The original documents are located in Box 25, folder "Synthetic Fuels (7)" of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.

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ANALYSIS OF HOUSE -- H.R. 12112, SYNFUELS LOAN GUARANTEES

"FOR"

File

DEMOCRATS

NICHOLS
BEVILL
JONES
FLOWERS
ALEXANDER
MILLS
THORTON
JOHNSON
McFALL
SISK
CORMAN
REES
DANIELSON
WILSON
LLOYD
BROWN
PATTERSON
VAN DEERLIN
WIRTH
EVANS
COTTER
DODD
GIAIMO
SIKES
BENNETT
FUQUA
CHAPPELL
ROGERS
LEHMAN
PEPPER
FASCELL
GINN
MATHIS
BRINKLEY
LEVITAS
FLYNT
McDONALD
LANDRUM
STEPHENS
MURPHY
FARY
ROSTENKOWSKI
ANNUNZIO
HALL
SHIPLEY
PRICE

DEMOCRATS

SIMON
SMITH
HARKIN
HUBBARD
NATCHER
MAZZOLI
BRECKINRIDGE
PERKINS
HERBERT
BOGGS
WAGGONNER
PASSMAN
BYRON
O'NEILL
BLANCHARD
BERGLAND
OBERSTAR
WHITTEN
BOWEN
MONTGOMERY
SYMINGTON
RANDALL
BOLLING
LITTON
ICHORD
BURLISON
D'AMOURS
RODINO
PATTEN
RUNNELS
AMBRO
BIAGGI
BADILLO
STRATTON
PATTISON
JOHNES
PREYER
HAYS
STANTON
JONES
RISENHOOVER
STEED
ENGLISH
NIX
YATRON
FLOOD

DEMOCRATS

MURTHA
MOORHEAD
MORGAN
LLOYD
EVINS
WILSON
ROBERTS
TEAGUE
PICKLE
POAG
WRIGHT
HIGHTOWER
YOUNG
DE LA GARZA
WHITE
BURLESON
HAMON
GONZALEZ
KAZEN
MILFORD
McKAY
HOWE
DOWNING
DANIEL
MEEDS
BONKER
McCORMACK
FOLEY
HICKS
MOLLOHAN
SLACK
ZABLOCKI
REUSS
OBEY
RONCALIO

ANALYSIS OF HOUSE -- H.R. 12112, SYNFUELS LOAN GUARANTEES

"FOR"

REPUBLICANS	REPUBLICANS
EDWARDS	SEBELIUS
DICKINSON	WINN
BUCHANAN	CARTER
YOUNG	EMERY
RHODES	GUDE
HAMMERSCHMIDT	ESCH
CLAUSEN	BROWN
KETCHUM	VANDER JAGT
MOORHEAD	CEDERBERG
BELL	RUPPE
CLAWSON	COCHRAN
PETTIS	LOTT
WILSON	CLEVELAND
BURGENER	LUJAN
JOHNSON	WYDLER
ARMSTRONG	GILMAN
McKINNEY	WALSH
SARASIN	MARTIN
FREY	GRADISON
DERWINSKI	GUYER
HYDE	BROWN
McCLORY	MILLER
ANDERSON	STANTON
O'BRIEN	MOSHER
MICHEL	WYLIE
RAILSBACK	JARMAN
MADIGAN	McDADE
HILLIS	HEINZ
MYERS	GOODLING, W
JEFFORDS	JOHNSON
ROBINSON	MYERS
WAMPLER	PRESSLER
KASTEN	QUILLEN
FORSYTHE	DUNCAN
	BEARD

ANALYSIS OF HOUSE -- H.R. 12112, SYNFUFLS LOAN GUARANTEES

"LEANING FOR"

DEMOCRATS		REPUBLICANS	
LEGGETT	- Comm	CONLAN	- INT
RYAN	- Spea	TALCOTT	- WH
STUCKEY	- ERDA	FINDLEY	- INT
YOUNG ?		SHRIVER	- INT
MADDEN	- WH	SKUBITZ	- INT
FITHIAN	- WH	MOORE	- FEA
BRADEMAS	- WH	BROOMFIELD	- STATE
HUGHES	- WH	LENT	- ERDA
MINISH	- Treas.	MITCHEL	- ERDA
DELANEY	- WH	HORTON	- ERDA
MURPHY ?	- Comm	CLANCY	- INT
LaFALCE	-	LATTA	-
ANDREWS	- FEA	HARSHA	- COMM.
TAYLOR	- Interior	KINDNESS	- WH
ASHLEY	- TRES.	REGULA	- INT
CARNEY	-	SCHULZE	- TRES.
ROONEY	- Comm	SCHNEEBELI	- INT
DENT	-	WHITEHURST	- ERDA
ALLEN	-	STEIGER	- TRES.
SATTERFIELD	- WH		
BALDUS	-		

ANALYSIS OF HOUSE -- H.R. 12112, SYNFUELS LOAN GUARANTEES

"UNDECIDED"

DEMOCRATS

EDWARDS - FEA
KREBS -
ROYBAL -
HAWKINS -
ANDERSON -
GIBBONS - TRES.
HALEY - INT.
MATSUNAGA -
RUSSO -
ROUSH - WH
EVANS - COMM
HAMILTON - STATE
KEYS - TRES
BREAUZ - COMM
LONG - FEA
LONG, Md -
SARBANES -
BOLAND -
EARLY -
MOAKLEY - WH
BURKE - TRES.
VANDER VEEN TRES
TRAZLER -
KARTH - TRES
NOLAN -
HUNGATE -
HOWARD -
HELSTOSKI - TRES
MEYNER - STATE
DANIELS - WH
PIKE - TRES.
ADDABBO
SOLARZ
ZEFERETTI
McHUGH
HANLEY
NOWAK
LUNDINE
FOUNTAIN - STATE
HENDERSON - WH
NEAL - WH
ROSE - WH
HEFNER - WH
STOKES
MOTTL
ULLMAN - TRES
DUNCAN - TRES
GREEN - TRES
EILBERG - TRES.
GAYDOS

DEMOCRATS

ST. GERMAIN
BEARD
DAVIS - ERDA
DERRICK - COMM.
MANN - FEA
HOLLAND - FEA
JENRETTE - FEA
JONES -
FORD -
HALL - WH
BROOKS -
JORDAN -
HARRIS -
FISHER - TRES.
ASPIN -
CORNELL -
STUDDS - STATE

REPUBLICANS

McCLOSKEY - COMM
ROUSSELOT - INT
WIGGINS - WH
YOUNG - ERDA
BURKE - STATE
HANSEN - INT.
CRANE - TRES
SNYDER - WH
TREEN - COMM
COHEN - ERDA
BAUMAN - [illegible]
TAYLOR - INT
THONE - INT
SMITH - INT
PEYSER - WH
McEWEN - INT
CONABLE - TRES.
KEMP - FEA
ANDREWS - INT.
WHALEN - STATE
ESHLEMAN - INT
SPENCE - COMM
ADBNOR - INT
DANIEL - WH
BUTLER - WH
PRITCHARD - INT.

ANALYSIS OF HOUSE -- H.R. 12112, SYNFUELS LOAN GUARANTEES

"LEANING AGAINST"

DEMOCRATS	REPUBLICANS
MINETA	STEIGER - INT
WAXMAN	DuPONT - COMM
BURKE	SYMMS - WH
JACOBS	HOLT - WH
SPELLMAN	CONTE - FEA
MITCHELL	QUIE - WH
O'HARA	HAGEDORN - ERDA
DIGGS	FRENZEL - TRES.
FORD	McCOLLISTER - INT.
SULLIVAN - COMM	FENWICK - COMM.
BAUCUS	RINALDO - WH
SCHEUER	FISH - STATE
AuCOIN	DEVINE - INT.
ADAMS - COMM	ASHBROOK - INT.
STAGGERS - WH	SHUSTER - WH (CL)
	STEELMAN - WH
	ARCHER - WH

ANALYSIS OF HOUSE -- H.R. 12112, SYNFUELS LOAN GUARANTEES

"AGAINST"

DEMOCRATS	DEMOCRATS	REPUBLICANS
UDALL	BINGHAM	LAGOMARSINO - WH
MOSS	OTTINGER	GOLDWATER -
BURTON, J.	SEIBERLING	KELLY -
BURTON, P.	VANIK	ERLENBORN - WH
MILLER	WEAVER	GRASSLEY - WH
DELLUMS	VIGORITO	HECKLER - COMM
STARK	KRUEGER	HUTCHINSON - WH
HANNAFORD	PAUL	BROYHILL - FEA
SCHROEDER	ECKHARDT	COUGHLIN - TRES.
MOFFETT	HECHLER	BIESTER - STATE
MINK	KASTENMEIER	COLLINS -
METCALFE	EDGAR	
COLLINS		
YATES		
MIKVA		
HAYES		
SHARP		
MEZVINSKY		
BLOUIN		
BEDELL		
DRINAN		
HARRINGTON		
CONYERS		
CARR		
RIEGLE		
NEDZI		
DINGELL		
BRODHEAD		
FRASER		
CLAY		
MELCHER		
SANTINI		
FLORIO		
THOMPSON		
MAGUIRE		
ROE		
DOWNEY		
WOLFF		
ROSENTHAL		
CHISHOLM		
RICHMOND		
HOLTZMAN		
KOCH		
RANGEL		
ABZUG		

ANALYSIS OF HOUSE -- H.R. 12112, SYNFUELS LOAN GUARANTEES

"NOT VOTING"

DEMOCRATS	REPUBLICANS
TSONGAS	HINSHAW
ALBERT	BAFALIS

"VACANCIES"

Two

THE WHITE HOUSE
WASHINGTON

August 30, 1976

TO: CHARLIE LEPPERT

FROM: GLENN SCHLEEDE

FYI

Comes from AGA.

AUG 30 1976

Republicans

#1 = in favor of H.R. 12112

78

ALABAMA

Edwards
Dickinson
Buchanan

ALASKA

Young

ARIZONA

Rhodes

ARKANSAS

Hammerschmidt

CALIFORNIA

Clausen
Ketchum
Moorhead
Bell
Clawson
Pettis
Wilson
Burgener

COLORADO

Johnson
Armstrong

CONNECTICUT

McKinney
Sarasin

FLORIDA

Frey

ILLINOIS

Derwinski
Hyde
McClory
Anderson
O'Brien
Michel
Railsback
Madigan

INDIANA

Hillis
Myers

KANSAS

Winn

KENTUCKY

Carter
Snyder

MAINE

Emery

MARYLAND

Gude

MICHIGAN

Esch
Brown
Vander Jagt
Cederberg
Ruppe

MISSISSIPPI

Cochran
Lott

NEBRASKA

Thone

NEW HAMPSHIRE

Cleveland

NEW JERSEY

Forsythe

NEW MEXICO

Lujan

NEW YORK

Wydler
Gilman
Walsh

NORTH CAROLINA

Martin

NORTH DAKOTA

Andrews

OHIO

Gradison
Guyer
Brown
Miller
Stanton
Mosher
Wylie

OKLAHOMA

Jarman

PENNSYLVANIA

McDade
Heinz
Goodling, W
Johnson
Myers

SOUTH DAKOTA

Pressler

TENNESSEE

Quillen
Duncan
Beard

VERMONT

Jeffords

VIRGINIA

Robinson
Wampler

WISCONSIN

Kasten

Republican 1's = 71

#2 = leaning in favor of H.R. 12112

ARIZONA

Conlan

CALIFORNIA

Talcott

ILLINOIS

Findley

KANSAS

Sebelius
Shriver
Skubitz

LOUISIANA

Moore

MICHIGAN

Broomfield

NEW YORK

Lent
Mitchel
Horton

OHIO

Clancy
Latta
Harsha
Kindness
Regula

PENNSYLVANIA

Schulze
Schneebeli

VIRGINIA

Whitehurst

WISCONSIN

Steiger

Republican 2's = 20

#3 = undecided or unknown

CALIFORNIA

Wiggins

FLORIDA

Burke

IDAHO

Hansen

LOUISIANA

Treen

MARYLAND

Bauman

MISSOURI

Taylor

NEBRASKA

Smith

NEW YORK

Peyser
McEwen
Conable
Kemp

PENNSYLVANIA

Eshleman

SOUTH CAROLINA

Spence

SOUTH DAKOTA

Abdnor

VIRGINIA

Daniel
Butler

WASHINGTON

Pritchard

OHIO

Whalen

Republican 3's = 18

#4 = leaning against H.R. 12112

ARIZONA

Steiger

CALIFORNIA

McCloskey
Rousselot

DELAWARE

Du Pont

FLORIDA

Young

IDAHO

Symms

MAINE

Cohen

MARYLAND

Holt

MASSACHUSETTS

Conte

MINNESOTA

Quie
Hagedorn

NEW JERSEY

Fenwick
Rinaldo

NEW YORK

Fish

OHIO

Devine
Ashbrook

PENNSYLVANIA

Shuster

TEXAS

Archer

#5 - against H.R. 12112

CALIFORNIA

Lagomarsino
Goldwater

FLORIDA

Kelly

ILLINOIS

Crane
Erlenborn

IOWA

Grassley

MASSACHUSETTS

Heckler

MICHIGAN

Hutchinson

MINNESOTA

Frenzel

NEBRASKA

McCollister

NORTH CAROLINA

Broyhill

PENNSYLVANIA

Biester
Coughlin

TEXAS

Paul
Collins
Steelman

ALABAMA

Nichols	1
Bevill	1
Jones	1
Flowers	1
*Edwards	1
*Dickinson	1
*Buchanan	1

ALASKA

* Young	1

ARIZONA

Udall	5
*Rhodes	1
*Steiger	4
*Conlan	2

ARKANSAS

Alexander	1
Mills	1
Thorton	1
*Hammerschmidt	1

CALIFORNIA

Johnson	1
Moss	5
Leggett	2
Burton, J	5
Burton, P	5
Miller	5
Dellums	5
Stark	5
Edwards	3
Ryan	2
Mineta	4
McFall	1
Sisk	1
Krebs	3
Corman	1
Rees	1
Waxman	4
Roybal	3
Burke	4
Hawkins	3
Danielson	1
Wilson	1
Anderson	3
Hannaford	5
Lloyd	1
Brown	1

CALIFORNIA (Contd)

*Clausen	1
*McCloskey	4
*Talcott	2
*Ketchum	1
*Lagomarsino	5
*Goldwater	5
*Moorhead	1
*Rousselot	4
*Bell	1
*Clawson	1
*Pettis	1
*Wiggins	3
*Hinshaw	nv
*Wilson	1
*Burgener	1

COLORADO

Schroeder	5
Wirth	1
Evans	1
*Johnson	1
*Armstrong	1

CONNECTICUT

Cotter	1
Dodd	1
Giaimo	1
Moffett	5
*McKinney	1
*Sarasin	1

DELAWARE

*Du Pont	4

FLORIDA

Sikes	1
Fuqua	1
Bennett	1
Chappell	1
Gibbons	3
Haley	3
Rogers	1
Lehman	1
Pepper	1
Fascell	1
*[illegible]	5

FLORIDA (Contd)

*Bafalis	[illegible]
*Burke	3

GEORGIA

Ginn	1
Mathis	1
Brinkley	1
Levitas	1
Young	4
Flynt	1
McDonald	1
Stuckey	1
Landrum	1
Stephens	1

HAWAII

Matsunaga	[illegible]
Mink	[illegible]

IDAHO

*Symms	4
*Hansen	[illegible]

