

FOR IMMEDIATE RELEASE

September 10, 1975

Office of the White House Press Secretary

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THE WHITE HOUSEFACT SHEET

The Administration submitted legislation to the Congress today to cope with expected natural gas shortages this winter and to assure the continued competitive viability of independent retail gasoline dealers. In addition, the Administration released letters to the Chairmen of the Senate Finance and House Ways and Means Committees requesting special subsidies for farmers and small and independent refiners in the event of sudden decontrol.

BACKGROUNDNatural Gas Situation

- Natural gas demand has exceeded supplies by an increasing amount in recent years and has resulted in growing shortages, or curtailments of service. In 1970, curtailments were 0.1 trillion cubic feet (Tcf) or less than 1 percent of consumption. For 1975, they are forecast to increase to 2.9 Tcf (or 45 percent greater than last year's curtailments) or about 15 percent of consumption.
- The economic impacts of natural gas shortages are concentrated in selected states, depending upon an individual pipeline's supply situation. Economic impacts will occur in those industries where alternate fuels are unavailable or cannot be used.

Independent Retail Gasoline Dealers

- Much of the retail marketing of motor and home heating fuels is conducted by independent small businessmen, in a traditionally changing and fragmented retail industry.
- Since 1973, with the mandatory controls under the Emergency Petroleum Allocation Act, relationships between independent retail marketers of gasoline and their suppliers have been governed by the mandatory allocation program.
- With the expiration of mandatory allocation controls a simpler, less pervasive Federal authority is necessary to prevent any coercive actions between suppliers and retailers.

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HIGHLIGHTS OF TODAY'S LEGISLATIONNatural Gas Emergency Standby Act of 1975

The Natural Gas Emergency Standby Act of 1975 contains four major provisions:

-- Interstate Pipeline Emergency Natural Gas Purchases

Amends the Natural Gas Act to allow interstate pipelines with insufficient natural gas to meet the requirements of high priority customers to purchase natural gas at market prices from intrastate sources or from other interstate pipelines on an emergency basis for a period of up to 180 days.

-- Curtailed Consumers Emergency Natural Gas Purchases

Amends the Natural Gas Act to allow high priority end-use consumers of natural gas who are expected to experience curtailments to purchase uncommitted gas directly from intrastate sources at market prices.

-- Emergency Energy Supply and Environmental Coordination Act Amendments

Extends the recently expired authority to require electric utilities and major industrial boiler conversions from natural gas or oil to coal. Further, it provides additional authority to require conversion from gas to oil where coal conversion is not practicable.

-- Propane Standby Allocation

Provides authority to allocate and establish reasonable prices for propane during periods of actual or threatened severe shortages of natural gas.

Gasoline Dealers Protection Act of 1975

This legislation would enhance competition by supplementing the antitrust laws (in the fashion of the existing Automobile Dealers' Day in Court Act). It would apply to business conduct between retailers and refiners and distributors of gasoline, diesel and home heating fuels. The legislation would:

-- Prohibit a refiner or distributor from canceling, failing to renew or otherwise terminating a petroleum products franchise unless he provides 90 days notice to the retail dealer affected, except for good cause.

-- Permit a retailer to bring a civil action for treble damages or injunctive relief in a federal district court against any refiner or distributor which fails to act in "good faith" in performing or complying with the terms of the franchise, or in terminating, canceling or failing to renew the franchise with the dealer.

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OTHER ACTIONS ANNOUNCED TODAY

The Administration also released today letters from Treasury Secretary William E. Simon to the Chairmen of the Senate Finance and House Ways and Means Committees in which the Administration requested that special subsidies be provided for farmers and small and independent refiners in the event of sudden and complete oil price decontrol.

Farmers are generally experiencing increased production costs. To avoid any added inflationary pressures as a result of decontrol, the Treasury Secretary requested that the Committees consider a direct tax rebate to farmers to compensate for increased fuel costs. The rebate of approximately 6¢ per gallon would be funded by revenues from a windfall profits tax.

Small and independent refiners have received subsidies since 1959 under the Mandatory Oil Import Program, and subsequently under the Old Oil Entitlements Program. The entitlements program would terminate with the expiration of price controls. The actions requested today by Secretary Simon would maintain for a year the current subsidy which has been provided under the entitlements program, and would gradually phase out the subsidy over three years. This will assure a gradual transition for small and independent refiners from controls to the free market.

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