

FOR IMMEDIATE RELEASE

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THE WHITE HOUSE
PRESS CONFERENCE
OF
FRANK ZARB
ADMINISTRATOR OF THE
FEDERAL ENERGY ADMINISTRATION
ROBERT SEAMANS
ADMINISTRATOR OF THE
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
AND
ROBERT FRI
DEPUTY ADMINISTRATOR OF THE
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
THE BRIEFING ROOM

10:33 A.M. EDT

MR. GREENER: The Energy Research and Development Administration is today transmitting to Congress, as required by law, a comprehensive plan for energy research, development and demonstration dealing with the Nation's near-term, mid-term and long-term energy needs.

I believe all of you have an ERDA press kit which contains Volume I of the report which lays out the energy plan. Volume II, which is a more detailed analysis of the energy programs themselves, will be forwarded to Congress in a few weeks.

Here today to review the highlights of the report with you and to answer your questions are Frank Zarb, the Administrator of the Federal Energy Administration; Dr. Robert Seamans, the Administrator of the Energy Research and Development Administration; and Bob Fri, the Deputy Administrator of ERDA.

Frank?

MR. ZARB: Last fall, when ERDA was in the process of being legislated into being, the President reviewed -- in looking at a total energy program -- really three dimensions. He looked at the near-term conservation necessities, he looked at the general mid-term bringing on of additional resources, or that which we could do within sight, and then examined the overall research, development and demonstration program that we had within Government.

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His analysis led to the conclusion that we were dispersed throughout Government, and the enactment of ERDA was essential. As you know, he supported that, and Congress did enact it. It became effective January 1.

At that time, the President directed the Energy Resources Council and the Administrator of ERDA, particularly, to develop a revised and comprehensive energy research, development and demonstration program taking from AEC, from the various elements of EPA, the Department of Interior and so on, all of the various principles and coming back with a recommendation for a balanced program.

Bob Seamans and his staff have completed that, the first cut, within the six months allotted to them. The Congress' simultaneous enactment of ERDA asked for a six month-report. Dr. Seamans has briefed the President right along.

He did last week, and this morning presented him with Volume I of a balanced energy research and development program. Dr. Seamans will go over it with you this morning. I gather he has had some backgrounders during the course of last week, and he will make available other technical people for subsequent background during the course of today on some of the more technical elements.

Bob?

MR. SEAMANS: Thank you, Frank.

This will just be a brief summary of what is in the report using charts that we used to brief the President. Some of the charts are in the report itself. This shows you what the problem is.

We have been increasing our use of oil and gas so that now it is up to around 75 percent of the total energy that we use. You can see right about in here, in 1970, our domestic supply started going down. This is our domestic production.

The question is, what is going to happen in the future. We know there is going to be increasing demands at the very same time that our domestic supplies, which are limited, will be going down.

There will be some increase, of course, as we come in from the Alaskan north slope, and there can be some additional increase through advanced technology, giving us better techniques for recovery from our existing fields.

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The same problem with gas. Take a look at what the alternatives are. On this chart, you see -- depending on the size of the square -- the amount of energy that either we are using or that is available.

This square here is the amount that we are using annually. This is shown in quads. It happens to be 73, but divide by two to get millions of barrels a day so it comes out to 36 and one-half million barrels a day.

Here, using the same scale, is the amount of gas and oil that we have available. The little cross-hatched area shows what we might develop with these new recovery methods. From oil shale, we can get more energy than we can from either the oil or the gas, if we really learn how to retort it properly. Again, it is a technical problem.

With coal, we have ten times as much again that is available, maybe even more than that, if we learn how to get the energy out without actually hauling the coal to the surface so we can mine thin seams and things of that sort.

Our present type of light water reactors have tremendous amounts of energy compared to petroleum, about two and one-half times as much remaining. And we certainly ought to avail ourselves of that possibility. If we go to the breeder, which means using a great deal more of the uranium ore than we currently use with our light water systems, why, we can go to just a tremendous resource that could take this country 300 or 400 or 500 years into the future.

