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UNTIL 8:30 P.M. (EDT)

MAY 27, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

PRESIDENT'S ADMINISTRATIVE ENERGY ACTIONS

The President today announced the imposition of an additional \$1 per barrel fee on imported crude oil. This is in addition to the \$1 per barrel fee already imposed on crude oil February 1, 1975. He also imposed a \$.60 per barrel fee on imported refined products. These fees are effective June 1, 1975. In addition the President also announced that he will send to Congress shortly after they return, a plan to decontrol the price of old oil and he will urge the Congress to pass a windfall profits tax with a plowback provision.

I. BACKGROUND

In his State of the Union Message, the President announced his economic and energy program for the nation. He announced a series of legislative proposals to the Congress and administrative actions that he would take to encourage energy conservation, pending completion of action by the Congress. The principal administrative actions included the imposition of oil import fees and the decontrol of oil prices. He transmitted his legislative proposals, The Energy Independence Act of 1975, to the Congress on January 30, 1975.

The President issued a Proclamation on January 23, 1975 which would have imposed a \$1 per barrel fee on crude oil, beginning February 1; the second dollar beginning March 1, and the third dollar beginning April 1. In order to reduce regional hardships, a reduced fee was imposed on imported products.

In response to a request from the Congressional leadership, the President announced on March 4 a 60 day delay in the imposition of the second and third dollar import fees. The Congressional leadership had asked for additional time to enact a national energy program. On April 30, ~~in the hope of still getting a positive Congressional energy program,~~ the President announced a further delay in the import fees, of up to 30 days, in order to allow additional time for Congressional action.

Thus far, the Congress has passed only two energy-related bills, both of which would have been counterproductive and had to be vetoed by the President. This includes H.R. 1767, Suspension of Oil Import Tariff Authority which would have suspended the oil import tariff authority and thus restricted the President's authority to impose import fees, and H.R. 25, the Surface Mining Control and Reclamation Act, which would have caused significant losses in coal production, increased oil imports, and increased unemployment.

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II. IMPACT OF PRESIDENT'S ADMINISTRATIVE ACTIONS

The President's Administrative Actions are expected to have the following impact:

<u>Action</u>	<u>Conservation: Import Savings (barrels per day)</u>		<u>Impact on Retail prices (\$ / gallon)</u>
	<u>1975</u>	<u>1977</u>	
2nd dollar imposed today	50,000	200,000	1.5
Total Fee (\$1 plus \$1)	100,000	350,000	2.9

III. STATUS OF ACTIONS BY THE PRESIDENT

Since the President's January 15, 1975 State of the Union Message to Congress a number of legislative proposals and administrative actions within his limited statutory authority, have been taken by the President, including:

- A. Submission of the Energy Independence Act on January 30, 1975. This encompasses 13 separate titles on supply, demand and emergency measures. (action to date shown in Section VI)
- B. Imposition, administratively, of a \$1 fee on imported crude oil on February 1, 1975.
- C. Imposition of an additional \$1 per barrel fee on imported crude oil and a \$.60 fee on refined products, effective on June 1, 1975.
- D. Directed the Federal Energy Administration, on April 30, 1975, to take administrative actions to decontrol old oil in two years. FEA held hearings on May 13 and 14 and is now evaluating comments received, prior to submission of a final plan.
- E. Energy conservation actions by the major executive branch agencies in the first six months of FY 1975 cut energy use 24% below 1973 levels (saving over 45 million barrels)
- F. Voluntary compliance with energy efficiency labeling, including:
 1. Most 1975 model year autos now comply with FEA/EPA voluntary fuel efficiency labelling program.
 2. Most air conditioners now have labels developed by the Commerce Department indicating their efficiency.
- G. FEA has issued or will issue by June 30 notices leading to coal conversion orders to 31 power plants. If they all converted, 175,000 barrels of oil per day would be saved.

IV. ACTIONS TAKEN BY CONGRESS

- A. Congress passed H.R. 1767, the Suspension of the Oil Import Tariff Authority which:

1. would restrict the President's authority to impose new fees on imported oil and would roll back the \$1 crude oil fee imposed by the President on February 1.
 2. was vetoed by the President on March 4. Congress has not acted to override the veto.
- B. Congress passed H.R. 25, the Surface Mining Control and Reclamation Act which:
1. would regulate surface mining in a way that would cause a major loss of coal production, increased unemployment and greater dependence on imported oil.
 2. was vetoed by the President on May 20. Congress voted to delay consideration of an override attempt to June 10.

V. ENERGY OUTLOOK

If no action is taken, domestic oil and natural gas production will continue to decline and oil imports will continue to grow. The administrative actions taken by the President, within the limited authority available to him, will help encourage energy conservation and reduce oil imports. Congressional action is still needed to provide additional incentives for conservation and domestic energy production.