ILLINOIS

Metcalfe	[illegible]
Murphy	1
Russo	[illegible]
Fary	1
Collins	5
Rostenkowski	1
Yates	[illegible]
Mikva	[illegible]
Annunzio	1
Hall	1
Shipley	1
Price	1
Simon	1
*Derwinski	1
*Hyde	1
*Crane	5
*McClory	1
*Erlenborn	5
*Anderson	1
*O'Brien	1
*Michel	1
*Railsback	1

DIANA

Madden	2
Fithian	2
Brademas	2
Roush	3
Evans	3
Hayes	5
Hamilton	3
Sharp	5
Jacobs	4
*Hillis	1
Myers	1

WA

Mezvinsky	5
Blouin	5
Smith	1
Harkin	1
Bedell	5
*Grassley	5

NSAS

Keys	3
*Sebelius	2
*Winn	1
*Shriver	2
*Skubitz	2

NTUCKY

Hubbard	1
Natcher	1
Mazzoli	1
Breckinridge	1
Perkins	1
*Snyder	~~3~~ 1
*Carter	1

OUISIANA

Hebert	1
Boggs	1
Waggonner	1
Passman	1
Breaux	2
Long	2
*Treen	3
*Moore	2

MAINE

*Emery	1
*Cohen	4

MARYLAND

Long	3
Sarbanes	3
Spellman	2
Byron	1
Mitchell	4
*Bauman	3
*Holt	4
*Gude	1

MASSACHUSETTS

Boland	3
Early	3
Drinan	5
Tsongas	nv
Harrington	5
Vacant	
O'Neill	1
Moakley	3
Burke	3
Studds	3
*Conte	4
*Heckler	5

MICHIGAN

Conyers	5
Vander Veen	3
Carr	5
Riegle	5
Traxler	3
O'Hara	4
Diggs	4
Nedzi	5
Ford	4
Dingell	5
Brodhead	5
Blanchard	1
*Esch	1
*Brown	1
*Hutchinson	5
*Vander Jagt	1
*Cederberg	1
*Ruppe	1
*Broomfield	2

MINNESOTA

Karth	3
Fraser	5
Nolan	3
Bergland	1
Oberstar	1
*Quie	4
*Hagedorn	4
*Frenzel	5

MISSISSIPPI

Whitten	1
Bowen	1
Montgomery	1
*Cochran	1
*Lott	1

MISSOURI

Clay	5
Symington	1
Sullivan	4
Randall	1
Bolling	1
Vacant	
Ichord	1
Hungate	3
Burlison	1
*Taylor	3

MONTANA

Baucus	4
Melcher	5

NEBRASKA

*Thone	1
*McCollister	5
*Smith	3

NEVADA

Santini	5

NEW HAMPSHIRE

D'Amours	1
*Cleveland	1

JERSEY

iorio	5
ughes	2
oward	3
hompson	5
aguire	5
oe	5
elstoski	3
odino	1
inish	2
eyner	3
aniels	3
atten	1
enwick	4
orsythe	1
inaldo	4

MEXICO

unnels	1
ujan	1

YORK

ike	3
owney	5
mbro	1
olff	5
ddabbo	3
osenthal	5
elaney	2
aggi	1
heuer	4
isholm	5
olarz	3
chmond	5
eferetti	3
oltzman	5
rphy	2
ch	5
ngel	5
zug	5
dillo	1
ngham	5
tinger	5
Hugh	3
ratton	1
ttison	1
nley	3
Fzlce	2
wak	3
ndine	3

NEW YORK (Contd)

*Lent	2
*Wydler	1
*Peyser	3
*Fish	4
*Gilman	1
*McEwen	3
*Mitchel	2
*Walsh	1
*Horton	2
*Conable	3
*Kemp	3

NORTH CAROLINA

Jones	1
Fountain	3
Henderson	3
Andrews	2
Neal	3
Preyer	1
Rose	3
Hefner	3
Taylor	2
*Martin	1
*Broyhill	5

NORTH DAKOTA

*Andrews	1

OHIO

Ashley	2
Seiberling	5
Hays	1
Carney	2
Stanton	1
Stokes	3
Vanik	5
Mottl	3
*Gradison	1
*Clancy	2
*Whalen	3
*Guyer	1
*Latta	2
*Harsha	2
*Brown	1
*Kindness	2
*Miller	1
*Stanton	1
*Devine	4
*Mosher	1
*Wylie	1

OKLAHOMA

Jones	1
Risenhoover	1
Albert	nv
Steed	1
English	1
*Jarman	1

OREGON

AuCoin	4
Ullman	3
Duncan	3
Weaver	5

PENNSYLVANIA

Vacant	
Nix	1
Green	3
Eilberg	4
Yatron	1
Edgar	5
Flood	1
Murtha	1
Moorhead	1
Rooney	2
Gaydos	1
Dent	~~2~~ 1
Morgan	1
Vigorito	5
*Schulze	2
*Biester	5
*Shuster	4
*McDade	1
*Coughlin	5
*Eshleman	3
*Schneebeli	2
*Heinz	1
*Goodling, W	1
*Johnson	1
*Myers	1

RHODE ISLAND

St. Germain	3
Beard	3

OUTH CAROLINA

Davis	3
Derrick	3
Mann	3
Holland	3
Jenrette	3
*Spence	3

OUTH DAKOTA

*Pressler	1
*Abdnor	3

ENNESSEE

Lloyd	1
Evins	1
Allen	2
Jones	~~3~~ 1
Ford	3
*Quillen	1
*Duncan	1
*Beard	1

EXAS

Hall	3
Wilson	1
Roberts	1
Teague	1
Eckhardt	5
Brooks	3
Pickle	1
Poag	1
Wright	1
Hightower	1
Young	1
De La Garza	1
White	1
Burleson	1
Jordan	3
Mahon	1
Gonzalez	1
Krueger	5
Kazen	1
Milford	1
*Paul	5
*Collins	5
*Steelman	5
*Archer	4

UTAH

McKay	1
Howe	1

VERMONT

*Jeffords	1

VIRGINIA

Downing	1
Satterfield	2
Daniel	1
Harris	2
Fisher	3
*Whitehurst	2
*Daniel	3
*Butler	3
*Robinson	1
*Wampler	1

WASHINGTON

Meeds	1
Bonker	1
McCormack	1
Foley	1
Hicks	1
Adams	4
*Pritchard	3

WEST VIRGINIA

Mollohan	1
Staggers	4
Slack	1
Hechler	5

WISCONSIN

Aspin	4
Kastenmeier	5
Baldus	2
Zablocki	1
Reuss	1
Obey	1
Cornell	5
*Steiger	2
*Kasten	1

WYOMING

Roncalio	1

#1's	~~198~~ 201
#2's	~~44~~ 43
#3's	~~79~~ 77
#4's	34
#5's	73
Not Voting . .	4
Vacancies . .	3
TOTAL	435

* = Republicans

KEY PROVISIONS OF H.R. 12112 AS RECOMMENDED BY THE CHAIRMEN OF THE COMMITTEES ON SCIENCE AND TECHNOLOGY; BANKING CURRENCY AND HOUSING; WAYS AND MEANS

GENERAL PROVISIONS

- Authorizes a $3.5 billion loan guaranty and a $.5 billion price guaranty program in ERDA to demonstrate a critical number of synthetic fuel, renewable resource and energy conservation technologies to resolve current economic, environmental, regulatory and socioeconomic uncertainties that now block industry's ability to finance, construct and operate such energy projects.
- Requires that up to 50% (but no less than 20%) of the total $4 billion guaranty authority be used to demonstrate renewable energy resource (including solar) and energy conservation technologies.
- Limits initial oil shale projects to "commercial modules" rather than full-scale commercial plants and authorizes "cost-sharing" agreements.
- Encourages maximum participation in program by small business.
- Provides strong incentives to borrower(s) to privately re-finance the government-guaranteed portion of total obligation after projects are built and successfully operating.
- Mandates ERDA Annual Reports to Congress on all major aspects of the program including any significant potential adverse impacts which may result and all funds received and disbursed.
- Requires that all proposed projects costing over $200 million be subject to Congressional review and possible veto.
- Requires competitive bidding procedures for ERDA awards.

KEY SAFEGUARDS INCLUDED IN H.R. 12112

- A comprehensive $300 million guaranty program for assisting local communities to finance essential public facilities needed as a result of a synthetic fuels plant.
- Environmental monitoring of each plant along with full compliance with the National Environmental Policy Act including site-specific Environmental Impact Statements.
- Review and approval, by the Governor of the potentially affected State, of each proposed demonstration project.
- Compliance with all applicable Federal and State environmental laws and regulations.
- Preparation of an assessment of water availability and the impact on water supplies of each proposed project.
- Review by the Attorney General and the Chairman of the FTC of all proposed guaranties to ensure no adverse impacts on competition or concentration in the energy industry.
- Government takes title to inventions conceived in course of demonstration project although ERDA can grant waivers.
- Dissemination of information generated from the program to all interested parties except proprietary information and trade secrets.
- Establishes stringent conflict of interest requirements for ERDA officials administering program including public disclosure.
- Requires a minimum of 25% of total project cost to be at risk by private participants.
- Establishes a statutory advisory panel to ensure adequate consideration of views of affected States, Indian tribes, industry, environmental organizations, and the general public on the impact of the program.

KEY CRITICISMS AND RESPONSES

CONCERNING H.R. 12112

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1	Program will promote obsolete technologies
2	Decreased Competition and increased concentration in energy industry
3	$4 Billion "camel's nose" under $100 Billion "Tent"
4	Deregulation and decontrol would obviate need for program
5	H.R. 12112 will cause excessive socioeconomic
6	Government involvement/subsidies will never end
7	Program costs too much money
8	H.R. 12112 is "off-budget"
9	Program will unfavorably affect U.S. capital markets and divert capital away from near-term energy projects
10	Program is a "giveaway to big oil"
11	Synthetic fuels will never be price competitive
12	Government takes risks, industry gets benefits
13	ERDA's ongoing energy R&D program can provide all needed information
14	Synthetic fuels production requires too much water
15	Environmental impact of program under H.R. 12112 is too great

CRITICISM

This program will promote obsolete Lurgi gasification technology--we should await the development of "second-generation" technology of higher efficiency.

ARGUMENTS IN RESPONSE TO CRITICISM

- This program will not "promote obsolete technology." The existing Lurgi technology has been improved significantly over the past ten years and represents the only commercially available and proven approach to high Btu gasification from coal at the present time. It will take at least 8 to 10 years to bring second-generation technologies to the point where Lurgi technology is today. Thus, ERDA views the commercial demonstration of first-generation technology as fully compatible with and complementary to its aggressive research, development and demonstration programs on second-generation synthetic fuel technologies.

- The objective of this program is to gain environmental, economic, regulatory, institutional, socioeconomic and other vital information from constructing a limited number (10-15) of large commercial-scale demonstration plants using existing technology. Most of the information developed with the first-generation Lurgi plants will be applicable to future coal gasification plants, since the gasification section of the Lurgi plants accounts for only 15-20 percent of the total plant cost, and is the only section that could be substantially improved by second-generation technology. Thus, most of the knowledge gained from first-generation plants will be common to second-generation plants and the experience gained will speed the commercialization of the second-generation technologies when they become available.

- Successful operation of plants based on first-generation technology will increase the confidence of the financial community, regulators and others involved in coal gasification, so that they will be more likely to finance plants using first and second-generation technologies, without any Federal financial incentives.

CRITICISM

The program would decrease competition and increase concentration in industry.

ARGUMENTS IN RESPONSE TO CRITICISM

- Section 18(b) (6) and (c) of H.R. 12112 provides that loan guarantees, to the extent possible, be issued on the basis of competitive bidding to assure that a competitive evaluation will be made of all proposals received by ERDA. Section 18(B) (6) (c) requires that ERDA give due regard to industry competition in carrying out this program. As stated in the Science Committee Report "The Committee is concerned that concentration in the energy business not be further aggravated through Federal loan guarantees. The Administrator is expected to be sensitive to this concern."

- While section 18(B) (6) (c) requires ERDA to consider the need for competition in making loan guarantees, the Science Committee also added section 18(d) which requires ERDA to solicit from the Attorney General and the Chairman of the Federal Trade Commission written views, comments, and recommendations concerning the impact of each proposed loan guarantee and cooperative agreement on competition and concentration in the energy supply industry. Furthermore, page 33 of the Science Committee Report states that: "The Committee in its deliberation on this section (18(d) of H.R. 12112) emphasized that the Administrator carefully review the effect of approving a loan guarantee on the continued concentration of ownership in existing energy companies, particularly the integrated companies. The Administrator in carrying out the purpose of this section is urged to give appropriate priorities to those applicants for guarantees whose ownership is held by independent users of oil, coal, or natural gas."

- A key point in any discussion about decreasing competition and increasing concentration in the energy industry is that without the type of program provided by H.R. 12112, only the very largest companies could possibly undertake the large capital investments required for synthetic fuel plants. H.R. 12112 therefore provides a major opportunity to increase competition and decrease concentration by providing access to smaller companies who could not otherwise afford to participate in the development of this major new industry.

CRITICISM

H.R. 12112 is the inevitable "camel's nose" inside the $100 billion "Energy Independence Authority Tent."

ARGUMENTS IN RESPONSE TO CRITICISM

- H.R. 12112 is not the inevitable first step toward the establishment of the proposed Energy Independence Authority. Pages 45 and 46 of House Report No. 94-1170 by the Committee on Science and Technology emphatically state:

  > "The Committee furthermore does not view (H.R. 12112) as the initial part of a more ambitious program. The program authorized by this measure is viewed as an independent and complete program as it now stands."

- Furthermore, any program beyond that contained in H.R. 12112 --regardless of how necessary ERDA believes an expanded effort to be -- would require subsequent Congressional approval in the form of specific authorization and appropriations.

CRITICISM

The Nation would not need the synthetic fuels program if gas is deregulated and oil is decontrolled.

ARGUMENTS IN RESPONSE TO CRITICISM

- Domestic supplies of oil and gas are projected to decline beginning in the late 1980's. Production of domestic oil and natural gas has already fallen in the last several years and deregulation is expected to extend domestic oil and gas supplies for only a 5 to 10 year period. Even using advanced oil and gas recovery techniques, extensive production from the Outer Continental Shelf and Alaska, improved energy conservation, expansion of nuclear power capacity, and greater direct burning of coal, imports will rise rapidly in the 1990's if synthetic fuels are not available in substantial quantities by then. This projection assumes substantial growth in nuclear power as well as optimistic projections of the contributions from energy conservation and from alternative supply sources such as solar and geothermal. If any of these domestic energy actions fails to provide its expected contribution, then the need for synthetic fuels would be more than the currently estimated demand for 1995 of 5 million barrels per day.

- To develop this national synthetic fuels capability of about 100 major plants by 1995 requires an early commercial demonstration program to resolve uncertainties related to regulation, environment, financing, labor, economics, and transportation. These uncertainties must be resolved by the middle 1980's in order to enable adequate plant investment in the late 1980's. Thus, the lead times involved require the construction and operation over the next 5 to 10 years of a representative mix of synthetic fuels plants to obtain all the necessary data and information needed prior to the required major industry expansion.

CRITICISM

Synthetic fuels plants will cause excessive socioeconomic impacts.

