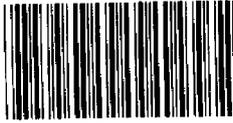


109968

~~10,841~~

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548



109968

FOR RELEASE ON DELIVERY
Expected 10 a.m., EDT
Tuesday, July 24, 1979

STATEMENT OF
ELMER B. STAATS
COMPTROLLER GENERAL OF THE UNITED STATES
BEFORE THE
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ON
OVERSIGHT OF THE DEPARTMENT OF ENERGY

PN 06603
AGC 00912

Mr. Chairman:

I am pleased to be asked to participate in the Senate Committee on Governmental Affairs oversight hearings on the Department of Energy (DOE). GAO has followed the activities of the Department closely since its creation in October 1977.

The Department of Energy Organization Act requires that GAO study existing statutes and regulations governing DOE programs; review DOE's policies and practices; evaluate the procedures followed in gathering, analyzing, and interpreting all types of energy statistics, data, and information; and evaluate particular projects or programs. This mandate, and the broad authority contained in the 1975 Energy Policy and Conservation Act providing GAO direct access to the books and records of private energy companies which furnish information to the Federal Government for purposes of energy verification audits, are illustrative of congressional interest in our work in the energy area.

*over 100
AGC*

*Energy Administration
AGC of evaluation*

*Energy
AGC of evaluation*

005987

In response to this congressional mandate and interest, GAO has devoted substantial effort to the energy area in recent years, and more specifically to DOE's activities. Since creation of the Department, we have issued 200 reports on energy matters, most of which relate to DOE activities. 1/

In March 1977 I testified before this Committee in support of organizing the diverse agencies that were then responsible for Federal energy activities into a Department of Energy. That testimony was based on a report we issued entitled "Energy Policy Decisionmaking, Organization, and National Energy Goals" (EMD-77-31, Mar. 24, 1977). In that report, we identified gaps in the energy policy decisionmaking process which showed the need for better coordination of energy functions and for establishment of priorities among energy goals.

In the 2 ensuing years, the Nation has experienced difficulties in coming to grips with the energy problem, and the Energy Department and its top officials have been much criticized. Within the last week, the President has announced new energy initiatives designed to reduce the Nation's need for imported oil, including the creation of three new organizations, an Energy Security Corporation, an Energy Mobilization Board, and a Presidential Advisory Committee on Energy Security.

1/ Attachment I lists the energy-related GAO reports issued since Oct. 1977.

The implications of such new organizations for duties and functions now carried out by the Department of Energy are not yet clear, and no doubt will undergo close evaluation by this and other concerned congressional committees.

For example, a portion of the budgets and activities of the Assistant Secretaries for Resource Applications and Energy Technology will have to be examined to eliminate duplication. The fiscal year 1979 fossil fuels funding for these organizations total about \$137 million and \$760 million, respectively. It is too early at this point to tell how much of this would be duplicated by the Corporation since it is difficult to separate commercialization from research, development, and demonstration, but this will have to be assessed.

In any event, what does remain clear is that the Nation's energy problem is serious and long term. Thus, I believe that organizational focus of the type provided by a cabinet-level department will continue to be needed for the Government's energy activities.

With that perspective in mind, the remainder of my testimony concerns three areas:

- First, a number of factors which I believe should be recognized as having made the Department's job exceedingly difficult over the last 2 years.
- Second, the major kinds of problems we have identified in our reviews of the policies, programs, and practices of the Department.

--Third, one major review area--energy conservation--
which I discuss as an example of the kinds of
problems identified by our work.

FACTORS AFFECTING DOE'S PROGRESS

Let me go back to the first area. To make the record complete, I believe we need to recognize several factors which have added to the difficulty of DOE's job.

There are basic managerial problems inherent in trying to create a major new cabinet department with 20,000 employees and a \$10-billion-plus budget from several diverse organizations. Startup problems have occurred in the past at other new agencies such as the Department of Transportation, Department of Housing and Urban Development, and Environmental Protection Agency. Even after 2 years, DOE offices continue to be spread over numerous locations in the Washington area.

These basic managerial problems were exacerbated by top Department officials having to divide their time and attention between getting the Department organized and functioning and getting the April 1977 National Energy Plan enacted into law. That process took almost 18 months.

Perhaps even more important, we have yet to form a national consensus on energy. Several factors have contributed to this situation.

--First, the American public has yet to fully accept the seriousness of the problem.

- Second, energy solutions often conflict with environmental, economic, and foreign policy considerations, thus making agreement on a course of action difficult.
- Third, many energy solutions mean either higher prices or less energy, or possibly both, making them politically difficult.
- Fourth, it is difficult to reconcile the diverse interests of the energy-producing and energy-consuming States, business, consumers, and others into a single view of what the Nation's energy future should be.
- Fifth, the long-term nature of the energy problem and the long lead time involved with many decisions often mean that decisions made today will not have major effects for 7 to 10 years or more.

I point out these factors not to make excuses for DOE, but to remind us that energy is both a pervasive and an important element of our society and that energy actions often have undesirable consequences for other national objectives. In such circumstances decisions are not easy; trade-offs and alternatives must be carefully evaluated; and program development is more difficult.

PROBLEMS IDENTIFIED BY GAO

Our work at DOE over the last 2 years has identified four broad categories of problems: (1) the absence of a clear and consistent policy perspective, (2) a lack of systematic planning for many approved programs, (3) problems in coordinating

DOE's activities with other Federal agencies, and (4) management and organizational concerns. Let me discuss each of these in turn.

Need for clear and consistent
policy perspective

ID

Although the National Energy Plan, which was furnished to the Congress in April 1977, preceded the creation of DOE by several months, it was developed largely by persons who succeeded to key positions in DOE. Until very recently it formed the cornerstone of administration energy policy.

GAO and others analyzed that plan in some detail. In a July 1977 (EMD-77-48, July 25, 1977) report to the Congress, we stated general agreement with the plan's goals, but pointed out that in most cases the specific programs would fall short of accomplishing the goals. For example, the plan's goal of cutting oil imports to 6 million barrels a day by 1985 could not be accomplished without other unspecified energy-conserving actions. Furthermore, conservation was billed as the plan's cornerstone. Yet, if fully implemented the plan would have cut 1985 energy conservation only 4 percent below what it otherwise would have been. In our report, we recommended that national energy goals be adopted and supported by a program designed to meet the goals, that milestones be established to judge progress toward meeting the goals, and that standby initiatives be readied for quick implementation should progress not be satisfactory.

