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THE FEDERAL ENERGY ADMINISTRATION
FEDERAL BUILDING
12TH AND PENNSYLVANIA AVENUE, NW.
WASHINGTON, D.C. 20461

REMARKS OF THE HONORABLE FRANK G. ZARB
ADMINISTRATOR, FEDERAL ENERGY ADMINISTRATION
TO THE

WHITE HOUSE CONFERENCE
OF COAL RELATED INDUSTRIES
THE WHITE HOUSE
WASHINGTON, D.C.
MARCH 21, 1975
2:00 PM, EDT

EMBARGOED FOR RELEASE UNTIL:
FRIDAY, MARCH 21, 1975, 2:00 PM, EDT

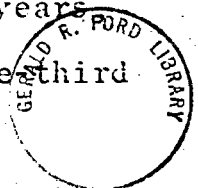
I am pleased to be with you here on Coal Day.

I think that one thing is clear to all of us. If we are to deal with the energy crisis, we have to ensure that coal assumes its rightful place in our energy picture.

The U.S. has the most extensive coal deposits in the world, and they make up 85 percent of our total supply of fossil fuels. Coal holds the key to decreased dependence on oil imports.

So it is a vital concern of all of us in the Federal Government concerned with energy to see that coal realizes its potential.

The President's goals envision that we open more than 250 new coal mines in the next ten years, each averaging 3 million tons per year. Let's get more explicit. That means that we want coal production from new mines to increase by 1.5 million tons every week during the next ten years and this recognizes that during this period over one-third of existing mines will be worked out.



This will call for a lot of work on the part of all of us -- coal producers, unions, those who transport coal, those who manufacture mining equipment and, yes, the Government.

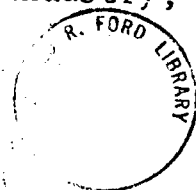
The consumers of coal also have a vital part to play. They must provide stable long-term markets that will provide the incentives for investment in new mines.

Today, I'd like to spend a little time describing just what the FEA's responsibilities are in the energy field, and describe the programs which we are pursuing in the general energy field, in particular those connected with coal.

When the FEA was set up in 1974, the Act establishing it stated that it was to "assure a coordinated and effective approach to overcoming energy shortages."

This broad directive was then spelled out in more detail. The Administrator of FEA was given the following responsibilities:

- (1) Assess the adequacy of our energy resources;
- (2) Develop plans and programs for dealing with energy production shortages;
- (3) Establish a comprehensive national energy policy;
- (4) Promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits within the various segments of the energy industry, and promote free enterprise;



- (5) Develop policies on imports and exports and compile data on reserves, production, demand, prices and profits;
- (6) Work with business, labor, consumer and other interests and obtain their cooperation.

As you can imagine, this is quite a tall order and has required a number of different programs.

We are currently carrying out our mandate by monitoring the energy program on a day-to-day basis, by identifying constraints which may lead to energy shortages and working to overcome them, by preparing legislation we believe necessary to remove the constraints, and by providing information to the Energy Resource Council, to other sections of the Executive Branch, and to Congress.

These programs will lead to increased production from domestic energy resources.

Government has a singularly important role to play in expanding coal production. It's actions will either foster or hinder the development of coal resources. Hopefully, we will play a fostering rather than a hindering role.

So just what is the FEA doing to help you deal with your problems as you try to increase coal production?

Well, the first thing we are doing is listening to you.



Along with the usual lines of communication, we have organized a Coal Industry Advisory Committee to meet regularly with us to share its concerns. This meeting today serves much the same purpose.

The FEA Coal Industry Advisory Committee recently voted:

- (1) in favor of FEA recommending to the President a veto of any surface mining legislation similar to S.425 unless significant changes are made;
- (2) in favor of the President's proposed amendments to the Clean Air Act;
- (3) in favor of FEA urging the Secretary of Interior to resume immediate leasing of Federal coal.
(Individual written views on coal leasing will be sent to the Office of Coal).
- (4) They also believed that the industry could not meet the 1.2 billion tons goal by 1985 under current conditions;
- (5) But that it could be achieved with the President's program;
- (6) They voted in favor of restoring the original \$60 million R&D funding for extraction technology. Present \$40 million is inadequate.