ARGUMENTS IN RESPONSE TO CRITICISM

- The socioeconomic impacts caused by construction and operation of synthetic fuels plants are similar to those caused by the construction of any large energy-related facility. However, H.R. 12112 offers a unique opportunity to develop a comprehensive plan and methodology to mitigate these impacts that, failing such an effort, will continue to plague the large-scale development of any or all our various energy resources.

- Section 18(k) of H.R. 12112 provides for a comprehensive $300 million socioeconomic assistance program to ensure the timely financing of needed community infrastructure development to accommodate these projects. Further, Section 18(e)(1) requires the affected State Governor's approval of any proposed project before ERDA may proceed to make an award. Section 18(m) requires a full ERDA Report to the Congress on all proposed projects and provides for a Congressional veto of any such project with a total cost in excess of $200 million.

- H.R. 12112 provides the following direct financial assistance to aid affected states and municipalities plan for and mitigate these impacts:

  - Planning/management grants. These will enable state and local governments to assess their public facility needs, and to prepare themselves for effective utilization of impact assistance with detailed management, budget, housing, and land use plans. This assistance also can be used to provide local government with management expertise.

  - A $300 million impact assistance fund. This is designed to assist communities in securing the necessary front end money to finance the necessary facilities - schools, roads, hospitals, sewers, and water. The specific mechanisms for implementing the impact assistance program are Federal loan guarantees, and loans, Federally guaranteed payment of taxes, required prepayment of taxes, and measures to require the owner of the synthetic fuels plant to bear the costs of essential community facilities.

CRITICISM

Once the Government gets involved in these projects, it would stay involved.

ARGUMENTS IN RESPONSE TO CRITICISM

- It is not the intent of this program to have Federal participation continue until the end of the project, or the maturity of the bonds. Instead, the Administrator should be able to determine the feasibility and advisability of terminating the Federal participation in the project. Such determination should include consideration of whether the Government's needs for information to be derived from the project have been substantially met, and whether the project is capable of commercial operation. Nor is it ERDA's intent in any way to preclude negotiation between borrower and lender of a call protection period shorter than 10 years, nor preclude the exercise of such earlier call if provided for in that agreement. An amendment to Section (c)(9) of H.R. 12112 which would legislate this intent has been proposed by the Committee on Banking, Currency and Housing.

- Adoption of the Banking Committee's proposed "call" feature (Section 19(c)(9)) would provide a positive incentive to the private borrower after 10 years to refinance any such project without a federally-guaranteed loan. This provision enables ERDA to notify the borrower that he has not more than three years within which to arrange alternative financing for the government's share of the outstanding obligation or, failing to arrange such financing, pay an additional 1 percent annual fee on the remaining government obligation until such financing is arranged.

- There would be benefits to the borrower, lender, ERDA and the Nation as a whole in termination of the Government's guarantee when the lender's perception of risk and the borrower's of market conditions permit the guaranteed loan to be re-financed by a non-guaranteed loan. Such re-financing would relieve the borrower of his obligation to pay a guarantee fee to the Administrator. This, in turn, should permit the borrower to offer a more competitive rate on refunding obligations.

CRITICISM

The program will cost the taxpayer a great deal of money.

ARGUMENTS IN RESPONSE TO CRITICISM

- Although H.R. 12112 provides authority of $2 billion each in FY-1977 and FY-1978, the actual Budget Authority needed to cover possible defaults will only be 25 percent of the loan guaranty authority -- that is, $500 million for each of the two years. If all plants are successful there will be no cost to the taxpayer, excepting about $15 million/year in administrative costs.

- Furthermore, the cost to the Nation and the taxpayer of delaying the initiation of this program, and therefore not having the commercial experience when needed, could be quite large.

- Finally, H.R. 12112 provides for the collection of annual fees for guarantees issued of (up to) 1 percent of the outstanding indebtedness covered by the guarantee. Barring a major project default(s), the collection of the guaranty fees will actually produce a net revenue to the government from this program.

CRITICISM

The proposed program is off-budget.

ARGUMENTS IN RESPONSE TO CRITICISM

- Section 18(w) of H.R. 12112 requires full Congressional appropriations and is fully consistent with the new budget process. In fact, $500 million in budget authority for FY 1977 has been requested to cover possible loan guarantee defaults. The amounts of the loan guaranties themselves are not included in the budget totals as they were specifically excluded as were all loan guaranty amounts by Section 401 of The Congressional Budget and Impoundment Control Act of 1974.

- Furthermore, Section 18(b) (3) and (k) (2) of H.R. 12112 requires the concurrence of the Secretary of the Treasury in the administration of all loan guaranties so as to minimize the impact on the capital market and coordinate these efforts with other Administration programs which affect fiscal policy.

CRITICISM

The Synthetic Fuels Commercial Demonstration Program will have a serious impact on the U.S. capital markets and divert needed capital away from nearer-term more economic energy projects.

ARGUMENTS IN RESPONSE TO CRITICISM

- The Federal Energy Administration (1976 National Energy Outlook) estimates total capital investment in energy production during the decade 1975-1984 will range from \$478 billion to \$634 billion. The capital requirements of the Synthetic Fuels Commercial Demonstration Program represents a total of \$4 billion spread over eight years. This will result in capital investment of about one-half billion dollars per year compared with a total of \$200 billion annually in U.S. fixed business investment and \$40 billion a year in energy investment. Thus, the synthetic fuels program will require less than 2 percent of the projected total capital requirements for the energy sector during this period. Most economists and financial experts would consider such a relatively small percentage to have a virtually immeasurable impact on future interest rates.

- Moreover, the extensive diversification of investments of major energy companies (e.g., Mobile in Montgomery Ward; Gulf Oil in real estate) clearly shows that these companies are not constrained by capital acquisition from additional energy investment, but rather are attracted to other non-energy projects because of the favorable rate of return on investment.

- In any event, Section 18(b)(3) and (k)(2) require the concurrence of the Secretary of the Treasury in the administration of all loan guarantees so as to minimize the impact on the capital market and coordinate these efforts with other Administration programs which affect fiscal policy.

CRITICISM

The program is a giveaway to the big oil companies.

ARGUMENTS IN RESPONSE TO CRITICISM

- The financial incentives proposed to be offered under H.R. 12112 would provide for the Government sharing only a part of the risk associated with first-of-a-kind synthetic fuel plants. Thus, all recipients of assistance--"big" or "small" would be at substantial risk and will in no case be recipients of a "giveaway."

- In the case of loan guaranties, the maximum guarantee that would be provided would be 75 percent of the total project cost. For a $1 billion plant this would represent a $250 million exposure by the industry sponsors. By any measure, this represents a substantial risk to any company or group of companies participating in this program.

- Finally, the "big" oil companies are primarily interested in shale oil projects which represent only 10 percent of the total $4 billion in loan guarantees authorized by H.R. 12112. The balance of the authorized assistance is for projects which have not attracted "big" company interest and relate to the development of coal, renewable resource and conservation resources and technologies.

CRITICISM

Synthetic fuel product prices will not be competitive with alternatives.

ARGUMENTS IN RESPONSE TO CRITICISM

- ERDA has, based on reasonable assumptions, estimated approximate prices without Federal incentives for the following synthetic fuel products:

Oil Shale	$14.45/bbl
High Btu Pipeline Gas	3.28/Mcf
Medium Btu Non Pipeline Gas	
Regulated	2.64/Mcf
Unregulated	4.23/Mcf

  While these prices are now only slightly higher than their nearest competitors, these alternatives (oil imports at $13/bbl or liquefied natural gas at $2.50 to 3.50/Mcf) are expected to become more expensive in the next 5 to 10 years as the supply position of the oil exporting nations further improves.

- Furthermore, U.S. consumers of pipeline gas are already paying higher prices than synthetic fuels for gas produced from imported petroleum products. There are at the present time 11 of these plants already operating in the U.S. producing gas in the range of $3.50 to 5.50 per million Btu.

- ERDA believes that as economic, technical, and environmental information is gained from initial synthetic fuels plants -- and with the addition of second-generation technologies, -- synthetic fuel prices will become increasingly competitive. The potential for some reduction in the real price of synthetic fuels and further increases in world energy prices is expected to make the production of most synthetic fuels fully competitive by the mid to late 1980's.

CRITICISM

The Government takes all the risks, while industry gets all the benefits.

ARGUMENTS IN RESPONSE TO CRITICISM

- Although Federally-guaranteed loans will require that both public and private dollars are at risk, the public risk is on a contingent basis: unless there is a plant failure, the Government will not bear any costs in connection with the guaranteed loans, since the fees which will be charged for the guarantee will be more than sufficient to offset the administrative costs of the program.

- It should be emphasized that substantial private funds will be at risk under H.R. 12112 by virtue of the minimum 25 percent equity investment imposed on the project sponsor. In this connection, ERDA notes that while tax benefits provided by the Congress to encourage production may assist in raising some of the cash required, the major part of such benefits are subject to recapture should the plant default and therefore constitute a part of the after tax risk for these plants.

- The nation will benefit substantially by laying the necessary foundation for an orderly industry expansion when synthetic fuels are needed in large quantities by conducting this program to resolve current financing, environmental, economic, institutional, technical and other potential problems now blocking this expansion. It is also expected that there will be significant foreign relations benefits that would accrue from the Synthetic Fuels Program. The program will, to the extent that existing and planned domestic energy production is supplemented, undoubtedly reduce U.S. reliance on imported oil and will permit and indicate the possibility of further substantial reductions in the future. In addition, successful synthetic fuel processes will be exportable to those nations with an economically supportable resource base, thus placing further downward pressure upon oil prices after 1990. Finally, the program will demonstrate the U.S. commitment to develop its abundant coal and oil shale resources to the world which, in turn, will have a positive influence upon the major oil-consuming nations.

CRITICISM

ERDA's existing fossil energy R&D program can provide all needed information thus obviating need for commercial demonstrations authorized by H.R. 12112.

ARGUMENTS IN RESPONSE TO CRITICISM

- ERDA's fossil energy R&D program is intended to develop new technologies through laboratory research and the construction and operation of testing facilities. ERDA's commercial demonstration program is intended to resolve the non-technological uncertainties that now block the use of existing technologies. Through the construction and operation of a critical number of commercial-scale facilities using domestic energy resources, the program will produce the following kinds of information:

  - Economic Feasibility: What are actual product costs based upon the efficiencies of continuous operations, the economies of scale achieved and the utilization of technically-proven system designs and components.

  - Environmental Feasibility: What are the actual environmental impacts from ongoing commercial-scale plant operations and can they be confined within acceptable standards.

  - Socioeconomic Impact: What are the impacts upon local communities that result from their accommodation of commercial-scale plants and can mechanisms be developed to sufficiently mitigate them to gain widespread community acceptance for these plants.

  - Resource Requirements: What are the actual water, mining, transportation and labor requirements of commercial plants in various parts of the country.

  - Capital Cost and Financing: What amounts of private capital will be required at what cost from the financial community and what conditions will be established for access to this capital.

  - Regulatory Constraints: What will be required by Federal and state regulatory commissions to authorize the construction and operation of commercial plants and which synthetic fuel products will be subject to what kind of regulation.

CRITICISM

Water requirements for synthetic fuels plants are excessive.

ARGUMENTS IN RESPONSE TO CRITICISM

- Synthetic fuel plants actually require substantially less water than conventional coal-fired power plants and are more energy-efficient. For example, a 250 million cubic feet per day coal gasification plant located in the West is expected to have a water requirement between 4,300 and 6,300 acre feet per year. By comparison, the Kaiparowits Power Plant, a conventional coal-fired power plant which would have produced slightly lower energy output would have required about ten times as much water--54,300 acre feet per year. Further, a 10,000 barrel per day oil shale module, which could be constructed under the provision of H.R. 12112, would require about 1,200 acre feet per year of water. Thus, the water requirements of synthetic fuels plants will not be excessive.

- Furthermore, synthetic fuels plants, especially those proposed for the arid western region, are incorporating measures as dry cooling, and improved water re-use systems to minimize expected water use.

CRITICISM

Synthetic fuels plants cause excessive environmental impact.

ARGUMENTS IN RESPONSE TO CRITICISM

- The program authorized in H.R. 12112 provides for rigorous plant environmental monitoring, compliance with all Federal and State environmental regulations and full compliance with the National Environmental Impact Statements for each proposed project.

- Beyond this, it should be clearly recognized that these plants are environmentally superior to conventional coal fired power plants. For example, on an equivalent useable energy basis, the Council on Environmental Quality estimates that air emissions are generally five times smaller for a coal gasification or an oil shale plant and water use is considerably less than that for a coal-fired power plant. Specifically:

  - Air Pollution. Data from a recent CEQ study show that, using similar grades of coal, it would take about ten (10) full-scale coal gasification plants to pollute the air as much as the single Kaiparowits 3000-megawatt coal-burning power plant that had been proposed for southern Utah.

  - Water Pollution. Synthetic fuels plants, especially those planned for sites in the arid western regions, will be designed for a minimum aqueous discharge. Such designs minimize water pollution from plant wastes and reduce plant water requirements as well.

  - Solid Wastes. The most significant solid waste problem associated with synthetic fuels is the waste produced in processing oil shale. Under the modular shale approach specified in H.R. 12112, only a small fraction of the waste piles foreseen in the upper Colorado River region will occur and will provide a means of developing better ways to control these wastes in the future.

  - Land Impacts. The greatest land disturbance from synthetic fuels projects is caused by the mining associated with the raw material extraction--the coal or the oil shale. These same impacts occur, however, if coal is mined for conventional electric power generation.

History of Synthetic Fuels Program and Legislation

1975

January - President proposed Synthetic Fuels Commercialization Program in State of the Union Message.

February - A 13-agency Task Force under the President's Energy Resource Council (ERC) formed to examine alternatives.

July - Task Force completes a 2,200 page study and makes recommendations to ERC for a 350,000 bbl/d initial program utilizing loan and price guaranties.

- Senators Randolph and Jackson successfuly amend ERDA's authorization bill with $6 billion loan guaranty in the Interior Committee.

- On July 31 Senate passes ERDA authorization bill with $6 billion loan guaranty program (Sec. 103) by a vote of 92-2.

September - President decides to support $6 billion program adopted by Senate.

- Extensive hearings begin before House Science and Technology Committee and Subcommittees (Sept. 18, 25, 29; Oct. 1, 6, 7, 8, 9, 20, 21, 22, 23, 25, 27, 30).

November - House Conferees accept, with modification, Senate-backed $6 billion loan guaranty program.

December - Conference bill passes Senate 80-10 but fails in House 263-140.

1976

February - Chairman Teague introduces scaled-down $2 billion loan guaranty program for Synthetic Fuels in House (H.R. 12112).

March - Extensive hearings by House Science and Technology begin (March 31; April 1, 6, 7, 8, 13).

May - $4 billion loan guaranty bill (H.R. 12112) reported by Science and Technology Committee by 27-8 vote.

- H.R. 12112 sequentially referred to Committees on Interstate and Foreign Commerce, Banking, Currency and Housing and Ways and Means. Hearings held: Banking and Currency (May 24, 25, 26 and June 1); Interstate and Foreign Commerce (May 25, 26, 27, June 1).

June - H.R. 12112 reported favorably from Banking and Currency Committee by 20-8; Ways and Means by voice vote. Interstate and Foreign Commerce reported a substitute bill.

August - Compromise version of H.R. 12112 agreed to by Chairmen of Committees of Science and Technology, Banking, Currency and Housing and Ways and Means.

September - Committee on Rules hears testimony from 16 members. Open rule requested.