We believe this type of planning could provide a clear policy perspective within which programs can be developed and progress toward goals measured. The more recent National Energy Plan, Part II, issued by the Department of Energy in May 1979, certainly did not meet this test.

The absence of consistent overall policy perspective has carried over into specific major areas of energy policy concern. Take conservation, for instance, which I will later discuss in more detail. The Department has yet to develop an overall plan on the role of energy conservation in meeting energy needs.

On the supply side, in the natural gas area, we issued a report last month pointing out the need for a policy to guide natural gas regulation on Federal lands. As indicated in that report, however, this can only be done after a broader national policy is set on the role natural gas should play in our energy future--something DOE has yet to do. In July 1978 we pointed out the need for a policy on the role of natural gas imports. In the absence of a clear overall policy on the role of natural gas, the Nation has, within the last year, moved from a situation in which natural gas consumption was being curtailed in the industrial sector to one in which industry is being encouraged to convert oil-burning facilities for some unspecified period to natural gas.

Need to improve program planning

Over the last 2 years, our evaluations of DOE operating programs have shown a consistent need to improve program planning. As mentioned earlier the energy conservation area has been lacking in such planning. But let me cite several other examples.

- A September 1978 report highlighted the need for a system of formal program priorities to allocate resources among fossil energy technologies and specific evaluation criteria for determining when a process can advance to the next phase of development.
- An April 1979 report pointed to the need to include in the solar photovoltaic program plan goals and objectives for all components of installed solar photovoltaic system rather than just the solar cell. These other components often account for well over 50 percent of projected total system costs.
- A just released report on commercializing solar heating pointed to the need to develop a detailed commercialization strategy for solar heating which identifies constraints; delineates clearly the Federal, State, and local roles; and sets goals and time frames for overcoming constraints.
- Several GAO reports pointed up problems in planning for the strategic petroleum reserve. Perhaps most surprising is that no study has been done to show the optimal

or most desirable reserve size, even though current plans call for a 1 billion barrel reserve at a cost of \$25 billion. Other work has shown a lack of contingency plans to deal with emergencies like the September 1978 fire at the West Hackberry site and an inability to withdraw oil now in storage in case of an emergency, because early plans did not call for the installation of withdrawal capability prior to beginning to fill the salt caverns.

While DOE has indicated a willingness to act on many of our recommendations, we believe our work clearly demonstrates the need for improvement of program planning capabilities.

Coordination of DOE activities
with other agencies

Our efforts have also indicated some problems in DOE's coordination with other agencies. Coordination is a two-way street and the fact that problems exist cannot always be blamed completely on DOE. Given this Committee's responsibility for Government operations, however, at least three examples of coordination problems are worth highlighting.

--In June 1979 we reported that initial coordination efforts on Federal leasing between DOE and the Department of the Interior were not working smoothly and that differences existed over the use of production goals, the framework and context of regulation, and the general responsibilities of each Department.

While officials of both Departments indicated in recent congressional testimony that differences could be worked out, a close reading of their testimonies still gives us concern about their "solutions" to the Federal leasing coordination problems.

--Our March 1979 report on DOE energy tax policy analysis pointed out that, with the exception of the National Energy Plan, DOE has done little such analysis even on several major tax changes which significantly affected the oil industry. We recommended that DOE not only improve its energy tax policy analysis, but also its communication with other executive branch agencies involved in this area like Treasury and the Office of Management and Budget.

--A May 1979 report on DOE's enforcement of crude oil reseller price controls pointed to the need for written procedures for handling criminal cases to provide for timely involvement by the Justice Department in key decisions. Besides recommending a formal memorandum of understanding between the two Departments, we also recommended consideration of expanding informal communications between regional officials before a case is referred.

Aside from these coordination problems, another area which we plan to review and in which I am sure the Committee has a strong interest is the interface between DOE and the

Federal Energy Regulatory Commission. The DOE Organization Act delegated to the Economic Regulatory Administration (ERA) some of the functions previously administered by the former Federal Power Commission and, in certain instances, did not make it clear where ERA's authority ends and the new Federal Energy Regulatory Commission's begins. Specific areas where coordination is essential include: natural gas imports and exports, natural gas curtailments, Commission review of ERA actions, electrical power interconnections, and electric rate setting and reliability of service.

Management and organizational concerns

While my comments to this point have dealt with policy, program, and coordination problems, in recent months we have begun to focus on basic management and organizational questions.

In May 1979 we reported on the organization, management, and activities of DOE's Office of Assistant Secretary for Conservation and Solar Applications. That report concluded that a complete organizational structure for the Office had not been approved, that many office components did not have approved mission and function statements, that filling of top positions had been slow, and that no overall management or planning system existed. While officials indicated agreement with our findings and recommendations for corrective action, we were concerned that this situation could exist some 18 months after DOE's creation. We plan further reviews of other Assistant Secretaries' offices and the Office of Inspector General.

In recent months, we have started to review DOE's procurement activities. Our work to date indicates that at least two units of DOE, the Economic Regulatory Administration and the Energy Information Administration, may be (1) contracting with outside sources to perform basic management functions, (2) establishing employer-employee relationships with contractors, and (3) making extensive use of sole-source contracts, which in some cases appear inappropriate. To put DOE's contract obligations in perspective, during fiscal year 1978, DOE obligated nearly \$8.5 billion for about 5,000 contracts, of which the two units in question each obligated about \$5.5 million. Nearly all their contracts were for management support services, with 12 percent of the Economic Regulatory Administration and 31 percent of Energy Information Administration contracts sole-source. To cite just one example, the Economic Regulatory Administration awarded a contract to study DOE's authority to control anticompetitive practices of common carrier pipelines, a question we believe DOE's Office of General Counsel should have been able to answer. We plan to continue our work in the procurement area.

