. The primary objective is to have as many States as possible "sign-up" for the program by requesting DOE grants of $50,000 each. The major schedule items are as follows:

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<tr>
<th>Item No.</th>
<th>Target Date</th>
<th>Event or Activity</th>
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<tbody>
<tr>
<td>1.</td>
<td>6/16/80</td>
<td>Letter to Governors from the Deputy Secretary describing the DOE program to assist States to develop effective emergency conservation measures, inviting their participation in the program, and offering a grant of $50,000 per State.</td>
</tr>
<tr>
<td>2.</td>
<td>6/16/80</td>
<td>Letter to the Regional Representatives from Hank Keohane, lead Regional Representative for emergency conservation programs, describing the program and the responsibilities of the Regional staff.</td>
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</table>
| 3.       | 6/18/80     | Meeting of the EECA Headquarters-Regional task-force to produce:  
  o Technical assistance requirements for training Regional staff and assisting States to develop and analyze contingency measures.  
  o Guidelines for format and content of State plans submitted to meet the requirements of Subpart B of EECA regulations, i.e., to meet future mandatory targets.  
  o EECA State grant application format and procedures. |
<p>| 4.       | by 6/23/80* | Regional Representatives contact Governors to encourage their participation in the program—follow-up to letter from the Deputy Secretary. |
| 5.       | by 6/23/80* | Regional staff contact State Energy Offices to initiate cooperative effort to develop State contingency measures. (NOTE: The Regional staff will help States to develop a planning capacity and will comment informally on the energy savings potential and overall effectiveness of measures being considered by the States; but will not solicit advance submittal of State plans or offer a &quot;public&quot; assessment of contingency measures or plans being considered by the States). |</p>
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<th>Item No.</th>
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<tr>
<td>6.</td>
<td>Within 2 weeks after Item #4*</td>
<td>Regional Representatives send letters to State Energy Office directors giving more details on funding, grant procedures, etc., and distributing materials to assist the States in developing and evaluating motor fuel emergency conservation measures.</td>
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<tr>
<td>7.</td>
<td>7/9/80*</td>
<td>Deadline for States to indicate intention to participate in the program and receive financial assistance. (Contact will continue with States not committed to program.)</td>
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<tr>
<td>8.</td>
<td>by 8/11/80*</td>
<td>Complete four training workshops for Regional staff on technical assistance and other program matters.</td>
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<tr>
<td>9.</td>
<td>by 8/22/80*</td>
<td>Regional Representatives complete initial Regional meetings with State energy staff to discuss development of emergency conservation measures and guidelines for format and content of State plans to meet mandatory targets. (Utilize technical assistance materials and, where possible, examples of contingency measures proposed by other States.)</td>
</tr>
</tbody>
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*Note: Actual date contingent upon timing of Item No. 1 and the timely availability of essential resources.

Section V   Budgets and Resources

A. Current Resources

Congress, in enacting EECA, did not provide funding for the activities required under the Act. Congress did provide (in Section 301 of EECA) authority for DOE to support State emergency planning activities from the appropriations for the Energy Policy and Conservation Act (EPCA). However, these resources are being severely strained by ongoing program demands for long-term conservation efforts in the States. Furthermore, combined funding for EPCA and the Energy Conservation and Production Act (ECPA) was reduced by $10 million in FY 1980, from FY 1979.

Thus, to date, all resources needed to support the EECA program, including development and analysis of the Standby Federal Emergency Energy Conservation Plan, development of State gasoline targets methodologies, and any Federal support of State activities, have been drawn from existing program budgets and staff resources.

The current status of available resources and their applications may be summarized as follows:
DOE Headquarters

- The two program offices (Transportation Programs and Emergency Conservation Programs) are without applicants to support, a limited impact on staff activities.

DOE Regional Offices

- Regional resources presently limited to manpower—
  -- One EPCA slot (permanent) has been authorized for each Region, but has not yet been filled in all cases due to hiring freeze.
  -- Two slots (temporary), previously authorized in each Region for EBT, have been extended.

State Energy Offices

- States presently authorized to employ EPCA grants funds for emergency planning, if an appropriate provision is incorporated into the State's SECP Grant Proposal—
  -- The regions believe that States are reluctant to expend these funds due to the demands of other long-range programming requirements.

B. Current Budget Request

In January, DOE requested $14.072 million in FY 1980 request for supplemental funds, including $10 million for State grants (to support State emergency conservation planning efforts) and $4.072 million for DOE program support (both Headquarters and Regional). To date, the only Congressional action has been a cut by the House Appropriations Subcommittee to a mark of $2.0 million (including zero for State grants).

C. Near-Term Budget and Staff Requirements

In order to initiate any meaningful emergency conservation planning efforts in the States, during the remainder of FY 1980, DOE will have to commit additional resources, beyond what are presently available. These are summarized below:

DOE Headquarters

- $2.0 million for contract support to establish and maintain the following activities—
  -- Analysis of State-level emergency conservation measures.
  -- Training and technical support of the Regional Office emergency programs staffs.

DOE Regional Offices

- $1.0 million ($100,000 per Region) for contract support to establish and maintain the following activities—
Regional training (of State personnel) and technical assistance.

Regional analysis of unique or State-specific emergency measures.

Consolidation of Regional emergency programs staff—
- Waive hiring freeze limitations to allow filling all authorized EECA slots (1 per Region).
- Establish permanent slots (2 per Region) to replace temporary EBTR positions before next fiscal cycle.

State Energy Offices

$2.7 million ($50,000 per State, D.C., and Puerto Rico, and lesser amount for Territories) in grants funds, to be made available immediately for support of State emergency conservation planning.
- Enable States to establish or hire planning capability and initiate planning support for local government bodies within the State.
- Considered minimum funding level to initiate meaningful planning.
- Separate grant from EFCA/ECPA to emphasize priority accorded to the effort, i.e., must start now.

Section VI Conclusions and Recommendations

This section presents the key findings of the joint Headquarters-Regional task force and its recommendations.

A. Major Problems

1. Financial Resources.

RECOMMENDATION—

- Grants to States and Territories ($50,000 per State + D.C. and P.R.) $2,700,000
- Regional administrative and contract support ($100,000 per Region) 1,000,000
- Headquarters contract support 2,000,000
  - Transportation Programs $1,000,000
  - Emergency Conservation Programs $1,000,000

$5,700,000

(Reprogramming sources can be refunded from funds appropriated by Congress from pending supplemental request.)
2. **Regional Staff.** Of nearly equal importance to funding is the need for adequate staffing in the Regions.

**RECOMMENDATION**—Immediately execute the following personnel action:

- Exempt all presently authorized EECA Regional positions from the hiring freeze and fill such slots as soon as possible. (One slot per Region.)

3. **Headquarters Staff.** The Office of Transportation Programs (CS) must be allowed to promptly hire one person to manage the ongoing technical assistance program for Regions and States.

### B. Program Administration

To carry out the program outlined in this report, it will be necessary to establish certain key working relationships between Headquarters program offices and the Regions.

1. **Decentralization to Regional Offices.** Headquarters cannot effectively deal with all the States and Territories directly. However, with the requisite resources (budget authority and staff) and adequate support from Headquarters, the Regions can undertake the level and scope of effort needed to meet the program’s objectives. Further, an appropriate level of authority and responsibility must be vested in the Regional Representatives if they are to have credibility and flexibility in working with the States. Therefore, the following steps should be taken:

**RECOMMENDATION**—Immediately delegate authority and responsibility to the Regional Representatives to:

- Grant funds to the States to support development of State contingency measures and plans.
- Give final approval to State emergency conservation plans submitted in compliance with EECA, Title II, and EECA regulations.
- Conduct information and training workshops for State energy staffs, related to the development and analysis of emergency conservation measures and plans; and maintain continuous information exchanges with and among the States for the purpose of facilitating the development of viable and effective State contingency measures and plans.

2. **Establishment of Permanent Headquarters-Regional EECA Task Force.** It is essential that, in the course of developing and assessing State measures and plans, there be the highest possible level of information exchange and consultation between the Headquarters program offices and the Regions and among the Regions.
RECOMMENDATION—Immediately establish a Headquarters-Regional EECA Task Force comprising the following membership:

- Director, Office of Emergency Conservation Programs (CS)—Chairman
- Lead Regional Representative for EECA—Co-chairman
- Representative from the Office of Transportation Programs (CS)
- Representative(s) from Regional staff
- Representative from Office of Intergovernmental Affairs (IR)
- Representative from the Office of General Counsel (B/Q)
- Representative from Regional Office of General Counsel
- Representative(s) from Office of the Deputy Assistant Secretary for State and Local Assistance Programs
- Representative from U.S. Department of Transportation

Mr. Moffett. I am quoting from this memo now:

While many States indicate a current planning effort, there is evidence that most are doing no more than dusting off 6-year-old plans. Consequently, it is apparent that few States are prepared to develop or submit EECA plans adequate for DOE approval either now or in the foreseeable future unless some extraordinary steps are taken by DOE.

You know, this language that we keep seeing in these memos—we had this Bartholomew memo with rather unusual language in terms of the tone. What I got from that was: This program is falling apart; it's not getting enough support; we're at a crisis stage in terms of the program itself.

And now we see this memo which the chair has just introduced into the record. It calls for extraordinary steps to be taken by DOE in order to save the program.

Mr. Stelson. I think it is clear that we are not going to get substantial planning activities of States submitted to us unless something very much different is done from what has been done in the past.

Mr. Moffett. OK, that is terrific. Now let's talk about what that is going to be.

Mr. Stelson. Well, for example, one approach would be to provide financial support I think that would go a long way in achieving our program goals. We could link financial support with the submission of plans.

Mr. Moffett. What else?

Mr. Stelson. If there is not a declared emergency, one of the problems is that within State priorities, national energy problems are not a very high concern. Energy is, but not national energy concerns. And these plans are to meet national goals with admittedly, local elements.

Mr. Moffett. Well, let's go back to the—you know, as I was saying earlier to the witness from the governors' association, our memories cannot possibly be that poor that we fail to recall these governors scurrying around frantically looking for solutions as the gasoline lines grew longer.

I really feel that this subject is relevant right now—and I think you do, too—because we are in one of these periods again of an apparent glut, certainly a temporary glut, people are not focusing on the problem. But this is what leadership is about. Are we going to focus on it now or are we not?
Part of the problem, it seems to me, is that we are not seeing that leadership down at the DOE.

You yourself are agreeing, really, with the tone of these memos and saying that, unless something very different is done, you are not going to see a change.

I cannot believe that the funding question is that much of a panacea myself.

Mr. Stelson. There are two primary reasons why it is hard to get attention to emergency measures now. One is that there is not an apparent immediate emergency condition. I fully agree with you that we have got a very short memory in these events.

The other one is a much more constructive kind of occurrence. It is that basic conservation measures, promulgating energy efficiency, are turning out to be much more successful than most people ever envisioned. As I said earlier, oil imports are down 35 percent. That is an incredible change. That is 2.6 million barrels a day.

Mr. Moffett. But if the Saudis go to 8 millions from 9.5 million and Iraq and Libya cut us off entirely, then what?

Mr. Stelson. Certainly we are not out of the woods, but we are moving a little closer to the edge. That is very good.

Electrical energy usage, which was systematically growing, has been flat in the last year as conservation measures are taking place. Now, we are putting a lot of pressure on the States in connection with things like RCS, the Residential Conservation Service, which will require 20,000 auditors. It requires a big effort on the part of utilities, on our part, and on the part of States. Again, States are giving us those plans without being funded. So, there is extensive planning required by the States by Federal law. Those plans, for example, were due this week without any specific funding. We have gotten plans in from all States except three.

We have been putting enormous pressure on States to proceed with energy planning. But it is so multifaceted that we have not really given them a clear lineup saying: This is your No. 1 priority, and this is your No. 2 priority. What we are doing is going in parallel with half a dozen different—

Mr. Moffett. Do you envision any communication with the States from a high level at DOE saying: Come on, get these plans in—maybe getting them a little more guidance as to what DOE wants?

Mr. Stelson. I would say that we regularly work with organizations like the National Governors’ Association.

Mr. Moffett. I know you do. I am talking about Secretary Duncan now.

Mr. Stelson. Yes; he has been involved with the work, too.

Mr. Moffett. Well, do you think that there will be a formal—do you envision any formal communication?

Mr. Stelson. Saying: Look here, we know this is voluntary, but it is of critical interest, and we would like you to work at getting those—

Mr. Moffett. And here’s how far we are willing to go; we’ll give you a little more guidance on what we want.

Mr. Stelson. You know, we have not done that, frankly. I think that is a good suggestion, and I will follow up on it.

Mr. Moffett. Would you suggest that to the Secretary?
Mr. Stelson. I will.
Mr. Moffett. And I will suggest that to the Secretary.
Mr. Stelson. All right.
Mr. Moffett. I will recommend to the subcommittee that we correspond to Governors directly.
Mr. Stelson. All right.
Mr. Moffett. On the funding question, as one member perfectly willing to help DOE—and this subcommittee has a very good relationship with Mr. Yates and the Appropriations Subcommittee, and they do take our suggestions much of the time.

In a $12 billion agency, why cannot the Secretary loosen up $5 million? That is all we are asking for.

Mr. Stelson. I just discussed this with the Secretary about a week and a half ago. We false started here and false started there, and so on. Now are at the point where it is too late in this fiscal year to really do anything.

Mr. Moffett. What, legally?
Mr. Stelson. Let's say bureaucratically.
Mr. Moffett. My counsel says that's worse. [Laughter.]

Mr. Stelson. But we do have funds to get started at a much higher level in fiscal 1981. We are currently planning internally to move ahead as strongly and as rapidly as possible——

Mr. Moffett. That's another 6 months.

Mr. Stelson. To utilize those funds.

Mr. Moffett. Another 6 months. Right?

Mr. Stelson. It partly depends on whether there is a continuing resolution. We would like to do it as soon after October 1 as possible. There are some unknowns in that system.

Mr. Moffett. OK. I would hope so. And I still think, we will push for the additional funding up here, but it is no panacea. As far as funding is concerned, I still cannot believe the Secretary cannot loosen up $5 million in a $12 billion budget.

Mr. Stelson. He agreed to. We have gone forward with four different schemes. But each one came to naught for mostly reasons outside of this issue.

Mr. Moffett. Does minority counsel have any questions?
Ms. Sands. No, thank you, Mr. Chairman.

Mr. Moffett. We will have a brief discussion of the targets and then let you go.

According to the Secretary's annual report to the Congress, the Energy Information Administration—EIA—is, of course, the DOE's primary information component in its October 1979 Short-Term Energy Outlook—that is what it is called, as you know—the EIA projected gasoline demand for 1980 to be about 7.17 million barrels a day. Right?

Mr. Stelson. Right.

Mr. Moffett. In the same study, did EIA also project first quarter gasoline demand in 1980 to be approximately 6.84 million barrels per day? Is that your understanding?

Mr. Stelson. No, it is not. I have recently reviewed this in some detail. There is a lot of misunderstanding. The basic reason for the misunderstanding is there was a change in the data base. The two data bases varied by 350,000 barrels per day.
Mr. Moffett. Well, was this wrong? Here it is: Short-Term Energy Outlook, October 1979. And I think I am reading from the appropriate column.

Mr. Stelson. Is that the Federal Highway Administration data or the other?

Mr. Moffett. No, the other.

Mr. Stelson. OK, that is correct.

Mr. Moffett. OK, fine.

Based on these projections and as a first step in implementing title II of EECA discussing, DOE notified individual Governors by letter December 5, 1979, of their first quarter 1980 voluntary gasoline conservation targets. Right?

Mr. Stelson. Yes.

Mr. Moffett. At this time, without objection, the Chair will insert that in the record.

[The material follows:]
Dear Governor:

On November 16, the President, Secretary Duncan, and I discussed with a number of Governors the serious nature of the Nation's energy situation. I indicated at that time that we would develop voluntary National and State targets for gasoline consumption, as the first step in planning for the implementation of the Emergency Energy Conservation Act.

Current projections of world oil supplies and demand for 1980 indicate that the world oil market will continue to be extremely tight. Current projections of OPEC production are lower than previous forecasts and considerable uncertainty exists concerning Iran's ability or willingness to maintain crude oil production at current levels through 1980. Moreover, because of the uncertainty concerning world crude oil availability and the President's decision to discontinue importing oil from Iran, it is likely that U. S. oil imports will be significantly lower than previously expected.

While all of the data is not yet available, every indication is that the situation is serious. Therefore, the planning process should begin now. The Department believes it probably will be necessary to restrict U. S. gasoline consumption to an average level of about 7.0 million barrels of gasoline per day for 1980. The first-quarter target of 6.8 million barrels per day reflects normally low consumption during the winter months. This annual target is approximately 5 percent below 1978 gasoline consumption levels.

The enclosure describes the methods used to develop the first-quarter targets. Those methods are based upon the principles set forth in the target-setting criteria of the Emergency Energy Conservation Act. The targets themselves are based on adjusted monthly motor gasoline consumption statistics derived from tax data supplied by the States and published by the Federal Highway Administration.
Please review the targets and the methodology used to develop them. Technical questions may be referred to Bob Conly, Transportation Division, Conservation and Solar Energy (202-252-8017). Comments may also be directed to Ned Helme, Energy and Natural Resources Program, National Governors' Association (202-624-5370).

The National Governors' Association has taken a welcome interest in emergency reduction measures and has invited representatives of the Department to discuss the targets, methodology, and measures with its Subcommittee on Renewable Resources and Energy Conservation. The Subcommittee is meeting in Washington, D.C., on December 6, 1979. We look forward to discussing the program with all who wish to attend.

I look forward to a continued close working relationship.

Sincerely,

John C. Sawhill
Deputy Secretary
United States Department of Energy  
November 30, 1979  

**INTERIM 1980 VOLUNTARY STATE GASOLINE SALES TARGETS**  
(In Thousands of Barrels Per Day)

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DETAILED DESCRIPTION OF METHOD OF COMPUTING
STATE GASOLINE CONSERVATION TARGETS

The method for setting State gasoline conservation targets described below is based upon the principles set forth in the target-setting criteria of the Emergency Energy Conservation Act. The base data used are State monthly motor gasoline statistics (1975-1979) as reported in Table MF-33G by the U.S. Department of Transportation Federal Highway Administration (FHWA). These data are based on statistics reported by the States themselves, although the FHWA adjusts the State data to make each State's data consistent with that from the other States.

Month to month variability in the State data is considerable, in some cases too much so to be attributable to changes in weather or other such factors. In all likelihood these monthly fluctuations are due to accounting errors, which are occasionally systematic. The historical data have not been further adjusted for this analysis. All State population data are official July 1 estimates prepared by the U.S. Census Bureau. Data for 1975-1977 were taken from the Statistical Abstract of the United States, 1978. 1977 and 1978 statistics from Current Population Reports, Series P-25 no. 777, and 1979 estimates were obtained prior to publication directly from the Bureau's Population Division.

The method for determining monthly target consumption levels is comprised of three parts: 1) definition of 12-month base period projections, 2) adjustments to base period projections to account for past conservation and month-to-month irregularities, 3) proration of adjusted base consumption to the desired national consumption target. Each is elaborated on in turn below.