ERDA COMMENTS ON INTERSTATE AND FOREIGN COMMERCE COMMITTEE'S SUBSTITUTE TO H.R. 12112

ERDA believes that the substitute bill (to the loan guaranty program in H.R. 12112 which is aimed at demonstrating synthetic fuel and other emerging energy technologies) reported by the Committee on Interstate and Foreign Commerce is seriously defective for the following reasons:

1. America's most abundant fossil fuel resource, coal, has been totally excluded from loan guaranty assistance under this bill. This includes vital projects to demonstrate the commercial viability of high B.t.u. gasification to produce pipeline quality gas for residential, industrial, and commercial use, as well as low and medium B.t.u. gasification and the production of methanol and boiler fuels for electric utility and industrial use.

2. Because of the elimination of coal-related projects from assistance through loan guaranties, there is no practical or rational way to expend the $2 billion of loan guaranty authorization on the remaining categories of projects without gross duplication and waste. Much of the $2 billion would either not be obligated or, if it were, it would have to be used for projects of marginal value.

3. Financial assistance for modular shale oil conversion facilities has been limited to loan guaranties. Because these plants will be less than economical scale, the elimination of the cost-sharing cooperative agreement incentive included in H.R. 12112 may preclude the initiation of shale oil projects.

4. The proposed legislation requires mandatory licensing of background patents (i.e., those developed completely with private funds prior to the demonstration project) and further provides that the ERDA Administrator have the discretion to establish the licensing fee. This provision, by threatening private property rights, would inhibit industrial participation in the demonstration program.

5. The proposed legislation, in effect, sets aside 25 percent of the $2 billion in loan guaranty authority (i.e., $500 million) for projects costing less than $10 million. It is not at all clear what such projects would be, whether or not projects of this scale are worthwhile and whether there would be enough projects of sufficient merit to justify such a large "set-aside."

6. Title II of the proposed legislation purports to provide an alternative mechanism for initiating high B.t.u. coal gasification demonstration projects. However, the proposed approach of using direct contracts for purchase does not address the fundamental obstacle now facing these projects: that of obtaining the required front-end capital financing to construct the plants. Thus, the proposed legislation will not facilitate the construction of <u>any</u> high B.t.u. coal gasification plants.

7. Title III of the proposed ~~substitute which~~ deals ~~with~~ price guaranties and purchase agreements, provides no flexibility to purchase fuel above the world oil price <u>at the time</u> the guaranty is provided. Thus, it fails to recognize the possibility of increasing world energy prices. Moreover, many of the safeguards and other desirable features of the Nonnuclear Energy R&D Act of 1974 are not included.

COMPARISON OF H.R. 12112 WITH THE ACTIONS OF
THE BANKING, COMMERCE, AND WAYS AND MEANS COMMITTEES

H.R. 12112	BANKING, CURRENCY AND HOUSING (Reported favorably 20-8)	COMMERCE COMMITTEE
1. Total Loan Guarantee Authority		
Authorizes $4 billion in loan guarantee authority ($2 billion in each of FY 77 and FY 78).	Authorizes $3.5 billion in loan guarantee authority.	Authorizes $2 billion in loan guarantee authority ($1 billion in each of FY 77 and FY 78).
2. Provision for Price Supports		
No provision for price supports (Federal Nonnuclear Act grants such authority, with each program specifically authorized by Congress).	Establishes a $500 million price support program as part of the $4 billion authorization. All provisions of the loan guarantee bill are made part of the price support program. (aa).	Title III authorizes ERDA to enter into price guarantee contracts for non-regulated synthetic gas from coal projects. Maximum aggregate production under this type of assistance is 125,000 B/D. Also authorizes purchase agreements for production of synthetic fuels (other than oil shale). Maximum aggregate production under this type of assistance is 57,000 B/D. Aggregate contingent liability in any fiscal year for both forms of assistance is $250 million.
3. Community Impact Assistance		
ERDA is responsible for administering the community impact assistance program under section 18(k). Assistance comes out of the revolving fund.	HUD is responsible for administering 18(k).	No comparable provision.
4. Ceilings for Various Technologies		
Sets ceilings for high-Btu gasification (50%), other fossil fuels (30%), and renewable resources (50%) (b) (1).	Same ceilings are applied to the total of loan guarantees ($3.5 billion). Price supports added by the Committee ($500 million) are not allocated.	No ceilings.

	H.R. 12112	BANKING, CURRENCY AND HOUSING (Reported favorably 20-8)	COMMERCE COMMITTEE
5.	**Technologies Assisted**		
	Provides loan guarantee authority for high Btu, medium Btu and low Btu coal gasification plants.	Provides loan guarantee authority for high Btu, medium Btu and low Btu coal gasification plants.	Provides no loan guarantee authority for coal-based synthetic fuel plants. (Title II exempts synthetic gas for direct sale to industry from all FPC jurisdiction to allow industry to finance high Btu plants. Title III authorizes price supports and purchase agreements to support non-regulated synthetic gas from coal).
6.	**Maturity of Obligations**		
	Maximum maturity of guaranteed obligations is 30 years or 90% of the useful life (c) (6).	Maximum maturity is 20 years or 90% of the useful life.	Maximum maturity is 20 years or 90% of the useful life.
7.	**Guarantee Fee**		
	Guarantee fee is no greater than 1%.	Guarantee fee is no less than 1%. Report language was adopted requiring ERDA to increase the fee in relation to the principal.	Guarantee fee is no less than 1%.
8.	**Competitive Impact Guarantee**		
	If either the FTC or the Attorney General recommends against making the loan guarantee, ERDA may override the decision if it is in the national interest (d).	If the Attorney General or FTC are in disagreement the matter is sent to the President for his written decision.	The FTC or Attorney General may veto any guarantee.
9.	**Limitation on Guarantee Percentage, Including Overruns**		
	The amount guaranteed may not exceed 75% of the total cost; but may go up to 90% during construction (c)(2).	Guarantee may not exceed 75% at any time. Guarantee may not include mineral extraction facilities and equipment. Also added is a limitation that a maximum of 60% of the cost overrruns may be guaranteed.	No more than 75% of the amount of loan guarantees may be for projects which exceed $10 million. Only 60% of the cost overruns guaranteed.

	H.R. 12112	BANKING, CURRENCY AND HOUSING (Reported favorably 20-8)	COMMERCE COMMITTEE
10.	Recourse Provision for Overruns		
	Guarantees for cost overruns would be backed up by the assets of the facility only (g)(3).	Guarantees for cost overruns would be backed up by full recourse to the assets of the borrower (g)(2).	Guarantees for cost overruns would be backed up by the assets of the facility only (g)(3).
11.	Amortization Provision		
	No comparable provision.	Obligation is fully amortized over the term (c)(8).	Obligation is fully amortized over the term (c)(8).
12.	GAO Audit		
	Provides access to records and pertinent documents of the borrower for purpose of GAO audit.	Adds additional requirement for audit every six months, and publication of necessary regulations to carry out the requirement.	Adds additional requirement for audit every six months, and publication of necessary regulations to carry out the requirement.
13.	Size of Plant (Oil Shale)		
	After successful demonstration of an oil shale module ERDA may give a loan guarantee to a full size plant.	After successful demonstration of an oil shale module ERDA may give a loan guarantee to a full size plant.	An oil shale plant receiving a loan guarantee must be between 6,000 and 10,000 BPD.
14.	Congressional Review of Project		
	All projects must come to Congress for a 90-day layover period and if the cost of the facility exceeds $200 million the Congress may disapprove by a vote of both Houses.	All projects must come to Congress for a 90-day layover period and if the cost of the facility exceeds $200 million the Congress may disapprove by a vote of both Houses.	All Projects must come to Congress for a 90 day layover period, pursuant to the EPCA procedures, and if the cost of the facility exceeds $100 million either House of Congress may disapprove.

	H.R. 12112	BANKING, CURRENCY AND HOUSING (Reported favorably 20-8)	COMMERCE COMMITTEE
15.	Reports		
	Reports are filed with the House Science and Technology Committee and the Senate Interior Committee	Reports are filed with the House Science and Technology Committee and the Senate Interior Committee.	Reports are filed with the House and Senate, generally.
16.	Termination of Federal Participation		
	No comparable provision.	After approval of the guarantee and within ten years after issuance, the Administrator must review the project to determine if it has produced the needed information and whether it is capable of commercial operation. ERDA may terminate the guarantee, after giving the borrower three years to find alternative financing (c)(9).	No comparable provision.
17.	Rights of the Government Upon Default		
	No comparable provision.	Rights of U.S. are superior to any other rights to the property.	No comparable provision.
18.	Property Rights		
	No comparable provision.	No comparable provision.	Rights of the U.S. are superior to any other rights to the property (g)(2).
19.	After-Tax Loss Provision		
	No comparable provision.	No comparable provision.	Treasury must impose conditions in the guarantee to insure that the owners will bear risk of after-tax loss, in case of default

H.R. 12112	BANKING, CURRENCY AND HOUSING (Reported favorably 20-8)	COMMERCE COMMITTEE
20. Mineral Extraction Provision		
No comparable provision.	No comparable provision.	Mineral extraction facilities producing independently marketable fuel cannot be included in the guarantee amount.
21. Sale by Equity Owner Provision		
No comparable provision.	No comparable provision.	Sale by an equity owner to the borrower shall be at the lower of cost to the borrower or fair market value.
22. Report Requirements		
No comparable provision.	No comparable provision.	Report due six months after enactment must contain an analysis of the cost effectiveness of various types of energy technologies
23. Patent Policy		
No comparable provision.	No comparable provision.	Requires mandatory licensing of proprietary or patented processes.

H.R. 12112	WAYS AND MEANS AMENDMENTS
1. Tax Treatment for Obligation to Any State, Political Subdivision or Indian Tribe	
a. ERDA pays to the issuer of guaranteed obligations the difference between the interest on such obligations, which are included in gross income, and interest on similar obligations, which are not included in gross income. (s)	a. Eliminates any payment of an interest differential

H.R. 12112	WAYS AND MEANS AMENDMENTS
b. Interest paid on obligations of states, political subdivisions, and Indian tribes, which are guaranteed under this bill (or supported by taxes guaranteed under this bill) is included in gross income. (s).	b. Includes the provision as an amendment to the Internal Revenue Code.
2. <u>Treasury Department Permitted to Use Second Liberty Bond Act.</u>	
Secretary of Treasury may use proceeds from sales pursuant to the Second Liberty Bond Act to repay. (n).	Eliminates all reference to the Second Liberty Bond Act.

UNITED STATES
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
WASHINGTON, D.C. 20545

JUN 2 1976

Honorable William S. Moorhead
Chairman, Subcommittee on
Economic Stabilization
Committee on Banking, Currency and Housing
House of Representatives

Dear Mr. Chairman:

At the request of the ranking minority member of the subcommittee, Mr. McKinney, ERDA is pleased to respond to the recent "Dear Colleague" letter of May 21, 1976 issued by Representative Ottinger and others branding H.R. 12112 as "the same program the House rejected last December" and recommending that it not be reconsidered this year by the House.

In ERDA's view, the 21 May letter contains numerous distortions and serious misrepresentations of the intent and substance of H.R. 12112 and does a great disservice to the extensive deliberations on this proposal by both the Legislative and Executive Branches over the past eighteen months. This is especially true in the case of the House Committee on Science and Technology whose extraordinary efforts this year on H.R. 12112 have resulted in the consideration of well over fifty significant amendments to this proposal. This process has resulted in a bill with the following key modifications to the program considered by the House last December:

- Reduces previous $6 billion guaranty limit to $4 billion for synthetic fuels, renewable resource and energy conservation projects.

- Provides that up to 50% (but no less than 20%) of the $4 billion be used to demonstrate renewable energy resources (e.g. solar) and energy conservation technologies.

- Limits initial oil shale projects to single "commercial modules" rather than full-scale commercial plants and authorizes "cost-sharing" cooperative agreements.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

- Encourages maximum participation in program by small business.
- Stipulates that all demonstration projects be located within the United States.
- Establishes stringent conflict of interest requirements for ERDA officials administering program including public disclosure.
- Mandates comprehensive ERDA Annual Reports to Congress on all major aspects of the program.
- Requires Congressional review and possible veto of all proposed projects costing over $200 million.
- Establishes a statutory advisory panel to ensure adequate consideration of views of affected States, Indian tribes, industry, environmental organizations, and the general public on the impact of the program.
- Requires competitive bidding for all ERDA awards.

Mr. Chairman, as H.R. 12112 is clearly not "the same program" considered by the House last year, neither should it be characterized as the first step toward the establishment of the proposed Energy Independence Authority. Moreover, it does not constitute Congressional approval of price supports or construction grants, as some allege. Pages 45 and 46 of House Report No. 94-1170 by the Committee on Science and Technology emphatically state:

> "The approval of (H.R. 12112) in no way constitutes an expression of approval of approaches for assistance beyond loan guarantees or cooperative agreements. Nothing in (H.R. 12112) authorizes construction grants, price supports or price guarantees... nor does the approval of (H.R. 12112) constitute any expression of Congressional commitment to other proposals which are pending or may be advanced in the future.
>
> The Committee furthermore does not view (H.R. 12112) as the initial part of a more ambitious program. The program authorized by this measure is viewed as an independent and complete program as it now stands."

The "camel's nose theory," while a compelling biblical parable, is demonstrably not an issue in these deliberations, since any program beyond that contained in H.R. 12112 would require positive Congressional action in the form of specific authorizations and appropriations.

ERDA regrets that the opponents of this program continue to resort to the kind of allegations employed in charges such as "the bill will result in...devastation of local communities and great environmental damage" that appear on page 2 of the "Dear Colleague" letter.

Section 18(k) of H.R. 12112 provides for a comprehensive $300 million socioeconomic assistance program to ensure the timely financing of needed community infrastructure development to accommodate these projects. Further, Section 18(e)(1) requires the affected State Governor's approval of any proposed project before ERDA may proceed to make an award. Should the Governor not approve, ERDA must then declare an overriding national interest for any such project to proceed. Even with the Governor's approval, Section 18(m) requires a full ERDA Report to the Congress on all proposed projects and provides for a Congressional veto of any such project with a total cost in excess of $200 million.

In addition to these safeguards, the program provides for rigorous plant environmental monitoring, compliance with all Federal and State environmental regulations and full compliance with the National Environmental Policy Act including site-specific Environmental Impact Statements for each proposed project. Beyond this, it should be clearly recognized that these plants are environmentally superior to conventional coal fired power plants. For example, on an equivalent useable energy basis, the Council on Environmental Quality estimates that air emissions are generally five times smaller for a coal gasification or an oil shale plant and water use is less than half.

Another allegation contained in the "Dear Colleague" letter is that this program would "evade the budget" and result in "distortion of capital markets, increased concentration in the already over-powerful energy industry, (and result in) promotion of obsolete technology..."

Section 18(w) of H.R. 12112 requires full Congressional appropriations and is fully consistent with the new budget process. In fact, budget authority has been requested to cover possible loan guaranty defaults. The amounts of the loan guaranties themselves are not included in the budget totals as they were specifically excluded by the Congressional Budget Act.

Section 18(b)(3) and (k)(2) require the concurrence of the Secretary of the Treasury in the administration of all loan guarantees so as to minimize the impact on the capital market and coordinate these efforts with other Administration programs which affect fiscal policy. In any case, it should be emphasized that the total of $4 billion spread over eight years will result in capital investment of about one-half billion dollars per year compared with a total of $200 billion annually in fixed business investment and $40 billion a year in energy investment. This will hardly "steer gigantic blocks of capital" as alleged.