A. Oil Imports

Expected imports of petroleum if current trends continue are contrasted below with the impact of the President's administrative actions and the effect if his total program is enacted.

	(million barrels/day)				
	1970	1974	1975	1977	1985
No Action	3.4	6.1	6.3	7.6	12.1
President's admin. program (\$2 fee + decontrol)	3.4	6.1	6.2	6.9	9.6
President's leg. program	3.4	6.1	5.6	5.4	4.9

B. Balance of Payments

The above imports would cost the United States:

	(billions of dollars/year)				
	1970	1974	1975	1977	1985
No Action	3.0	24.5	25.3	30.5	61.8
President's admin. program	3.0	24.5	24.9	27.7	49.1
President's leg. program	3.0	24.5	22.5	21.7	25.0

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C. Domestic Oil Production Trends

As indicated below, domestic production of crude oil peaked in 1970 and has been declining since.

	1955	1960	1970	1971	1972	1973	1974
crude production (millions barrels per day)	6.8	7.0	9.6	9.5	9.4	9.3	3.8

D. Natural Gas Trends

As indicated below U.S. proven reserves of natural gas have been declining since the mid 1960's and domestic production, which was constant in the early 1970's, has started to drop.

	1955	1960	1965	1970	1971	1972	1973	1974
reserves (trillion cubic ft) <u>1/</u>	223	262	287	265	253	240	224	211
production	9.4	12.8	16.0	21.9	22.5	22.5	22.6	21.9

1/ excludes 26 trillion cubic ft from Alaskan North Slope

E. Coal Trends

Coal production has not appreciably changed from levels of 30-40 years ago.

	1920	1940	1950	1960	1970	1974
production (million tons)	658	512	560	434	613	607

VI. STATUS OF PRESIDENT'S PROGRAM IN CONGRESS

A. Title I - Development of Naval Petroleum Reserves and Military Strategic Reserve

- . House: Interior and Armed Services Committees each reported a bill. However, no floor action is scheduled. Neither bill authorizes production of NPR-4. Use of NPR proceeds for a strategic petroleum reserve program is not authorized.
- . Senate: Joint hearings held by Armed Services and Interior Committees. No legislation reported.

B. Title II - Civilian Strategic Reserve

- . House: Reported by Energy and Power Subcommittee but is awaiting full Commerce Committee action.
- . Senate: Interior Committee held hearings but no legislation reported.

C. Title III - Natural Gas Deregulation

- . House: The House has scheduled no hearings.
- . Senate: The Senate Commerce Committee reported out S. 692 on May 6. Floor action is expected in the last two weeks of June. S. 692 would extend rather than reduce federal regulation of natural gas.

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D. Title IV - Coal Conversion Amendments

House: Reported by the Energy and Power Subcommittee as part of their omnibus bill.

Senate: Under consideration by the Environmental Pollution Subcommittee of the Senate Public Works Committee. No legislation reported.

E. Titles V and VI - Amendments to the Clean Air Act of 1970

House: The Subcommittee on Health and the Environment held hearings and is drafting legislation. No legislation reported.

Senate: The Subcommittee on Environmental Pollution completed Oversight hearings on May 21, 1975. No bill has been reported.

F. Title VII - The Utilities Act of 1975

House: No hearings scheduled.

Senate: A Government Operations Subcommittee held hearings on April 14, 1975. No legislation has been reported.

G. Title VIII - Energy Facilities Planning and Development Act of 1975

House: No hearings scheduled.

Senate: Hearing held in April before Interior Committee on land use and facility siting (S. 984 and S. 619). No legislation reported.

H. Title IX - Energy Development Security Act of 1975

House: No hearings scheduled.

Senate: No hearings have been scheduled.

I. Title X - Building Energy Conservation Standards Act of 1975

House: The Housing Subcommittee of the House Banking and Currency Committee has held hearings but has not reported legislation.

Senate: Was included in the Emergency Housing Act. However, it was later stricken before enactment. No further action anticipated.

J. Title XI - Winterization Assistance Act of 1975

House: The Housing Subcommittee of the House Banking and Currency Committee has had hearings but did not report a bill to full committee.

Senate: Was referred to the Senate Interior, Labor, and Banking Committees, none of which has reported a bill.

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K. Title XII - National Appliance and Motor Vehicle Energy Labeling Act of 1975

House: Reported by the Energy and Power Subcommittee, but awaiting action by the full House Interstate and Foreign Commerce Committee. No legislation reported.

Senate: Referred to the Senate Commerce Committee. No legislation reported.

L. Title XIII - Standby Energy Emergency Authorities

House: Reported as part of H.R. 7014 by the Energy and Power Subcommittee for full Commerce Committee consideration. The standby authorities included are unworkable because of extensive Congressional oversight requirements.

Senate: S. 622 passed and sent to the House, but requires mandatory conservation programs as well as providing standby authorities.

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