1) Definition of base projections

The most recent twelve-month period for which data are available (in this case July 1978 to June 1979) defines the "year" over which the rest of the analysis is carried out. The most recent 36 months of data (July 1976 to June 1979) are then used to define historical State growth rates for consumption. Average annual growth rates in sales are computed as follows:

\[ \exp\left(\frac{1}{3} (\log_e(G_{s1}) - \log_e(G_{s3}))\right) = r_s \]

where \( G_{s1} \) and \( G_{s3} \) indicate total motor gasoline sales in State \( s \) in the most recent and the 3rd most recent 12-month period for which data are available, \( \log_e \) is the naperian logarithmic function, \( \exp \) is the corresponding inverse function (the exponential), and \( r_s \) is the average annual State growth rate for the 36-month period. The average growth rate represents the annual (12-month) percent increase in consumption which

...
would result in the amount consumed between July 1978 and June 1979, starting from the amount consumed between July 1976 and June 1977. The base period annual consumption \((G_{sb})\) is projected by multiplying this growth rate times the State's total consumption for the most recent twelve-month period for which data are available. That is,

\[
G_{sb} = r_s \cdot G_{sb}\]

This base period consumption is shared to monthly base consumption, \(G_{sb}^{m}\), using the monthly shares for the most recent 12 months for which data are available (July 1978 to June 1979). That is,

\[
G_{sb}^{m} = G_{sb} - G_{sb}^{l} \cdot G_{sb}^{l}
\]

where \(m\) indexes months. In other words, if 8.5 percent of sales in the State in the July 1978 to June 1979 period occurred in February, then the February base period consumption would be 8.5 percent of the twelve-month base period consumption.

2) Adjustments to base projections

Two adjustments are made to the monthly base projections. The first takes into account proportionate reductions (or increases) in gasoline sales per capita which have occurred in certain States since 1975 (in this case July 1975). The rationale for this is that lower than average proportionate growth in per capita consumption is de facto conservation and that States which have achieved conservation beyond that achieved by the country as a whole should be asked to reduce their consumption less than those whose per capita consumption has grown at faster than the national rate. The first adjustment factor is simply the national (twelve-month) average percentage growth rate in per capita consumption since July 1975, divided by the particular State's average growth rate for the same period.

\[
\frac{V_n}{V_s} = A_{1s}
\]

\(A_{1s}\) = the first adjustment factor for State \(s\)

\(V_n\) = national per capita growth rate in gasoline use

\(V_s\) = State \(s\)'s per capita growth rate
These growth rates are computed in the same way as $r_g$. This factor is multiplied times the State's base period consumption.

The second adjustment factor attempts to smooth out possible idiosyncrasies due to fuel shortages, weather, etc. in the most recent 12 months of monthly data. The monthly shares of the most recent 12 months of data are simply replaced by the average monthly shares for the 48 months from July 1975 to June 1979. In practice this was done by multiplying the monthly base projection by the ratio of the historical average monthly share to the July 1978 to June 1979 monthly shares.

3) Proration to national consumption target

The national gasoline conservation target can be expressed in several ways. In this case it was expressed as a desired average daily consumption rate (6.8 million bbls per day) over a period of months (January 1980 to March 1980). This can be converted to a total consumption for the period simply by multiplying by the total number of days in the period (122). Converting the sum across States and months of the adjusted base period consumption from gallons to barrels enables one to compute a ratio of desired consumption to adjusted base period consumption at the national level. The final monthly State targets are obtained by multiplying the adjusted, monthly base period consumption for each State by this ratio. The resulting numbers will have the desired average daily consumption over the months in question though the consumption rate may differ from month to month.

Mr. Moffett. The first quarter targets were set to restrain gasoline demand at 6.8 million barrels per day despite the fact that this figure is what the EIA projected gasoline—

Mr. Stelson. No.

Mr. Moffett. Demand would be without the State target—

Mr. Stelson. No; you are working on two different sets of data. The State voluntary targets are based upon Federal highway agency data, which is the tax income. And they vary by—

Mr. Moffett. For the first quarter?

Mr. Stelson. Yes.

Mr. Moffett. That is not our understanding.

Mr. Stelson. Yes; that was the case.

Mr. Moffett. Can we get that clarified?

Mr. Stelson. All the targets are based on the Federal Highway Administration data base. I just went over this in great detail this week.

The two gasoline data bases, one reported by EIA, and one reported by the Federal Highway Administration, vary by about 350,000 barrels a day. The reason for that is that it turns out that the data booklet that you have from EIA is based essentially on refinery output data. It turns out that there are a number of streams of fuel that come in and then are taxed from other sources like byproducts from chemical plants and so forth.

Mr. Moffett. Well, is the administration confused on this?

Mr. Stelson. Frankly, very early this year they were confused.

Mr. Moffett. There were numerous news reports. John Berry in the Washington Post says: "Carter energy experts acknowledge that total for most States were set about where gasoline consumption appears headed anyway so that the limits are more symbolic than binding."

Mr. Stelson. What is the date of that?

Mr. Stelson. In the late fall the targets were set. There was a lot of confusion between the two data bases, and there are a number of mistakes that have been made. But I think the best conclusion can be reached by this: Picking just one data base and using it. According to the Federal highway data, the use in 1979 was 7.4 million barrels per day. The projection was 7.2, even though there would be 4 million additional vehicles in operation and various growth aspects. Therefore, the target was set at seven for the year with the effect of the target being relatively slight at about 200,000 barrels per day.

Mr. Moffett. Well, I want to make sure that we are getting this absolutely correct in the second quarter of 1980, when the targets were set, they were designed to supposedly hold gasoline consumption to 7.3 million barrels per day. Right?

Mr. Stelson. The year's—

Mr. Moffett. That is according to the DOE's own press release in March.

Mr. Stelson. The year's average was to be seven.

Mr. Moffett. I know that; yes.

Mr. Stelson. The four quarters vary: six point—

Mr. Moffett. OK. But is it correct to say that the second quarter targets were designed to be at 7.3 million—

Mr. Stelson. Yes; for an annual rate of seven—

Mr. Moffett. Fine.

Mr. Stelson. To achieve an annual—

Mr. Moffett. But the quarterly target was 7.3.

Mr. Stelson. That is about right. The second quarter targets is higher

Mr. Moffett. But then the DOE's February Short-Term Energy Outlook projected second quarter demand at 7.01 million barrels per day.

Mr. Stelson. That is right.

Mr. Moffett. But the second quarter targets were then set higher than project demand.

Mr. Stelson. Well, the one is an annual demand, and the other is a quarterly demand rate.

Mr. Moffett. No; that is just not true.

Mr. Stelson. Yes.

Mr. Moffett. I am looking at the table, Short-Term Energy Outlook, from your department, quarterly supply and disposition of motor gasoline.

Mr. Stelson. OK.

Mr. Moffett. Table 10.

Mr. Stelson. Let me give you—

Mr. Moffett. And here we are, second quarter 1980: 7.01.

Mr. Stelson. Let me give you my best understanding of it. In November, when the targets were established, they were established at 7 million barrels a day for the whole year. It was supposed to be 6.8 in the first quarter, 7.2-something in the second quarter, 7.2-something in the third quarter, and 6.8 or so in the fourth quarter. So, the average for the entire year was targeted seven.

Mr. Moffett. OK, fine.

Mr. Stelson. But the quarters would vary.
Now, about February, in the normal procedure of analysis, because various things had changed, the price had changed and certain other things, the projection was that the annual rate would not be 7.2, which was the November estimate without EECA policies. The projection was revised to be just slightly under 7, as I remember. So, conditions had changed substantially between November and February in terms of the projections.

Now, the current best estimate that I just got last week was that the average use for the year would be something like 6.95 million barrels a day, which is slightly under the target.

Mr. Moffett. But that still does not get to this question of whether or not the Department of Energy, in setting the second quarter targets, actually set the targets at a level higher than what they projected to be demand.

Mr. Stelson. I think that is not correct.

Mr. Moffett. You are saying that the situation was changing. The way in which it was changing is that demand was going to be even less——

Mr. Stelson. Yes; but——

Mr. Moffett. Not more. So, setting it higher would be even a more unforgivable act.

Mr. Stelson. No; I do not think it was higher for that particular quarter.

Mr. Moffett. Well, it is not a matter of don't-think. Can you quarrel with these figures? They are your own figures. If we are wrong, tell us where we are wrong. I am looking at a figure—I do not disagree with anything you have said about the seven for the year and so forth. But the fact is the second quarter target was 7.3 roughly and your demand was projected by your very own agency at 7.01.

Mr. Stelson. Let me say this. The decision was made in the spring to maintain—one of the goals was to establish the methodology. We were in continual conference with every State in the country. They engulfed us trying to understand the methodology and disagreeing with some aspects of it and so forth. We decided not to change in midstream, to maintain the methodology and maintain——

Mr. Moffett. You decided what?

Mr. Stelson. Seven——

Mr. Moffett. OK.

Mr. Stelson. Million——

Mr. Moffett. What was essentially decided was to make these targets meaningless. That's what was decided.

Mr. Stelson. Well, not to change. We thought when they were originally——

Mr. Moffett. Well, to continue at a meaningless level; in terms of conservation.

Come on, if you're setting the targets up here and your demand is down here and you know that's where it's going to be and maybe even lower, what are the targets for?

Mr. Stelson. One of the things we said to the States is: Look, we want you to work hard to meet these targets; and, if you meet the targets, we won't penalize you for meeting the targets; this is what you're supposed to do.
So, you’re saying—then they go out and meet the targets. Then
the targets are meaningless——
Mr. Moffett. Not only did they——
Mr. Stelson. I do not think that is correct.
Mr. Moffett. My State, in order to meet your target, would have
had to figure out ways to waste more gasoline.
Mr. Stelson. Well, that——
Mr. Moffett. It’s true.
Mr. Stelson. Let me put it this way.
Mr. Moffett. You have to understand what a cruel joke it is
back home.
Mr. Stelson. There are a number of States that came in that
said that. But, when they understood the system, they all backed
out.
Mr. Moffett. Oh, sure.
Mr. Stelson. Because the data that they had was incredibly bad,
frankly, because States were collecting taxes on——
Mr. Moffett. Doctor, I understand what you are saying. You are
saying—and I am not arguing with this—you are saying that we
are trying to get the wrinkles out of the program, and why come in
at 6.5 and say that you are going to have all this hardship if you
cannot define what the rules of the game are going to be. Fair
enough.
But the question is: Why is it taking so long to get the rules of
the game together, which we have already discussed at great
length: we need not go into that.
Second—you know, it is one thing to say we are going to set it at
about what demand would be. It is another thing to say we are
going to set it way above what we think demand is going to be.
And I think that is what happened. I think the record is pretty
clear on that.
You have to understand. We are trying in this subcommittee to
get an idea of what has happened to this law that was passed. That
is what this subcommittee is supposed to do.
We might have started a press conference and given wonderful
speeches for back-home consumption about a serious conservation
piece we have just passed. I can’t tell you how many speeches I
gave on this legislation. We actually thought the whole thing was
on the level.
Mr. Stelson. Well——
Mr. Moffett. And we said: “Now the President has the tools to
set targets; the States are going to have to figure out a way to cut
consumption”—I even went so far as to say that my State ought to
do much more; they’re not doing enough; I hope they have a tough
target set for them.
And I got some angry mail from people who did not want any
kind of inconvenience or hardship.
Then we see DOE set these targets at laughable levels. Back
home, people are saying: Well, that was an interesting thing that
you passed.
Mr. Stelson. You know, that is completely false, in my best
estimate.
Mr. Moffett. What is false? Tell me what you think is false
about that.
Mr. Stelson. The country is adding 4 to 5 million vehicles per year. In 1979 they were using gasoline at the rate of 7.4. Since 1973 to 1979 there has been a substantial growth in gasoline use and imported oil. The whole situation was becoming increasingly desperate and difficult.

Not only did we not accommodate the projected growth, we actually pressured in a decrease. And that is the first time in the history of this country for 50 years that that happened.

Mr. Moffett. Wait a minute.

Mr. Stelson. You are saying that is insignificant.

Mr. Moffett. No; I—don't misunderstand what I am saying—I am saying that the conservation is just wonderful. I am just saying that this law we passed has had next to nothing to do with it. OK.

Mr. Stelson. I do not think you can lift it out of the total. The net result was achieving exactly what we wanted: That is, reduce the growth trend, so that it became a—

Mr. Moffett. You are not here to make the case that the targets had anything to do with that, are you?

Mr. Stelson. It did have some—

Mr. Moffett. Well, your own memos don't back you up. This memo that I introduced earlier from Wruble. I read from it earlier.

In referring to any "bite" in this targets it states:

There does not seem to be much. Very few States implemented any conservation measures under the umbrella of the targets. The regional staff approach to voluntary targets has been hands off.

Mr. Stelson. What is the date?


Mr. Stelson. June 1980. Well, I think that was correct in June. It was very incorrect in November. Even up until February, we thought we were imposing a burden on—

Mr. Moffett. But this is June 1980.

Mr. Stelson. June 1980, 2 months ago.

Mr. Moffett. And you think it is correct?

Mr. Stelson. It is now, but it was not in 1979 nor earlier this year. You know, you did not have dozens and dozens of State officials camping on your doorstep complaining about the severity of the targets.

Mr. Moffett. Why did you set it in June at the same level?

Mr. Stelson. Because we decided that changing in the middle of the year would severely disrupt the target-setting system which had been set up to permit States to redistribute around the year. That was one of the flexibilities they asked for. They said—

Mr. Moffett. But on the one hand, Doctor, you are telling me that you are bucking up against demand and having an impact and having some bite since last November. Now you are telling me that you do not want to change—

Mr. Stelson. In the middle of the year.

Mr. Moffett. In the middle of the year, but you are acknowledging that there is this tremendous gap.

Mr. Stelson. The States and the people achieved what we had asked them to do, which was reverse the trend—

Mr. Moffett. So, everything is wonderful until we have a cutoff?

Mr. Stelson. No; about November we will make a new assessment for a year. But one of the things the States have repeatedly
asked us to do: You know, don't zigzag all the time; tell us what you are going to do and stick with it. And we have tried to work with them in a partnership basis in that way.

Mr. Moffett. OK. You know, all I see is, we passed a law. The Governors lobbied us during consideration of that. They said: make it voluntary. We make it voluntary. We see memos from your agency, internal memos which state, and I quote: "With few exceptions, the States are not doing much under the voluntary targets." These are the ones the Governors wanted, OK.

Mr. Stelson. I think that is incorrect, incidentally.

Mr. Moffett. Do you want to show us where States are doing something because of the targets?

Mr. Stelson. Yes. We have numerous examples. We just had one testify here——

Mr. Moffett. Because of the targets——

Mr. Stelson [continuing]. That they are seriously working on their program because of the targets.

Mr. Moffett. Why would they be working because of the targets if the targets are so high?

Mr. Stelson. In the beginning they were not high; they were low, in the opinion——

Mr. Moffett. But they are high now. What is the motivation now?

Mr. Stelson. There is not a lot of motivation now except what the target will be next year.

Mr. Moffett. Where is the evidence that it is going to be any different?

Mr. Stelson. It depends—this is an emergency measure. It will depend——

Mr. Moffett. After many hours we come to the crux of the disagreement whether in fact it is an emergency measure or it is not an emergency measure. You heard me read the passages from the law itself earlier and, unfortunately, it is open to some disagreement and different interpretations.

But one thing that is clear: The States are encouraged to submit conservation plans to get ready for this——

Mr. Stelson. States are submitting to us several plans, different kinds of plans, all of them dealing with conservation. For example, the RCS plan is the one that just comes in this week, which is a lot of hard work on the parts of States.

Mr. Moffett. That does not have anything to do with this law we are talking about today.

Mr. Stelson. No.

Mr. Moffett. OK.

Mr. Stelson. But it is conservation. And it is a State plan. So, States are heavily at work in energy conservation planning. It is not that they are not concerned about it. They are putting lots of resources into it. Frankly, they are doing a good job for all the relatively hectic conditions that exist.

Mr. Moffett. It will be a lot more hectic if we had a couple of countries cut off oil, would it not?

Mr. Stelson. That is right. And what we would hope to have——
Mr. Moffett. In fact, this would be recognized historically as one of the great calm periods of all time if we had a cut off in 2 months, right?

Mr. Stelson. What we hope to have is a methodology in place that we could immediately torque down and have as a curtailment measure gasoline consumption reduction. So, I think we have moved a fair distance along that path.

Mr. Moffett. There is one more thing I have in that regard. It seems that the States are looking at this standby plan as a model of sorts or as the only technical assistance that they have gotten. Is that not your impression?

Mr. Stelson. Yes and no. Having worked with them in great detail, I do not really think that is correct. But in one sense it is. We had to say to the States: if you don’t do your job, here’s what the Federal Government is going to do instead.

Mr. Moffett. OK, that’s fine. I understand that.

Mr. Stelson. So, in one sense, it is a model. But we encourage States to not have us do that, to go ahead with their own planning and develop a plan that is more appropriate to the needs of that particular State.

Mr. Moffett. That is fine. That is perfectly in the spirit of this particular law. That is fine.

Where I am relating to is, I think Mr. Hester mentioned at least once, in his testimony something about a sticker plan and so forth. I get the impression that they were actually reading off this standby Federal conservation plan and using that as some sort of model. You know, in a sense there is nothing wrong with that because there are some good conservation measures in there. There is certainly nothing at all inconsistent in your holding that over their head.

But don’t they need something more than that? Don’t they need a less severe kind of model plan to look at?

Mr. Stelson. We work with them continually, encouraging them to develop new ideas that are appropriate for their State and their region, and so on. We do not have a lot of manpower, but in every region we have three authorized positions dedicated to working with States an emergency conservation programs.

Mr. Moffett. And these memos or certainly no longer accurate. That say the regional offices have a hands-off approach are no longer relevant.

Mr. Stelson. That is not correct in fact, we support people who have no other duties.

Mr. Moffett. OK.

Mr. Stelson. Now, the regional director are not to dictate to States how to do this. They provide technical support. We do not dictate to the State how to do its planning.

Mr. Moffett. The staff work on this involved, among other things, calls to every regional office. At no time did the staff get the impression that, in fact, the regional offices are out there doing what you say they are doing. In fact, on the contrary, the staff impression was very clear that they are not really involved in this.

Mr. Stelson. I met—

Mr. Moffett. Can you in some way demonstrate to us before the record of this hearing is closed what the real facts are?
Mr. Stelson. Two weeks ago I met with all the regional directors of energy conservation. These are from the ten regions of DOE. They were in Washington here for a workshop. Every program was thoroughly reviewed including EECA——

Mr. Moffett. Was this your first meeting with them?

Mr. Stelson. No.

Mr. Moffett. When was the last meeting with them on EECA?

Mr. Stelson. Well, I have been at probably, let's say, three EECA workshops. A more normal process is to have a meeting of State energy people. Typically there would be at this meeting—for example, I went to Little Rock to a meeting 4 or 5 months ago. There were 300 people there from the States. In that meeting there are workshops dealing with various aspects of energy conservation including an EECA workshop and so on.

Mr. Moffett. OK. Fine.

Mr. Stelson. That is the kind of thing——

Mr. Moffett. Fine. But that does not answer the question about your relationship with these regional people

Now, here a law is passed the day after the hostages are taken in November of 1979. Your first meeting with the regional offices takes place 2 weeks ago——

Mr. Stelson. No.

Mr. Moffett. Together, as a group.

Mr. Stelson. This was just one subgroup.

Mr. Moffett. Have you ever had a formal meeting where you had these people either come into town or you went somewhere and everyone met on this particular program?

Mr. Stelson. Dozens of them, where it has been an element in a program——

Mr. Moffett. Where the regional people were all together?