Section 18(c) requires ERDA to consider the need for competition in the award of all loan guarantees and Subsection (d) requires ERDA to obtain from the Attorney General and Chairman of the Federal Trade Commission views, comments and recommendations concerning the impact of each proposed award on competition and concentration in the energy supply industry prior to making such award. In this connection it should be noted that the recipients of the vast majority of the loan guaranties under the proposed program will not be major oil companies as alleged, but rather regulated utilities, industrial energy users, municipalities and others. ERDA estimates that <u>less than 10 percent</u> of the guaranty funds will go to major oil companies. Thus, the program will not result, as charged, in "increased concentration in the already over-powerful energy industry" but rather could, through the loan guaranty incentive, enable smaller companies to participate in projects in which they otherwise might not be able to acquire financing.

Finally, this program will not "promote obsolete technology." It is intended to gain environmental, economic, regulatory, institutional, socio-economic and other vital information from constructing a limited number (10-15) of large commercial-scale demonstration plants using existing technology. The knowledge from these plants will speed the commercialization of the second-generation technologies when they become available. Thus, ERDA views this program as fully compatible with and complementary to its aggressive research, development and demonstration programs on second-generation synthetic fuel technologies.

Mr. Chairman, the extensive public debate on this proposal over the past eighteen months has largely proceeded according to the highest standards of fairness and substantive inquiry into all its possible ramifications. The President, the United States Senate and many of your House colleagues have recorded themselves in support of this limited program to ensure that sufficient new energy supplies will be available in the next decade when the country requires them. ERDA will do all it can to maintain the high quality of this debate during the final stages of House reconsideration of this proposal. In this spirit we urge you and your colleagues to reject the arguments used in this specific "Dear Colleague" letter and seek the facts related to this program.

We appreciate the opportunity to respond in this matter and we look forward to being of any further assistance to your own hearings on H.R. 12112, as appropriate.

Sincerely,

"Signed"

Robert W. Fri
Deputy Administrator

cc: Representative Stewart McKinney

SUMMARY COMPARISON OF ENVIRONMENTAL IMPACTS

PLANT/OPTION	USABLE ENERGY PRODUCED (10^9 BTU/DY)	AIR EMISSIONS (LB/HR) PART	SO_2	NO_x	CO	HC	WATER REQUIREMENTS (ACRE-FT/YEAR)	SOLID WASTES (TONS/DAY)	RESOURCE REQUIREMENT (MILLION TONS/YEAR)
High-Btu coal gasification (250mmscfd)	250	180	450	1780	90	30	6,300	1,400	8.3
Coal-fired power plant with electrostatic precipitator (1000 MW)	80	500	10,200	6900	400	120	9,700	750	3.0
Same as above, with limestone scrubber	80	530	1,100	7300	400	120	11,100	1,700	3.0
Kaiparowits Power Plant (3000 MW, with scrubbers)	240	1,070	4,300	20,830	n.a.	n.a.	54,300	n.a.	9.0
Shale Oil Plant									
• 50,000 bbl/dy	290	130	1,500	600	50	800	6,200	47,700	23.0
• 10,000 bbl/dy	60	30	310	100	10	150	1,200	9,500	4.6

Sources: Radian Corporation, _A Western Regional Energy Development Study: Primary Environmental Impacts, Vol. II_, prepared for the Council on Environmental Quality and the Federal Energy Administration under contract no. EQ4AC037, August 1975.

Final Environmental Impact Statement on Proposed Kaiparowits Project, U.S. Department of the Interior, March 1976.

All figures rounded.

KEY PROVISIONS OF H.R. 12112 AS RECOMMENDED BY THE CHAIRMEN OF THE COMMITTEES ON SCIENCE AND TECHNOLOGY; BANKING CURRENCY AND HOUSING; WAYS AND MEANS

GENERAL PROVISIONS

- Authorizes a $3.5 billion loan guaranty and a $.5 billion price guaranty program in ERDA to demonstrate a critical number of synthetic fuel, renewable resource and energy conservation technologies to resolve current economic, environmental, regulatory and socioeconomic uncertainties that now block industry's ability to finance, construct and operate such energy projects.
- Requires that up to 50% (but no less than 20%) of the total $4 billion guaranty authority be used to demonstrate renewable energy resource (including solar) and energy conservation technologies.
- Limits initial oil shale projects to "commercial modules" rather than full-scale commercial plants and authorizes "cost-sharing" agreements.
- Encourages maximum participation in program by small business.
- Provides strong incentives to borrower(s) to privately re-finance the government-guaranteed portion of total obligation after projects are built and successfully operating.
- Mandates ERDA Annual Reports to Congress on all major aspects of the program including any significant potential adverse impacts which may result and all funds received and disbursed.
- Requires that all proposed projects costing over $200 million be subject to Congressional review and possible veto.
- Requires competitive bidding procedures for ERDA awards.

KEY SAFEGUARDS INCLUDED IN H.R. 12112

- A comprehensive $300 million guaranty program for assisting local communities to finance essential public facilities needed as a result of a synthetic fuels plant.
- Environmental monitoring of each plant along with full compliance with the National Environmental Policy Act including site-specific Environmental Impact Statements.
- Review and approval, by the Governor of the potentially affected State, of each proposed demonstration project.
- Compliance with all applicable Federal and State environmental laws and regulations.
- Preparation of an assessment of water availability and the impact on water supplies of each proposed project.
- Review by the Attorney General and the Chairman of the FTC of all proposed guaranties to ensure no adverse impacts on competition or concentration in the energy industry.
- Government takes title to inventions conceived in course of demonstration project although ERDA can grant waivers.
- Dissemination of information generated from the program to all interested parties except proprietary information and trade secrets.
- Establishes stringent conflict of interest requirements for ERDA officials administering program including public disclosure.
- Requires a minimum of 25% of total project cost to be at risk by private participants.
- Establishes a statutory advisory panel to ensure adequate consideration of views of affected States, Indian tribes, industry, environmental organizations, and the general public on the impact of the program.

KEY CRITICISMS AND RESPONSES

CONCERNING H.R. 12112

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15	Environmental impact of program under H.R. 12112 is too great

CRITICISM

This program will promote obsolete Lurgi gasification technology--we should await the development of "second-generation" technology of higher efficiency.

ARGUMENTS IN RESPONSE TO CRITICISM

- This program will not "promote obsolete technology." The existing Lurgi technology has been improved significantly over the past ten years and represents the only commercially available and proven approach to high Btu gasification from coal at the present time. It will take at least 8 to 10 years to bring second-generation technologies to the point where Lurgi technology is today. Thus, ERDA views the commercial demonstration of first-generation technology as fully compatible with and complementary to its aggressive research, development and demonstration programs on second-generation synthetic fuel technologies.

- The objective of this program is to gain environmental, economic, regulatory, institutional, socioeconomic and other vital information from constructing a limited number (10-15) of large commercial-scale demonstration plants using existing technology. Most of the information developed with the first-generation Lurgi plants will be applicable to future coal gasification plants, since the gasification section of the Lurgi plants accounts for only 15-20 percent of the total plant cost, and is the only section that could be substantially improved by second-generation technology. Thus, most of the knowledge gained from first-generation plants will be common to second-generation plants and the experience gained will speed the commercialization of the second-generation technologies when they become available.

- Successful operation of plants based on first-generation technology will increase the confidence of the financial community, regulators and others involved in coal gasification, so that they will be more likely to finance plants using first and second-generation technologies, without any Federal financial incentives.

CRITICISM

The program would decrease competition and increase concentration in industry.

ARGUMENTS IN RESPONSE TO CRITICISM

- Section 18(b) (6) and (c) of H.R. 12112 provides that loan guarantees, to the extent possible, be issued on the basis of competitive bidding to assure that a competitive evaluation will be made of all proposals received by ERDA. Section 18(B) (6) (c) requires that ERDA give due regard to industry competition in carrying out this program. As stated in the Science Committee Report "The Committee is concerned that concentration in the energy business not be further aggravated through Federal loan guarantees. The Administrator is expected to be sensitive to this concern."

- While section 18(B) (6) (c) requires ERDA to consider the need for competition in making loan guarantees, the Science Committee also added section 18(d) which requires ERDA to solicit from the Attorney General and the Chairman of the Federal Trade Commission written views, comments, and recommendations concerning the impact of each proposed loan guarantee and cooperative agreement on competition and concentration in the energy supply industry. Furthermore, page 33 of the Science Committee Report states that: "The Committee in its deliberation on this section (18(d) of H.R. 12112) emphasized that the Administrator carefully review the effect of approving a loan guarantee on the continued concentration of ownership in existing energy companies, particularly the integrated companies. The Administrator in carrying out the purpose of this section is urged to give appropriate priorities to those applicants for guarantees whose ownership is held by independent users of oil, coal, or natural gas."

- A key point in any discussion about decreasing competition and increasing concentration in the energy industry is that <u>without</u> the type of program provided by H.R. 12112, only the very largest companies could possibly undertake the large capital investments required for synthetic fuel plants. H.R. 12112 therefore provides a major opportunity to <u>increase competition</u> and <u>decrease concentration</u> by providing access to smaller companies who could not otherwise afford to participate in the development of this major new industry.

CRITICISM

H.R. 12112 is the inevitable "camel's nose" inside the $100 billion "Energy Independence Authority Tent."

ARGUMENTS IN RESPONSE TO CRITICISM

- H.R. 12112 is not the inevitable first step toward the establishment of the proposed Energy Independence Authority. Pages 45 and 46 of House Report No. 94-1170 by the Committee on Science and Technology emphatically state:

  > "The Committee furthermore does not view (H.R. 12112) as the initial part of a more ambitious program. The program authorized by this measure is viewed as an independent and complete program as it now stands."

- Furthermore, any program beyond that contained in H.R. 12112 --regardless of how necessary ERDA believes an expanded effort to be -- would require subsequent Congressional approval in the form of specific authorization and appropriations.

CRITICISM

The Nation would not need the synthetic fuels program if gas is deregulated and oil is decontrolled.

ARGUMENTS IN RESPONSE TO CRITICISM

- Domestic supplies of oil and gas are projected to decline beginning in the late 1980's. Production of domestic oil and natural gas has already fallen in the last several years and deregulation is expected to extend domestic oil and gas supplies for only a 5 to 10 year period. Even using advanced oil and gas recovery techniques, extensive production from the Outer Continental Shelf and Alaska, improved energy conservation, expansion of nuclear power capacity, and greater direct burning of coal, imports will rise rapidly in the 1990's if synthetic fuels are not available in substantial quantities by then. This projection assumes substantial growth in nuclear power as well as optimistic projections of the contributions from energy conservation and from alternative supply sources such as solar and geothermal. If any of these domestic energy actions fails to provide its expected contribution, then the need for synthetic fuels would be more than the currently estimated demand for 1995 of 5 million barrels per day.

- To develop this national synthetic fuels capability of about 100 major plants by 1995 requires an early commercial demonstration program to resolve uncertainties related to regulation, environment, financing, labor, economics, and transportation. These uncertainties must be resolved by the middle 1980's in order to enable adequate plant investment in the late 1980's. Thus, the lead times involved require the construction and operation over the next 5 to 10 years of a representative mix of synthetic fuels plants to obtain all the necessary data and information needed prior to the required major industry expansion.

CRITICISM

Synthetic fuels plants will cause excessive socioeconomic impacts.

ARGUMENTS IN RESPONSE TO CRITICISM

- The socioeconomic impacts caused by construction and operation of synthetic fuels plants are similar to those caused by the construction of any large energy-related facility. However, H.R. 12112 offers a unique opportunity to develop a comprehensive plan and methodology to mitigate these impacts that, failing such an effort, will continue to plague the large-scale development of any or all our various energy resources.

- Section 18(k) of H.R. 12112 provides for a comprehensive $300 million socioeconomic assistance program to ensure the timely financing of needed community infrastructure development to accommodate these projects. Further, Section 18(e)(1) requires the affected State Governor's approval of any proposed project before ERDA may proceed to make an award. Section 18(m) requires a full ERDA Report to the Congress on all proposed projects and provides for a Congressional veto of any such project with a total cost in excess of $200 million.

- H.R. 12112 provides the following direct financial assistance to aid affected states and municipalities plan for and mitigate these impacts:

  - Planning/management grants. These will enable state and local governments to assess their public facility needs, and to prepare themselves for effective utilization of impact assistance with detailed management, budget, housing, and land use plans. This assistance also can be used to provide local government with management expertise.

  - A $300 million impact assistance fund. This is designed to assist communities in securing the necessary front end money to finance the necessary facilities - schools, roads, hospitals, sewers, and water. The specific mechanisms for implementing the impact assistance program are Federal loan guarantees, and loans, Federally guaranteed payment of taxes, required prepayment of taxes, and measures to require the owner of the synthetic fuels plant to bear the costs of essential community facilities.

CRITICISM

Once the Government gets involved in these projects, it would stay involved.

ARGUMENTS IN RESPONSE TO CRITICISM

- It is not the intent of this program to have Federal participation continue until the end of the project, or the maturity of the bonds. Instead, the Administrator should be able to determine the feasibility and advisability of terminating the Federal participation in the project. Such determination should include consideration of whether the Government's needs for information to be derived from the project have been substantially met, and whether the project is capable of commercial operation. Nor is it ERDA's intent in any way to preclude negotiation between borrower and lender of a call protection period shorter than 10 years, nor preclude the exercise of such earlier call if provided for in that agreement. An amendment to Section (c)(9) of H.R. 12112 which would legislate this intent has been proposed by the Committee on Banking, Currency and Housing.

- Adoption of the Banking Committee's proposed "call" feature (Section 19(c)(9)) would provide a positive incentive to the private borrower after 10 years to refinance any such project without a federally-guaranteed loan. This provision enables ERDA to notify the borrower that he has not more than three years within which to arrange alternative financing for the government's share of the outstanding obligation or, failing to arrange such financing, pay an additional 1 percent annual fee on the remaining government obligation until such financing is arranged.

- There would be benefits to the borrower, lender, ERDA and the Nation as a whole in termination of the Government's guarantee when the lender's perception of risk and the borrower's of market conditions permit the guaranteed loan to be re-financed by a non-guaranteed loan. Such re-financing would relieve the borrower of his obligation to pay a guarantee fee to the Administrator. This, in turn, should permit the borrower to offer a more competitive rate on refunding obligations.

CRITICISM

The program will cost the taxpayer a great deal of money.

ARGUMENTS IN RESPONSE TO CRITICISM

- Although H.R. 12112 provides authority of $2 billion each in FY-1977 and FY-1978, the actual Budget Authority needed to cover possible defaults will only be 25 percent of the loan guaranty authority -- that is, $500 million for each of the two years. If all plants are successful there will be no cost to the taxpayer, excepting about $15 million/year in administrative costs.

- Furthermore, the cost to the Nation and the taxpayer of delaying the initiation of this program, and therefore not having the commercial experience when needed, could be quite large.

- Finally, H.R. 12112 provides for the collection of annual fees for guarantees issued of (up to) 1 percent of the outstanding indebtedness covered by the guarantee. Barring a major project default(s), the collection of the guaranty fees will actually produce a net revenue to the government from this program.

CRITICISM

The proposed program is off-budget.

