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ELECTRONICS INDUSTRY LUNCH-D-DEE,
THE CIRCUS MAXIMUS ROOM, THE CABANA-HEAVY HOUSE HOTEL,
PALO ALTO, CALIFORNIA
THURSDAY, JULY 29, 1976, 1:15 PM, PDT

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Thank you for inviting me to join you. It's a special pleasure for me to be with you today, and also to offer my congratulations to Les Hogan for receiving the "Good Scout" award.

Scouting in the United States has always sought to preserve the values of personal integrity, cooperation and self-reliance. But scouts have always done more than merely subscribe to philosophical abstractions. They've taken concrete action.

I'm thinking particularly of how important scouting has been over the years in promoting conservation of all our natural resources. Today, there is a new kind of conservation that should -- and fortunately does -- concern scouts. I'm talking about the conservation of energy in all its forms.

But it's not only scouts who need to be concerned with conservation. It concerns all of us: young and old, businessmen as well as scouts, students as well as housewives, and workers as well as entrepreneurs -- all Americans.

Every American -- everyone in this room -- will face over the next ten years, and, for that matter, faces today the real prospect of energy shortages, of economic disruption and of political and economic manipulation by those countries which dominate the international oil trade.

Roughly three years ago that fact was self-evident. But the intervening years seem to have clouded the memory of a domestic productivity irretrievably lost through a shortage of oil, of men and women without work because of an interruption of energy supplies, and of a national security undermined by the willingness of other countries to exploit our dependence on them.

But those in the oil-producing countries who determine what you will pay for oil -- or whether you will even receive it -- have long memories. They remember how effective the embargo



was when they controlled a mere fourteen percent of the oil we needed. And if some dispute arises in the future between the oil producing countries and those who depend upon them -- perhaps even more than they did in the past -- they'll remember again.

Should that situation arise, I don't want this country to be among the dependant. I want it to be one of those who have taken action to make themselves immune from the threat -- of another embargo. For the time being, we're increasing our oil imports, though that could be done, in some cases, by raising those imports to a level where their interruption would be harmless to the United States -- a level where we would be able to help other countries that are less self-sufficient than we.

It means providing adequate economic incentives to produce more oil and natural gas in the United States -- something we are beginning to do.

It means shifting where possible from oil and natural gas to more plentiful domestic resources, such as coal and nuclear power.

It means taking steps to ensure the eventual commercialization of synthetic fuels, geothermal power, solar energy, and gasification and liquefaction of coal.

In theory, all of these efforts sound simple. But consider the history of Alaskan oil:

- Planning started in late 1969;
- Construction started in 1974 -- five years later;
- Oil, we hope, will start flowing in 1977 -- another three years;
- Production should reach 2 million barrels per day by 1980-81 -- 2 more years; and
- The field will reach maximum production and begin to decline in 1985.



In practice, our efforts to increase the production of oil -- or of any energy resource -- confront complex and difficult problems, not all of which are certain of timely resolution. Success requires the long-term cooperation of government, industry, capital and labor in a painstaking but productive ordeal. It requires -- in a word -- time.

The full effect of our efforts to increase energy supplies will only be felt in the future.

But our problem exists in the here and now. It demands solutions that will have an immediate payoff, while we start making progress toward long-term answers. It requires, in short, a policy of energy conservation -- a policy that is beginning to take shape and is beginning to have an impact on the way we use our scarce resources.

It is a policy that will determine how fast our energy demand will grow in the future. How fast it should grow is clear in our minds and in the programs set out by the President.

We think that an average annual growth in energy demand in the two-percent range would be sufficient, not simply to help reduce our immediate vulnerability to embargoes, but also to maintain and expand industrial productivity, to ensure the prospect of individual prosperity, and to preserve the quality of our lives. But it means reducing a historic three-and-a-half percent growth rate.

That goal will require a broad national commitment from individuals, from industry, and from all segments of government. That commitment is beginning to emerge. It is reflected in a number of steps that are being taken by industry and government.

For a moment, let's look at what has been done in both of these areas and then at what remains to be accomplished. Then, later, I would like to comment on the role of individual citizens in energy conservation, particularly the role of the Boy Scouts.

There are solid programs in effect that will promote greater motor vehicle efficiency. The President initiated a program in conjunction with the automobile manufacturers to establish a goal of improving automobile efficiency by 40 percent by 1980. Legislation has since made the program mandatory and increased the target for 1985. As a direct result, by 1985 this country could be saving nearly a million barrels of oil per day.

To help reach that goal, the Federal Energy Administration and the Environmental Protection Agency introduced a program of labeling automobiles so that their gas mileage could be easily determined by prospective buyers. And we also began publishing material showing potential fuel consumption.

There is ample evidence that programs to promote automobile efficiency, in combination with the action of the marketplace, are causing Detroit to produce more efficient cars. The average gas mileage of 1975's production, for example, was nearly 16 miles per gallon; up from fourteen in 1972. This year's models are 25 percent more efficient than those of 1974, and the 1980 models quite probably will show an improvement of 50 percent over that same year.



The Federal Government has also mounted an effort to establish fuel economy targets for truckers -- a program that could reduce our oil consumption by 50,000 barrels per day in the next four years.

Vehicle efficiency is a necessity, but so is a reduction in the number of miles those vehicles travel. For this reason, the Administration has substantially increased funding for public transit -- \$11 billion over the next five years.

We have also established a continuing effort to promote the use of vanpools by industrial firms, moving people out of the solitary confinement of automobiles and perhaps saving another 100,000 barrels of oil per day by 1985.