Mr. Stelson. Well, where some regional people attended. There are 240 people in the region. We do not bring them all in. We just bring——

Mr. Moffett. How many people do you have involved in this program if you take all the regions together nationally. How many field people do you have?

Mr. Stelson. All of DOE or just conservation and solar programs?

Mr. Moffett. How many people working on EECA?

Mr. Stelson. About 30.

Mr. Moffett. OK, you have 30 people why in the world wouldn't they be called together and given some sense or urgency about this?

Mr. Stelson. The Regions Conservation Directors have a regular quarterly meeting. I occasionally——

Mr. Moffett. Where?

Mr. Stelson. Here. Sometimes it is elsewhere, depending on——

Mr. Moffett. How soon after the passage of the bill did they have a quarterly meeting? If so, did you address them at that point, or did anyone address them on EECA per se?

Mr. Stelson. Let's put it this way. I came in to DOE in January. I know sometime within the month of January I met with regional representatives and discussed emergency programs as well as other conservation programs.
Mr. Moffett. OK.
The regional people told the subcommittee that, if they had to implement EECA tomorrow, there was no way they could do it.
Mr. Stelson. What regional people?
Mr. Moffett. Everyone that we talked to in all the regions with no exceptions.
Mr. Stelson. Who? I don't understand that.
Mr. Moffett. Our counsel called and asked for the person handling this program.
Mr. Stelson. Somebody in intergovernmental relations? They probably don't go to the meetings, but we do.
Mr. Moffett. What if the Governor called and asked for the person handling the program? Why would the Governor get anybody different from the subcommittee counsel?
Mr. Stelson. I don't know.
Mr. Moffett. Well, let's check that out, together?
Mr. Stelson. But, if it is intergovernmental relations, they are not program related; they handle primarily, let's say, general relationships between——
Mr. Moffett. I don't know. All I know is the subcommittee counsel called and said: I am calling from this subcommittee, and we are looking into this problem, and can you give me the person who handles this particular area. And the results of that admittedly informal survey were that——
Mr. Stelson. Let me say this for the record. I meet with them regularly. Dr. Chiogioji meets with them regularly. Other program people meet with them regularly. We have workshops.
Mr. Moffett. Are they getting directions from the heads of the regional offices that this is an important program?
Mr. Stelson. That I don't——
Mr. Moffett. We don't know. And we do not know if the Secretary has communicated that to the head regional people.
Mr. Stelson. I don't know——
Mr. Moffett. Maybe we should suggest that, too.
You have been very patient. You have made some good points, certainly. You have also made some commitments with regard to suggestions to the Secretary which I will also follow up on.
I think you are very sincere about wanting to do a good job here. I am very impressed with much of what you have said that you would like to see happen, but I think we have a long way to go. I think you understand that our motivation here is very simply—you know, we get accused so often of reacting after the fact when there are gasoline lines and dislocation; and we are really trying to do something a little bit different here, OK?
Mr. Stelson. I appreciate your position and attitude. It is very constructive. It is exactly in tune with the way that we are trying to move. We are delighted to move ahead with you.
Mr. Moffett. Thank you very much.
The subcommittee stands adjourned.
[Mr. Stelson's prepared statement follows:]
STATEMENT OF
THOMAS E. STELSON
ASSISTANT SECRETARY FOR
CONSERVATION
U. S. DEPARTMENT OF ENERGY
BEFORE THE
SUBCOMMITTEE ON ENVIRONMENT, ENERGY, AND NATURAL RESOURCES
OF THE
COMMITTEE ON GOVERNMENT OPERATIONS
U. S. HOUSE OF REPRESENTATIVES
SEPTEMBER 4, 1980
Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the actions taken by DOE in the implementation of Title II of the Emergency Energy Conservation Act (EECA). In my testimony I will discuss, first, the Department's EECA mandated contingency planning, especially the effort to encourage the States to formulate State emergency conservation plans. Second, I will discuss the Department's program of voluntary State gasoline targets which conform to the requirements for mandatory targets authorized by Title II. Finally, I will discuss some of the specific DOE programs to accomplish the saving of gasoline, thus assisting in the attainment of the gasoline conservation targets. These three aspects of DOE's implementation of Title II are being coordinated to further increase the Nation's ability to respond to an interruption in the supply of petroleum.

Emergency Planning

First I would like to discuss DOE's work in the preparation of Federal and State plans for coping with a severe energy supply interruption. Our effort in this respect has intensified since passage of EECA which provides a mechanism by which both the Federal Government and the States would have a role in developing plans for effectively coping with emergency energy supply disruptions.
Title II of EECA provides the framework for a coordinated national response to energy supply interruptions. If the President finds that such a severe interruption exists or is imminent, or that actions to restrain domestic energy demand are necessary under the international energy program, he may establish monthly emergency energy conservation targets for each affected energy source (for example, gasoline, or home heating oil) for the Nation and for each State. States are required under EECA to submit to the Secretary of Energy a State Energy Conservation Plan, designed to meet or exceed the mandatory emergency energy target set for that State, no later than 45 days after the date of publication of the conservation target. The Secretary will review and approve or disapprove the State plan within 30 days after its submittal.

EECA further specifies States are encouraged to prepare and submit a draft State plan in advance of any mandatory targets, as soon after the passage of EECA as possible.

The Secretary of Energy is further required by EECA to develop a Standby Federal Conservation Plan within 90 days after EECA's enactment, designed to provide for emergency reduction in public and private use of targeted energy sources. DOE published a proposed Standby Federal Conservation Plan, as required, in the February 7, 1980, issue of the Federal Register. At present it contains measures that may be effective in achieving an emergency reduction primarily in the demand for gasoline. Measures for other fuels may be adopted in the future. In the event of a severe interruption,
the President may impose all or a portion of the conservation measures set forth in the Standby Federal Plan in any State with an approved State Plan which he finds is not, after a reasonable period, substantially meeting its conservation target and a shortage (equal to or greater than 8 percent of projected normal demand for the targeted energy source) exists or is likely to exist in that State for the 60 days following that finding.

The President may impose the Federal Plan more quickly in a State that has no State Plan in effect and which is failing to achieve its target. The Federal Plan is also intended to serve as an example to, and provide guidance for, States in preparing their own emergency conservation plans.

A major concern that has been voiced by many States is the necessity of adequate financial assistance for the development of the comprehensive State plans required by EECA.

Shortly after EECA was signed by the President, the DOE Office of State and Local Programs issued, through the Regional Offices, program guidance that incorporated a three-part model program measure for FY 1980 EPCA/ECPA State grant applications. One effect of this model program measure was to facilitate State applications to receive financial assistance to support early emergency conservation planning efforts, while awaiting the availability of new funds requested in the supplemental request.
In response to DOE's December 1979 model program measure, as of July 15, 1980, 36 States and Territories had applied for grants to support EECA planning. The aggregate amount requested was approximately $1.5 million, or an average of about $43,000 per request. Thus these limited funds will be available to the States out of that State Energy Conservation Program funding.

Until the passage of the FY 1980 supplemental appropriation, no money had been appropriated to support EECA-related activities, either for the States or for DOE. The supplemental budget request that DOE presented in January for $14.1 million included $10 million for State emergency conservation planning grants. As you may know, the supplemental appropriation, as approved by the House Appropriations Committee in July, provided $2.0 million, but with an express recommendation against the awarding of State planning grants from that budget authority. The Senate Appropriations Committee has approved $1.5 million, and did not oppose the House constraint on grant funding.

I now would like to address briefly DOE's approach to carrying out the congressional mandate to "encourage" State planning in advance of a severe energy supply interruption.

The result of a recent survey, conducted by our Regional Offices, indicated that 49 of the 57 States and other jurisdictions covered by EECA are currently engaged in various levels of planning activity aimed at producing EECA State plans.
Three others indicated that they have already completed their plans, although they have not yet submitted them to DOE for formal review and approval.

Until the FY 1981 appropriation becomes available, the States must rely upon their own resources or the funding available under the EPCA/ECPA grants program to provide the necessary State financial support to develop their EECA State plans. On the basis of discussions with the States, DOE does not believe they will be able to develop fully adequate State plans which meet the requirements of EECA with the FY 1980 level of funding currently available. In the meantime, we plan to employ the $1.5 million provided under the 1980 supplemental appropriation in efforts to develop and deliver essential technical and other programmatic assistance to the States.

Voluntary State Gasoline Conservation Targets

The Department has had two principal purposes in the announcement of voluntary State-by-State gasoline conservation targets. The first has been to gain the involvement of the States in the formulation of the target setting methodology and supporting data for use in the possible future establishment of mandatory EECA targets in the event of a severe interruption. The second purpose has been to call attention to the importance of implementing measures now which will reduce our consumption of petroleum, thus lessening our dependence on imported supplies.
Voluntary State gasoline targets have been issued by the Department of Energy for all 50 States and the District of Columbia for each month of 1980. Targets for Puerto Rico were also issued for the last 9 months of 1980. The gasoline targets have been developed using a methodology that conforms as much as possible to the requirements for establishing mandatory targets as outlined in Section 211 of EECA. The gasoline targets were set each quarter at levels designed to achieve President Carter's goal of holding U.S. gasoline consumption down to an average of 7 million barrels per day during 1980. This target level represents a 4.9 percent reduction from the average daily consumption level of 7.36 million barrels.

The 7 million barrels per day level corresponds to the Energy Information Administration figure between 6.65-6.7 million barrels per day because historical product supplied figures have been approximately 300,000-350,000 barrels per day less than the historical DOT figures of the Federal Highway Administration tax reports.

In December 1979, DOE announced the first quarter 1980 voluntary State gasoline conservation targets. Our purpose was to initiate a process of comment and consultation with State energy officials on the methodology and data used to set the targets; this methodology would also be the basis for setting mandatory targets during a severe energy supply interruption. Also, DOE sought to indicate to States through the official release of voluntary targets the importance of
State level activities in conserving gasoline and in planning for future energy shortages.

The 7 million barrels per day National target was established in December 1979 for the entire calendar year 1980. Based on the most current data reported by the States to the Federal Highway Administration, gasoline consumption for the first four months of 1980 is down about 6 percent from the same period last year. We have, as a Nation, reduced gasoline demand so far this year. This decrease has been influenced by many factors including recent improvements in the efficiency of the U.S. automotive fleet and gasoline price increases. Obviously, we still have several months to go before we can say that the 7 million barrels per day National target has been achieved. The second half of 1980 will be particularly important because the summer and fall months are historically heavy driving seasons.

The National target for the year and State targets for each month of 1980 are based on State gasoline tax data, which are provided to the Federal Highway Administration (FHWA) of DOT. The methodology used, as required by EECA, is based on (1) a State's reported fuel use in the most recent 12-month period prior to the target period and (2) its growth in the use of that fuel over the past 36 months adjusted to account for shortages and conservation. The adjusted base figure for each State is then reduced by the same percentage, as necessitated by the National target level, to arrive at each State's target.
Continuous discussions with each State's representatives throughout the target-setting period have enabled DOE to incorporate several revisions into the methodology in response to States' concerns. For example, in response to State-requests that they be allowed to redistribute particular targets among the months in a year, we requested that each State send in its recommended monthly breakdown of an annual target. Seven States, including Connecticut, opted to use alternative monthly share figures from those originally used by DOE in calculating their individual monthly targets.

Due to improvements in the timeliness of State's monthly gasoline tax data reporting, in early July of this year we were able to issue targets for 6 months at one time for the second half of 1980. Previous reporting lags had limited DOE to issuing targets on a quarterly basis during the first and second quarters of 1980.

Specific Programs Designed to Save Gasoline

The need to invoke emergency measures due to future energy supply interruptions can be mitigated to some extent now if we reduce the Nation's normal daily use of gasoline and increase the flexibility of the transportation system. During a severe supply interruption, there is a limit to how much people can change their patterns in the use of gasoline in a short period of time—without disrupting their lives and the economy. Specific programs designed to save gasoline and increase flexibility can aid in further reducing the
Nation's dependency on foreign imports. These efforts, however, cannot and should not attempt to replace or override the basic market forces that are generating significant improvements in efficiency under crude oil price decontrol. Rather, these programs provide consumers information and new options so that they can more quickly respond to any petroleum price increases caused by normal market forces.

A key to saving gasoline is to continue to make improvements in the efficiency of the transportation system. Because the transportation sector is so totally dependent on petroleum products, even small savings per vehicle can aggregate to large savings, especially when you consider that in 1978 there were about 103 million gasoline-powered trucks and buses. DOE's programs to save gasoline by supplementing basic market forces call for further improvements in fuel economy of the automobile and truck fleets, increasing the number of passengers per private vehicle trip, improving maintenance and driving practices, shifting demand to more efficient transportation modes, and reducing travel by combining trips. All these measures offer significant conservation potential.

For example, if all drivers used simple energy-conserving driving and auto maintenance techniques, gasoline use can be reduced by up to 10 percent.
Ridesharing holds significant potential for energy conservation in commuter transportation. DOE analyses have shown that if the average auto occupancy for commuter trips could be increased from 1.4 to 2.0, approximately 400,000 barrels of petroleum could be saved per day.

These gasoline-saving measures are being addressed by the DOE office of Transportation Programs. That Office is carrying out a wide range of programs aimed at oil conservation that fall under operational improvements and system changes. The programs cover highway (car, bus, and truck) transportation, as well as nonhighway (railroad, marine, aviation, and pipeline) systems. Since oil conservation involves individual and collective efforts, these activities are aimed at helping consumers reduce energy costs and helping private and public groups carry out conservation programs. Many activities mentioned in my testimony are outgrowths of responsibilities previously assigned to Federal agencies now consolidated under DOE. These programs are often cooperative efforts with other Federal departments and agencies.

**Information and Operational Technical Assistance**

These programs include efforts to develop and disseminate information that will educate energy users on petroleum and energy conservation opportunities in the transportation sector. This so-called "outreach" program includes guidance on new car fuel economy, a voluntary fuel conservation program for operators of trucks and buses, driver awareness, and numerous workshop and training programs.
The New Car Fuel Economy Information Program provides a new car buyer with a booklet, the Gas Mileage Guide, on comparative fuel economy. The booklet is designed to assist the buyer of a new car in selection of the most fuel-efficient car that meets his or her needs. Approximately 15 million copies of the Guide are distributed annually to over 29,000 new car dealers who, in turn, are required by law to make them available to consumers in the market for a new car.

The Guide is prepared in conjunction with the Environmental Protection Agency (EPA) under congressional mandate, and the fuel economy information published is based on EPA tests conducted under laboratory conditions. In addition, the program is collecting actual in-use fuel economy data to quantify the discrepancy between the numbers developed in the EPA laboratory testing and the actual on-the-road fuel economy of a vehicle. We are very aware that the discrepancy between the two numbers is currently on the order of 20 percent (actual values are lower), and we have a study underway to characterize how this difference is changing and what the causes are. Results of that study regarding this discrepancy will be ready later this year. We see this as an important part of the New Car Fuel Economy Information Program because these EPA values are playing an increasingly significant role in the car buyers' selection process as fuel costs become more and more important to the public.
Other aspects of this particular program include evaluating the effectiveness of this program in influencing consumer decisions to purchase more fuel-efficient vehicles; that work is currently in progress. Increasing the public awareness of the Guide is planned for this fall when we plan new and more visible efforts of publicizing the availability of the Guide and its importance in buying a new car. We plan to contact trade associations, consumer groups, and banking organizations to urge them to publicize this information to their members. We plan to offer printing negatives for the Guide and other information to the groups to assist them in their promotional effort. Other organizations we intend to use in this effort are the State Energy Offices and the DOE Energy Extension Service.

Within the past year DOE prepared four public service announcements (PSA's) for television on the Gas Mileage Guide. The PSA's encourage viewers to buy the more fuel-efficient cars and tell viewers where they can obtain a copy of the Guide. These announcements ran in October through December 1979 and in February through April 1980 to coincide with each edition of the 1980 Guide. We estimate that between 10 to 15 percent of all TV viewers have seen these PSA's at least once. One radio PSA on the Guide and one on driver awareness ran this year also.
Another program—the Voluntary Truck and Bus Program—is a joint Government-industry program that began in 1975. Government partners are DOE, the Department of Transportation (DOT), and EPA. More than 300 organizations, including 18 State Energy Offices (of which Connecticut's Energy Office is one), participate voluntarily in this program. All members are interested in finding marketplace solutions to fuel economy concerns in the commercial vehicle industry. Trucking companies, trade associations, and truck manufacturers are some of the nongovernmental entities participating in finding solutions to saving energy in the trucking sector. The members of this program have made a strong commitment to exchanging information. Various publications, films, and slide presentations have been developed. DOE's role here is to serve as clearinghouse for information on transportation energy conservation. As an example of this activity, we have recently initiated a series of seminars for truck dealers in Boston to provide information about fuel economy devices and fuel-efficient driving techniques. These seminars will be continued in 16 major metropolitan areas in the Northeast and Midwest during the summer and fall. We feel that these seminars will encourage the equipment dealers to include this information in their discussions with prospective truck purchasers. In conjunction with this, truck stops will also be visited to allow for direct discussions with truck drivers on fuel economy issues.
One new activity being supported through the Voluntary Truck and Bus Program is working with the Washington Metropolitan Area Transit Authority (Metro) to increase the efficiency of its bus fleet. In conjunction with the Urban Mass Transportation Administration of DOT, plans are underway to train drivers in fuel-efficient operating practices that could result in fuel savings of 5-10 percent. The information and techniques developed from these activities will be used to encourage greater conservation efforts in other urban transit fleets throughout the country.

The Driver Awareness Program is an educational and informational program that emphasizes what managers of large fleets, as well as individual operators, can do to stretch their gasoline dollars through more fuel-efficient driving techniques. The program is targeted to a wide audience, including (1) Federal, State, and local energy agencies involved in outreach; (2) Federal, State, local, and corporate fleet managers, operators, and drivers; and (3) individual drivers (students and the motoring public). The aim is to use existing educational channels, to make the driving population more aware of ways to save gasoline and money.

Probably the most important feature of the Driver Awareness Program is that it is a voluntary effort centering on groups or individuals who are best able to judge their
wants and need in relation to energy conservation. For example, fleet operators gain safety, reliability, and economic benefits. Independent tests on fleets have shown an actual 10-20 percent improvement in fuel economy from practicing elements of the Driver Awareness Programs. Educational programs targeted to the public publicize, for example, that an average family of four spending $800 per year on gasoline could reduce their gasoline costs by 5 percent ($40 per year) by improved driving techniques, 14 percent ($112 per year) by improved trip planning, 7 percent ($56 per year) by using properly inflated radial tires and high mileage oil, and 4 percent ($32 per year) by regular tuneups and adjustments.

The Driver Awareness Program is also providing technical assistance directly to State and local government staffs and private companies through a series of 10 Teach-Ins held around the country. These Teach-Ins give a 1-day introduction to approaches in disseminating driver efficiency information to aid such groups in developing successful driver awareness outreach programs for themselves. In fact, a recent Teach-In was held July 16 in Hartford, Connecticut, where approximately 250 fleet operators, fleet managers, and driving instructors participated.

The Teach-Ins were announced at a White House Conference on April 29, 1980, when the President requested an intensified national energy conservation program that would involve every level of government, along with business, labor, and private citizens. More than 500 organizations have requested
We plan two projects in FY 1981 that offer great promise to improving the Driver Awareness Program. One project deals with quantifying more accurately the gasoline savings associated with individual fuel-techniques of vehicle operation. We hope to develop not only reliable numerical savings but offer exact methods of achieving those savings. Actual tests will be carried out in a variety of current and future automobiles. The second project is to assess driver feedback devices. We hope to assess the behavioral impact of a resettable and recallable device designed to give immediate feedback to a driver regarding how his driving and maintenance habits affect the rate of gasoline consumption and how his auto trip patterns affect total consumption. The device could provide audible and visual information on fuel consumption rate, cost of fuel used, and projected driving range.