ARGUMENTS IN RESPONSE TO CRITICISM

- Section 18(w) of H.R. 12112 requires full Congressional appropriations and is fully consistent with the new budget process. In fact, $500 million in budget authority for FY 1977 has been requested to cover possible loan guarantee defaults. The amounts of the loan guaranties themselves are not included in the budget totals as they were specifically excluded as were all loan guaranty amounts by Section 401 of The Congressional Budget and Impoundment Control Act of 1974.

- Furthermore, Section 18(b) (3) and (k) (2) of H.R. 12112 requires the concurrence of the Secretary of the Treasury in the administration of all loan guaranties so as to minimize the impact on the capital market and coordinate these efforts with other Administration programs which affect fiscal policy.

CRITICISM

The Synthetic Fuels Commercial Demonstration Program will have a serious impact on the U.S. capital markets and divert needed capital away from nearer-term more economic energy projects.

ARGUMENTS IN RESPONSE TO CRITICISM

- The Federal Energy Administration (1976 National Energy Outlook) estimates total capital investment in energy production during the decade 1975-1984 will range from \$478 billion to \$634 billion. The capital requirements of the Synthetic Fuels Commercial Demonstration Program represents a total of \$4 billion spread over eight years. This will result in capital investment of about one-half billion dollars per year compared with a total of \$200 billion annually in U.S. fixed business investment and \$40 billion a year in energy investment. Thus, the synthetic fuels program will require less than 2 percent of the projected total capital requirements for the energy sector during this period. Most economists and financial experts would consider such a relatively small percentage to have a virtually immeasurable impact on future interest rates.

- Moreover, the extensive diversification of investments of major energy companies (e.g., Mobile in Montgomery Ward; Gulf Oil in real estate) clearly shows that these companies are not constrained by capital acquisition from additional energy investment, but rather are attracted to other non-energy projects because of the favorable rate of return on investment.

- In any event, Section 18(b)(3) and (k)(2) require the concurrence of the Secretary of the Treasury in the administration of all loan guarantees so as to minimize the impact on the capital market and coordinate these efforts with other Administration programs which affect fiscal policy.

CRITICISM

The program is a giveaway to the big oil companies.

ARGUMENTS IN RESPONSE TO CRITICISM

- The financial incentives proposed to be offered under H.R. 12112 would provide for the Government sharing only a part of the risk associated with first-of-a-kind synthetic fuel plants. Thus, all recipients of assistance--"big" or "small" would be at substantial risk and will in no case be recipients of a "giveaway."

- In the case of loan guaranties, the maximum guarantee that would be provided would be 75 percent of the total project cost. For a $1 billion plant this would represent a $250 million exposure by the industry sponsors. By any measure, this represents a substantial risk to any company or group of companies participating in this program.

- Finally, the "big" oil companies are primarily interested in shale oil projects which represent only 10 percent of the total $4 billion in loan guarantees authorized by H.R. 12112. The balance of the authorized assistance is for projects which have not attracted "big" company interest and relate to the development of coal, renewable resource and conservation resources and technologies.

CRITICISM

Synthetic fuel product prices will not be competitive with alternatives.

ARGUMENTS IN RESPONSE TO CRITICISM

- ERDA has, based on reasonable assumptions, estimated approximate prices without Federal incentives for the following synthetic fuel products:

Oil Shale	$14.45/bbl
High Btu Pipeline Gas	3.28/Mcf
Medium Btu Non Pipeline Gas	
Regulated	2.64/Mcf
Unregulated	4.23/Mcf

  While these prices are now only slightly higher than their nearest competitors, these alternatives (oil imports at $13/bbl or liquefied natural gas at $2.50 to 3.50/Mcf) are expected to become more expensive in the next 5 to 10 years as the supply position of the oil exporting nations further improves.

- Furthermore, U.S. consumers of pipeline gas are already paying higher prices than synthetic fuels for gas produced from imported petroleum products. There are at the present time 11 of these plants already operating in the U.S. producing gas in the range of $3.50 to 5.50 per million Btu.

- ERDA believes that as economic, technical, and environmental information is gained from initial synthetic fuels plants -- and with the addition of second-generation technologies, -- synthetic fuel prices will become increasingly competitive. The potential for some reduction in the real price of synthetic fuels and further increases in world energy prices is expected to make the production of most synthetic fuels fully competitive by the mid to late 1980's.

CRITICISM

The Government takes all the risks, while industry gets all the benefits.

ARGUMENTS IN RESPONSE TO CRITICISM

- Although Federally-guaranteed loans will require that both public and private dollars are at risk, the public risk is on a contingent basis: unless there is a plant failure, the Government will not bear any costs in connection with the guaranteed loans, since the fees which will be charged for the guarantee will be more than sufficient to offset the administrative costs of the program.

  - It should be emphasized that substantial private funds will be at risk under H.R. 12112 by virtue of the minimum 25 percent equity investment imposed on the project sponsor. In this connection, ERDA notes that while tax benefits provided by the Congress to encourage production may assist in raising some of the cash required, the major part of such benefits are subject to recapture should the plant default and therefore constitute a part of the after tax risk for these plants.

- The nation will benefit substantially by laying the necessary foundation for an orderly industry expansion when synthetic fuels are needed in large quantities by conducting this program to resolve current financing, environmental, economic, institutional, technical and other potential problems now blocking this expansion. It is also expected that there will be significant foreign relations benefits that would accrue from the Synthetic Fuels Program. The program will, to the extent that existing and planned domestic energy production is supplemented, undoubtedly reduce U.S. reliance on imported oil and will permit and indicate the possibility of further substantial reductions in the future. In addition, successful synthetic fuel processes will be exportable to those nations with an economically supportable resource base, thus placing further downward pressure upon oil prices after 1990. Finally, the program will demonstrate the U.S. commitment to develop its abundant coal and oil shale resources to the world which, in turn, will have a positive influence upon the major oil-consuming nations.

CRITICISM

ERDA's existing fossil energy R&D program can provide all needed information thus obviating need for commercial demonstrations authorized by H.R. 12112.

ARGUMENTS IN RESPONSE TO CRITICISM

- ERDA's fossil energy R&D program is intended to develop new technologies through laboratory research and the construction and operation of testing facilities. ERDA's commercial demonstration program is intended to resolve the non-technological uncertainties that now block the use of existing technologies. Through the construction and operation of a critical number of commercial-scale facilities using domestic energy resources, the program will produce the following kinds of information:

  - Economic Feasibility: What are actual product costs based upon the efficiencies of continuous operations, the economies of scale achieved and the utilization of technically-proven system designs and components.

  - Environmental Feasibility: What are the actual environmental impacts from ongoing commercial-scale plant operations and can they be confined within acceptable standards.

  - Socioeconomic Impact: What are the impacts upon local communities that result from their accommodation of commercial-scale plants and can mechanisms be developed to sufficiently mitigate them to gain widespread community acceptance for these plants.

  - Resource Requirements: What are the actual water, mining, transportation and labor requirements of commercial plants in various parts of the country.

  - Capital Cost and Financing: What amounts of private capital will be required at what cost from the financial community and what conditions will be established for access to this capital.

  - Regulatory Constraints: What will be required by Federal and state regulatory commissions to authorize the construction and operation of commercial plants and which synthetic fuel products will be subject to what kind of regulation.

CRITICISM

Water requirements for synthetic fuels plants are excessive.

ARGUMENTS IN RESPONSE TO CRITICISM

- Synthetic fuel plants actually require substantially less water than conventional coal-fired power plants and are more energy-efficient. For example, a 250 million cubic feet per day coal gasification plant located in the West is expected to have a water requirement between 4,300 and 6,300 acre feet per year. By comparison, the Kaiparowits Power Plant, a conventional coal-fired power plant which would have produced slightly lower energy output would have required about ten times as much water--54,300 acre feet per year. Further, a 10,000 barrel per day oil shale module, which could be constructed under the provision of H.R. 12112, would require about 1,200 acre feet per year of water. Thus, the water requirements of synthetic fuels plants will not be excessive.

- Furthermore, synthetic fuels plants, especially those proposed for the arid western region, are incorporating measures as dry cooling, and improved water re-use systems to minimize expected water use.

CRITICISM

Synthetic fuels plants cause excessive environmental impact.

ARGUMENTS IN RESPONSE TO CRITICISM

- The program authorized in H.R. 12112 provides for rigorous plant environmental monitoring, compliance with all Federal and State environmental regulations and full compliance with the National Environmental Impact Statements for each proposed project.

- Beyond this, it should be clearly recognized that these plants are environmentally superior to conventional coal fired power plants. For example, on an equivalent useable energy basis, the Council on Environmental Quality estimates that air emissions are generally five times smaller for a coal gasification or an oil shale plant and water use is considerably less than that for a coal-fired power plant. Specifically:

  - Air Pollution. Data from a recent CEQ study show that, using similar grades of coal, it would take about ten (10) full-scale coal gasification plants to pollute the air as much as the single Kaiparowits 3000-megawatt coal-burning power plant that had been proposed for southern Utah.

  - Water Pollution. Synthetic fuels plants, especially those planned for sites in the arid western regions, will be designed for a minimum aqueous discharge. Such designs minimize water pollution from plant wastes and reduce plant water requirements as well.

  - Solid Wastes. The most significant solid waste problem associated with synthetic fuels is the waste produced in processing oil shale. Under the modular shale approach specified in H.R. 12112, only a small fraction of the waste piles foreseen in the upper Colorado River region will occur and will provide a means of developing better ways to control these wastes in the future.

  - Land Impacts. The greatest land disturbance from synthetic fuels projects is caused by the mining associated with the raw material extraction--the coal or the oil shale. These same impacts occur, however, if coal is mined for conventional electric power generation.

Seppes

Republican Study Committee
6/28/76

Rebuttal drafted. Will get out tomorrow.

SYNTHETIC FUELS LOAN GUARANTEES
(HR 12112)

SCOPE: This fact sheet will briefly describe the provisions of this act which serves to stimulate the demonstration and production of synthetic fuels.

Status

This bill has been reported favorably out of the Committee on Science and Technology and also the Banking, Currency and Housing Committee the Interstate and Foreign Commerce Committee, and the Ways and Means Committee. It is possible that this bill will be brought to the floor in late July.

History

Funds to implement this program were originally included in the ERDA authorization (HR 3474). The conference report included $6 billion in loan guarantees for synthetic fuel development. The House voted to delete this program on December 11, 1975, by a 263-140 margin. The loan program was then put in a separate bill, HR 12112.

Provisions

2 -- The final revisions have not yet been printed, but it appears that the bill will make $2 billion available in loan guarantees to private entrepreneurs to research and develop synthetic fuels (including oil shale, geothermal, etc.)

1,3 -- Will provide price guarantees and purchase guarantees for synthetic products, while cutting out loan guarantees for coal gasification plants.

-- The Federal government will assume no more than 75% of the cost of experimental plants.

-- Loan guarantees should be issued on the basis of competitive bidding among guarantee applicants in a particular technology area.

-- Guarantees must be discussed with the interested agencies and the governors of the States concerned.

4 -- Patents and technology resulting from the demonstration facility are the property of the federal government whether the project defaults or not.

-- Davis-Bacon provisions must be observed in any construction financed with federal funds.

-- Trade secrets and proprietary information are subject to disclosur provisions.

Comment

Republican Study Committee Members were divided on this proposal in the December vote on the Hechler Amendment.

PRO: Over the next several decades the U.S. will face a severe shortage of domestically produced energy. It is estimated that by 1980 half of our oil and 2/3-3/4 of our oil cost will be attributable to foreign sources. The statistics for natural gas are just as bad since natural gas production began dropping in 1972. Thus high cost foreign imports accounted for 19% of the total energy demand in 1975 and current trends forecast an increase in this amount to 34% by 19[illegible].

1 Obviously the situation is grave and something must be done to increase the supply of domestically produced energy. The most feasible alternative given the make-up of the present Congress is a loan guarantee program which allows the private enterprise system to function while providing the security needed to start up this "infant" industry.

There are three major problems which have caused investors to hold back the initial support needed. Uncertainties about the future costs of any "first-of-a-kind" plant has caused concern over inflation, availability of labor, equipment and raw materials, and scale-up problems of pilot plants.

Arbitrary pricing of OPEC oil also increases the risk beyond normal bounds. Finally there are the risks of major project delays due to environmental, regulatory or other reasons.

2 It is necessary, if the United States is to continue its growth and to continue to improve the standard of living of its people, that we have a sufficient, reliable supply of reasonably priced energy. The synthetic fuels program offers the best chance to increase supply while still limiting government involvement and taxpayer expense.

3 CON: The supply problem which this program attempts to solve is artificially induced. Any attempt to ameliorate this problem through
1 further federal involvement will be self defeating.

Government regulations and other restrictions have made the private development of synthetic fuels so unprofitable as to be economically infeasible. Federal restrictions have caused the price of synthetic
2 fuel to be raised so high that it will not be able to compete in the marketplace, and thus the private sector is unwilling to risk the vast capital investment required.

The <u>Wall Street Journal</u> called this program an "hors d'oeuvre" in the Rockefeller $100 billion banquet of loan guarantees, grants, and price
3 supports, ERDA estimates that $11.1 billion in guarantees, grants and price supports will produce 350,000 barrels a day in synthetic fuels by 1985. Considering the fact that we import 7 million barrels a day, and this is sure to increase, it does not seem that the nation will be getting much for its uneconomic investment.

4 A study by the [illegible] places the cost of synthetic gas [illegible] at $4.00 per million cubic feet. Current natural gas prices are regulated at $.52 per million cubic feet. Decontrol would significantly reduce this price differential. However if the Congress passes HR 12112 and at the same time retains the present controls over fuel prices, then it will be in a position of maintaining regulations which result in shortages on the one hand, while subsidizing the development of higher priced synthetic fuels on the other.

5 The Committee on Interstate and Foreign Commerce removed loan guarantees for coal gasification plants and substituted in their place price and purchase guarantees. The purpose of the bill is to provide seed money to start synfuel plants not to support the production of such products. This direct subsidy program is even more inefficient than the loan guarantees it replaces.

6 Other problems exist including the possible obsolescence of the synfuel process by the time the first generation program is implemented. In addition $2 billion is only a small down payment on the whole industry. Rising costs will erode the purchasing power of these loans, very possibly to the extent that project completion may not be possible without further federal funding.

7 Also included in the bill is a provision which states that the federal government assumes ownership of any invention which is conceived or first actually reduced to practice under an ERDA guaranteed loan. This occurs even if there is no default on the part of the borrower-inventor. The true purpose of this provision is to deprive the successful entrepreneur of property interests they would otherwise acquire in inventions produced at their own expense and derived from their own intellectual toil. Such a provision would only add to the 98% of government-owned inventions that are never commercialized and thus stifle private initiative.

8 Considering the deficit spending of the federal government, the United States can little afford a massive infusion of public funds toward projects which are economically infeasible.

9 Decontrol and the reduction of government intervention will allow the market to generate the funds it needs with none of the detrimental effects inherent in federal subsidization.

As the minority report on the bill states

> Loan guarantees cannot insure success. When one takes into account the first-generation technology which we would be forcing upon industry, the financial drain which we would be imposing upon our economy, and the unwieldy regulatory structure which we would be creating to implement this program, one cannot help but be convinced that Congress is being asked to over-extend both its capabilities and its authority. We are convinced that the answer lies in decreased regulation.

JDH/jw June 28, 1976

The fact sheet was prepared at the request of a member of the Republican Study Committee. The views contained in it should not be construed as being the views of the Republican Study Committee, its officers or its members.