CONSERVATION AS A CASE EXAMPLE

Having discussed broad categories of problems identified by GAO's work, I want to spend a brief period describing our work in conservation as a case example, since it both illustrates many of the problems already discussed and is a highly

important area which offers the greatest opportunity, particularly in the short run, for reducing oil imports.

In February 1979 we summarized the results of our conservation efforts in a report to the chairmen of the energy-related committees and subcommittees including this Committee. 1/

In brief, this report identified (1) a lack of overall energy conservation planning, (2) problems of leadership and coordination in Federal in-house efforts to conserve energy, and (3) delays in carrying out congressionally mandated energy conservation programs, particularly energy conservation contingency programs. We believe these problems have substantially reduced the effectiveness of the Nation's efforts to conserve energy.

The most serious of these problems is the lack of an overall plan which (1) clearly establishes energy conservation goals over specified time frames, (2) details the specific kinds of actions which will be taken to achieve those goals, (3) provides for periodic evaluations and adjustments, and (4) identifies standby initiatives which could be implemented if it appeared that established goals would not be met.

A number of studies conducted by Government and private concerns in recent years provide convincing evidence that substantial opportunities for energy conservation exist in all

1/ A copy of the report is included as Attachment II to this statement.

four of the major energy consuming sectors--residential, transportation, commercial, and industrial. Examples include: improving the operational efficiency of residences and commercial buildings; improving the efficiency of industrial equipment and processes; more rapid acceleration of automobile fleet fuel economy and commercial truck efficiency; and many minor items which when tallied could represent substantial savings. Whether or not the opportunities for energy conservation are ultimately realized will depend, to a great extent, on the types of policies and programs initiated by the Federal Government.

In June 1978 we recommended that the Department submit an energy conservation plan to the Congress by January 1, 1979. Although the Department stated it had little contention with the substantive features of the recommendation, it questioned the need to submit a conservation plan to the Congress since, in its view, the recommended action was already a part of the National Energy Plan and other administration-supported bills in the Congress. However, we continue to believe that energy conservation goals should be established and that the contribution of the various ongoing and proposed conservation programs toward meeting those goals needs to be more clearly identified.

We recognize that the organizational problems in the energy conservation area referred to earlier--including a long delay in filling the position of Assistant Secretary

for Conservation and Solar Applications--have added to the lack of specific direction. However, without a clear statement of purpose and direction, both the Congress and the administration have been hard pressed to agree on what specific energy conservation programs are needed. In addition, this situation has undoubtedly hampered efforts to instill an energy conservation ethic in the general public.

Our reviews of Federal Energy Management Program activities have shown that DOE leadership and coordination problems have continually hampered the implementation of an aggressive, effective effort to conserve energy in Federal operations and facilities. An effective Federal in-house energy conservation program would not only save significant amounts of energy but would also set an example for the rest of the Nation to follow.

The 1975 Energy Policy and Conservation Act charged DOE with developing a 10-year plan, including mandatory thermal and lighting efficiency standards, for conserving energy in Federal operations. This is in addition to such programs as setting thermostats at designated levels. A stated purpose of the DOE Organization Act was to achieve effective management of Federal energy functions, including coordinating energy policies and promoting energy conservation measures. However, DOE has not yet developed a 10-year plan nor has it established thermal and lighting efficiency standards for Federal buildings.

In spite of such legislative mandates, the Department has consistently refused to undertake the role of leader and manager for Federal energy conservation efforts. In fact, a DOE comment on one of our recent reports stated that representatives of OMB and certain management officials at DOE have taken the position that the Department should have no role in "coordination" or "managing" Federal agency energy conservation efforts. DOE noted that this position was obviously inconsistent with our perception of its role as a strong central manager of Federal energy conservation activities. Until this issue is settled, it added, it could not positively respond to our recommendations. We continue to believe that DOE's position is inconsistent with Section 381 of the Energy Policy and Conservation Act which states in part:

"The President shall develop and, to the extent of his authority under other law, implement a 10-year plan for energy conservation with respect to buildings owned or leased by an agency of the United States. Such plan shall include mandatory lighting efficiency standards, mandatory thermal efficiency standards and insulation requirements, restrictions on hours of operation, thermostat controls, and other conditions of operation, and plans for replacing or retrofitting to meet such standards."

DOE experienced additional delays in carrying out legislatively mandated activities in the energy conservation contingency planning area. Although the Energy Policy and Conservation Act required the submission to the Congress of emergency energy conservation plans and a gasoline rationing plan by June 1976, the Department did not submit such

plans until earlier this year--nearly 3 years late. The Congress rejected most of these proposals and is currently considering its own version of such emergency authorizations.

CONCLUDING REMARKS

Mr. Chairman, my testimony today has highlighted problem areas identified by our work at DOE over the last 2 years. I have also tried to recognize that the circumstances surrounding the energy debate have not made DOE's job easy. Nonetheless, improvements can be made. Our reports have included numerous recommendations to that end.

Perhaps most important are these needs: set a clear policy perspective for addressing the energy problem and all of its essential elements, set goals and specific objectives to be accomplished, design programs which can meet within a given time frame the established goals and objectives, and monitor progress and make adjustments to the programs as needed.

While the details are not yet clear, the recent Presidential proposals certainly provide the opportunity for a renewed effort to solve the Nation's energy problems. I continue to support the need for a cabinet-level department to focus on this highly important area, but the implications of creating new organizational entities must, as I indicated at the outset of my testimony, be carefully evaluated.

That concludes my statement. I would be pleased to answer any questions.

RECENT GAO REPORTS ON THE DEPARTMENT OF ENERGY
AND/OR ON ENERGY-RELATED TOPICS

This list includes reports on the Department of Energy and/or on energy-related topics issued between October 1, 1977, and July 20, 1979. Included for each report are its date of issuance, division number, accession number to be used in ordering reports, and title. The list is organized by subject matter, as shown below:

Energy conservation.....	1
Renewable energy resources.....	3
Fossil fuels supply.....	5
Nuclear power.....	7
Economic regulation of energy.....	12
International energy.....	13
Federal energy resources.....	15
Energy information.....	17
Electric power.....	18
Departmental management.....	19
Related topics.....	21

ENERGY CONSERVATION

10-14-77 LCD-78-102
Review of energy conservation by the Government.