Perhaps our most urgent concern is to provide a long term commitment to coal on the part of our economy.

One action we could take would be the establishment of a national strategic coal stockpile. This would show in a tangible way our commitment to coal, and provide a valuable resource in the event of another oil embargo.

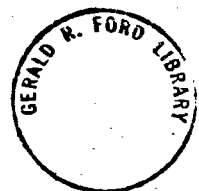
We must formulate a coherent national coal policy which ensures coal's rightful place in the economic picture, and encourages investment in coal production.

To this end, we must remove the constraints which limit the potential use of coal.

One restraint is the limit on coal resulting from our current air-quality standards. We support changes in the law which would have no adverse effect on the health of Americans, but would enable us to make greater use of our coal resources.

Another is the current halt to leasing of Federal coal in the West. This production is essential if we are to attain our goals.

An urgent concern for anyone who seeks to help the Coal Industry is the threat of abandonment of rail lines throughout the eastern deep-mining areas by the Northeast rail companies.



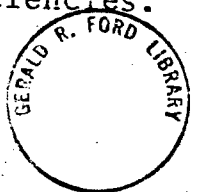
This is something that cannot be permitted if we are to double coal production during the next decade. Fully 2/3 of all coal is moved by rail. The abandonment of lines within the coal producing areas can be countered by improving roadbeds through the job opportunities program. We feel that new roadbeds, the use of unit trains, and the greater volume of traffic coming out of the coal fields will once more make these lines economically feasible to run. We also hope to see new rail construction in areas where resource development is expected.

FEA has a program underway to measure the capacity of mines committed, planned, and being considered for development during the next decade as well as those that will be abandoned.

We are also calculating the productive capacity that will be lost through mine closures during the same period to see if a gap exists between anticipated production and target production goals.

Once we have this information in hand, we will be able to identify existing and potential legislative, financial, and physical constraints to expanding demand and production, and explore ways to remove these constraints.

FEA and DOI have already projected losses from the Surface Mining and Reclamation Bills to show the effect that their passage would have on coal production, and prepared amendments to the Bills to correct the deficiencies.



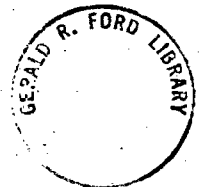
We have supported the proposed Coal Slurry Pipeline Bill, which we feel could be a real advance in the history of coal transportation.

Finally, there is a most important task in the increased utilization of coal -- our implementation of the Energy Supply and Environmental Coordination Act of 1974.

This Act authorizes us to order powerplants and "major fuel burning installations" to stop burning oil or natural gas as their "primary energy source," to order that all new powerplants be able to use coal as fuel, and to allocate coal.

We estimate that the ESECA program has the potential of increasing coal demand by 70 million tons per year in 1980. This would go a long way toward helping us re-establish coal as our leading fossil fuel.

There are other avenues for increasing the importance of coal that will have to be pursued. For example, the President's Energy Plan calls for the establishment of a National Synthetic Fuels Commercialization Program which could result in an additional demand for 100 million tons of coal per year by 1985. Advanced extraction technology, demethanization of coal beds, and solvent cleaning of coal would enable us to increase mining productivity and obtain clean fuels from coal that would meet all air quality standards.



Let us review, then, what we see as the future of the coal industry. We foresee a doubling of production by 1985, the establishment of over 250 new mines, the construction of 150 major coal fired power plants, the establishment of 20 major synthetic fuel plants, and a doubling of our current coal transportation system's capacity. This may seem an extraordinary breakthrough in coal usage, but we must achieve it, and I am confident we will achieve it.

The decline of coal has been a long time in the making and we will not be able to reverse it overnight.

But I am confident that just as coal was the victim of outside factors in the past, so it will be the beneficiary of the situation which exists today.

And in returning coal to its former prominence, we will not only be working for the welfare of our business, our union, our private interests, we will be working for the benefit of America.

Thank you.

-FEA-

3/21/75
12:00 pm