Driver Energy Conservation Awareness Training (DECAT) is an intensive instructor training course aimed at public and private fleet administrators and fleet drivers who want to set-up efficient driver training courses. We offer two DECAT courses: one is a pilot program for fleet drivers, and the other is to train instructors. The objective of the instructor training course is to have the trained instructors disseminate the principles of the Driver Awareness Program nationwide.
The pilot program is being conducted at the Nevada Test Site in Mercury, Nevada, and is aimed initially at 3500 DOE and Government contractor fleet operators. The 3-hour course consists of slides and lectures on vehicle fleet efficiency considerations, in-vehicle demonstration and training, and a film, "Running on Empty." We estimate that fleet drivers trained in the DECAT program could achieve gasoline savings of approximately 5-15 percent. To date, over 3000 drivers have taken this DECAT course.

DECAT instructor training is an intensive course aimed at administrators of organizations who want to set up efficient driver training courses along with potential DECAT instructors. This course is a 2 1/2 day seminar also conducted at the Nevada Test Site. In addition to the same 3 hours of instruction given in the pilot program, trainees are given instruction in how to evaluate what the students have retained. So far, several hundred instructors have taken this course.

There are many programs now in place at the State and local level that are the result of attending the DECAT instructor course. For example, in May of 1979, the Maryland State Police (MSP) sent three instructors to the DECAT instructor course in Nevada. They studied with our DECAT instructors for 3 days and returned to Maryland to set up their own course. They then trained 50 instructors within their State Police force, at least one in each organizational unit. These instructors then trained all the 1200 officers in the force. Additionally, the instructors have trained
other instructors from 22 States and many counties who have returned to their locales and conducted DECAT courses.

Colonel Thomas Smith, Commander of the Maryland State Police, (MSP), estimates that they will save 14 percent of their fuel due to implementation of the program. In effect, the program will have paid for itself within the first few months of operation and the savings will accrue continuously. Historically, the MSP consume about 3 million gallons of fuel annually, and as a result of their DECAT program have projected a 1980 savings of over 250,000 gallons of gasoline. (This 1980 figure is less than 14 percent because many personnel were not trained until well into the calendar year.) This reduction in gasoline cost of $300,000 in 1980 was achieved at a program cost of $10,000 for expenses and outfitting training vehicles and $15,000 for materials development, printing, and distribution, much of which is used in outreach activities to non-MSP audiences. This results in a return in the first year alone of more than $10 for every dollar spent. This benefit/cost ratio will increase substantially as the start-up costs are amortized over the program's life.

Private sector results are even more impressive. The Douglas Aircraft Company program, which was in part the forebear of DECAT, estimates a 16 percent annual savings and a return of $90 for every dollar spent. As local communities such as the city of Los Angeles and Clark County, Nevada, progress further in their implementation of the DECAT program, similar savings are expected.
Ridesharing is an important element in DOE’s work to save gasoline. Vanpooling and carpooling offer one of the Nation's greatest opportunities for conserving significant amounts of energy in commuter transportation.

We believe that ridesharing is an area that has great near-term and long-term promise for conserving energy because gasoline savings of up to 400,000 barrels per day by 1990 are possible. DOE and DOT are working cooperatively in the promotion and advancement of commuter carpools, vanpools and mass transit as part of the State Energy Conservation Programs. Over the last 3 years, approximately $10 million of the funds DOE has provided to States have been used for these ridesharing promotion activities. Our activities in ridesharing have included the reduction of such institutional barriers as insurance and economic regulation; the provision of technical assistance to Federal, State, and local authorities; the development of marketing methods; the development of private sector financing of vanpools; and providing special fuel allocation priorities to transit and vanpools during an energy supply disruption.

As institutional barriers to vanpools are reduced, DOE's efforts are increasingly directed toward marketing and private sector financing. Although the number of vanpools has doubled each year since the 1973-74 oil embargo, their number has grown much faster where they have been promoted. In New Jersey, one of the top three vanpool States, the New Jersey Energy Office has conducted a series of vanpool
workshops for employers over the past 5 years. There are now more than 1,200 company-sponsored vanpools operating in New Jersey.

The Washington, D.C., area has more driver-owned and operated vanpools than any other area thanks largely to the I-395 express lanes. The growth in the number of vanpools has been almost spontaneous in the other Virginia corridors and in Maryland. As a result, Washington, is now one of the Nation's top three vanpool areas. This form of vanpooling is relatively easy to start as commuters do not have to wait for employer action—they can start once they understand vanpools.

On October 25, 1979 the President announced the formation of the National Task Force on Ridesharing. The objectives of this group are to (1) develop recommendations for Government actions to encourage ridesharing and (2) encourage and assist employers in establishing successful ridesharing promotion activities. DOE believes that this Task Force offers a great opportunity to involve thousands of employers through their trade groups.

DOE is working with the President's National Task force on Ridesharing and with the States in providing a gasoline priority for vanpools during gasoline shortfalls. To facilitate this, DOE established vanpools operated by bulk purchasers of gasoline as priority one users effective March 1, 1980 in its amendment of ERA regulations (Special Rule No.9 of Subpart A, Part 211).
DOE is conducting a series of workshops aimed at helping Federal agencies implement ridesharing programs as required by Executive Order 12191, dated February 1, 1980. Federal agencies are required to designate an employee transportation coordinator at each site to implement the ridesharing program.

Another area of DOE emphasis is providing technical assistance to the State Energy Offices. We assist them in developing viable ridesharing programs to cope effectively with emergency energy supply disruptions. This work is related to our activities under EECA.

The DOE Office of State and Local Programs, is responsible for technical assistance to the 50 States, territories, and other political divisions. I would like to give you some idea of the programs with which we interact in the State of Connecticut. This liaison allows for close cooperation in the area of carpools, vanpools, and public transportation; right-turn-on-red; enforcement of the 55-mph speed limit; auto inspection and maintenance; gasoline transfer vapor recovery; and waste oil recovery. Connecticut estimates that three of these programs—ridesharing, right-turn-on-red, and the 55-mph speed limit—saved 43 million gallons of gasoline in 1979.
As you can see from the testimony, DOE has been active in programs to implement Title II of EECA. Our approach to contingency planning required by EECA looks to the States to play the lead role in coordinating and packaging initiatives to deal with gasoline shortfalls. DOE has also been active in programs to save gasoline to reduce the vulnerability of the Nation to a shortage. We expect to provide higher visibility to them in order to accelerate their impact now and to be better able to cope with a future supply interruption.

That concludes my written statement. I welcome any questions you may have on these programs.

[Whereupon, at 1:08 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]
SURVEY OF THE STATUS OF STATE EMERGENCY CONSERVATION PLANNING UNDER THE "EMERGENCY ENERGY CONSERVATION ACT"

PRELIMINARY FINDINGS

JULY 16, 1980

Prepared by:
Office of Emergency Conservation Programs
Conservation and Solar Energy

in cooperation with
The DOE Regional Offices

(135)
SUMMARY

The survey indicates that most States and Territories are currently engaged, in varying degrees, in the development of State emergency energy conservation plans, as required under Section 212 of the Emergency Energy Conservation Act of 1979 (EECA). Of the 57 jurisdictions covered by EECA, the survey found that 3 States (Colorado, Nebraska and Utah) indicated completion of a State plan. Another 49 States and Territories, including Puerto Rico and the District of Columbia, are "engaged in the development of an EECA plan."

Further, 36 jurisdictions have requested grant funds for FY 1980 to support emergency conservation planning efforts. The total amount requested, to date, is $1,555,902, for an average of $43,219.50 per request. Two (2) others have indicated an intention to request such funds in the very near future.

The survey was performed by telephone by the staffs of the ten DOE Regional Offices, using a sample questionnaire prepared by the Office of Emergency Conservation Programs. The survey was coordinated by the Office of Grants Management and Technical Assistance.

A summary of the specific responses are presented on pages 1 and 2, with supplemental notes provided on pages 3 and 4. A State-by-State breakout of certain key factors is presented on pages 5-8.
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PRELIMINARY FINDINGS OF A SURVEY OF THE STATUS OF STATE EMERGENCY
CONSERVATION PLANNING UNDER THE "EMERGENCY ENERGY CONSERVATION ACT"

July 16, 1980

The Regional staff of DOE conducted a survey of all States and
Territories, pursuant to a questionnaire prepared by the Office
of Emergency Conservation Programs. The questions and the aggre­
gate results are listed below:

1. Has the State completed an EECA "State
emergency conservation plan?"
   a) If Yes; has the State submitted such
      plan to DOE for review and approval?
      3 Yes 54 No

2. If the State has NOT completed such a
   plan, is it engaged in the development of an
   EECA plan?
      49 Yes 5 No
   a) If Yes; when is it expected that such
      plan will be completed?
      (See NOTES)
   b) If No; when does the State plan to
      start developing an EECA plan?
      (See NOTES)

3. If the State has either completed an EECA
   State plan, or is developing such a plan, or
   plans to develop a plan, do we expect that the
   State will submit that plan to DOE at anytime
   prior to the establishment of mandatory targets
   by the President?
   31 Yes 15 No 11 ?

4. Has the State applied for financial
   assistance from DOE, under the EPCA/ECPA grant
   program, to support development of an EECA
   State emergency conservation plan?
   36 Yes 21 No
a) If Yes; for what amount?

2 Yes 11 No 8 ?

b) If No; does the State plan to apply?

-- For what amount?

Unknown at this time.

-- By what date?

#1 by 8/80

#2 ASAP

5. For a State that has either completed an EECA plan or is developing such a plan, which of the following measures contained in the "Standby Federal Emergency Conservation Plan," if any, are incorporated in the State plan?

27 Odd-even fuel purchase

39 Minimum fuel purchase

18 Speed limit enforcement

32 Employer-based commuting & travel measure(s)

41 Public information measure

25 Vehicle-use sticker measure

18 Compressed workweek measure

20 Building temperature restrictions

6. Beyond any Federal funding identified in Question No. 4, has the State budgeted any of its own funds to support EECA planning activities?

21 Yes 35 No 1 ?

a) If Yes; what amount?

$194,500*

* excluding $200,000 appropriated by the Connecticut legislature for use in energy emergency activities.
Question 1. States generally consider development of an EECA plan to be an on-going process. Consequently, while several States have early drafts of what will be their EECA plan, few are inclined to consider those "complete" and work continues to make appropriate changes. Given the nature of the program, this is logical.

1(a)—No State, regardless of the stage of completion of its EECA plan, appears to wish to submit such plan to DOE "for approval" since there is no established mechanism for approval, absent the President's declaration of an energy emergency. The States, however, do wish (generally) to submit their EECA plans to DOE, at various stages of development, for comments and technical advice.

Question 2. Again, the majority of States consider this to be an on-going process, which may only be formally completed after an emergency is declared and targets published.

2(a)—In general, State plans will be "completed" when required by regulation or if faced with implementation of the standby Federal emergency conservation plan.

2(b)—Some States indicated they would not "officially" start the planning process until either (i) the regulations for the standby Federal plan were issued in final form, and/or (ii) DOE made available EECA planning grant funds.

Question 3. The majority of the 31 States that indicated they will submit their EECA plans to DOE prior to the establishment of formal targets by the President, intend to do so only to obtain informal review and comment from DOE. This relates back to the State view that DOE should assist the States in putting together constructive, effective plans long before any emergency conditions exist. If the Federal Government needs to "get tough," it should
be later, when States, on their own abilities, have been unable to meet the mandatory conservation targets. States also feel that DOE should not be in the business of "tentatively approving" State plans, which implies a concomitant authority to disapprove any EECA plans that States may develop prior to a declared emergency.

**Question 4.** "It must be stressed that the figure ($1,555,902) represents the amount of money the States have identified as needed for initial EECA planning efforts, and the amount of EPCA/ECPA funds actually requested for such use. In not every case will the DOE Regional Office approve the full amount requested. For example, included in this amount is a request from the State of Pennsylvania for $109,800. The DOE Region III Office has approved an amount of only $87,100 for EECA planning.

**Question 5.** In many States the various standby Federal measures are all under consideration, but pending public hearings and/or further EECA plan development are not yet considered to be formally "incorporated."

**Question 6.** This amount, combined with EPCA/ECPA funds, brings to slightly more than $1.75 million, the amount that States have budgeted in FY-1980 for EECA plan development.
<table>
<thead>
<tr>
<th>STATE/TERRITORY</th>
<th>STATUS OF EECA PLAN</th>
<th>EPCA/ECPA REQUEST</th>
<th>STATE FUNDS</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REGION I</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connecticut</td>
<td>X</td>
<td>-0-</td>
<td>?</td>
<td>Yes .......................... State legislature has appropriated $200,000 for emergencies.</td>
</tr>
<tr>
<td>Maine</td>
<td>X</td>
<td>-0-</td>
<td>No</td>
<td>No ............................ Will continue working on existing plans; could be modified to meet EECA requirements, if needed.</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>X</td>
<td>$40,205</td>
<td>---</td>
<td>No ............................. Major effort awaiting release of Federal grant funds.</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>X</td>
<td>$10,000+</td>
<td>---</td>
<td>No ............................. Grant request is sub-element of transportation measure.</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>X</td>
<td>-0-</td>
<td>No</td>
<td>No ............................. Reluctant to do anything until final DOE regulations are issues; but will consider updating existing emergency plan.</td>
</tr>
<tr>
<td>Vermont</td>
<td>X</td>
<td>-0-</td>
<td>---</td>
<td>No .............................</td>
</tr>
<tr>
<td><strong>REGION II</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>New Jersey</td>
<td>X</td>
<td>-0-</td>
<td>No</td>
<td>No .............................</td>
</tr>
<tr>
<td>New York</td>
<td>X</td>
<td>-0-</td>
<td>No</td>
<td>Yes ............................ Has energy master plan which would provide baseline for EECA planning when EECA grant funds become available.</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>X</td>
<td>$30,000</td>
<td>---</td>
<td>No ............................. Expect plan to be completed by mid-August.</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>X</td>
<td>-0-</td>
<td>No</td>
<td>No ............................. Waiting for EECA funds to become available.</td>
</tr>
<tr>
<td><strong>REGION III</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delaware</td>
<td>X</td>
<td>$10,645</td>
<td>---</td>
<td>No ............................. Expect plan to be completed January, 1981.</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>X</td>
<td>Yes</td>
<td>---</td>
<td>No ............................. Expect plan to be completed January, 1981. (Amount of grant request not known.)</td>
</tr>
<tr>
<td>Maryland</td>
<td>X</td>
<td>$38,399</td>
<td>---</td>
<td>No ............................. Expect plan to be completed January, 1981.</td>
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<tr>
<td>Pennsylvania</td>
<td>X</td>
<td>$109,800</td>
<td>---</td>
<td>No ............................. Expect plan to be completed January, 1981.</td>
</tr>
<tr>
<td>Virginia</td>
<td>X</td>
<td>$50,000</td>
<td>---</td>
<td>No ............................. Expect plan to be completed January, 1981.</td>
</tr>
<tr>
<td>West Virginia</td>
<td>X</td>
<td>$20,000</td>
<td>---</td>
<td>No ............................. Expect plan to be completed January, 1981.</td>
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<tr>
<td>STATE/TERRITORY</td>
<td>STATUSES OF EECA PLAN: Complete</td>
<td>In Work</td>
<td>No Work</td>
<td>EPCA/ECPA REQUEST</td>
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<td>-----------------</td>
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<tr>
<td><strong>REGION IV:</strong></td>
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<tr>
<td>Alabama</td>
<td>X</td>
<td></td>
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<td>$3,000</td>
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<td>Florida</td>
<td>X</td>
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<td>X</td>
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<td>X</td>
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<td>X</td>
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<td>X</td>
<td></td>
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<td>$11,540</td>
</tr>
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<td>South Carolina</td>
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<td><strong>REGION V:</strong></td>
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<td>X</td>
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<td>Indiana</td>
<td>X</td>
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<td>Michigan</td>
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<td>$108,000</td>
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<td>Minnesota</td>
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</tr>
<tr>
<td>Ohio</td>
<td>X</td>
<td></td>
<td></td>
<td>$71,000</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>X</td>
<td>-0-</td>
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</tr>
</tbody>
</table>

Expect plan to be completed October 15, 1980.

Expect plan to be completed in December, 1981.

Expect plan to be completed upon emergency declaration.

Expect plan to be completed August 1, 1980.

Expect draft plan in August, 1980.

Expect plan to be completed in March, 1981.

Expect first draft by August, 1980.

Expect finalization of plan contingent upon issuance of final DOE regulations.

Expect completion by September, 1980.

Preliminary plan completed; additional planning contingent on finalization of DOE regulations.

Expect completion by end of August, 1980.

Expect completion by September, 1980.