12-22-77 EMD-78-2 004548
Evaluation of the plan to conserve energy in Federal buildings
through retrofit programs.

1-10-78 ID-78-4 004555
U.S. energy conservation could benefit from experiences of
other countries.

1-18-78 EMD-78-15 004783
Improvements needed in Department of Defense energy conservation
investment program.

2-3-78 EMD-78-34 004789
Department of Defense efforts to conserve energy and control
utility costs at overseas installations.

4-27-78 EMD-78-59 005657
The Department of Energy should establish a firm deadline for
preparing a gasoline rationing and emergency conservation plan
to submit to the Congress.

6-30-78 EMD-78-38 006486
The Federal Government should establish and meet energy
conservation goals.

7-18-78 EMD-78-87 006545
Were there improprieties in the revision of HUD's minimum
property standards?

7-20-78 EMD-78-89 006496
The new 10-year plan for energy conservation in Federal
buildings will not adequately meet requirements of the
Energy Policy and Conservation Act.

8-2-78 HRD-78-149 007013
Complications in implementing home weatherization programs
for the poor.

11-21-78 EMD-78-81 007940
Evaluation of four energy conservation programs--fiscal
year 1977.

ENERGY CONSERVATION (continued)

1-23-79 EMD-79-10 108463
More use should be made of energy-saving products in Federal buildings. (This report addressed to the Secretary of Energy; addressed to the Director of OMB as EMD-79-11 on same date.)

1-25-79 EMD-79-3 108455
Transportation energy conservation in the Federal Government.

2-13-79 EMD-79-34 108580
The Federal Government must develop an overall energy conservation plan which establishes specific goals, provides for measuring progress toward those goals, and contains standby initiatives which can be put into effect if sufficient progress is not being made.

3-8-79 EMD-79-32 108787
The Department of Energy needs to establish lighting and thermal efficiency standards as part of the 10-year plan for energy conservation in Federal buildings.

4-11-79 EMD-79-44 109060
A water heater control program should be implemented by the TVA.

5-8-79 LCD-78-245
Replacing Government sedans yearly would result in fuel and cost savings.

5-18-79 EMD-79-64
DOE has not given adequate emphasis and attention to the timely organization, staffing, and management of the Office of the Assistant Secretary for Conservation and Solar Applications.

6-19-79 EMD-79-68 109648
Energy-saving strategies for Federal procurement.

RENEWABLE ENERGY RESOURCES

11-25-77 EMD-78-20 004255
Additional GAO views on the Solar Energy Research Institute.

1-24-78 EMD-78-26 004784
Separate research and commercialization roles and responsibilities for the Solar Energy Research Institute and the regional network can lead to fragmentation, lack of coordination, and program ineffectiveness.

2-2-78 EMD-78-27 005072
The magnitude of the Federal solar energy program and the effects of different levels of funding.

4-14-78 EMD-78-40 007095
Solar demonstrations on Federal residences--better planning and management control needed. (This report addressed to the Secretary of Energy; addressed to the Secretary of Defense as EMD-78-53 on 4-13-78.)

4-26-78 EMD-78-63 005655
Energy officials should give unsolicited magnetic fusion proposals fair and objective evaluations.

5-4-78 EMD-78-67 005658
KMS Fusion's failure to achieve the laser power specified under the 1976 contract with the Energy Department will not affect its ability to contribute to future laser fusion programs.

7-10-78 PSAD-78-129 006488
The Department of Energy should provide the Congress with all estimated costs associated with the Tokamak Fusion Test Reactor Project.

9-7-78 EMD-78-107 007098
The propriety of certain Department of Energy expenditures in connection with its solar energy program.

2-28-79 EMD-79-7 108774
Conversion of urban waste to energy: developing and introducing alternate fuels from municipal solid waste.

4-9-79 EMD-79-6 109041
The Congress needs to redirect the Federal electric vehicle program.

4-19-79 EMD-79-40 109150
Improvements in the Energy Department's solar photovoltaic program should help meet program objectives.

RENEWABLE ENERGY RESOURCES (continued)

4-20-79

EMD-79-58

109198

The potential for hydrogen as an energy source.

7-20-79

Commercializing solar heating: a national strategy needed.

FOSSIL FUELS SUPPLY

12-30-77	EMD-78-22	004550
The state of competition in the coal industry.		
1-9-78	EMD-78-25	004554
Need to minimize risks of using salt caverns for the strategic petroleum reserve.		
1-11-78	EMD-78-23	004556
Accuracy, reliability, and consistency of coal reserve estimates by the Department of the Interior.		
4-6-78	EMD-78-43	005361
Opportunities to fully integrate environmental research and development into developing energy technologies.		
4-25-78	FPCD-78-35	005703
National Mine Health and Safety Academy--progress and problems.		
5-1-78	EMD-78-69	
Comments on Fuels Transportation Safety Amendments Act of 1978.		
5-26-78	EMD-78-72	
Comments on S. 419, the Federal Oil Shale Commercialization Test Act.		
7-11-78	EMD-78-32	006490
Inaccurate estimates of western coal reserves should be corrected.		
7-31-78	EMD-78-28	006794
Liquefied energy gases safety.		
8-14-78	EMD-78-65	006798
Questionable suitability of certain salt caverns and mines for the strategic petroleum reserve.		
9-18-78	EMD-78-57	007101
Fossil energy research, development, and demonstration: opportunities for change.		
10-6-78	EMD-79-1	007378
The Secretary of Energy should purchase all suitable royalty oil for storage in the strategic petroleum reserve.		
10-18-78	LCD-78-211	
Transportation planning for the strategic petroleum reserve should be improved.		