Many industries have made significant gains in energy conservation. For example, by June of 1975 the chemical industry had increased its energy efficiency by five percent over 1972, and the petroleum refiners had increased theirs by almost nine percent. Similar increases were recorded in other energy-intensive industries.

These gains emerged because of a new commitment by the major energy-intensive industries and some help from the government. Together, we established energy efficiency goals and a system of sharing information on methods of improving energy efficiency.

In December, Congress adopted the program, and we expect it to produce savings of 400,000 barrels of oil a day by 1980.

Specific programs to share information on energy conservation techniques have also been established for agricultural and boiler operations.

Household appliances are a major consumer of energy. We recognized this as far back as 1973 and established a voluntary program to label household appliances so that consumers would be able to purchase energy efficiency as well as convenience. Congress has also made this program mandatory.

By 1985, appliance labeling, combined with appliance efficiency goals, could save the equivalent of about 400,000 barrels of oil a day -- a significant portion of it imported oil.

We have also been working on a number of measures in the utility industry, which, if adopted, would lead not only to saving significant amounts of oil and natural gas -- the fuels used to satisfy peak electricity demand -- but to a reduction of more than \$50 billion in capital costs for electrical generating equipment -- a savings that, in large part, would be passed on to consumers.



One of these cooperative programs involves the FEA, the State of California and some of the state's utility companies. It was initiated just last week with a cooperative agreement providing more than \$300,000 to the state government to promote the use of electricity at times when demand for it is not at a peak.

The Administration efforts in energy conservation have not overlooked a single area with major potential for conserving energy, and that includes the federal government itself.

The Federal Energy Management Program, which was established in 1973, reduced energy consumption by the federal government by 24 percent in 1974 and maintained those savings in 1975 -- a quarter of a million barrels of oil per day.

And we're not stopping there. A 10-year program is being developed that we expect to hold the growth of energy consumption by the federal government to at least zero.

Since the spring of 1974, we have also been assisting the states in setting up their own conservation plans. Congress recently established a state grant program to help develop and implement these plans, and we anticipate saving between a quarter and a half million barrels of oil daily by 1980 as a result.

We have also directed numerous educational efforts toward homeowners. The most substantial of these is called Project Conserve. In this program, a homeowner simply completes a questionnaire and returns it to us. We enter the information in our computer, which evaluates it. Then, by return mail, the homeowner receives an assessment of his home's energy fitness, and also information on the costs and benefits of insulating it or taking other actions to conserve energy.

The initial effort was undertaken in Massachusetts, and the results there indicate that a national program could save as much as 26 million barrels of oil annually. In terms of our overall conservation goals, that may not sound like much, but it happens to be enough to drive a car around the world -- 760,000 times.

A similar program has been developed for elementary and secondary schools. And we are also preparing a series of energy conservation workshops around the country for the managers of college and university facilities.

And we continue to work with owners and managers of commercial buildings to emphasize the benefits of more appropriate lighting and temperature levels. Adjustments in this area could save another 100,000 barrels of oil a day by 1980. So far we have contacted 3,000 owners and managers.



These are energy conservation programs that are in effect and beginning to make themselves felt. Together, they should be saving us the equivalent of about three million barrels of oil daily by 1985.

Alone these measures will not have a sufficient energy conservation impact. We must take additional steps to reduce our expenditure of energy. And there are other instruments at hand to accomplish this -- instruments that have been proposed by the President.

For example, he has proposed legislation that would establish more energy-efficient thermal standards for all new residences and commercial buildings. These could mean a saving of another 350,000 barrels of oil per day by 1985.

Existing buildings also need to be up-graded to higher levels of energy efficiency, so we have proposed that Congress enact a 15 percent tax credit for every homeowner who improves the thermal quality of his house. By itself this proposal, if enacted, could save an estimated 130,000 barrels of oil per day by 1985.

Then we come to the human side of energy legislation -- the poor -- especially the elderly poor. Even a minor change in the cost of energy has a major impact on these people, since they spend a higher percentage of their disposable income on necessities.

So for those low income homeowners who could not take advantage of a tax credit, the President has asked for legislation that would provide grants through the states to purchase insulation materials and operate voluntary programs to install them in the homes of the poor.

Taken together, these and other programs -- such as expanded research to develop more energy-efficient technology -- have the potential for achieving our energy conservation goals. They mean a further reduction in energy demand -- the equivalent of a half million barrels of oil a day by 1985, and enough to bring the growth in demand down to the two percent range.

So far I've talked about what industry and government can and should do. But ultimately it will depend on individual initiatives -- a willingness to exert individual effort. For our part, we stand ready to work with organizations like the Boy Scouts, which are trying to foster individual, voluntary energy conservation.

I believe that this is the kind of personal commitment contained in a resolution passed by the National Council of Boy Scouts at its meeting in New York City this year -- a



resolution declaring that ". . . energy conservation and waste reduction in the home, in the community, and in the nation should be a major program activity, and the National Council encourages greater emphasis on conservation, education and action designed to achieve maximum public awareness and participation."

That's the kind of commitment we need -- a commitment that recognizes that the stakes are high -- that there are those in the world ready to take advantage of any self-imposed failure. And above all it's a commitment to action.

That same commitment to action is needed nationally -- from government, from industry, and -- most important -- from every American. As I suggested at the outset, subscribing to philosophical abstractions is nothing but lip service -- without action -- action from you, from me, from the government, from labor and management and from every housewife and husband.

This may be the greatest, most creative and best endowed land on earth, but it got that way because we all made it happen. And we can make it happen in energy conservation. We can, and will.

Thank you.

FEA