Expect completion by September, 1980.
<table>
<thead>
<tr>
<th>STATE/TERritory</th>
<th>STATUS OF CCA PLAN</th>
<th>EPCA/ECRA REQUEST</th>
<th>PLAN TO APPLY IN F'80</th>
<th>STATE FUNDS</th>
<th>COMMENTS</th>
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<td><strong>REGION VI</strong></td>
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<tr>
<td>Arkansas</td>
<td>X</td>
<td>-0-</td>
<td>No</td>
<td>No</td>
<td>Expect completion by end of 1980.</td>
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<td>Louisiana</td>
<td>X</td>
<td>$ 9,520</td>
<td>Yes........</td>
<td>-0-</td>
<td>Yes........ Man-year effort; estimate completion within six months.</td>
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<td>Oklahoma</td>
<td>X</td>
<td>-0-</td>
<td>?</td>
<td>$ 9,520</td>
<td>No Undetermined when plan will be completed.</td>
</tr>
<tr>
<td>Texas</td>
<td>X</td>
<td>$ 53,529</td>
<td>No</td>
<td>Undetermined when plan will be completed.</td>
<td></td>
</tr>
<tr>
<td><strong>REGION VII</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iowa</td>
<td>X</td>
<td>$ 54,418</td>
<td>-0-</td>
<td>$10-15,000</td>
<td>Planning is on-going process; plan to consult with DOE and request additional funds, when available.</td>
</tr>
<tr>
<td>Kansas</td>
<td>X</td>
<td>$ 13,062</td>
<td>Yes........</td>
<td>-0-</td>
<td>Yes........ Administrative costs, travel &amp; salaries covered by State; will consult with DOE and request additional funds when available. With sufficient resources, expect plan to be complete by December, 1980; although State views planning as continuing process.</td>
</tr>
<tr>
<td>Missouri</td>
<td>X</td>
<td>$ 36,530</td>
<td>Yes........</td>
<td>-0-</td>
<td>Yes........ Administrative costs, travel &amp; salaries covered by State; will consult w/ DOE and request additional funds, when available. Planning is on-going process.</td>
</tr>
<tr>
<td>Nebraska</td>
<td>X</td>
<td>-0-</td>
<td>Yes</td>
<td>Yes.........</td>
<td>Administrative costs, travel &amp; salaries covered by State. Planning is on-going process. State has submitted plan to DOE.</td>
</tr>
<tr>
<td><strong>REGION VIII</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorado</td>
<td>X</td>
<td>$ 3,000</td>
<td>No</td>
<td>No</td>
<td>State has submitted plan to DOE.</td>
</tr>
<tr>
<td>Montana</td>
<td>X</td>
<td>No</td>
<td>$ 5-10,000</td>
<td>No</td>
<td>Expect plan to be completed by September, 1980.</td>
</tr>
<tr>
<td>North Dakota</td>
<td>X</td>
<td>$ 22,769</td>
<td>No</td>
<td>No</td>
<td>Expect plan to be completed after issuance of DOE guidelines.</td>
</tr>
<tr>
<td>South Dakota</td>
<td>X</td>
<td>No</td>
<td>?</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Utah</td>
<td>X</td>
<td>$ 40,000</td>
<td>No</td>
<td>No</td>
<td>Plan submitted to DOE.</td>
</tr>
<tr>
<td>Wyoming</td>
<td>X</td>
<td>$ 19,000</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>STATE/ TERRITORY</td>
<td>STATUS OF EECA PLAN</td>
<td>EPCA/ECPA REQUEST</td>
<td>STATE FUNDS</td>
<td>COMMENTS</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------</td>
<td>------------------</td>
<td>-------------</td>
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<tr>
<td><strong>REGION IX:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arizona</td>
<td>X</td>
<td>$ 9,000</td>
<td>No</td>
<td>Expect plan by end of 1980</td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>X</td>
<td>-0-</td>
<td>No</td>
<td>Plan now in public hearings.</td>
<td></td>
</tr>
<tr>
<td>Hawaii</td>
<td>X</td>
<td>$173,163</td>
<td>No</td>
<td>State will not start developing plan until required to do so by establishment of mandatory targets.</td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
<td>X</td>
<td>$ 57,900</td>
<td>No</td>
<td>Plan to be completed by third-quarter of 1980.</td>
<td></td>
</tr>
<tr>
<td>Guam</td>
<td>X</td>
<td>$ 24,761</td>
<td>No</td>
<td>Plan to be completed by end of August, 1980.</td>
<td></td>
</tr>
<tr>
<td>American Samoa</td>
<td>X</td>
<td>$ 68,974</td>
<td>No</td>
<td>Plan to be completed by end of December, 1980.</td>
<td></td>
</tr>
<tr>
<td>Northern Marianas' Trust Territories</td>
<td>?</td>
<td>-0-</td>
<td>?</td>
<td>No current estimate of when plan will be completed</td>
<td></td>
</tr>
</tbody>
</table>

| **REGION X:** |                     |                  |             |          |
| Alaska         | X                   | $ 25,067         | Yes         | Estimate plan completion by February, 1981 |
| Idaho          | X                   | -0-              | No          | Estimate completion by January, 1981, if DOE funding is available by August, 1980. |
| Oregon         | X                   | $ 7,129          | Yes         | Estimate completion by December, 1980. |
| Washington     | X                   | -0-              | No          | Estimate completion by January, 1981, if DOE funding is provided by August, 1980. |
APPENDIX 2

EMERGENCY ENERGY CONSERVATION PROGRAM

A Strategy and Management Plan for the Development of State Emergency Conservation Plans

Prepared by:

Office of Emergency Conservation Programs

and

The ad hoc Headquarters-Regional Task Force on the EECA State Program

May 28, 1980

(145)
Executive Summary

This report presents the findings and recommendations of a joint Headquarters-Regional task force with respect to a strategy and management plan for quickly obtaining the support and participation of the States in the development of State emergency conservation plans required by the Emergency Energy Conservation Act of 1979 (EECA).

EECA requires the States to submit emergency conservation plans only after the President has established mandatory targets. Prior to that time, the Act merely encourages the development and submittal of State plans. It is apparent that the majority of States are not engaged in any significant planning efforts that would lead to plans of the scope and quality required by EECA.

A key factor in encouraging States to undertake serious planning is the availability of adequate financial assistance. Unfortunately, no funds have yet been appropriated for the EECA program, although a supplemental budget request is being considered by the Congress. The absence of funds constrains the program in two ways: first, we are prevented from targeting seed money to the States for emergency planning of a quality consistent with the mandate of EECA; and second, the program offices and Regions are prevented from establishing an adequate technical assistance program to support the States' planning efforts.

The approach recommended involves the creation and maintenance of a joint Federal-State planning process aimed at mobilizing the States, and with the goal of having adequate State plans available when needed. This will require that DOE make available a sum of $50,000 per State, in the form of a special planning grant. Also, DOE will strengthen the capabilities of both Headquarters and Regional offices and implement an ongoing effort to engage as many States as possible in this plan development process. The objective in each State will be to increase the level of planning competency and the quality of emergency measures and plans beyond what may currently exist.
Introduction

An ad hoc task group, including both Regional and Headquarters staff, met to undertake the development of a strategy and plan for meeting DOE's obligations with respect to State emergency energy conservation plans required by the Emergency Energy Conservation Act of 1979 (EECA). This report summarizes the analysis, findings and recommendations of that group.

Section I  Background

The Emergency Energy Conservation Act of 1979 (EECA) requires the States to submit State emergency conservation plans to DOE within 45 days after the President establishes mandatory emergency conservation targets. Thereafter, DOE is given 30 days to approve those plans. EECA also encourages the States to submit State plans in advance of any formal target-setting; DOE is authorized to give tentative approval to such preliminary plans.

It is generally agreed that for the EECA program to be successful, the States need to begin the contingency planning process as quickly as possible, in order to avoid States having to develop such plans during the very limited 45 day period allowed by the statute. There are some problems, however, in getting the States to move quickly and diligently towards this objective. First, DOE cannot "demand" that States develop and submit plans at this time—there is no statutory authority to require the submittal of plans in advance of the establishment of mandatory targets by the President. Second, absent adequate funding, DOE cannot effectively "encourage" significant efforts by the States, unless the States are predisposed to employ their own or other financial resources. Third, the public perception that no energy emergency either exists or is imminent makes it difficult for a Governor to make firm commitments to emergency preparedness—especially to stringent measures that would impose severe hardships upon his or her constituents.

Our task, therefore, is to overcome these hurdles as quickly and as effectively as is practicable, in order that the States, and thereby the Nation, will be prepared to cope with future energy supply interruptions; i.e., to fulfill our mission under Title II of EECA. This paper outlines an overall strategy and presents a preliminary management plan for accomplishing this task.

Section II  Program Strategy

The time is ripe for challenging the States to accept and undertake their responsibilities to plan for energy emergencies, as required by EECA. The States, by and large, have demanded an expanded role in determining their energy destinies, as evidenced most recently in the many rounds of discussions on the gasoline targets methodology. Further, DOE needs to mobilize the States' collective manpower and expertise to develop EECA State plans well in advance of the limited and difficult 45 day period allowed for submittal of such plans after the President has established mandatory conservation targets.
In the absence of final DOE guidelines and with no program funding available, most States have refrained from initiating new planning activities to meet the requirements of EECA. While many States indicate a current planning effort, there is evidence that most are doing no more than dusting off 6-year-old plans--many of which don't address gasoline demand restraint with sufficient emphasis. Consequently, it is apparent that few States are prepared to develop or submit EECA plans adequate for DOE approval, either now or in the foreseeable future, unless some extraordinary steps are taken by DOE.

Few will deny the virtual impossibility of prudent and thoughtful planning during the 45 days allowed by the statute. It also is doubtful whether DOE could properly review and judge these plans--from as many as 56 separate jurisdictions--within the 30 days allowed by EECA. Therefore, it becomes imperative that we devise a means to encourage and facilitate early planning by the States without further exacerbating an already difficult problem.

One major goal is to insure that the States understand and accept the need for early planning, in spite of current skepticism. If successful, DOE and the States will be afforded the benefits of early review of State strategies, measures, and estimates of the resources needed to carry out effective plans in the event the President establishes mandatory targets. To facilitate meeting this objective, however, DOE should not impose stringent demands upon the States, especially demands to plan immediately for the extreme shortage levels implied by EECA and the EECA regulations. To do so would only further discourage the many States that are reluctant to proceed at all and could misdirect the efforts of the rest. Instead, we must get the States "brainstorming" and thinking constructively about what such emergencies will mean to their States and how they can best prepare to respond to them.

Once this process is started—with DOE financial and technical support—the State energy offices themselves should better see the need for planning to meet the requirements of EECA and will genuinely want to get on with the task. With constant DOE guidance and support, the States can then be expected to develop a comprehensive array of measures suitable for a range of emergencies and appropriate to the circumstances in their States; proceed with the equally important task of involving local government and the public; performing adequate regulatory and economic analyses; and setting about the many other tasks that will insure that competent emergency plans are available and ready to use when needed.

It must be recognized, however, that this process is not expected to lead immediately to fully comprehensive plans to meet the stringent goals of EECA, i.e., plans to deal with a 20 percent shortage. But, the process will encourage and enable the States to develop measures that can be incorporated into their evolving plans with confidence. An incremental approach, such as this, will not only encourage State planning now, but will provide an atmosphere conducive to continued plan development and perfection as the process evolves.
As an immediate consequence of this approach, formal "State emergency conservation plans" would not be solicited until after the President establishes mandatory targets. Nor will this approach require that DOE provide the "tentative approval" allowed by the statute. In fact, a rigorous, formal process of advance submission and tentative approval would not be in the best interests of either the States or DOE because it would create an unwanted political and adversarial environment. Such formality would also diminish the opportunity for both the States and DOE to learn from an evolutionary process by substituting a formal negotiation procedure for the more desirable and workable approach of mutual consultation and development.

With a State considering every worthy measure it can, within the context of an evolving strategy, and continuously upgrading those measures and strategy as world events and State needs change, there will be greater assurance of proper responses to any energy emergency—at any level mandated by the President. By working closely with the States, DOE will be able to review, understand and, if warranted, agree or disagree upon the basic effectiveness and suitability of each measure, independently or in the aggregate; yet reserve formal approval (even tentative) until a specified target has been established and the State has determined the set of measures and the administrative process (chosen from the array of alternatives already developed and reviewed with DOE) most suitable to the emergency and the needs of the State, including public acceptance. This approach will allow DOE to "grow," along with the State, and thereby enable it to quickly and confidently assess State plans as they are submitted in response to a specific set of targets and circumstances—with greater assurance that the measures will be effective and appropriate.

It is entirely possible that some States will have or quickly develop plans capable of meeting a 20 percent shortfall. In those States, we would gladly receive them and encourage the focus of ongoing efforts to shift to further regulatory and economic analysis, staffing and funding decisions, interagency planning, public involvement, etc., while DOE continues to internally develop more definitive criteria for approving State plans. Further, the products of these successful State efforts can be shared with other States and used to increase DOE's own collective intelligence.

As meritorious as this approach may be, it cannot work without three crucial ingredients: (1) additional capacity to provide technical support, and (2) adequate financial support in the form of State grants. These are the literal sine qua non for the success of the EECA State program. Absent a "stick" in the form of a legal mandate, we must provide a "carrot" in order to both induce and enable most States to become involved in any meaningful way in this program. Further, we must see that a degree of continuity is built into the program to insure both consistency and continuing standby capacity to respond to energy emergencies. This will require that emergency planning be established and supported on a continuing basis through a DOE State grants programs.
The first step in implementing this strategy is to approach the Governors with an offer of partnership in planning for the Nation's response to energy problems. This can be done through a letter from the Secretary or Deputy Secretary to the Governors that indicates our genuine interest, the imminent need to undertake emergency planning, and offers our guarantee of ongoing interaction and cooperation as the development process unfolds. This letter should also offer immediate financial and technical assistance, with principal DOE responsibility assigned to the individuals known best by the States' energy offices, the Regional Representatives and staffs.

The Secretarial letter would immediately be followed by phone calls from the Regional Offices to the Governors and State energy offices. If the offers contained in the letter are acceptable, a grant would be executed quickly to provide support for the State's planning efforts and to establish a commitment between the State and DOE. While it is unlikely that all States will participate in this process, this approach should gain the support and participation of a majority of the States, and thereby launch a nationwide emergency planning effort.

This program should begin immediately before any more States become too negative about DOE's ability and intentions, and before others complete their "dusting" of old plans and discount the need for further response to DOE and the requirements levied by EECA. It is important to recognize, however, that this strategy will not result in highly developed emergency planning capabilities in all 56 jurisdictions, and that this consultative approach represents DOE's "best shot" at involving the greatest number of States in the EECA program.

Section III Management Plan

This section highlights the key tasks and interfaces associated with implementation of the strategy presented in Section II, above.

A. Principal Responsibilities

Overall management and administration of the EECA State program will be decentralized to the maximum extent practical, consistent with the need for uniformity in administrative policy and budgetary constraints. To this end, the following distribution of authorities and responsibilities will be made:

1. Headquarters Program Offices
   - Office of Emergency Conservation Programs (CS)
     -- Overall program policy and coordination.
     -- Coordination of technical support activities.
   - Office of Transportation Programs (CS)
     -- Transportation programs policy.
     -- Development of transportation measures.
     -- Motor fuels targets and State baseline consumption policies and methodologies.
     -- Technical support for analysis of transportation measures.
2. **Regional Representatives**

- **State program administration**
  - Award and administer State grants.
  - Review and approve State measures and plans.
  - Administer and coordinate State EECA activities.
  - Encourage State consultation with affected businesses, local government, and transportation planning groups.

- **Technical assistance**
  - Provide primary delivery of technical assistance to States.
  - Coordinate State consultation with Headquarters.

3. **Headquarters—Regional Task Force**

A standby task force will be established, consisting of representatives of the Regions, the CS program offices, the Offices of General Counsel, and the Office of Intergovernmental Affairs. This task force will serve as a central element in the development and administration of the EECA State program. Its key responsibilities and activities will include the following:

- **Identify, review and recommend resolutions to substantive policy and administrative issues—**
  - Program management and work plans.
  - Form and content of State plans.
  - Criteria and guidelines for reviewing and approving State contingency measures and plans.
  - Procedures and criteria for granting funds to States.
  - Training and technical assistance needs.
  - Coordination of delivery of training and technical assistance.

- **Serve as a clearinghouse for emergency programs information and data—**
  - Collect, review, compile and disseminate information and related materials with respect to State contingency measures, State plans, and public information/education.
  - Establish and maintain ongoing information exchange among Regions and Headquarters offices.

The task force will hold periodic meetings for the purpose of reviewing program issues and progress and resolving problems.

**B. Development of State Measures and Plans**

The ultimate, long-term goal of this program is to see that each State has a comprehensive emergency conservation plan that is wholly consistent with the objectives of EECA, i.e., a plan that can deal with energy shortages of as much as 20 percent. To approach that goal, however, DOE will carry out a program that recognizes the many uncontrolled variables, such as current State interests, limited resources, and political concerns, and encourages each State to develop or enhance its
contingency planning capability. This will require an iterative process with the States working closely with DOE, primarily through the Regions. It also will require, in varying degrees, an infusion of technical and financial assistance, and the creation of an environment conducive to mutual learning and development.

In the immediate future, it is contemplated that the following events and activities will be instrumental in getting the program started:

- Letter from the Secretary or Deputy Secretary to the Governors extending an invitation to participate with DOE in a program aimed at developing effective State plans and offering grants of $50,000 per State to support State planning efforts.
- Publicaton of the Standby Federal Plan, including revised rulemaking which simplifies, to some extent, the requirements for EECA State plans.
- Follow-up contacts with the Governors and State energy offices by the Regional Representatives and Regional staff to initiate the EECA program and solicit grant applications.
- Technical training sessions for Regional staff, conducted by Headquarters, covering a variety of motor fuel conservation measures.
- Regionwide workshops for State energy office staffs, conducted by the Regions, with support from Headquarters, covering both technical and administrative aspects of the EECA State program.

Subsequently, the Regions will maintain close contact with the States to encourage and facilitate accelerated efforts aimed at developing contingency measures and plans. Further, communications among the States will be fostered by the Regional staff to facilitate the exchange of pertinent information and ideas, in particular from the more advanced States to those States wherein contingency planning is less advanced.

Frequent and regular information exchanges will be carried out between the Regions and Headquarters staff, in conjunction with the Headquarters-Regional task force. These exchanges will be employed to identify issues—and resolve them where possible—and to develop programmatic guidelines with regard to, for example, standard evaluation methods, State measures and plans criteria for approval, and resolution of potential interstate issues and problems.
Section IV  Program Schedule

This section sets forth a proposed schedule of near-term events and activities intended to initiate the EECA State program. The primary objective is to have as many States as possible "sign-up" for the program by requesting DOE grants of $50,000 each. The major schedule items are as follows:

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Target Date</th>
<th>Event or Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>6/16/80</td>
<td>Letter to Governors from the Deputy Secretary describing the DOE program to assist States to develop effective emergency conservation measures, inviting their participation in the program, and offering a grant of $50,000 per State.</td>
</tr>
<tr>
<td>2.</td>
<td>6/16/80</td>
<td>Letter to the Regional Representatives from Hank Keohane, lead Regional Representative for emergency conservation programs, describing the program and the responsibilities of the Regional staff.</td>
</tr>
<tr>
<td>3.</td>
<td>6/18/80</td>
<td>Meeting of the EECA Headquarters-Regional task force to produce: o Technical assistance requirements for training Regional staff and assisting States to develop and analyze contingency measures. o Guidelines for format and content of State plans submitted to meet the requirements of Subpart B of EECA regulations, i.e., to meet future mandatory targets. o EECA State grant application format and procedures.</td>
</tr>
<tr>
<td>4.</td>
<td>by 6/23/80*</td>
<td>Regional Representatives contact Governors to encourage their participation in the program—follow-up to letter from the Deputy Secretary.</td>
</tr>
<tr>
<td>5.</td>
<td>by 6/23/80*</td>
<td>Regional staff contact State Energy Offices to initiate cooperative effort to develop State contingency measures. (NOTE: The Regional staff will help States to develop a planning capacity and will comment informally on the energy savings potential and overall effectiveness of measures being considered by the States; but will not solicit advance submittal of State plans or offer a &quot;public&quot; assessment of contingency measures or plans being considered by the States).</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Item No.</th>
<th>Target Date</th>
<th>Event or Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>Within 2 weeks after Item #4*</td>
<td>Regional Representatives send letters to State Energy Office directors giving more details on funding, grant procedures, etc., and distributing materials to assist the States in developing and evaluating motor fuel emergency conservation measures.</td>
</tr>
<tr>
<td>7.</td>
<td>7/9/80*</td>
<td>Deadline for States to indicate intention to participate in the program and receive financial assistance. (Contact will continue with States not committed to program.)</td>
</tr>
<tr>
<td>8.</td>
<td>by 8/11/80*</td>
<td>Complete four training workshops for Regional staff on technical assistance and other program matters.</td>
</tr>
<tr>
<td>9.</td>
<td>by 8/22/80*</td>
<td>Regional Representatives complete initial Regional meetings with State energy staff to discuss development of emergency conservation measures and guidelines for format and content of State plans to meet mandatory targets. (Utilize technical assistance materials and, where possible, examples of contingency measures proposed by other States.)</td>
</tr>
</tbody>
</table>

*Note: Actual date contingent upon timing of Item No. 1 and the timely availability of essential resources.

Section V: Budgets and Resources

A. Current Resources

Congress, in enacting EECA, did not provide funding for the activities required under the Act. Congress did provide (in Section 301 of EECA) authority for DOE to support State emergency planning activities from the appropriations for the Energy Policy and Conservation Act (EPCA). However, these resources are being severely strained by ongoing program demands for long-term conservation efforts in the States. Furthermore, combined funding for EPCA and the Energy Conservation and Production Act (ECPA) was reduced by $10 million in FY 1980, from FY 1979.