FOSSIL FUELS SUPPLY (continued)

1-15-79	EMD-78-77	108370
U.S. refining capacity: how much is enough?		
2-14-79	CED-79-25	108859
Alternatives to protect property owners from damages caused by mine subsidence.		
3-20-79	EMD-79-14	108857
The Department of Energy has failed to obtain sufficient data on regional demand and imports of refined petroleum products to create a strategic petroleum reserve.		
3-22-79	EMD-79-49	109144
Information on Department of Energy's management of the strategic petroleum reserve.		
3-27-79	EMD-79-42	108899
Strategic petroleum reserve withdrawal capabilities, security measures, and reserve accounting.		
4-3-79	EMD-79-35	108986
The Department of Energy has not issued any loan guarantees for demonstration facilities to produce alternative fuels for domestic purposes.		
4-20-79	CED-79-49	109149
Coal slurry pipelines: progress and problems for new ones.		
6-15-79	ID-79-8	109645
Factors influencing the size of the U.S. strategic petroleum reserve.		
6-15-79	EMD-78-68	109648
Natural gas reserves estimates: a good Federal program emerging, but problems and duplications persist.		

NUCLEAR POWER

10-4-77 ID-77-53 003682
An evaluation of the administration's proposed nuclear non-proliferation strategy.

10-28-77 EMD-78-4 004005
Nuclear Regulatory Commission procedures for preparing environmental impact statements for nuclear power plants.

10-28-77 EMD-78-14
Circumstances surrounding the grant awarded by the San Francisco office of the Energy Research and Development Administration to increase the awareness of the national and local energy situation in California.

11-18-77 EMD-77-64 004253
Uranium enrichment policies and operations: status and future needs.

12-5-77 EMD-78-21 004260
Comments on H.R. 9190, the Radioactive Waste Management Act of 1977.

1-6-78 EMD-77-74 004553
Problems with publications related to the Clinch River Breeder Reactor project.

1-20-78 CED-78-27 004767
The Environmental Protection Agency needs congressional guidance and support to guard the public in a period of radiation proliferation.

1-27-78 EMD-78-31 004786
Federal attempts to influence the outcome of the June 1976 California nuclear referendum.

2-28-78 EMD-78-45 005069
Does current and future demand for "heavy water"--used in reactors and in military and research applications--justify the Government's plans for operating the heavy water plant at Savannah River, South Carolina?

3-6-78 EMD-78-42 005357
How the Nuclear Regulatory Commission can improve its procedures for submitting information to the Atomic Safety and Licensing Board for its consideration in licensing nuclear power plants.

NUCLEAR POWER (continued)

3-6-78 EMD-78-49 005074
The current Clinch River Breeder Reactor project funding situation. (This report addressed to Senator Jackson; report addressed to Senator Hansen as EMD-78-50 on same date.)

3-7-78 EMD-78-46 005071
Centrifuge enrichment: benefits and risks

3-7-78 EMD-78-44 005070
The Nuclear Regulatory Commission should independently monitor and evaluate safety, safeguards, and environmental aspects of alternative nuclear fission technologies for future development.

3-10-78 PSAD-78-80 005056
Reporting of nuclear weapons projects can be improved.

3-29-78 CED-78-79 005369
Efforts by the Environmental Protection Agency to protect the public from environmental nonionizing radiation exposures.

4-7-78 EMD-78-56 005912
Use of job shoppers--independent onsite technical service personnel--by the Westinghouse Hanford Company for the Fast Flux Test Facility.

4-19-78 EMD-78-66 005654
Fair value enrichment pricing: is it fair?

4-27-78 EMD-78-29 005656
Nuclear powerplant licensing: need for additional improvements.

5-5-78 EMD-78-58 005659
Are measurements of special nuclear materials previously given GAO and the Congress by the Department of Energy and the Nuclear Regulatory Commission reliable?

5-19-78 EMD-78-71
Comments on proposed amendments to S. 2236, the Omnibus Anti-Terrorism Act of 1977.

5-22-78 EMD-78-64 005939
Answers to questions about the Department of Energy's decision to reduce electric power purchases from the Tennessee Valley Authority for operating uranium enrichment plants.

5-30-78 PSAD-78-98 005929
The nuclear weapons joint flight test program needs stronger management controls.

NUCLEAR POWER (continued)

6-2-78	PSAD-78-90	006105	Construction management problems have delayed completion of the new plutonium facilities at Rocky Flats, Colorado.
6-20-78	EMD-78-90	006233	The uranium mill tailings cleanup: Federal leadership at last?
7-13-78	EMD-78-94	006508	Major unresolved issues preventing a timely resolution to radioactive waste disposal.
7-20-78	EMD-78-97	006499	An evaluation of Federal support of the Barnwell reprocessing plant and the Department of Energy's spent fuel storage policy.
8-4-78	EMD-78-99	006838	Gas explosions at boiling water nuclear powerplants.
8-16-78	EMD-78-101	006799	Need for greater regulatory oversight of commercial low-level radioactive waste.
9-7-78	EMD-78-80	007097	The Nuclear Regulatory Commission needs to aggressively monitor and independently evaluate nuclear powerplant construction.
9-13-78	EMD-78-36	007099	Before licensing floating nuclear powerplants, many answers are needed.
10-6-78	EMD-78-104	007377	Quick and secret construction of plutonium reprocessing plants: a way to control nuclear weapons proliferation?
12-18-78	EMD-79-8		Nuclear diversion in the U.S?--13 years of contradiction and confusion (Secret).
1-16-79	PSAD-79-20	108386	Full funding needed to restore deteriorating nuclear weapon complexes in Savannah River, South Carolina, and Oak Ridge, Tennessee.
1-17-79	EMD-79-20	108387	The decontamination and dismantling of the nuclear site at Hanford, Washington, should be postponed.

NUCLEAR POWER (continued)

1-22-79 EMD-79-25 108391
The Department of Energy's estimates are a fair assessment of the Nation's uranium reserves.

1-26-79 EMD-79-16 108470
Reporting unscheduled events at commercial nuclear facilities: opportunities to improve Nuclear Regulatory Commission oversight.

2-5-79 EMD-79-29 108575
Cleaning up commingled uranium mill tailings: is Federal assistance necessary?

2-16-79 EMD-79-9 108618
Higher penalties could deter violations of nuclear regulations.

2-27-79 EMD-79-36
Answers to questions about a GAO report on the possibility of nuclear diversion in the U.S.

3-22-79 PSAD-79-49 108875
Tennessee Valley Authority can improve estimates and should reassess reserve requirements for nuclear power plants.