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You say what are the alternatives to the breeder. The answer is solar, just a tremendous amount of energy falling on the United States each year. But there are some tricks in gathering in that energy and converting it to electricity. Again, we get into the technology and ultimately there is fusion and there are a variety of ways of extracting the energy in the fusion process, and we are working on several.

Either of these two, essentially, give you limitless supply. The breeder takes you, as I say, for hundreds of years.

Now you get into the question of time. We don't have much time. You notice from the first chart that our present domestic supply of oil and gas is going to run out in 35 years or so.

If you look at this chart you can see that back in the 1850s, we were using essentially nothing but wood. Sixty years later we were using essentially coal as 80 percent of our energy.

Now here we were with our oil and gas up around 75 to 80 percent. But we have not got 60 years to convert to something else. As a matter of fact, I don't think we should convert to just one other possibility. I think in the future we should have a number of options and that is the part of the theme of this report.

Now, I won't take you through this in detail, but this is part of a detailed analytical study we carried out. We looked ahead the next 25 years and we projected how many passenger miles would be needed each year and how much floor space and how much you would have to heat and cool and all the rest of it.

If we take no new initiatives we are going to have to import increasing amounts of oil and gas and these amounts will be clearly not satisfactory. If we decide we want to conserve, which we certainly must do, but do nothing else, we find we help ourselves out the first 10 years but then again we start running out of resources.

We can do things like come in with synthetic fuels or electrify and we find that when we do that we use too much coal. We could not mine all the coal that would be required. We also find we have energy in the wrong form.

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We can't drive cars today with anything but gasoline or diesel fuel. We can't drive with electricity.

Some time in the future we believe we may very well have electric cars and that is something we are working on. But to bring the imports down, we find we must have a comprehensive program where we are bringing in lots of new technology, both the conservation side, heating and cooling buildings or more efficient automobiles, more efficient methods for industrial processing, using our waste, our municipal waste, and so on.

On the resource side, we have to get moving with our nuclear program. You can see it is just getting started down in this bottom chart, and use it to generate electricity, use our coal in part to increase our electrical output, but use the coal primarily for synthetic fuels and for processed heat for industry, and bring on our geothermal and obviously do what we can to recover from our oil and gas fields what is there.

For the long-term, when you get out here and beyond, we want to be in a position to use some combination of the breeder, fusion and solar electric. We are going up to the Congress with a budget amendment that calls for increased effort in fossil fuel, the work I described -- in solar electric, geothermal, in advanced energy systems and conservation, both of which are getting at using our energy more efficiently as well as with the fusion program.

In the nuclear area, we are reducing our effort somewhat on the breeder this coming year and using some of those funds to work on the fuel cycle. This, as you know, takes you all the way from mining to enrichment, to use, to taking care of the spent fuel, recycling and waste management.

So out of this exercise we are coming in with quite specific recommendations to the Congress, and I am sure they will have lots of questions when we get into it. But I think this does improve the balance of the program and will get us on the road to an effort that will give us more energy options in the future than certainly we have today.

That completes my remarks, and if there are any questions I would be glad to try and answer them.

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Q Dr. Seamans, this appears to be a very elegant framework for a policy that has been evolving for some time. From a policy point of view, is there anything significantly new in what you are sending to the Congress?

MR. SEAMANS: Well, I think what you say is true, that there has been a lot of discussion on what we ought to do, and I think we have quantified the need for conservation. I think the most immediate gain we can get is to conserve and only part of it -- what I am talking about here -- is to conserve by being more efficient, using our technology. Obviously, there is a lot more to it than that.

It involves all the citizens in the country. I think we now see clearly what the balance should be between coal and the nuclear. We see the importance of using our solar energy for heating and cooling of buildings. I think we see more clearly the long-range -- that we have got to come in in a 25-year period with some form of energy that is going to be available for a long, long period of time.