JOE D. WAGGONNER, JR.
4TH DISTRICT, LOUISIANA

PARISHES:
BOSSIER RED RIVER
CADDO SABINE
CLAIBORNE VERNON
DE SOTO WEBSTER

COMMITTEE ON
WAYS AND MEANS

Congress of the United States
House of Representatives
Washington, D.C. 20515

July 27, 1976

Dear Colleague:

The nation's energy outlook requires our support of every viable alternative to energy dependence on foreign sources. For this reason, I urge your support of H.R. 12112, the Synthetic Fuels Loan Guarantee Bill, which has been reported by House Science and Technology.

There are those who argue that we should delay support for synthetic fuels demonstration projects until the government decontrols the price of natural gas, so that a fair market price could be determined for synthetic fuels. I say now is the time to do both. Prompt passage of the synthetic fuels loan guarantee authorization (H.R. 12112) and natural gas price decontrol (H.R. 14069) is essential for this nation's continued growth and economic well being.

There is no inconsistency in supporting both bills. Deregulation and synthetic fuels commercialization share a common objective: increasing the supply of gaseous fuels. Since the nation can use all the natural and synthetic gas it can get, deregulation and synfuels production are but two aspects of the same energy supply problem. Even with decontrol of natural gas prices, we have no assurance that the resulting increased production could meet supply problems projected for the late 1980's and 1990's.

If we utilize a combination of deregulation, advanced oil and gas recovery techniques, and the extensive production from the Outer Continental Shelf and Alaska, there is still no certainty that we will have adequate fuel supplies to allow this country energy security from the whims of foreign supply sources. In fact, ERDA projects that benefits from all these techniques would only be sufficient to limit further growth in imports for another 5-10 years.

The average price of non-regulated intrastate gas is consistently rising and we are faced with a continued curtailment picture. Today, the city of Los Angeles is seeking alternative sources of fuel and has contracted to purchase \$2.50-\$3.00 LNG from Indonesia to meet its demands. Therefore, the projected \$3.00 to \$4.00/Mcf price of SNG from 1st generation coal gasification projects cannot be considered unreasonably high for the mid 1980's, when the first projects could come on line.

Commercial synthetic fuels production, and especially the production of high-Btu gas from our most plentiful source of energy-- coal, offers the nation a source of abundant, secure energy. Gaseous fuels are among the best long term energy sources. Gas is clean, easy to store and transport and is most economical. If we decontrol prices and provide the necessary incentives for the commercial production of synthetic fuels, we can simultaneously insure abundant energy supplies for the future, protect the environment, and maximize U.S. energy independence. I respectfully urge your support for these bills and the ends which they will accomplish.

Sincerely,

Joe D. Waggonner, Jr.

July 28, 1976

Listed below are changes in 7/26/76 vote count. You will note that some Members on the list have not changed position. They are listed in order to indicate that they have been contacted. If you would like further information on any of these assessments of if you have information to impart, please contact Bill Murphy at 524-2000.

NAME	Change FROM	TO
*Steiger (Ariz)	3	4
Rogers (Fla)	2	1
Lehman (Fla)	3	1
Fascell (Fla)	2	1
*Findley (Ill)	3	2
Hebert (La)	2	1
*Quie (Minn)	3	4
*Frenzel (Minn)	3	4
Litton (Mo)	2	1
Rodino (N.J.)	3	1
Biaggi (N.Y.)	3	1
Badillo (N.Y.)	3	1
Baldus (Wis)	3	3
Stanton (Oh)	3	1

7/28/75

ALABAMA

Nichols	1
Bevill	1
Jones	1
Flowers	1
*Edwards	1
*Dickinson	1
*Buchanan	1

ALASKA

* Young	1

ARIZONA

Udall	5
*Rhodes	1
*Steiger	~~3~~ 4
*Conlan	2

ARKANSAS

Alexander	1
Mills	1
Thorton	1
*Hammerschmidt	1

CALIFORNIA

Johnson	1
Moss	5
Leggett	2
Burton, J	5
Burton, P	5
Miller	5
Dellums	5
Stark	5
Edwards	3
Ryan	2
Mineta	4
McFall	1
Sisk	1
Krebs	3
Corman	1
Rees	1
Waxman	4
Roybal	3
Burke	4
Hawkins	3
Danielson	1
Wilson	1
Anderson	3
Hannaford	5
Lloyd	1
Brown	1

CALIFORNIA (Contd)

*Clausen	1
*McCloskey	3
*Talcott	2
*Ketchum	1
*Lagomarsino	5
*Goldwater	5
*Moorhead	1
*Rousselot	3
*Bell	1
*Clawson	1
*Pettis	1
*Wiggins	3
*Hinshaw	nv
*Wilson	1
*Burgener	1

COLORADO

Schroeder	5
Wirth	1
Evans	1
*Johnson	1
*Armstrong	1

CONNECTICUT

Cotter	1
Dodd	1
Giaimo	1
Moffett	5
*McKinney	1
*Sarasin	1

DELAWARE

*Du Pont	4

FLORIDA

Sikes	1
Fuqua	1
Bennett	1
Chappell	1
Gibbons	3
Haley	3
Rogers	~~2~~ 1
Lehman	~~3~~ 1
Pepper	1
Fascell	~~2~~ 1
*Kelly	5

FLORIDA (Contd)

*Bafalis
*Burke

GEORGIA

Ginn
Mathis
Brinkley
Levitas
Young
Flynt
McDonald
Stuckey
Landrum
Stephens

HAWAII

Matsunaga
Mink

IDAHO

*Symms
*Hansen

ILLINOIS

Metcalfe
Murphy
Russo
Fary
Collins
Rostenkowski
Yates
Mikva
Annunzio
Hall
Shipley
Price
Simon
*Derwinski
*Hyde
*Crane
*McClory
*Erlenborn
*Anderson
*O'Brien
*Michel
*Railsback

INDIANA

Madden	2
Fithian	2
Brademas	2
Roush	3
Evans	3
Hayes	5
Hamilton	3
Sharp	5
Jacobs	4
*Hillis	1
*Myers	1

IOWA

Mezvinsky	5
Blouin	5
Smith	1
Harkin	1
Bedell	5
*Grassley	5

KANSAS

Keys	~~3~~ 3
*Sebelius	1
*Winn	1
*Shriver	2
*Skubitz	2

KENTUCKY

Hubbard	1
Natcher	1
Mazzoli	1
Breckinridge	1
Perkins	1
*Snyder	~~3~~ 3
*Carter	1

LOUISIANA

Hebert	~~2~~ 1
Boggs	1
Waggonner	1
Passman	1
Breaux	3
Long	3
*Treen	3

MAINE

*Emery	1
*Cohen	3

MARYLAND

Long	3
Sarbanes	3
Spellman	4
Byron	1
Mitchell	4
*Bauman	5
*Holt	4
*Gude	2

MASSACHUSETTS

Boland	3
Early	3
Drinan	5
Tsongas	nv
Harrington	5
Vacant	
O'Neill	1
Moakley	3
Burke	3
Studds	3
*Conte	4
*Heckler	5

MICHIGAN

Conyers	5
Vander Veen	3
Carr	5
Riegle	5
Traxler	3
O'Hara	4
Diggs	4
Nedzi	5
Ford	4
Dingell	5
Brodhead	5
Blanchard	1
*Esch	1
*Brown	1
*Hutchinson	5
*Vander Jagt	1
*Cederberg	1
*Ruppe	1
*Broomfield	2

MINNESOTA

Karth
Fraser
Nolan
Bergland
Oberstar
*Quie
*Hagedorn
*Frenzel

MISSISSIPPI

Whitten
Bowen
Montgomery
*Cochran
*Lott

MISSOURI

Clay
Symington
Sullivan
Randall
Bolling
Litton
Ichord
Hungate
Burlison
*Taylor

MONTANA

Baucus
Melcher

NEBRASKA

*Thone
*McCollister
*Smith

NEVADA

Santini

NEW HAMPSHIRE

D'Amours

NEW JERSEY

Florio	5
Hughes	3
Howard	3
Thompson	5
Maguire	5
Roe	5
Helstoski	3
Rodino	~~3~~ 1
Minish	2
Meyner	3
Daniels	3
Patten	1
*Fenwick	4
*Forsythe	1
*Rinaldo	~~4~~ 4

NEW MEXICO

Runnels	1
*Lujan	1

NEW YORK

Pike	3
Downey	5
Ambro	1
Wolff	5
Addabbo	3
Rosenthal	5
Delaney	2
Biaggi	~~3~~ 1
Scheuer	4
Chisholm	5
Solarz	3
Richmond	5
Zeferetti	3
Holtzman	5
Murphy	2
Koch	5
Rangel	5
Abzug	5
Badillo	~~3~~ 1
Bingham	5
Ottinger	5
McHugh	3
Stratton	1
Pattison	1
Hanley	3
LaFalce	2
Nowak	3
Lundine	3

NEW YORK (Contd)

*Lent	2
*Wydler	1
*Peyser	3
*Fish	4
*Gilman	1
*McEwen	3
*Mitchel	2
*Walsh	1
*Horton	2
*Conable	3
*Kemp	3

NORTH CAROLINA

Jones	1
Fountain	3
Henderson	3
Andrews	2
Neal	3
Preyer	1
Rose	3
Hefner	3
Taylor	2
*Martin	1
*Broyhill	5

NORTH DAKOTA

*Andrews	3

OHIO

Ashley	2
Seiberling	5
Hays	1
Carney	3
Stanton	~~3~~ 1
Stokes	3
Vanik	5
Mottl	3
*Gradison	1
*Clancy	2
*Whalen	3
*Guyer	1
*Latta	2
*Harsha	3
*Brown	1
*Kindness	2
*Miller	1
*Stanton	1
*Devine	4
*Mosher	1
*Wylie	1
*Regula	2

OKLAHOMA

Jones
Risenhoover
Albert
Steed
English

*Jarman

OREGON

AuCoin
Ullman
Duncan
Weaver

PENNSYLVANIA

Vacant
Nix
Green
Eilberg
Yatron
Edgar
Flood
Murtha
Moorhead
Rooney
Gaydos
Dent
Morgan
Vigorito

*Schulze
*Biester
*Shuster
*McDade
*Coughlin
*Eshleman
*Schneebeli
*Heinz
*Goodling, W
*Johnson
*Myers

RHODE ISLAND

St. Germain
Beard

SOUTH CAROLINA

Davis	3
Derrick	3
Mann	3
Holland	3
Jenrette	4
*Spence	3

SOUTH DAKOTA

*Pressler	1
*Abdnor	3

TENNESSEE

Lloyd	1
Evins	1
Allen	2
Jones	3
Ford	3
*Quillen	1
*Duncan	1
*Beard	1

TEXAS

Hall	3
Wilson	1
Roberts	1
Teague	1
Eckhardt	5
Brooks	3
Pickle	1
Poag	1
Wright	1
Hightower	1
Young	1
De La Garza	1
White	1
Burleson	1
Jordan	3
Mahon	1
Gonzalez	1
Krueger	5
Paul	5
Kazen	1
Milford	1
*Collins	5
*Steelman	4
*Archer	4

UTAH

McKay	1
Howe	1

VERMONT

*Jeffords	1

VIRGINIA

Downing	1
Satterfield	2
Daniel	1
Harris	3
Fisher	3
*Whitehurst	2
*Daniel	3
*Butler	3
*Robinson	3
*Wampler	1

WASHINGTON

Meeds	1
Bonker	1
McCormack	1
Foley	1
Hicks	1
Adams	4
*Pritchard	3

WEST VIRGINIA

Mollohan	1
Staggers	4
Slack	1
Hechler	5

WISCONSIN

Aspin	~~5~~ 3
Kastenmeier	~~4~~ 5
Baldus	~~3~~ 3
Zablocki	1
Reuss	1
Obey	1
Cornell	3
*Steiger	2
*Kasten	1

WYOMING

Roncalio	

#1's	~~182~~
#2's	~~41~~
#3's	~~108~~
#4's	~~29~~
#5's	~~69~~
Not Voting . .	4
Vacancies . .	2
TOTAL	435

* = Republicans

Charlie -

SEP 20 1976

Would you please
Call me on this
Soon -

Thx

Glenn
Schleede

File
Syn Fuels

Dear Chairman Teague:

In both my 1975 State of the Union Message and, again, in my February 26, 1976, Energy Message I urged the Congress to pass legislation to authorize financial incentives that are necessary to help assure that the private sector proceeds with the construction of a limited number of facilities to demonstrate the commercial feasibility of producing synthetic fuels from coal, oil shale, and other domestic resources. I am pleased that the House of Representatives will soon be considering H.R. 12112 which would authorize this vitally important program.

The United States dependence on foreign sources of oil and gas continues to grow. In 1972 before the Arab oil embargo, we imported 29 percent of our oil; today, only four years later, we import over 40 percent. Domestic production of oil and natural gas has been steadily declining since the early 1970's. I have proposed a number of actions that would reduce our growing dependence on foreign oil and gas. Some of these have been adopted and others are still under consideration.

However, our dependence on imported petroleum will continue to grow rapidly in the early 1990's -- even with greatly increased energy conservation, prompt gas deregulation and oil decontrol, extensive development of our Alaskan and Outer Continental Shelf resources and increased use of nuclear energy and coal -- unless additional long-term efforts such as the development of synthetic fuels are undertaken now.

For this important reason, I continue to urge, in the strongest terms, passage of H.R. 12112 to establish a sound base from which a major new synthetic fuels industry could expand in a timely and responsible manner. H.R. 12112 is the most prudent way to ensure the availability of synthetic fuels technologies in the future to satisfy our national energy requirements.

If we do nothing and adopt a policy of "business as usual," we will increase further our dangerous reliance on foreign sources of oil and gas and leave ourselves open to the threat of disruption from another embargo.

I commend your leadership on this important issue and hope your colleagues will join us in supporting the immediate passage of H.R. 12112.

Sincerely,

The Honorable Olin E. Taague
Chairman
Committee on Science and Technology
U.S. House of Representatives
Washington, D. C. 20515

GRF/MF/GRS/kk

THE WHITE HOUSE

WASHINGTON

September 23, 1976

MEMORANDUM FOR THE PRESIDENT

THROUGH: JACK MARSH
MAX FRIEDERSDORF

FROM: CHARLES LEPPERT, JR. CLJr.

SUBJECT: House Action on H.R. 12112, the Synthetic Fuels Bill

The House of Representatives today (9/23/76) defeated the rule providing for the House consideration of H.R. 12112, a bill to provide loan guarantees and demonstration of new energy technologies. The rule was defeated by a vote of 192-193-1, denying the Members of the House an opportunity to debate this legislation under an open rule providing for four (4) hours of debate.

A summary of the vote defeating the rule is as follows:

	Yeas	Nays	Present	Not Voting
Democrats	110	151	-	24
Republicans	82	42	1	20
Totals	192	193	1	44

The rule was debated for approximately two (2) hours prior to debate being cut off at 11:40 a.m. for the recess of the House to hear the address of President Tolbert of Liberia in a joint session of the Congress.

Speaking for the passage of the rule were Representatives Sisk (Calif.), Teague (Tex.), Wright (Tex.), Anderson (Ill.), Rhodes (Ariz.), Johnson (Colo.), Myers (Pa.), and Brown

(Ohio). Congressmen Sisk, Anderson, and Teague made strong statements in support of the rule.