3-30-79 EMD-78-110
Areas around nuclear facilities should be better prepared for radiological emergencies.

4-5-79 EMD-79-51 109013
GAO comments on congressional views about cleaning up uranium mill tailings.

4-10-79 EMD-79-50 109082
Uranium losses from milling have increased steadily while uranium ore grades are declining.

4-20-79 PSAD-79-68 109151
Ways to modernize DOD's theater nuclear forces for NATO.

4-23-79 ID-79-2 109350
Difficulties in determining if nuclear training of foreigners contributes to weapons proliferation.

5-7-79 EMD-79-18 109421
Federal actions are needed to improve safety and security of nuclear materials transportation.

5-7-79 EMD-79-62 109359
The Clinch River Breeder Reactor--should the Congress continue to fund it?

NUCLEAR POWER (continued)

5-8-79 PSAD-79-54

Enewetak Atoll--cleaning up nuclear contamination.

5-15-79 EMD-79-67

The operating-licensing program for nuclear powerplants should be completely reevaluated.

5-21-79 EMD-79-56

Questions on the future of nuclear power: implications and trade-offs.

5-23-79 EMD-79-15

Nuclear reactor options to reduce the risk of proliferation and to succeed current light water reactor technology.

6-13-79 EMD-79-52 109680

Nuclear power costs and subsidies.

6-19-79 EMD-79-B2

Comments on S. 535, Nuclear Waste Transportation Safety Act of 1979.

6-19-79 EMD-79-B3

Comments on S. 685, Nuclear Waste Policy Act.

6-21-79 EMD-79-77

The Nation's nuclear waste--proposals for organization and siting.

6-27-79 EMD-79-82

Federal facilities for storing spent nuclear fuel--are the needed?

7-10-79 EMD-79-89

Comments on the administration white paper: "The Clinch River Breeder Reactor project--an end to the impasse."

ECONOMIC REGULATION OF ENERGY

10-27-77 EMD-76-105 004004
Transportation charges for imported crude oil--an assessment
of company practices and Government regulation.

11-7-77 EMD-77-71 004007
Reasons for long delays in settling cases involving alleged
noncompliance with Federal Energy Administration petroleum
pricing regulations.

1-6-78 EMD-78-10 004552
Emergency natural gas purchases: actions needed to correct
program abuses and consumer inequities.

2-6-78 EMD-78-33 004790
Effects of energy costs on small business operations.

7-10-78 EMD-78-47 006487
The advance payment program: an uncontrolled experiment.

7-14-78 ID-78-17 006492
Need to improve regulatory review process for liquefied
natural gas imports.

8-4-78 EMD-78-100 006812
Is there a need for uniform oil and gas accounting standards?

10-2-78 EMD-78-111 007391
Department of Energy's policies and practices in funding
nongovernmental entities.

10-10-78 EMD-78-106 007379
Improved energy contingency planning is needed to manage
future energy shortages more effectively.

10-24-78 EMD-78-73 007664
Federal regulation of propane and naphtha: is it necessary?

5-29-79 EMD-79-57 109504
Improvements needed in the enforcement of crude oil reseller
price controls.

6-5-79 EMD-79-75 109699
What caused the delay in the permit process for the California
pipeline project sponsored by the Standard Oil Company of Ohio?

INTERNATIONAL ENERGY

10-14-77	EMD-78-5	003703
Crude oil imports likely to be higher than estimates in the President's National Energy Plan		
10-21-77	ID-60	007642
Overview of nuclear export policies of major foreign supplier nations.		
10-21-77	HRD-77-154	003707
U.S. oil companies' involvement in the international energy program.		
12-12-77	EMD-78-19	004257
The new national liquefied natural gas import policy requires further improvements.		
1-3-78	EMD-78-24	004551
More attention should be paid to making the U.S. less vulnerable to foreign oil price and supply decisions.		
1-23-78	B-178205	
A summary of references in recent GAO reports regarding the Overseas Private Investment Corporation's potential role in U.S. energy and raw materials policy.		
4-5-78	EMD-78-9	005371
Potential for deepwater port development in the United States.		
5-12-78	ID-78-32	006010
Critical factors affecting Saudi Arabia's oil decisions.		
5-23-78	PAD-78-69	005918
Analysis of several issues concerning cargo preference for imported liquefied natural gas.		
12-18-78	EMD-78-105	108201
The United States and international energy issues.		
3-5-79	EMD-79-38	108750
Analysis of the energy and economic effects of the Iranian oil shortfall.		
3-22-79	EMD-79-48	109147
Information on the U.S. importation of liquefied natural gas.		
4-13-79	ID-79-10	109085
Energy's role in United States and Indonesian relations.		

INTERNATIONAL ENERGY (continued)

5-31-79 ID-79-36 109097
Issues related to foreign oil supply diversification.

6-11-79 EMD-79-45
Are OPEC financial holdings a danger to U.S. banks or the economy?

6-29-79 EMD-79-59
The United States refining policy in a changing world oil environment.

7-20-79 EMD-79-78
Energy and economic effects of alternative oil import policies.

FEDERAL ENERGY RESOURCES

3-16-78 EMD-78-39 005358
Opportunities to resolve some basic conflicts over Outer
Continental Shelf leasing and development.

4-25-78 EMD-78-54 007096
OCS royalty rates and industry rate of return on OCS leases.

6-1-78 CED-78-93 005950
Benefits derived from the Outer Continental Shelf
environmental studies program are questionable.

6-8-78 EMD-78-48 006231
Lower Cook Inlet--another example of more data needed for
appraising Outer Continental Shelf oil and gas resources.

6-15-78 EMD-78-52 006232
Lessons learned from constructing the trans-Alaska oil
pipeline.

7-19-78 EMD-78-78 006498
Effects of Alaskan North Slope crude oil and continued crude
oil production at Elk Hills Naval Petroleum Reserve.

12-5-78 EMD-79-13 007942
More time and evaluation are needed for appropriate decisions
on future use and management of the National Petroleum Reserve
in Alaska.

12-13-78 LCD-78-300
Operation of Naval Petroleum Reserve No. 1, Elk Hills,
California

1-12-79 EMD-79-23 108337
The Federal Energy Regulatory Commission needs to develop
effective regulations to make sure that there is non-
discriminatory access to all Outer Continental Shelf pipelines.