Thus, to date, all resources needed to support the EECA program, including development and analysis of the Standby Federal Emergency Energy Conservation Plan, development of State gasoline targets methodologies, and any Federal support of State activities, have been drawn from existing program budgets and staff resources.

The current status of available resources and their applications may be summarized as follows:
DOE Headquarters
- The two cognizant US program offices (Transportation Programs and Emergency Conservation Programs) are without appropriations to support any further contract activities.

DOE Regional Offices
- Regional resources presently limited to manpower—
  - One EECA slot (permanent) has been authorized for each Region, but has not yet been filled in all cases due to hiring freeze.
  - Two slots (temporary), previously authorized in each Region for EBT, have been extended.

State Energy Offices
- States presently authorized to employ EPCA grants funds for emergency planning, if an appropriate provision is incorporated into the State's SECP Grant Proposal—
  - The regions believe that States are reluctant to expend these funds due to the demands of other long-range programming requirements.

B. Current Budget Request
In January, DOE requested $14.072 million in FY 1980 request for supplemental funds, including $10 million for State grants (to support State emergency conservation planning efforts) and $4.072 million for DOE program support (both Headquarters and Regional). To date, the only Congressional action has been a cut by the House Appropriations Subcommittee to a mark of $2.0 million (including zero for State grants).

C. Near-Term Budget and Staff Requirements
In order to initiate any meaningful emergency conservation planning efforts in the States, during the remainder of FY 1980, DOE will have to commit additional resources, beyond what are presently available. These are summarized below:

DOE Headquarters
- $2.0 million for contract support to establish and maintain the following activities—
  - Analysis of State-level emergency conservation measures.
  - Training and technical support of the Regional Office emergency programs staffs.

DOE Regional Offices
- $1.0 million ($100,000 per Region) for contract support to establish and maintain the following activities—
-- Regional training (of State personnel) and technical assistance.
-- Regional analysis of unique or State-specific emergency measures.

Consolidation of Regional emergency programs staff—
-- Waive hiring freeze limitations to allow filling all authorized EECA slots (1 per Region).
-- Establish permanent slots (2 per Region) to replace temporary EBTR positions before next fiscal cycle.

State Energy Offices

-- $2.7 million ($50,000 per State, D.C., and Puerto Rico, and lesser amount for Territories) in grants funds, to be made available immediately for support of State emergency conservation planning.
--- Enable States to establish or hire planning capability and initiate planning support for local government bodies within the State.
--- Considered minimum funding level to initiate meaningful planning.
--- Separate grant from EPCA/ECPA to emphasize priority accorded to the effort, i.e., must start now.

Section VI  Conclusions and Recommendations

This section presents the key findings of the joint Headquarters-Regional task force and its recommendations.

A. Major Problems

1. Financial Resources. The single most significant barrier is a lack of adequate funding to directly support both DOE's activities and near-term planning efforts by the States.

RECOMMENDATION—Immediately reprogram $5.7 million in FY 1980 funds as follows:

Grants to States and Territories ($50,000 per State + D.C. and P.R.) $2,700,000
Regional administrative and contract support ($100,000 per Region) 1,000,000
Headquarters contract support
-- Transportation Programs $1,000,000
-- Emergency Conservation Programs $1,000,000
$5,700,000

(Reprogramming sources can be refunded from funds appropriated by Congress from pending supplemental request.)
2. **Regional Staff.** Of nearly equal importance to funding is the need for adequate staffing in the Regions.

**RECOMMENDATION**—Immediately execute the following personnel action:

- Exempt all presently authorized EECA Regional positions from the hiring freeze and fill such slots as soon as possible. (One slot per Region.)

3. **Headquarters Staff.** The Office of Transportation Programs (CS) must be allowed to promptly hire one person to manage the ongoing technical assistance program for Regions and States.

### B. Program Administration

To carry out the program outlined in this report, it will be necessary to establish certain key working relationships between Headquarters program offices and the Regions.

1. **Decentralization to Regional Offices.** Headquarters cannot effectively deal with all the States and Territories directly. However, with the requisite resources (budget authority and staff) and adequate support from Headquarters, the Regions can undertake the level and scope of effort needed to meet the program's objectives. Further, an appropriate level of authority and responsibility must be vested in the Regional Representatives if they are to have credibility and flexibility in working with the States. Therefore, the following steps should be taken:

**RECOMMENDATION**—Immediately delegate authority and responsibility to the Regional Representatives to:

- Grant funds to the States to support development of State contingency measures and plans.
- Give final approval to State emergency conservation plans submitted in compliance with EECA, Title II, and EECA regulations.
- Conduct information and training workshops for State energy staffs, related to the development and analysis of emergency conservation measures and plans; and maintain continuous information exchanges with and among the States for the purpose of facilitating the development of viable and effective State contingency measures and plans.

2. **Establishment of Permanent Headquarters-Regional EECA Task Force.** It is essential that, in the course of developing and assessing State measures and plans, there be the highest possible level of information exchange and consultation between the Headquarters program offices and the Regions and among the Regions.
RECOMMENDATION—Immediately establish a Headquarters-Regional EECA Task Force comprising the following membership:

- Director, Office of Emergency Conservation Programs (CS)—Chairman
- Lead Regional Representative for EECA—Co-chairman
- Representative from the Office of Transportation Programs (CS)
- Representative(s) from Regional staff
- Representative from Office of Intergovernmental Affairs (IR)
- Representative from the Office of General Counsel (H/Q)
- Representative from Regional Office of General Counsel
- Representative(s) from Office of the Deputy Assistant Secretary for State and Local Assistance Programs
- Representative from U.S. Department of Transportation
APPENDIX 3

STATE EECA PLANNING STATUS
SUMMARY OF STATE RESPONSES
June 2, 1980

Prepared by:
National Governors' Association
Energy and Natural Resources Program

Note: Results summarized in this report are based on telephone conversations by the National Governors' Association staff with 36 states and Puerto Rico. Information pertaining to the 14 Western states was obtained from a telephone survey by the Western Interstate Energy Board (WIEB). A summary of the WIEB survey is enclosed. This interim report is therefore based on 50 state responses and Puerto Rico.
"Voluntary" Targets

The states responding felt that, in general, they are meeting their voluntary second quarter targets and recognize that this is in a large degree due to price increases and a continuing trend of reduced consumption by the nation as a whole over the past few months. In response to EECAs, most states have concentrated on developing an EEC plan that could be used during an actual shortage period. Few states have developed separate "voluntary plans" on paper to meet "voluntary targets," although they may have instituted new petroleum conservation efforts or have intensified existing efforts in the transportation sector. Texas and Iowa did send an explanation of their voluntary efforts to DOE but have received no acknowledgment from DOE to date.

Extent of EEC Planning

States vary considerably in their EEC planning efforts. Some states are just beginning the planning process by developing working papers and documents for internal review (Arkansas, Alaska, Delaware, Georgia, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, New Hampshire, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Virginia, West Virginia, and Wyoming). Many states are already in the process of public hearings, plan to have hearings shortly, or are otherwise seeking public comment on draft documents (Alabama, Arizona, California, Colorado, Florida, Idaho, Iowa, Illinois, Maine, Michigan, Minnesota, Montana, Nevada, New Mexico, North Carolina, North Dakota, New York, Tennessee, Utah, and Wisconsin). These states vary in the depth of their analysis of individual measures. Some states (Connecticut, Missouri, Nebraska, Oregon, Vermont, and Washington) are working from already completed comprehensive emergency plans. In June 1978 the National Governors' Association conducted a survey of state energy emergency planning documents. Over half the states had developed some
documents which contained one or more of the following elements: a planning overview, an evaluation of extraordinary powers available to the state during an emergency; an overview of the energy emergency information system in the state; a description of the state energy emergency management system; and a listing of energy emergency options and implementation procedures. These documents, in general, do not concentrate specifically on petroleum emergency conservation measures as required under EECA.

A number of states, including California, Iowa, Texas, Illinois, Wisconsin, Arkansas, North Carolina, Florida, Michigan, Minnesota, Mississippi, Tennessee, New York, North Dakota, Colorado, and West Virginia, have conducted or are conducting their own analysis of the savings for one or more individual measures. Most analyses done on savings has been done on an annual basis. Wisconsin indicated their analysis of savings was done in some cases on a monthly basis. Assumptions about compliance for measures also varied by state. There is a general recognition among these states that analysis of savings is useful but is far from precise.

A few states (Illinois, Mississippi, Missouri, Pennsylvania, Tennessee, West Virginia) are attempting or plan to conduct economic or environmental impact assessments to the extent possible. A few states have conducted independent cost estimates of specific measures (Texas, Illinois, Michigan, New York).

Although the state legislature might provide funds if an actual shortage occurs, most states have no guarantee of any funding, especially planning and preimplementation funds.
The nine measures contained in the proposed standby federal emergency conservation plan are the measures cited most frequently in state plans. A few states rely entirely on voluntary measures while most include some mandatory measures at very severe stages. Among other measures, some states are considering: flexitime/staggered work hours; restricting gas station hours; voluntary gasoline rationing program; reducing use of government cars, travel; 2-day purchase plan; curfew on motor traffic; reducing advertisement lightings; pricing measures, i.e., high fuel taxes, high registration fees, reducing speed limits (usually to 50 mph); restricting commercial hours; improving traffic flow; and auto restraint measures, i.e., close lanes to one-person cars, banning cars from certain downtown streets, increase tolls, and increase parking fees.

Among recommendations indicated by states are:

Guidance from DOE on EECA plan content. Although EECA requires DOE to provide guidance to the states on state plans, guidance has been limited and at times confusing. The Federal Register notice which sets forth the proposed standby federal plans provides limited analyses of savings and impacts for individual measures. The portion which sets forth requirements for state plans is too complex. DOE has indicated that this portion will probably be changed in the final rulemaking. Although the final rulemaking was expected in mid-June, it now appears it will not be issued until September. Some states are apprehensive about going too far in the planning process only to be required to make considerable changes to fit DOE's needs.
DOE contacts for plan submission and review. To date, there has been no one person/group within the Department identified to receive state plans and review them. In addition, the role of the regional offices in reviewing state plans or providing technical assistance has not been adequately defined. Although it may be assumed that states should submit their plans to the Secretary of Energy, two states which sent an explanation of their voluntary efforts to DOE have not received an acknowledgment from DOE to date. Some states view EECA planning as a process of continuously refining a draft plan when new information or analyses is available. These states would like the opportunity for an informal technical review by DOE.

Provide funding/staff. Although DOE is now allowing states to use EPCA/ECPA funds for EECA planning, this message was not initially clear to DOE regional offices which caused some delay and in many cases states had already committed such funds. In addition, although states have been promised reimbursement by DOE, no funds have been forthcoming.

Sample savings analysis for individual measures. Some states do not have the technical capability to perform savings or impact analysis for individual measures. Information sharing among states is useful to some extent. In addition, a sample analysis by DOE would be useful and would reduce the amount of overlapping work being done by states.

An indication of how state plans will be incorporated into an overall national short-term emergency strategy. Many states indicated that they would like to design their state emergency conservation plans within the context of an overall national emergency strategy. However, there is confusion as to what this strategy will be. Questions that have arisen include: Will DOE couple supply curtailment measures with demand restraint measures? If so, what will these measures be? How will state emergency conservation activities be coordinated with an allocation system that may favor those that consumed more in the base period? How will a state's emergency conservation efforts affect their allotment of ration rights if gasoline rationing is invoked?
STATE EECA PLAN STATUS

Alabama: In process; currently surveying for public input.

Alaska*: In process.

Arizona*: In process. Recently sent out request for comments; preliminary draft ready sometime in August and public hearings in September.

Arkansas: In process; undergoing internal review.

California*: In process; preliminary draft completed; hearings to be held in June.


Delaware: In process.

Florida: In process; an emergency contingency plan has been completed; hearings held; submitted to DOE for informal comments; currently creating emergency management structure in state.

Georgia: In process.

Hawaii: Awaiting use of SECP planning funds in July.

Idaho*: In process; preliminary draft completed; hearings not yet set.

Illinois: In process; review draft undergoing interagency review and seeking public comments; consultant plan used for some back-up material.

Indiana: In process; in-house document.

Iowa: In process; Energy Council approved petroleum measures; currently preparing proposed rulemaking for hearings and working on draft plan for non-petroleum fuels. Not phased by specific percentage shortfall; conducted savings analysis for individual measures; currently trying to index consumption data for on a monthly basis.

Kansas: In process; draft document ready for circulation shortly.

Kentucky: In process; in-house documents.

Louisiana: In process; in-house study plan.

Maine: In process; developed contingency plan last summer under state legislative authority; public hearings held in January; finalizing plan for regulatory analysis.

Maryland: In process.

Massachusetts: In process.
Michigan: In process; finished oral hearings; public comments due May 15th.

Minnesota: In process; held public meetings on suggested measures.

Mississippi: In process; have drafted voluntary plan.

Missouri: In process; Missouri Emergency Energy Plan completed. This is a comprehensive plan. The Missouri EECA plan will be based on part of this.

Montana*: In process; draft currently being reviewed by Governor, to be followed by hearings.

Nebraska*: In process; a report was completed last April but a separate EECA plan in final draft has been sent to the Governor for review.

New Hampshire: In process; first draft being completed.

New Jersey: Reviewing options.

New York: In process; public hearings completed and now developing first draft; some analysis of savings and costs completed; currently looking at impacts and conducting surveys of major employers.

Nevada*: In process; hearings scheduled for end of May on Part I of plan. Part II (implementation) is still being drafted.

New Mexico*: In process; working on draft for public hearings, possibly by mid-June.

North Carolina: In process; public hearings in June.

North Dakota*: In process; currently seeking comment and undertaking feasibility and technical evaluation before going to Governor.

Ohio: In process; in-house draft.

Oklahoma: In process; rough in-house draft completed; refined draft will be used in public hearings.

Oregon*: In process; a contingency plan was completed March 1979; a separate EECA conservation plan is now being developed.

Pennsylvania: In process; working papers by EECA task force held up by lack of funds.

Puerto Rico: Completed draft plan.

Rhode Island: In process.

South Carolina: In-house effort.
South Dakota: In process; putting together task force of different agencies to work on plan.

Tennessee: In process; seeking public comments on nine proposed measures.

Texas: Submitted three-point voluntary plan to DOE to address voluntary targets; draft budget analysis completed.

Utah: In process; held four public hearings; will then submit to Governor and then to DOE.

Vermont: Working from state emergency energy plan developed under state legislative authority; hearings held; undergoing revision.

Virginia: In process.

Washington: Have emergency contingency plan. Will possibly do a separate EECA plan.

West Virginia: In process; rough in-house draft completed.

Wisconsin: In process; internal draft completed; seeking comments.

Wyoming: In process; currently formulating plan; have established a Contingency Emergency Energy Committee responsible for plan development and implementation.

*Information on Western states was obtained from a telephone survey conducted by the Western Interstate Energy Board.*
SURVEY UPDATE OF WESTERN STATES' EMERGENCY ENERGY CONSERVATION PLANS

May 16, 1980

This report continues the efforts of the Energy Board to exchange information among the Western states concerning EECA-related (Emergency Energy Conservation Act) energy conservation efforts. This process was initiated at the March 6-7 meeting of Western states in Salt Lake City. As a result of this meeting, a report was sent out by the Western Interstate Energy Board on April 1. The report summarized the EECA-related plans, as well as other conservation plans that were being formulated by the Western states. This report is an update of these plans.

In the last report, a distinction was not made between EECA-related measures and other conservation measures that are not in response to EECA. This distinction will be made in this report to avoid confusion.

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Status of Emergency Plans

ALASKA

In the April report, it was noted that the Alaska contingency plan was still in the developmental phase and too early to make a prediction as to the makeup of the plan or when it would be ready for approval. This is still the case.

ARIZONA

Arizona has recently sent a request for comments out to various public and private interests in the state to obtain input on their plan. The preliminary draft should be ready sometime in August and public hearings will
be in September. It is hoped that the plan will be sent to DOE by the end of the year. It is still not clear whether the governor has emergency powers that are adequate to implement mandatory conservation measures, should they be needed.

The plan will probably be four-phased, to be gradually implemented as the shortage worsens. Phase I will be implemented if a shortage is foreseen in the near future and will consist of voluntary measures designed to reduce demand. Phase II will be implemented at the beginning of the shortage. It has not been decided when this phase will be triggered, but voluntary measures to help manage the shortage will be emphasized. Phase III will be implemented when major disruptions in gasoline distributions occur and will use mandatory measures. Phase IV will consist of rationing.

**CALIFORNIA**

California's preliminary draft has been completed. The California Energy Commission, (a five member board appointed by the Governor), has appointed an Energy Emergency Committee to hold hearings on the plan. It is expected that these hearings will be completed by the end of June. Also, legislation dealing with the alternate day bumper sticker measure, (a part of the contingency plan), is progressing through the legislature.

**COLORADO**

Hearings related to Colorado's EECA contingency plan are still being held. These hearings are expected to be concluded by the end of May. The plan may be ready for approval by the Governor sometime in June.

**IDAHO**

Idaho's preliminary draft has been developed recently. It is still too early to accurately predict when it will be ready for approval by the Governor.

**MONTANA**

The most recent draft of the Montana contingency plan is in the process of being approved by the Governor. A positive decision is expected shortly. In late June, public hearings will be held. Rules pertaining to the plan will be generated from these hearings. It is expected that the plan will be ready for DOE approval early next fall.

**NEBRASKA**

In the April 1 Energy Board report, The Nebraska Energy Preparedness Plan For The Winter Of 1979-80 was included. This is not their EECA plan, but a preparedness plan that was formed by their own initiative. Because it contained insightful conservation measures, it was included in the report. Nebraska's EECA contingency plan is in final draft form, and has been submitted to the Governor's office for approval. The plan will then be submitted to DOE.

**NEVADA**

Nevada has separated its EECA contingency into two parts. The first part of the plan is in draft form, which outlines the substantive aspects of the plan. Public hearings will be held on May 22-23 to obtain public input. It is expected that local governments will express a high amount of interest as to
how conservation targets will be allocated to them by the state. They want to make sure that the allocation plan is equitable. After public input, it is hoped that this draft will be submitted to the Governor by the end of May. A copy of this plan was included in the WIEB report issued on April 1.

The second part of the plan, which deals with the implementation aspects, is still in the formation stage. It is expected to be submitted to the Governor by the end of July.

NEW MEXICO

New Mexico is still in the process of putting together its final draft. They hope to have the plan finalized fairly soon, so public hearings can begin in the middle of June.

NORTH DAKOTA

North Dakota’s contingency plan will be submitted shortly to an outside organization, which will conduct a feasibility and technical evaluation. After this evaluation, the plan will be submitted to the Governor for approval. It is too early to make an accurate estimate as to when the plan will be ready for approval.

OREGON

Oregon has developed a contingency plan that is not related to EECA and has been available since March of 1979. A copy of this plan, the Middle Distillate And Gasoline Contingency Plans, prepared by the Oregon DOE, is included in this report. The state is still in the process of formulating a conservation plan that is in response to EECA. The Oregon Department of Transportation is providing much input into this report. Because of its early stages of development, it is not known when the conservation plan will be ready for approval.

SOUTH DAKOTA

Recently, the state has decided to form their own EECA contingency plan. A task force has been formed that met with all state agencies. From the input of these agencies, a draft was formed which will subsequently be circulated to the agencies. After this, the plan will be submitted to the Governor for approval. Public hearings will be held in the summer or fall.