Congressman Jim Wright gave an impassioned plea for the granting of a rule pointing out that the Congress had failed to face up to its responsibility in the energy field. Wright said that Congress had done some minor things in the energy field relating to conservation but that this didn't work because consumption has gone up, to pricing which has had little or no effect, and that Congress has done nothing regarding the domestic supply of energy in this country. At this point, Wright pointed out that all the energy experts agree that the United States will, at present rates, exhaust our domestic energy supplies but the experts differ on the time in which the U. S. will exhaust its domestic supply of energy. Wright asked the House to pass this rule as the last opportunity of the 94th Congress to face up to its responsibility to provide an adequate domestic supply of energy for this nation and its future generations.

Leading the opposition on the rule was Representative Ottinger (N.Y.) and Madden (Ind.). Madden and Ottinger both made strong statements against the passage of the rule. Also speaking against the rule were Representatives Hayes (Ind.), Broyhill (N.C.), and Collins (Tex.).

STATE AND PARTY REPORT 23 SEPT 1976 12:06 PM PAGE 1

ROLL NO. 803

H RES 1545 YEA-AND-NAY CLOSED 23 SEPT 1976 12:01 PM

AUTHOR(S):MR. LONG OF LA.

ON AGREEING TO THE RESOLUTION PROVIDING FOR CONSIDERATION OF H.R.12112,

SYNTHETIC FUELS

	YEA	NAY	PRES	NV
DEMOCRATIC	110	151		24
REPUBLICAN	82	42	1	20
OTHER				
TOTAL	192	193	1	44

ROLL NO. 803

DEMOCRATIC		**OTHER**	REPUBLICAN	
ALABAMA				
BEVILL	YEA		BUCHANAN	YEA
FLOWERS	YEA		DICKINSON	YEA
JONES (AL)	NV		EDWARDS (AL)	YEA
NICHOLS	YEA			
ALASKA				
			YOUNG (AK)	YEA
ARIZONA				
UDALL	NAY		CONLAN	NAY
			RHODES	YEA
			STEIGER (AZ)	NV
ARKANSAS				
ALEXANDER	YEA		HAMMERSCHMIDT	NV
MILLS	NAY			
THORNTON	YEA			
CALIFORNIA				
ANDERSON (CA)	YEA		BELL	NV
BROWN (CA)	YEA		BURGENER	YEA
BURKE (CA)	NAY		CLAUSEN, DON H.	YEA
BURTON, JOHN	NAY		CLAWSON, DEL	YEA
BURTON, PHILLIP	NAY		GOLDWATER	NAY
CORMAN	YEA		HINSHAW	NV
DANIELSON	NAY		KETCHUM	YEA
DELLUMS	NAY		LAGOMARSINO	NAY
EDWARDS (CA)	NAY		MC CLOSKEY	NAY
HANNAFORD	YEA		MOORHEAD (CA)	YEA
HAWKINS	YEA		PETTIS	YEA
JOHNSON (CA)	YEA		ROUSSELOT	YEA
KREBS	NAY		TALCOTT	NAY
LEGGETT	NV		WIGGINS	YEA
LLOYD (CA)	YEA		WILSON, BOB	YEA
MC FALL	YEA			
MILLER (CA)	NAY			
MINETA	NAY			
MOSS	NAY			
PATTERSON (CA)	NAY			
REES	YEA			
ROYBAL	NAY			
RYAN	NAY			
SISK	YEA			
STARK	NAY			
VAN DEERLIN	YEA			
WAXMAN	YEA			
WILSON, C. H.	YEA			
COLORADO				
EVANS (CO)	YEA		ARMSTRONG	NAY
SCHROEDER	NAY		JOHNSON (CO)	YEA
WIRTH	YEA			

ROLL NO. 803

DEMOCRATIC		**OTHER**	REPUBLICAN	
CONNECTICUT				
COTTER	YEA		MC KINNEY	NV
DODD	NV		SARASIN	NV
GIAIMO	NV			
MOFFETT	NV			
DELAWARE				
			DU PONT	YEA
FLORIDA				
BENNETT	YEA		BAFALIS	PRES
CHAPPELL	YEA		BURKE (FL)	YEA
FASCELL	NAY		FREY	YEA
FUQUA	YEA		KELLY	NAY
GIBBONS	NV		YOUNG (FL)	NAY
HALEY	YEA			
LEHMAN	YEA			
PEPPER	NV			
ROGERS	YEA			
SIKES	YEA			
GEORGIA				
BRINKLEY	YEA			
FLYNT	NV			
GINN	YEA			
LANDRUM	YEA			
LEVITAS	YEA			
MATHIS	YEA			
MC DONALD	NAY			
STEPHENS	NV			
STUCKEY	NAY			
YOUNG (GA)	NAY			
HAWAII				
MATSUNAGA	NV			
MINK	NV			
IDAHO				
			HANSEN	NAY
			SYMMS	NAY

ROLL NO. 803

DEMOCRATIC		**OTHER**	REPUBLICAN	
ILLINOIS				
ANNUNZIO	YEA		ANDERSON (IL)	YEA
COLLINS (IL)	NAY		CRANE	NAY
FARY	NAY		DERWINSKI	YEA
HALL (IL)	NAY		ERLENBORN	YEA
METCALFE	YEA		FINDLEY	NAY
MIKVA	NAY		HYDE	YEA
MURPHY (IL)	NAY		MADIGAN	NAY
PRICE	YEA		MC CLORY	YEA
ROSTENKOWSKI	NAY		MICHEL	YEA
RUSSO	NAY		O'BRIEN	YEA
SHIPLEY	YEA		RAILSBACK	YEA
SIMON	NAY			
YATES	NAY			
INDIANA				
BRADEMAS	NAY		HILLIS	YEA
EVANS (IN)	NAY		MYERS (IN)	YEA
FITHIAN	NAY			
HAMILTON	NAY			
HAYES (IN)	NAY			
JACOBS	NAY			
MADDEN	NAY			
ROUSH	YEA			
SHARP	NAY			
IOWA				
BEDELL	NAY		GRASSLEY	NAY
BLOUIN	NAY			
HARKIN	NAY			
MEZVINSKY	NAY			
SMITH (IA)	NAY			
KANSAS				
KEYS	NAY		SEBELIUS	YEA
			SHRIVER	YEA
			SKUBITZ	YEA
			WINN	YEA
KENTUCKY				
BRECKINRIDGE	NAY		CARTER	YEA
HUBBARD	YEA		SNYDER	YEA
MAZZOLI	YEA			
NATCHER	YEA			
PERKINS	YEA			
LOUISIANA				
BOGGS	NAY		MOORE	YEA
BREAUX	YEA		TREEN	NV
HEBERT	NV			
LONG (LA)	YEA			
PASSMAN	YEA			
WAGGONNER	YEA			

ROLL NO. 803

DEMOCRATIC		**OTHER**	REPUBLICAN	
MAINE				
			COHEN	NAY
			EMERY	YEA
MARYLAND				
BYRON	NAY		BAUMAN	NAY
LONG (MD)	NAY		GUDE	NAY
MITCHELL (MD)	NV		HOLT	NAY
SARBANES	NAY			
SPELLMAN	NAY			
MASSACHUSETTS				
BOLAND	NAY		CONTE	NAY
BURKE (MA)	YEA		HECKLER (MA)	NAY
DRINAN	YEA			
EARLY	YEA			
HARRINGTON	NAY			
MOAKLEY	YEA			
O'NEILL	YEA			
STUDDS	NAY			
TSONGAS	NAY			
MICHIGAN				
BLANCHARD	NAY		BROOMFIELD	YEA
BRODHEAD	NAY		BROWN (MI)	YEA
CARR	NAY		CEDERBERG	YEA
CONYERS	NAY		ESCH	NV
DIGGS	NAY		HUTCHINSON	YEA
DINGELL	NAY		RUPPE	NV
FORD (MI)	NAY		VANDER JAGT	NAY
NEDZI	NAY			
O'HARA	YEA			
RIEGLE	NV			
TRAXLER	NAY			
VANDER VEEN	NAY			
MINNESOTA				
BERGLAND	NAY		FRENZEL	NAY
FRASER	NAY		HAGEDORN	YEA
KARTH	NV		QUIE	NAY
NOLAN	NAY			
OBERSTAR	NAY			
MISSISSIPPI				
BOWEN	NAY		COCHRAN	NAY
MONTGOMERY	NAY		LOTT	YEA
WHITTEN	NAY			

ROLL NO. 803

DEMOCRATIC		**OTHER**	REPUBLICAN	
MISSOURI				
BOLLING	YEA		TAYLOR (MO)	YEA
BURLISON (MO)	YEA			
CLAY	NAY			
HUNGATE	NAY			
ICHORD	YEA			
RANDALL	YEA			
SULLIVAN	NAY			
SYMINGTON	YEA			
MONTANA				
BAUCUS	NAY			
MELCHER	NAY			
NEBRASKA				
			MC COLLISTER	NV
			SMITH (NB)	NV
			THONE	YEA
NEVADA				
SANTINI	NAY			
NEW HAMPSHIRE				
D'AMOURS	NAY		CLEVELAND	NAY
NEW JERSEY				
DANIELS (NJ)	NAY		FENWICK	NV
FLORIO	NAY		FORSYTHE	YEA
HELSTOSKI	NV		RINALDO	NV
HOWARD	NAY			
HUGHES	YEA			
MAGUIRE	NAY			
MEYNER	NAY			
MINISH	YEA			
PATTEN (NJ)	NAY			
RODINO	NAY			
ROE	NAY			
THOMPSON	NAY			
NEW MEXICO				
RUNNELS	YEA		LUJAN	YEA

ROLL NO. 803

DEMOCRATIC		**OTHER**	REPUBLICAN	
EW YORK				
ABZUG	NAY		CONABLE	NAY
ADDABBO	NAY		FISH	NAY
AMBRO	YEA		GILMAN	YEA
BADILLO	NAY		HORTON	YEA
BIAGGI	NAY		KEMP	NAY
BINGHAM	NAY		LENT	YEA
CHISHOLM	NAY		MC EWEN	YEA
DELANEY	NAY		MITCHELL (NY)	YEA
DOWNEY (NY)	NAY		PEYSER	NV
HANLEY	YEA		WALSH	YEA
HOLTZMAN	NAY		WYDLER	YEA
KOCH	NAY			
LAFALCE	YEA			
LUNDINE	YEA			
MC HUGH	YEA			
MURPHY (NY)	YEA			
NOWAK	YEA			
OTTINGER	NAY			
PATTISON (NY)	NAY			
PIKE	NAY			
RANGEL	NAY			
RICHMOND	NAY			
ROSENTHAL	NAY			
SCHEUER	NAY			
SOLARZ	NAY			
STRATTON	YEA			
WOLFF	NAY			
ZEFERETTI	NAY			
ORTH CAROLINA				
ANDREWS (NC)	YEA		BROYHILL	NAY
FOUNTAIN	NAY		MARTIN	YEA
HEFNER	NAY			
HENDERSON	NV			
JONES (NC)	NV			
NEAL	NAY			
PREYER	YEA			
ROSE	NAY			
TAYLOR (NC)	YEA			
ORTH DAKOTA				
			ANDREWS (ND)	YEA

ROLL NO. 803

DEMOCRATIC		**OTHER**	REPUBLICAN	
OHIO				
ASHLEY	YEA		ASHBROOK	NAY
CARNEY	YEA		BROWN (OH)	YEA
MOTTL	NAY		CLANCY	NV
SEIBERLING	NAY		DEVINE	NAY
STANTON, JAMES V.	YEA		GRADISON	NV
STOKES	NAY		GUYER	YEA
VANIK	NAY		HARSHA	YEA
			KINDNESS	NAY
			LATTA	YEA
			MILLER (OH)	YEA
			MOSHER	YEA
			REGULA	YEA
			STANTON, J. WILLIAM	YEA
			WHALEN	NAY
			WYLIE	YEA
OKLAHOMA				
ALBERT			JARMAN	NV
ENGLISH	NAY			
JONES (OK)	YEA			
RISENHOOVER	YEA			
STEED	NAY			
OREGON				
AUCOIN	NAY			
DUNCAN (OR)	NAY			
ULLMAN	NAY			
WEAVER	NAY			
PENNSYLVANIA				
DENT	YEA		BIESTER	YEA
EDGAR	NAY		COUGHLIN	NAY
EILBERG	NAY		ESHLEMAN	YEA
FLOOD	YEA		GOODLING	YEA
GAYDOS	YEA		HEINZ	NV
GREEN	NV		JOHNSON (PA)	NV
MOORHEAD (PA)	YEA		MC DADE	YEA
MORGAN	YEA		MYERS (PA)	YEA
MURTHA	YEA		SCHNEEBELI	YEA
NIX	NV		SCHULZE	YEA
ROONEY	NAY		SHUSTER	NAY
VIGORITO	NAY			
YATRON	YEA			
RHODE ISLAND				
BEARD (RI)	NAY			
ST GERMAIN	NAY			

ROLL NO. 803

DEMOCRATIC		**OTHER**	REPUBLICAN	
SOUTH CAROLINA				
DAVIS	NAY		SPENCE	YEA
DERRICK	NAY			
HOLLAND	NAY			
JENRETTE	NAY			
MANN	YEA			
SOUTH DAKOTA				
			ABDNOR	YEA
			PRESSLER	YEA
TENNESSEE				
ALLEN	YEA		BEARD (TN)	YEA
EVINS (TN)	YEA		DUNCAN (TN)	YEA
FORD (TN)	NAY		QUILLEN	YEA
JONES (TN)	YEA			
LLOYD (TN)	YEA			
TEXAS				
BROOKS	NAY		ARCHER	NAY
BURLESON (TX)	YEA		COLLINS (TX)	NAY
DE LA GARZA	NAY		PAUL	NAY
ECKHARDT	NAY		STEELMAN	NV
GONZALEZ	NAY			
HALL (TX)	NV			
HIGHTOWER	YEA			
JORDAN	NAY			
KAZEN	YEA			
KRUEGER	YEA			
MAHON	YEA			
MILFORD	YEA			
PICKLE	YEA			
POAGE	YEA			
ROBERTS	YEA			
TEAGUE	YEA			
WHITE	YEA			
WILSON, (TX)	NV			
WRIGHT	YEA			
YOUNG (TX)	NV			
UTAH				
HOWE	NV			
MC KAY	YEA			
VERMONT				
			JEFFORDS	YEA
VIRGINIA				
DANIEL, DAN	NAY		BUTLER	NAY
DOWNING (VA)	YEA		DANIEL, R. W.	NAY
FISHER	NAY		ROBINSON	NAY
HARRIS	NAY		WAMPLER	YEA
SATTERFIELD	NAY		WHITEHURST	YEA

ROLL NO. 803

DEMOCRATIC		**OTHER**	REPUBLICAN	
WASHINGTON				
ADAMS	NAY		PRITCHARD	YEA
BONKER	NAY			
FOLEY	YEA			
HICKS	YEA			
MC CORMACK	YEA			
MEEDS	YEA			
WEST VIRGINIA				
HECHLER (WV)	NAY			
MOLLOHAN	YEA			
SLACK	NAY			
STAGGERS	NAY			
WISCONSIN				
ASPIN	NAY		KASTEN	NAY
BALDUS	NAY		STEIGER (WI)	YEA
CORNELL	NAY			
KASTENMEIER	NAY			
OBEY	NAY			
REUSS	YEA			
ZABLOCKI	YEA			
WYOMING				
RONCALIO	YEA			

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