2-22-79 CED-79-53 108708
Can Federal agencies improve the quality of their resource
reports for Outer Continental Shelf lease sales?

3-19-79 EMD-79-22 108866
Georgia Embayment--illustrating again the need for more data
before selecting and leasing Outer Continental Shelf lands.

4-13-79 EMD-79-41 109121
Onshore oil and gas leasing--who wins the lottery?

FEDERAL ENERGY RESOURCES (continued)

4-13-79 FGMSD-79-24 109080
Oil and gas royalty collections--serious financial management
problems need congressional attention.

5-25-79 EMD-79-69
Coal trespass in the Eastern States--more Federal oversight
needed.

6-4-79 EMD-79-60
Federal leasing policy--is the split responsibility working?

6-15-79 EMD-78-86 109649
Policy needed to guide natural gas regulation on Federal lands.

6-25-79 EMD-79-47
Issues facing the future of Federal coal leasing.

ENERGY INFORMATION

3-24-78 EMD-78-51 005359
Shortcomings in data systems used in managing natural gas
and propane supplies during shortages.

5-3-78 EMD-78-60 005660
The Department of Energy's consolidation of information
processing activities needs more attention.

7-31-78 EMD-78-95 006795
Improvements needed in the Department of Energy's efforts
to develop a financial reporting system.

10-4-78 EMD-78-88 007376
GAO work involving Title V of the Energy Policy and
Conservation Act of 1975.

11-1-78 EMD-78-112 007667
Does the proposed Financial Reporting System of the Energy
Information Administration contain the needed data?

ELECTRIC POWER

10-14-77 EMD-77-58 003702
The Tennessee Valley Authority's Tellico Dam project--costs,
alternatives, and benefits.

11-21-77 EMD-78-18 004254
Rationale for power rates charged by the Central Valley
Project to Pacific Gas and Electric Company.

12-20-77 EMD-78-1 004274
Alaska Power Administration--status of financial management
and program operations.

2-16-78 EMD-78-37 005073
The Nuclear Regulatory Commission's licensing of two
Tennessee Valley Authority nuclear powerplant projects.

8-10-78 EMD-78-76 006797
Region at the crossroads--the Pacific Northwest searches for
new sources of electric energy.

10-26-78 EMD-79-4 007672
Comments on H.R. 13931, the Pacific Northwest Electric Power
Planning and Conservation Act.

11-29-78 EMD-78-91 007941
Electric energy options hold great promise for the Tennessee
Valley Authority.

1-19-79 EMD-79-2 108492
Electric utility fuel-procurement practices and the impact
of rate reform activities on small businesses.

5-29-79 PSAD-79-15
Increased productivity can lead to lower costs at Federal
hydroelectric plants.

DEPARTMENTAL MANAGEMENT

2-2-78 EMD-78-30 006772
By making the Lawrence Berkeley Laboratory a Federal computer center the Department of Energy can save millions while serving Government agencies.

5-9-78 LCD-78-326 006092
Consolidation of the Department of Energy in the Forrestal Building.

8-3-78 FGMSD-78-53 006810
Use of the checks-paid letter of credit system to pay Energy Research and Development Administration contractors.

8-10-78 EMD-78-103 006930
How do Department of Energy procurement practices affect small business?

11-7-78 PSAD-79-4 007659
The Department of Energy's participation in each Defense System Acquisition Review Council is not necessary.

12-26-78 PSAD-79-11 108335
Comments on the Department of Energy regulations for procurements of goods and services by Federal civil agencies.

1-2-79 EMD-79-21 108509
Review of the Department of Energy's controversial termination of a research grant.

2-2-79 EMD-79-17 108616
Use, cost, purpose, and makeup of Department of Energy advisory committees.

2-9-79 EMD-79-24 108576
Award of an Energy Department contract for an oil recovery project should be delayed until the merits of the project and the technical and financial capability of the proposed contractor are determined.

2-13-79 EMD-79-28 108651
Where are the delays in the hearings processes of the Federal Energy Regulatory Commission?

3-7-79 EMD-79-37 108779
Possible mismanagement and overpayment of outside consultants by the Nuclear Regulatory Commission.

5-1-79 EMD-79-53 109528
Profile of Energy Department employees.

DEPARTMENTAL MANAGEMENT (continued)

6-26-79 EMD-79-81
Awarding on non-competitive contracts by DOE's Assistant
Secretary for Conservation and Solar Applications.

6-26-79 EMD-79-83
The Department of Energy should do more to foster contracting
with small business.

7-2-79 EMD-79-85
Department of Energy contract procedures.

RELATED TOPICS

2-22-78 EMD-78-35 005068
Better planning needed to deal with shifting regional energy demand.

4-26-78 CED-78-99 005904
Pipeline safety--need for a stronger Federal effort.

5-16-78 CED-78-111 005948
Coast Guard response to oil spills--trying to do too much with too little.

5-16-78 EMD-78-70 005936
Comments on proposed loan guarantees for nonnuclear energy research and development.

5-22-78 EMD-78-62 005938
The multiprogram laboratories: a national resource for non-nuclear energy research, development, and demonstration.

6-22-78 EMD-78-92 006234
Summary of studies on energy supply initiatives for various congressional committees to consider for proposed budget changes.

7-18-78 EMD-78-79 006495
Impact of the energy situation on rural economic growth and development.

10-4-78 EMD-78-88 007376
GAO work involving Title V of the Energy Policy and Conservation Act of 1975.

3-1-79 CED-79-47 108754
Tampering with auto emission control devices is occurring nationwide and resulting in increased pollutants.

3-13-79 EMD-79-26 108856
A review of the Department of Energy's energy tax policy analysis.

3-28-79 LCD-79-210
The military services' accountability and management controls over fuel supplied by the Defense Logistics Agency in Korea and the Philippines need improvement.

4-26-79 HRD-79-12 109196
Meeting winter heating bills for needy families: how should the Federal program work?

RELATED TOPICS (continued)

6-13-79

PSAD-79-88

109729

The Energy Department should reconsider the rationale for charging the Air Force the full cost for producing depleted uranium penetrators.