UTAH

Until recently, Utah was in the process of generating concrete conservation and shortage management measures, but had not decided if these measures would be integrated into an EECA plan. The state has now decided that they will generate an EECA contingency plan. Four public hearings were held in April. The plan is still in the developmental stage, but it will probably be a three-staged plan based on shortfalls of 0-8 percent, 8-15 percent, and greater than 15 percent. After a draft is put together, the plan will be submitted to various groups for input, and subsequently to the Governor. Depending on how much input takes place, the plan may be ready for DOE approval by the latter part of June.
WASHINGTON

Washington has put together a contingency plan that is independent of EECA and was included in the WIEB April 1 report. It has not been decided if an EECA plan will be adopted. This decision depends on the availability of planning money from DOE. Thus far, DOE has been very hesitant to make a definite commitment. If Washington does develop an EECA plan, it will be referred to as the conservation plan.

WYOMING

Wyoming has made much progress in the past month. The plan is still in the formation stage, but it may have the Governor's approval by the end of June. The plan will be submitted to DOE shortly thereafter, possibly by the end of June or the beginning of July. Phase I of the plan will cover energy shortfalls of up to 12 percent, with conservation measures primarily being voluntary in nature, involving public information and educational programs, and information dissemination. Phase II will handle energy shortfalls greater than 12 percent by relying on mandatory measures such as car pooling and the like.

Instead of public hearings, public input is being provided via committees. The full committee, the Contingency Emergency Energy Committee, is composed of 17 members. Each member is appointed by the Governor and subsequently takes an oath of office. State agencies as well as various private sector interests are represented. The committee provides input as to what measures are and are not acceptable. Also, should the EECA plan be implemented, this committee would be responsible for implementing and administering the plan. A second committee, the Fuel Allocation Committee, is an ad hoc, or subcommittee of the full committee. It would be responsible for hearing the appeals of affected parties should the plan be implemented. This would be similar to the Gasoline Rationing Board that existed during World War II. Should a certain party refuse to comply with a certain measure, claiming that the measure is unfair, the party may appeal the ruling to the Fuel Allocation Board. There may also be a situation in which there is a difference of opinion between the state and the affected party. In this scenario, the state may maintain that a company is not complying with the rules set forth by the EECA plan, while the concerned party will maintain that it is complying with the rules. If a situation such as this develops, an appeal will be made to the Fuel Allocation Committee. This appeal process is not definite at this point and is currently being examined by the Attorney General's office to determine whether the process will be within the state statutory and constitutional framework.

Status of The Federal Standby Plan

The Standby Federal Emergency Energy Conservation Plan appeared in the Federal Register on February 7, 1980. Hearings were held in March in eight cities throughout the country. All written comments were due April 7, 1980. This deadline was extended to May 7 for comments that related to the compressed work-week measure.

There has been concern voiced as to what substantive changes have occurred in the plan, especially regarding section 477.13 of the plan, entitled Content of State Plans. The National Governors' Association, as well as several states, had expressed concern over this section, claiming that it was too complex. Thus
far, this section has not been altered. The only probable change in the plan that has emerged is the recreation restriction measure. Specifically, the Recreational Watercraft measure (section 477.48) will be withdrawn. The plan is expected to be published as a final rule by the middle of June.

Current Fuel Supplies

Gasoline and middle distillate supplies are continuing their above-normal trend, as indicated by the following graphs, although crude and distillate stocks have leveled off and gasoline supplies are even showing a drop. President Carter’s "gasoline conservation tax" was expected to further support high supply levels by raising gasoline prices, but the fee has been at least temporarily thwarted by U.S. District Judge Robinson. The judge ruled May 13 that if Carter had imposed the fee only on imported gasoline and foreign crude oil, his action would have been legal, but since it would apply to both foreign and domestically-produced gasoline, the action constituted an improper use of the Trade Expansion Act of 1962. The Administration will immediately appeal the ruling and seek an expedited hearing before the federal circuit court of appeals.

[Graph: Motor Gasoline Stocks at Primary Level]
Distillate Fuel Oil Stocks at Primary Level

Week ended May 2, 1980

Crude Oil Stocks at Primary Level

Week ended May 2, 1980
REFERENCES

Alaska
Interview with Mr. Greg Edblom on 4/28/80

Arizona
Interview with Mr. Bill Derek on 5/16/80

California
Interview with Mr. Phil Lankford on 5/9/80

Colorado
Interview with Mr. Mike Murphy on 5/9/80

Idaho
Interview with Mr. Chris Smith on 5/9/80

Montana
Interview with Mr. Jan Konigsberg on 4/28/80

Nebraska
Interview with Mr. Bill Palmer on 4/28/80

Nevada
Interview with Mr. Kelly Jackson on 4/30/80

New Mexico
Interview with Mr. Dal Symes on 4/28/80

North Dakota
Interview with Mr. Bruce Westerburg on 4/28/80

Oregon
Interview with Mr. Rich Baird on 4/28/80

South Dakota
Interview with Mr. Mike Fabrizi on 4/30/80

Utah
Interview with Mr. Leon Peterson on 4/28/80

Washington
Interview with Mr. Phil Wiatrack on 4/28/80

Wyoming
Interview with Mr. John Goodier on 5/5/80

Prepared by: Matt Bixler
CONTENTS OF DRAFT PLANNING DOCUMENTS

Prepared by:

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NOTE: This chart is based on state draft planning documents received by NGA over the last few months. Some of these documents have been developed specifically to address EECA requirements. Others are comprehensive planning documents which have been developed over the last few years. The NGA is in the process of gathering additional planning documents and the chart will be updated accordingly. This chart is intended as an overview of the type of measures being considered in state plans. As most state plans are being constantly revised, the chart does not necessarily reflect these more recent changes.
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</table>

*The chart indicates if the measure was specifically identified in the planning document. In some cases, a measure was not specifically identified but was mentioned in their emergency plan (e.g., public information, set-aside).*
Including license fees, taxes on gasoline, related surcharges, road pricing and parking fees.
MEMORANDUM FOR Regional Conservation Directors

FROM: Gail McKinley, Acting Director
State Energy Conservation Programs

SUBJECT: Funding for EECA in 1980 SECP Plans

We recently requested the amount of SECP funding included in the 1980 SECP Plans for an EECA program measure. We appreciate your timely responses and would like to share this information with you. If there are any corrections to be made please contact Kita Walls (252-2360).

Attachment
### EECA Program Measures
*Included in 1980 SECP Plans*

<table>
<thead>
<tr>
<th>Region</th>
<th>Amount ($)</th>
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Region X Total - $32,196

Grand Total - $1,384,175
MEMORANDUM

TO: ALL REGIONAL REPRESENTATIVES

THRU: NORMAN KREISMAN
OFFICE OF INTERGOVERNMENTAL AFFAIRS

FROM: HANK BARTHOLOMIE
OFFICE OF EMERGENCY CONSERVATION PROGRAMS

SUBJECT: REVISED PLAN FOR ALLOCATION OF FY 1980 SUPPLEMENTAL BUDGET IN SUPPORT OF THE EECA PROGRAM

Enclosed is a draft discussion of the issues and recommended approach to allocating the $1.5 million supplemental appropriation recently given by the Congress. It should be noted that I do not consider this to be a radical departure from the earlier strategy and plan developed by the Headquarters-Regional EECA Task Force except insofar as the Congress has effectively restrained DOE from using any portion of the $1.5 million for direct, general State planning grants.

The concept of a two-phase program remains; only now the first grant awards cannot be made until FY 1981. In the meantime, I propose to accelerate the development and dissemination of "technical assistance" products and services to the States and local government, in keeping with the clear intent of Congress as expressed in the supplemental appropriation bill.

I would appreciate your studied comments with respect to the program described in the enclosed document. In particular, I would like to hear of any reasonable alternatives to the approach I am proposing, bearing in mind that this program has obligations that go beyond just providing grant funds to the States. I also would like to know if the proposal to allocate $25,000 per Region is reasonable, or not, in view of your limitations in effectively obligating such funds before the end of the current fiscal year.

As usual, I will look to the lead Region (Region I) to compile and report on the views of the Regions. I would hope to hear your response— not later than close of business, Monday, July 28, or sooner, if possible.

cc: M. Chiogioji

Enclosure
REVISED PLAN FOR FACILITATING THE DEVELOPMENT OF STATE EECA PLANS

BACKGROUND

The EECA Headquarters-Regional Task Force earlier this year developed a proposed Strategy and management plan for facilitating the development of State emergency conservation plans, as required by EECA. The essential elements of that plan included:

1. Provision of modest grants ($50,000 per State) to support the preparation of an EECA State management plan;
2. Development and dissemination of technical assistance documents, products and services to the States, with primary delivery through the Regional Offices;
3. Enhancement of Regional Office capability through technical training and the provision of discretionary financial resources; and
4. Initiation of efforts to expand the scope of the standby Federal plan to include fuels and energy sources other than motor gasoline.

The plan noted that DOE does not have the authority or leverage to compel States to submit State plans prior to the formal establishment of emergency conservation targets by the President, as provided for in EECA Section 211. Although the statute "encourages" the States to submit such plans as early as possible, and in advance of any future emergencies, Congress did not appropriate any new funds for this purpose. Instead, EECA (in Title III) provides authority to obtain appropriations or to reprogram from funds made available under EPCA.

In response to the need for additional financial support and the admonition in Title III to seek such funds, if needed, DOE submitted a request for supplemental appropriations (for FY 1980) in January, 1980. That request sought $16.1 million, including $10 million for State grants. The balance of the request ($4.1 million) was to cover both Headquarters and Regional support activities. Subsequently, the House Appropriations Subcommittee recommended reducing the request to $2.0 million, with no funds for State grants.

The task force recommended, thereafter, that internal DOE funds be reprogrammed, in the amount of $5.7 million, with the following distribution:

1. State grants $2.7 million
2. Regional support contracts 1.0 "
3. Headquarters support contracts 2.0 "

To date, the Department has been unable to identify any such funds for the recommended reprogramming.
Early in July, the Congress passed the FY 1980 Supplemental Appropriation, which provided $1.5 million for the EECA program. However, the Report of the House Appropriations Committee (Report No. 96-1086) contained severe and precise limitations with respect to the disposition of the appropriated funds. On page 111 of the Report, the Committee stated the following:

"The Committee recommends $2,000,000 (subsequently reduced to $1,500,000 by the Conference Committee) out of the $14,072,000 request for emergency energy conservation. The portion of the request for additional state grants of $10,000,000 is not recommended. A substantial level of funding has been provided to state energy conservation planning for several years, and $47 million is already available in fiscal year 1980. Since the nature of essential state programs has changed over the years, increased requirements for energy emergencies can be offset by decreased requirements in other areas, such as mandatory conservation measures. The $2,000,000 (now $1,500,000) in contract funds should be used to the greatest extent possible to provide information and assistance to States in view of their increased needs."

Shortly after passage of the FY 1980 Supplemental Appropriations bill, the Office of Emergency Conservation Programs requested an interpretation of the language of the House Committee Report from the DOE Office of General Counsel. In essence, General Counsel states that while a "recommendation" of the Congress does not necessarily bar the application of these appropriated funds, from a strict legal standpoint, prudence would suggest that DOE be responsive to the recommendation. In this view, the program office concurs, without reservation.

The effect of the Congressional constraint on the use of the FY 1980 supplemental appropriation and the failure of DOE to identify and re-program the recommended $5.7 million (or any amount) is to preclude any opportunity to provide planning grants to the States in FY 1980. This, in turn, raises two issues:

1. How should the $1.5 million supplemental appropriation be allocated in order to meet both the program objectives and the urgings of Congress—which are not necessarily incompa-tible; and

2. How should DOE deal with the States in the interim between now and whenever FY 1981 funds become available—assuming that the FY 1981 appropriation includes funds for State planning grants.

The purpose of this document is to recommend approaches to resolving both of these issues, and still retain, to the maximum extent feasible, the basic elements of the strategy and management plan previously devised by the task force.

ALLOCATION OF FY 1980 SUPPLEMENTAL APPROPRIATION FUNDS

After eliminating State grants, both because of the Congressional constraint and the absence of alternative funding sources, we are left with three major elements in the EECA program:
1. Development and dissemination of technical assistance documents, products and services to the States;

2. Enhancement of Regional Office capability; and

3. Initiation of efforts to expand the scope of the standby Federal plan to fuels and energy sources other than motor gasoline.

The issue is how to distribute the $1.5 million across these three elements. Obviously, there is an infinite series of possible arrangements, including ones in which one or another of the elements would not be funded during FY 1980. However, the approach presented here proceeds from the presumption that all three elements are essential and interrelated, and thus, will be funded. The only question is in what comparative proportions?

What is proposed here, and discussed in more detail below, is the following allocation:

1. State planning documents, products & services... $600,000
2. Enhanced Regional support........................ 250,000
3. Program expansion and other activities.......... 650,000

TOTAL.... $1,500,000

State Planning Documents, Products and Services

The task force has determined that certain "technical assistance" must be provided (or be made available) to the States if the EECA program is to be reasonable effective. A major deficiency is the absence of a definitive set of guidelines for the States to follow in preparing their emergency conservation plans. Further, it is acknowledged by the task force that DOE does not now have clearly articulated criteria for accepting or rejecting a proposed State plan, or a measure within such a plan. While DOE has published general requirements for State plans in Subpart B of the rulemaking pertinent to the standby Federal plan, it is clear that they are too broad and therefore insufficient for the States' needs and inadequate for DOE's use.

A second need, to be met at the earliest opportunity, is a set of guidelines, data and methodologies for the states to employ in assessing the potential energy effects of proposed emergency conservation or demand restraint measures. For the measures included in the current issue of the standby Federal plan, and for a limited number of other transportation-related measures, MIT has developed assessment methodologies. However, these methodologies are aimed more at estimating the nationwide or average effects of measures and do not provide sufficient more than cursory guidance for States to perform similar analyses at the State or local level. (In some instances, the transition from a national-level assessment to a State-level assessment is, or may be relatively easy—but, this is not universally true, by any means.)
A third need is for a set of model guidelines for implementation and administration of measures and plans, at the State and local levels. This is an area where, to date, DOE has been able to do little work of any substance. DOE's efforts have been aimed primarily at the development of measures and their assessment, with respect to energy, economic and to a lesser degree, social impact. The manner of implementing such measures has generally been addressed only in a relatively broad manner, with less attention to the specific relationships, for example, between State authorities and local government agencies and officials, or to a definitive analysis and discussion of the specific steps that would be required in order to implement a given measure of an integrated emergency plan.

There are other studies, analyses, reference materials, etc., i.e., technical assistance products, that are or will be needed by both the States and DOE before the planning process can be completed in full satisfaction of the requirements of EECA; legal analyses, alternatives for delivering essential public and private services during an emergency, and assessments of regional and interstate effects, to name just a few.

Given that such products must be developed and produced, as well as distributed and used, the next questions that arise are: How? When? By whom?

We believe there are four essential factors to be considered, with respect to these "technical assistance products:"

a) Need for the product. (A product that is not needed, should not be developed or produced.)

b) Quality of the product. (Considering the importance of this program, there is no room for products having less than the highest quality—with respect to accuracy, form, "useability," etc.)

c) Timeliness of the product. (Congressional urgings and the realities of global circumstances dictate the expedited development of contingency plans.)

d) Credibility of the product. (If the end-user, in this case States and local governments, cannot accept the validity of these products, it is unlikely that the products will be used to serve their intended purpose, i.e., to aid States and local governments to develop and implement contingency plans.)

Based upon current and projected limitations on DOE staff (both with respect to numbers and specific disciplines), it is apparent that DOE cannot, within any reasonable period of time, develop and produce these products "in-house." We must turn to outside help.
The conventional approach, under such circumstances, would be for DOE to obtain the services of a consultant or support services contractors that possesses the requisite talent, experience, and capacity to perform, at a fair and reasonable cost. Without doubt, there are such contractors in the market who could identify and verify the need for these products; could develop such products of high quality; and could do so within a reasonably short time. However, there is considerable, unresolved doubt as to whether their products would have or could gain the acceptance of the end-users. Historically, there is an aversion to accept at face value a product, similar to these, if it has been produced in a "vacuum" or without close consultation with these particular end-users. To avoid such a result, close coordination and consultation with States and local governments would be essential during all phases of the development of any products. This could be done through the offices of key public interest groups, such as the National Governors' Association, the U.S. Conference of Mayors, etc. However, experience has demonstrated that the logistics of coordination and consultation with such groups, especially on matters of relative complexity, such as gasoline targets methodologies, is likely to be a long and laborious process. Thus, the crucial element of "timeliness" would be sacrificed.

Another approach would be to turn to States and local governments, themselves, rather than to a conventional contractor, to design and develop the needed products. In so doing, however, a different set of problems are encountered. First, there are but a few states, and probably even fewer local governments, that have the resources and wherewithal (even if given Federal funds) to undertake these special projects on their own. Second, even if certain capable State and local agencies were given these tasks (operating under contract), it is reasonable to expect that the "products" would largely reflect the specific experiences and biases possessed by them. Thus, the applicability—and therefore the credibility and acceptance—of the end-product could or would be diminished; possibly even substantially so.

A variation on this approach (of turning directly to the States and local government) would be to "contract" with any and all States that wished to participate, and with as many local governments as the budget would allow. The problem here is twofold: First, a general, indiscriminate distribution of funds to any State wishing to undertake a project could be viewed reasonably as a circumvention of the Congressional admonition against State "grants," regardless of the particular legal instruments that might be used. Second, such an approach would be extremely inefficient and ineffective, in consideration of the relatively small amount of money that is available and the degree to which it would be disbursed when spread over as many as 57, jurisdictions, or more, if we consider including units of local government.

Yet another approach, and the approach recommended by the program office, is a hybrid, wherein, selected States and local agencies are brought into a consortium (of sorts), operating under contract and under the direction of a DOE contractor. The contractor (in this case, probably
the Oak Ridge National Laboratory, Energy Division, Regional and Urban studies Section) would, under the direction of DOE, identify, develop, and produce the various "products," using the State and local consortium members as subcontractors to undertake and perform specific tasks. Project teams, comprising representative States, and where appropriate, local governments, as well, under the direction of and with the technical support of the Oak Ridge National Laboratory (ORNL), develop the various needed products—first in draft form, then as the products are subjected to DOE and peer review, in more final form.

Prior to initiating a given project, DOE and ORNL would agree to a set of "product" specifications, to insure consistency, quality and minimum overlap between projects. These product specifications would be incorporated expressly into the contract work statements for the States and local governments selected for the program.

Further, an informal review and advisory group would be assembled by DOE and ORNL to assist in overall program integration and to assist the program office in defining program policy and direction. This group would consist of the State and local contractors, representatives from key public interest groups (such as the National Governors' Association, the U.S. Conference of Mayors, etc.), key EECA program contractors (e.g., Massachusetts Institute of Technology, Argonne National Laboratory) as possibly selected States and local governments that are not themselves directly participating in the consortium as project contractors. In this way, there should be ample opportunity for products, at all stages, to be reviewed by a representative group that has an interest in the EECA program, and thereby insure to a considerable degree in quality and consistency of studies, reports and similar products.

As "draft" products are developed (e.g., a model State plan or a model State-level analytical methodology), they would first be reviewed by the DOE task force and the advisory group. Then, and as appropriate, the drafts could either be circulated to all States (and to cities and counties, through appropriate channels), or made the subject of a series of educational workshops, or both. In either approach, the objectives would be to both disseminate the information contained in the product and to obtain substantive feedback on the contents and quality of the product from the ultimate end-users. Again, this process will serve to insure not only the quality of the products, but their credibility, as well.