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Q Dr. Seamans, it looks like, based on this chart, imports of oil and gas, with your different scenarios -- and also they are outlined in the booklet -- that no matter how you slice it, we are not going to be able to achieve the President's Project Independence goal of no longer relying on foreign oil by 1985. Is this right?

MR. SEAMANS: I think one thing that has to be recognized -- and I perhaps did not make that clear enough in this brief discussion -- that this is only showing what you can do with your technology and it assumes that you are going to keep our lifestyle and our growth pattern the way it has been.

The President's program calls for doing a lot more than bringing in new technology. There are other ways of minimizing our imports. As a matter of fact, if I am not mistaken, the President's plan still has some imports in 1985. I believe the number is in the order 3.5 million barrels a day.

Q And you think that is a realistic goal?

MR. SEAMANS: Yes, I believe that is definitely a realistic goal and one we should be working as hard as we can toward for obvious reasons.

Q Why does your report not show an equalization or reduction or disappearance of imports until 1995?

MR. SEAMANS: What I show here are a number of possible ways of proceeding with the technology. The purpose of doing this is to show the trade-offs between different technical efforts so that this should be viewed that way, not in sort of absolute terms.

But the other part of the answer is that we did not get into any econometric studies. We did not get into what happens in the marketplace. We did not get into market elasticity, and so on. That was all contained in the independent study, and is really more in the purview of the Federal Energy Administration.

Q Is it more realistic to assume we are going to be independent in 1995 or in 1985?

MR. SEAMANS: I think we can definitely achieve the President's goal, as I just stated in 1985, and we should be working toward it.

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Q Dr. Seamans, can you detail what is happening to the fast breeder reactor, how much you are going to cut it and the direction it takes you into.

MR. SEAMANS: When you get into the details of this, we cut the budget in 1976 \$71.4 million in the breeder program. This is to get a better handle, take the time to get a much better fix on the organization, to assemble a hard hitting project team for Clinch River, definitely a review of the environmental impact statement thoroughly and come up with my finding on that which I will be announcing later today, incidentally, and take the time to really put that on solid ground and move out with the development which we must carry out.

The purpose of the breeder is not to have a commercialization by 1987 or 1989. The important thing is to have an option in the 1900s -- 1990 and thereafter -- as to whether we go ahead and commercialize with the breeder or commercialize with fusion or commercialize with solar electricity or some combination of the three.

Q I missed the nature of your announcement later. What are you going to announce?

MR. SEAMANS: There is an environmental impact statement required by law before we do any construction work at Clinch River. This was filed by the Atomic Energy Commission back in December as a final proposed environmental impact statement.

We have set up a team to review this, a review team for me. They are coming in with their findings, and I am about to make a determination and the determination in effect will say we believe that the environmental impact statement serves as a basis for going ahead with the research and development, but it does not serve, in its present form, as a basis for making a determination as to whether we should commercialize the breeder.

More information will be required, and that information will come out of the research and development program.

Q So, in part, your cutback is due to the environmental impact statement?

MR. SEAMANS: It is due to a variety of reasons. That is part of it. Part of it is management. Part of it is our need to be moving more aggressively with the whole fuel cycle.

Q Now you leave us up in the air. Does that mean you are adopting as final the proposed final statement or you are not?

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MR. SEAMANS: It means I am accepting it as a basis for determining whether to go ahead with the research and development.

Q Does that mean the drafting of that statement is complete and it is a final statement?

MR. SEAMANS: There will be a requirement for some additions to the environmental impact statement. I will be calling on the Nuclear Program Office for more specific details on how the research and development is going to provide the information that will, in the future, permit an adequate determination to be made on commercialization.

Q So that is not a final statement?

Q In the past, though, you have talked about 1987 as a target date for introduction of commercialization of the fast breeder reactor. You do now seem to have abandoned that as far as being a firm target date.

MR. SEAMANS: That is correct. It is not a firm target.

Q How does your figure of \$131 million additional authorization compare with what the House passed a week or so ago?