The program office would like to see early draft products on key matters, especially model State plans and State-level analytical methodologies, produced and out for review and feedback sometime during the Fall of 1980. Such a timeframe will be consistent with the budget cycle for the allocation of FY 1981 State planning grants. More will be said of the strategy for financial assistance in the "Program Management and Administration" section, below.
The project teams, as noted above, will typically consist of more than one State, and in some instances, will also include local governments. Further, it is considered advisable that the "make-up" of the project team be representative of a variety of interests, i.e., different regions of the country, large and small States, large and small local governments, urban and rural communities, etc. While it will be literally impossible to fully accomplish such an objective, every effort should be made to optimize these relationships.

Candidate Projects and Products

For initial program planning purposes, we have identified a series of candidate projects that would be undertaken by the ORNL consortium. These are not necessarily to be considered final nor all inclusive; indeed early efforts on this program are likely to identify other needs, as time goes on. The initial list of projects/products includes the following:

a) Comprehensive Outline of Model State Plan. This document would identify all necessary elements and considerations to be incorporated into a State plan. To the extent feasible, it also would articulate specific parameters (with "model" language) such as exemptions, appeals processes, State and local agency responsibilities, budget formats, strategies for phasing in (or out) certain classes of measures (e.g., voluntary vs. mandatory, level of "stringency") as a function of either the projected or actual shortfall, or the apparent relative success of the State plan in meeting the mandated targets, etc.

b) Model Energy Impact Assessment Methodologies. This product would present one, or more, methodologies for estimating, at the State level, the likely effects of selected emergency conservation or demand restraint measures, or general classes of such measures. Development of this product (which is viewed as a continuing process as more measures and improved data become available) would begin with motor gasoline measures that have been subjected to analysis by the CS Office of Transportation Programs and its contractor, MIT. The MIT analyses, in general, have been aimed at estimating nationwide or average effects, in support of the standby Federal plan, and, to date, little attention has been given to developing State-specific methods and procedures. The consortium project would adapt the MIT-developed techniques to the State level.

c) Model Guidelines for Implementing and Administering a State EECA Plan. This project would develop a series of applicable approaches to administering an EECA State plan. It would include a checklist of steps, such as delegations and reporting mechanisms that a State could follow in developing the implementation part of its EECA plan. The end product would integrate the experiences of States and local governments in prior energy emergencies, as well as the findings of Studies and assessments that the project team would undertake.
d) **Model Local Government Emergency Conservation Plan.** This product would be similar to the "model State plan," except it would be drawn from the perspective of local governments, such as cities and counties, as well as quasi-governmental agencies, such as municipal planning organizations, and metropolitan councils of government. DOE and ORNL would closely coordinate this "local" project with the "State" project to ensure both consistency and the proper airing and resolution of State-local issues.

e) **Requirements for Emergency Energy Information and Data.** This project would be aimed at identifying the needs of State and local government with respect to data and information needs prior to and during an energy emergency. A major component of this project would be the close integration with any existing information and data systems, such as those administered by the DOE Energy Information Administration (EIA) and the Economic Regulatory Administration (ERA). The "data" elements are expected to include fuel-specific supply and demand/consumption, at the national, regional, state and local levels. The "information" components, at minimum, would include resource documents, bibliographies, model and actual State and local plans, etc. The findings of this project would be used to design an appropriate EECA information system that would include not only identification of the "resources," but of the "delivery systems," as well.

f) **Legal Analysis Project.** It is well known that many emergency measures are constrained, to one degree or another, by legal requirements or prohibitions— at the Federal, State and/or local level. An analysis of these constraints is essential in order to develop appropriate legislative or executive remedies that could be employed during an energy emergency. Even where such impediments do not exist, it will be useful to have developed a set of model instruments, such as Executive Orders, that would be available to States and local governments prior to the onset of an emergency and which would allow expeditious implementation of emergency plans. This project would undertake such studies, analyses, and drafting.

g) **Model Methodologies for Projecting Social, Economic and Tax Revenue Impacts at the State and Local Levels.** Social and economic impacts are addressed, to a limited degree, in the DOE regulatory and economic analyses of the standby Federal plan; but not sufficiently to substantially aid State and local planners. Further, since taxes, per se, are prohibited as Federal measures (pursuant to EECA and EPCA emergency conservation programs), no explicit analysis has been done with respect to the effects of taxes and surcharges on fuels and energy in support of the standby Federal plan. However, Governors are not prevented from instituting emergency tax measures in their EECA State plans. Therefore, this project would undertake
studies and analyses aimed at developing assessment methodologies in relation to State and local taxes, as well as expanding upon work previously done with respect to assessing social and economic effects of a variety of emergency conservation and demand restraint measures.

h) Analysis of the Impact on Essential Public Services During an Energy Emergency. EECA requires, in the course of establishing State-level baseline consumption for the purpose of setting emergency conservation targets, that appropriate adjustments be made to the baseline consumption to properly reflect the priority uses of fuel as set forth in the Emergency Petroleum Allocations Act. Most public services provided by State and local government logically and legally fall into one or more of the "priority" classifications. Yet, to date, only a cursory analysis has been done--on the most obvious services--to insure that all such services are given proper recognition not only in the development of target-setting methodologies, but in the formulation of emergency measures, as well. This project will undertake such studies to identify and characterize the whole range of State and local government services. The findings of this project, in turn, will be used to reassess, and if necessary, modify currently planned emergency measures, and to aid in the development of additional measures as appropriate. The findings also, to the extent the results can be quantified, will be useful in designing or modifying target-setting methodologies and State baseline consumption calculations.

Means of Review and Delivery of Program Products

A principal objective of this program is to insure that the "products" are given the widest possible dissemination in the shortest possible time, and to insure that all States and local governments are given full opportunity to review and provide substantive comment on the products. Further, the program must be able to assimilate such comments and upgrade the products, to the maximum extent practicable. Achievement of such an ambitious objective demands a communications and delivery system almost without parallel in DOE.

The program office proposes to implement a combination of subsystems to insure that these objectives are met. Among the means being considered are:

   a) Direct communication and feedback with the States and local government through the Regional Offices--a continuing process;

   b) A series of either (or both) regional or national conferences and workshops dealing with specific "products;" and

   c) Involvement of the key public interest groups (National Governors' Association, U.S. Conference of Mayors, etc.) in both the product review and product distribution processes.
As suggested earlier, as early drafts of certain products are developed, they would be circulated and would become the subjects of regional or national workshops. The program office hopes that the first such workshops could be conducted as early as the Fall of 1980.

Enhanced Regional Support

The enhancement of Regional Office capability to undertake technical assistance and other program-related functions for their States (and local governments, as well) was a principal aspect of the earlier program strategy and management plan. In this revised plan, that priority does not change.

The ultimate success of the EECA State emergency program remains dependent upon a high level of competent Regional participation. This will require both personnel and budgetary support. The issue of increasing the Regional "emergency conservation" staff to at least three positions per Region, by merging the current EECA slot with the two EBTR positions (and subsequently making those EBTR positions permanent), has been given full consideration in the earlier strategy and plan.

Under the FY 1980 supplemental appropriation (of $1.5 million) the program office has proposed that $250,000 of that sum be shared among the Regions for the purpose of establishing the requisite technical support contracts, etc., that will be needed. There may be alternative approaches to expending these funds, and the Regions should consider them as soon as possible, in order to avoid the temporary loss of funds during the year-end fiscal recoupment by the Controller and OMB.

Program Expansion Beyond Motor Gasoline

The third, and last major element in this revised plan, is the initiation of efforts to expand the scope of the entire EECA program beyond the current boundaries. As was previously established, DOE has focused its attention on motor gasoline for two reasons: (1) It is the fuel offering the greatest potential for reduction in petroleum demand, due in large part to the extensive amount of gasoline that is consumed in so-called discretionary driving. (2) It is the only fuel or energy source for which DOE currently has a capability to define, in accordance with the provisions of EECA, monthly State-level consumption, and thereby, set monthly, State-by-State targets. Absent such a capacity, the President is constrained from implementing EECA for any fuels other than gasoline.

Therefore, the program office will initiate research and development efforts aimed at this needed program expansion, with emphasis on other petroleum fuels, such as heating oil, as well as electricity and natural gas. These programs must be viewed as having a priority nearly equal to the development of State plans. In addition, it is essential that other "constituencies," beyond State and local governments become better informed about and more involved in the EECA programs. In particular affected business and industry, who have such a crucial role to play, and so much
at stake, during an energy emergency, must become more directly involved with State planners as EECA plans are developed. Therefore, the program office intends to initiate a program to facilitate such business and industry education as soon as possible.

In addition, beyond merely responding to the short-term requirements of EECA, the program office has a responsibility to develop a workable long-range conservation contingency program, under the provisions of EPCA; including the formulation, approval and, if necessary, implementation of standby conservation plans that can be implemented nationally by the President. To date, the only standby conservation plan that has been approved by the Congress, under EPCA, is the Emergency Building Temperature Restrictions (EBTR) program. Other measures are needed to augment both EBTR and the EECA program.

Program Budget
To perform the various tasks discussed above, the program office is proposing the following allocation of the FY 1980 supplemental appropriation of $1.5 million:

1) State/Local Emergency Conservation Planning Project (ORNL) $ 600,000
2) Baseline consumption and target-setting methodologies for fuels other than motor gasoline (ORNL) 200,000
3) Baseline consumption and target-setting methodologies for electricity (Brookhaven National Laboratory) 100,000
4) Program analysis, evaluation, integration, and education and training projects (Argonne National Laboratory) 250,000
5) Long-range planning support (To be Determined) 100,000
6) DOE Regional administrative and technical support ($25,000 per Region) 250,000

TOTAL...$1,500,000

PROGRAM MANAGEMENT AND ADMINISTRATION
The management approach that was discussed in the earlier task force strategy and management plan does not change except with regard to those new elements being proposed; in particular, with respect to the management of the "State/Local Emergency Planning Project," i.e., the so-called "consortium." That portion of the earlier plan, that dealt with State
grants for "management plans" would now be delayed until FY 1981 funds are available. (To date, the House Appropriations Committee has approved a budget of $12 million for EECA, including up to $10 million for State grants, to be administered under the EPCA/ECPA grants program. The Senate has not yet acted.)

The program office anticipates a two-phase program, involving the FY 1981 budget, which would essentially replicate the program contemplated by the task force recommendation. That is, in Phase I, the States would be required (under a nominal $50,000 grant) to provide DOE with a management plan, including support documents indicating the current status of their EECA-related planning efforts. This would provide a basis for Regional review of each States' planning status and an opportunity to enter into "dialogue" on the continuing planning process. Phase II would entail a distribution of the residual amount of the FY 1981 grant funds, based upon a more conventional formulation (i.e., equal shares plus a per-capita allocation of funds), with the Region using the Phase I State management plan as a principal basis for evaluating the States' proposals for further planning grant funds. Receipt of Phase II funds, however, would be conditioned upon satisfactory completion of a Phase I management plan.

The products (either draft, interim or final) coming from the State/Local planning project (i.e., the consortium) would comprise a major technical assistance input from DOE to the States, to complement the financial assistance being provided under the EPCA/ECPA grants. These products also would provide one of several bases for supporting the on-going Regional-State dialogue, contemplated in the earlier version of the task force strategy.

The Regions would participate in the management of the ORNL State/Local project, through the vehicle of the EECA Headquarters-Regional task force. Product specifications, draft products, and interim or final products would be reviewed by the task force (and through it, presumably, the regions, in general). Regional staff could be assigned to work directly with project teams, as well, where such an arrangement would be beneficial either for the consortium participants or for DOE.

Since the Regional Representatives would have the authority to approve (or reject) State plans, clearly the Regions would also have a responsibility to interpret, if needed, the findings of the consortium projects and products; and to obtain State and local input for transmittal to the consortium projects—through the DOE task force.

The basic delivery system, for conveying the various products of the ORNL State/Local project, would be through the Regions; as would the first-order level of DOE-State/local communications on the EECA program. Lastly, the concept of training Regional staff to deal with the technical aspects of standby Federal motor-fuel measures remains intact. In fact, a test run of the EECA Regional training workshop is currently planned for the week of August 18. Thus, the Regions should proceed to initiate the dialogue with the States that was such an important part of the earlier strategy.
Dear Governor:

On November 16, the President, Secretary Duncan, and I discussed with a number of Governors the serious nature of the Nation's energy situation. I indicated at that time that we would develop voluntary National and State targets for gasoline consumption, as the first step in planning for the implementation of the Emergency Energy Conservation Act.

Current projections of world oil supplies and demand for 1980 indicate that the world oil market will continue to be extremely tight. Current projections of OPEC production are lower than previous forecasts and considerable uncertainty exists concerning Iran's ability or willingness to maintain crude oil production at current levels through 1980. Moreover, because of the uncertainty concerning world crude oil availability and the President's decision to discontinue importing oil from Iran, it is likely that U.S. oil imports will be significantly lower than previously expected.

While all of the data is not yet available, every indication is that the situation is serious. Therefore, the planning process should begin now. The Department believes it probably will be necessary to restrict U.S. gasoline consumption to an average level of about 7.0 million barrels of gasoline per day for 1980. The first-quarter target of 6.8 million barrels per day reflects normally low consumption during the winter months. This annual target is approximately 5 percent below 1978 gasoline consumption levels.

The enclosure describes the methods used to develop the first-quarter targets. Those methods are based upon the principles set forth in the target-setting criteria of the Emergency Energy Conservation Act. The targets themselves are based on adjusted monthly motor gasoline consumption statistics derived from tax data supplied by the States and published by the Federal Highway Administration.
Please review the targets and the methodology used to develop them. Technical questions may be referred to Bob Conly, Transportation Division, Conservation and Solar Energy (202-252-8017). Comments may also be directed to Ned Helme, Energy and Natural Resources Program, National Governors' Association (202-624-5370).

The National Governors' Association has taken a welcome interest in emergency reduction measures and has invited representatives of the Department to discuss the targets, methodology, and measures with its Subcommittee on Renewable Resources and Energy Conservation. The Subcommittee is meeting in Washington, D.C., on December 6, 1979. We look forward to discussing the program with all who wish to attend.

I look forward to a continued close working relationship.

Sincerely,

John C. Sawhill
Deputy Secretary
## DISCUSSION DRAFT

United States Department of Energy  
November 30, 1979

**INTERIM 1980 VOLUNTARY STATE GASOLINE SALES TARGETS**  
(In Thousands of Barrels Per Day)

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DETAILED DESCRIPTION OF METHOD OF COMPUTING STATE GASOLINE CONSERVATION TARGETS

The method for setting State gasoline conservation targets described below is based upon the principles set forth in the target-setting criteria of the Emergency Energy Conservation Act. The base data used are State monthly motor gasoline statistics (1975-1979) as reported in Table MF-33G by the U.S. Department of Transportation Federal Highway Administration (FHWA). These data are based on statistics reported by the States themselves, although the FHWA adjusts the State data to make each State's data consistent with that from the other States.

Month to month variability in the State data is considerable, in some cases too much so to be attributable to changes in weather or other such factors. In all likelihood these monthly fluctuations are due to accounting errors, which are occasionally systematic. The historical data have not been further adjusted for this analysis. All State population data are official July 1 estimates prepared by the U.S. Census Bureau. Data for 1975-1977 were taken from the Statistical Abstract of the United States, 1978. 1977 and 1978 statistics from Current Population Reports, Series P-25 no. 777, and 1979 estimates were obtained prior to publication directly from the Bureau's Population Division.

The method for determining monthly target consumption levels is comprised of three parts: 1) definition of 12-month base period projections, 2) adjustments to base period projections to account for past conservation and month-to-month irregularities, 3) proration of adjusted base consumption to the desired national consumption target. Each is elaborated on in turn below.

1) Definition of base projections

The most recent twelve-month period for which data are available (in this case July 1978 to June 1979) defines the "year" over which the rest of the analysis is carried out. The most recent 36 months of data (July 1976 to June 1979) are then used to define historical State growth rates for consumption. Average annual growth rates in sales are computed as follows:

\[
\exp\left[\frac{1}{3} \left( \log_b(G_{s1}) - \log_b(G_{s3}) \right) \right] = r_s
\]

where \( G_{s1} \) and \( G_{s3} \) indicate total motor gasoline sales in State \( s \) in the most recent and the 3rd most recent 12-month period for which data are available, \( \log_b \) is the naperian logarithmic function, \( \exp \) is the corresponding inverse function (the exponential), and \( r_s \) is the average annual State growth rate for the 36-month period. The average growth rate represents the annual (12-month) percent increase in consumption which
would result in the amount consumed between July 1978 and June 1979, starting from the amount consumed between July 1976 and June 1977. The base period annual consumption (Gsb) is projected by multiplying this growth rate times the State's total consumption for the most recent twelve-month period for which data are available. That is,  

\[ G_{sb} = r_s \cdot G_{s1} \]

This base period consumption is shared to monthly base consumption, Gsb, using the monthly shares for the most recent 12 months for which data are available (July 1978 to June 1979). That is,  

\[ G_{sb} = G_{sb} \cdot G_{s1} \]

\[ G_{sb} = \text{base period consumption for State } s \text{ in month } m \]

\[ G_{s1} = \text{consumption in month } m \text{ in the most recent year} \]

\[ G_{s1} = \text{consumption in the most recent year} \]

where \( m \) indexes months. In other words, if 8.5 percent of sales in the State in the July 1978 to June 1979 period occurred in February, then the February base period consumption would be 8.5 percent of the twelve-month base period consumption.

2) Adjustments to base projections

Two adjustments are made to the monthly base projections. The first takes into account proportionate reductions (or increases) in gasoline sales per capita which have occurred in certain States since 1975 (in this case July 1975). The rationale for this is that lower than average proportionate growth in per capita consumption is de facto conservation and that States which have achieved conservation beyond that achieved by the country as a whole should be asked to reduce their consumption less than those whose per capita consumption has grown at faster than the national rate. The first adjustment factor is simply the national (twelve-month) average percentage growth rate in per capita consumption since July 1975, divided by the particular State's average growth rate for the same period.

\[ \frac{V_n}{V_s} = A_{1s} \]

\[ A_{1s} = \text{the first adjustment factor for State } s \]

\[ V_n = \text{national per capita growth rate in gasoline use} \]

\[ V_s = \text{State } s \text{'s per capita growth rate} \]
These growth rates are computed in the same way as $r_s$. This factor is multiplied times the State's base period consumption.

The second adjustment factor attempts to smooth out possible idiosyncrasies due to fuel shortages, weather, etc. in the most recent 12 months of monthly data. The monthly shares of the most recent 12 months of data are simply replaced by the average monthly shares for the 48 months from July 1975 to June 1979. In practice this was done by multiplying the monthly base projection by the ratio of the historical average monthly share to the July 1978 to June 1979 monthly shares.

3) Proration to national consumption target

The national gasoline conservation target can be expressed in several ways. In this case it was expressed as a desired average daily consumption rate (6.8 million bbls per day) over a period of months (January 1980 to March 1980). This can be converted to a total consumption for the period simply by multiplying by the total number of days in the period (122). Converting the sum across States and months of the adjusted base period consumption from gallons to barrels enables one to compute a ratio of desired consumption to adjusted base period consumption at the national level. The final monthly State targets are obtained by multiplying the adjusted, monthly base period consumption for each State by this ratio. The resulting numbers will have the desired average daily consumption over the months in question though the consumption rate may differ from month to month.