MR. SEAMANS: The House figures were roughly \$200 million over our request, and the Senate so far appears to be about \$300 million over our request.

Q Does the plutonium have anything to do with your decision to get away from this firm date on the breeder and put it off?

MR. SEAMANS: Yes, we believe more medical information is required.

Q Are you going to go into that in detail in discussing this later?

MR. SEAMANS: Yes, I think perhaps on another occasion than this it will be more appropriate to go into those details.

Q Are you planning a public announcement this afternoon on your breeder decision?

MR. SEAMANS: Yes, I am.

Q What time?

Q Where?

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MR. SEAMANS: It will be over at ERDA headquarters, about four o'clock this afternoon.

Q Can you tell us from this how much would you expect -- are we going to be paying more for energy wherever it comes from and how much more in the year 2000 and how much is this program going to cost to develop?

MR. SEAMANS: I don't have all the run-out costs for the year 2000 so I can't give that to you. Our experiences so far in this country is that there have been substantial reductions in the cost of energy when going to nuclear.

When we go to solar, the energy itself, or the geothermal comes free but obviously there are capital costs involved. I don't think anybody can really answer that question of yours.

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Q Dr. Seamans, a moment ago you said that one thing this plan does is that you now see more clearly the balance that has to be struck between coal and nuclear. Would you tell us more about that? What is it you see now that was not seen in this Government a few months ago?

MR. SEAMANS: The thing that was not seen is how you interconnect the sources to the end use. One of the problems we have is our supplies of oil and gas are depleted and there are certain uses that are very, very dependent on energy in that form, as for example, the automobile and the airplane and the truck.

So this means we have to get moving aggressively with a synthetic fuel program, a program that the President had in his message, of getting to one million barrels a day in the year 1985. That is the start.

We have to move beyond that and in our plan we talk about 8 to 10 million barrels a day, synthetic, in the year 2000. This is to get energy in the right form for certain of our end uses.

This means a tremendous load on our coal mining industry, and that being the case, we can see the need for electrification, using other than coal to the extent that we can, and this is where the nuclear program comes in, because it is a natural for generation of electricity.

Q Dr. Seamans, ERDA seems to be carrying out a systematic campaign to convince us that you are de-emphasizing and slowing down the breeder and this report talks about how solar is taking on all these dramatic new proportions and yet the budget figures really don't reflect that, and your report -- when you point as specifically as it gets to where energy will come from in the year 2000 -- you predict far greater output from the breeder than from solar or fusion, either one, so is this really a cosmetic change or a real change?

MR. SEAMANS: It is a very real change, and it seems to me that \$19 million increase over \$70 million that we originally had in there, or about a 25 or 30 percent increase, is really very substantial.

When programs are just starting you really have to look at percentage increases because it takes time to build up the research capability in this country.

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You really spend the money wisely, it takes time to build up the project teams, it takes time to really put the project together, so I consider that we are going in the direction of substantially increasing our solar and our geothermal effort even though the numbers, absolute numbers, are still small compared to absolute numbers for nuclear.

The nuclear program has been around a lot longer. We can't turn these programs around in just a matter of months. It takes years to build up a good, sound program and that is what we are doing in the non-nuclear area.

Q Have you given any concern to environmental matters in putting together your various options?

MR. SEAMANS: We have given a great deal of thought to the environmental area and actually you will notice in this report in the appendices we have worked out not only data on supply and demand but also on the environment itself, and the impact of these various programs on the environment.

It is still preliminary but it appears that the program that permits us to reduce our imports to a maximum extent, it also looks to be the best from an environmental standpoint.

Q Dr. Seamans, the budget amendment requests \$26 million for fossil energy. What is that, specifically?

MR. SEAMANS: Fossil energy, of course, includes work and coal. This particular item also includes advanced recovery methods. If you want to get the specifics on it, Bob Fri is here and he is in charge of our budget task force and he can tell you about that after the session.

THE PRESS: Thank you very much, Dr. Seamans.

END (AT 11:00 A.M. EDT)