6-14-79

LCD-79-218

109624

The Defense Logistics Agency can improve its management of bulk petroleum products.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-178205

FEBRUARY 13, 1979

Chairmen, Energy-Related Committees
and Subcommittees (See Appendix)

Dear Mr. Chairman:

The cutoff of oil shipments from Iran has once again focused attention on the United States' continued dependence on substantial levels of oil from unreliable foreign sources. In this context, we believe that it is especially important to also consider the effectiveness of energy conservation programs and policies implemented since the oil embargo in 1973.

We have performed many reviews over the past 2 or 3 years which have focused on the Nation's success in conserving energy and the effectiveness of Federal programs to achieve energy conservation. This letter briefly reviews the major problems we have identified which still need attention. We are providing this summary to congressional committee and subcommittee chairmen with energy related responsibilities for their use in carrying out oversight of Department of Energy programs. The summary can serve as a catalyst for encouraging the Department of Energy to take the type of leadership role that will lead to a better understanding and effective establishment of an energy conservation ethic in the United States.

In brief, our past energy conservation work has identified three overriding problems which, in our opinion, have reduced the effectiveness of existing Federal energy conservation policies and programs. These problems are:

- The lack of consistent, specific planning which clearly identifies what contribution energy conservation is to make in the overall national energy plan.

EMD-79-34
(990591)

- The lack of an aggressive, coordinated effort to conserve energy in Federal operations and facilities.
- The failure of the administration to timely develop, and have approved by the Congress, emergency energy conservation and gasoline-rationing plans.

These problems are discussed in more detail below.

LACK OF SPECIFIC ENERGY
CONSERVATION PLANNING

The most serious problem in the Federal Government's approach to achieving greater levels of energy conservation is the lack of an overall energy conservation plan which (1) clearly establishes energy conservation goals, (2) specifies the actions which will be taken to achieve those goals, and (3) identifies standby initiatives which could be implemented if it appeared that established goals would not be met.

We stated in a previous report 1/ that energy conservation needed to play a more prominent role in the Nation's energy program. We also pointed out that the administration's National Energy Plan did not include enough energy conservation initiatives to have much impact in the short term. We concluded that energy conservation could contribute more to meeting the goals and objectives of the National Energy Plan; but the success of increased energy conservation would depend, to a large extent, on the development of consumer attitudes and habits which foster an efficient use of energy--an energy conservation ethic.

The Government's approach to achieving domestic energy conservation has generally been to either appeal for voluntary energy conservation actions by consumers or to establish mandatory-type energy conservation

1/"The Federal Government Should Establish and Meet Energy Conservation Goals" (EMD-78-38, June 30, 1978).

programs (e.g., automobile fuel economy standards and building energy performance standards). Our work has shown that appeals for voluntary energy conservation have had limited success while the mandatory programs are expected to have their greatest impact in the post 1985 period. Thus, in the next few years, energy pricing options appear to be the only remaining alternative for encouraging greater energy conservation.

Our past work has shown that relatively low energy prices have acted as a barrier to greater investment in energy conservation measures, primarily in the industrial sector. While we recognize that evaluating the impacts of specific energy pricing options is complex and certain options might have inflationary impacts, we have, in previous reports,^{2/} indicated our general support for certain energy pricing actions to achieve greater energy conservation.

We continue to believe that more attention needs to be given to the development of an energy conservation ethic and to energy-pricing options to increase energy conservation. But of more immediate concern, in our opinion, is the need for the Government to provide consistent, clear direction in terms of energy conservation's role in the overall National Energy Plan.

We recognize that organizational problems in the energy conservation area within the Department of Energy over the past couple of years--including the long delay in filling the position of Assistant Secretary for Conservation and Solar Applications--have added to the lack of specific direction. However, without a clear statement of purpose and direction, both the Congress and the administration have been hard pressed to agree on what specific energy conservation programs, including energy pricing alternatives, are needed. In addition, this situation has undoubtedly hampered any efforts to instill an energy conservation ethic in the general public.

^{2/}"An Evaluation of the National Energy Plan" (EMD-77-48, July 25, 1977) and "The Federal Government Should Establish and Meet Energy Conservation Goals" (EMD-78-38, June 30, 1978).

In June 1978, we recommended that the Department of Energy, by January 1, 1979, submit an energy conservation plan to the Congress which included

- energy conservation goals by consumption sector,
- executive branch actions needed to achieve the established goals,
- milestones and a plan to continuously monitor each conservation program undertaken, and
- proposals for standby authorities and initiatives for implementation if the energy conservation programs are not meeting established milestones.

The Department of Energy, in commenting on this recommendation, stated it had little contention with the substantive features of the recommendation. However, the Department questioned the need to submit a conservation plan to the Congress since, in its view, the recommended action was already a part of the National Energy Plan and other administration supported bills in the Congress.

We continue to believe that energy conservation goals should be established and the contribution the various ongoing and proposed energy conservation programs will make toward meeting those goals needs to be more clearly identified. In our view, the Department of Energy needs to do this.

LACK OF AGGRESSIVE FEDERAL
INHOUSE ENERGY CONSERVATION

The Government is in a key position to provide strong leadership to the rest of the Nation by pursuing energy conservation actions in its own operations and facilities. An effective inhouse Federal energy conservation program not only can save significant amounts of energy but can set an example for the rest of the Nation to follow.

However, our past work 3/ has shown a lack of leadership and aggressive actions by the Department of Energy and the Department of Defense, the largest energy consumer in the Government. This work has focused on the Department of Energy's administration of the Federal Energy Management Program, Federal efforts to promote energy conservation by Government contractors, and the Department of Defense energy conservation investment program.

The results of our reviews of Federal Energy Management Program activities have consistently shown that the Department of Energy has not provided the leadership and management necessary for a strong, structured Federal energy conservation program. We are particularly concerned that the development of the 10-year plan for energy conservation in Federal buildings, as required by the Energy Policy and Conservation Act (EPCA) (Public Law 94-163), is not being aggressively pursued. The Congress passed EPCA in December 1975, requiring the development of a 10-year plan. Executive Order 11912, as amended, gave the Department of Energy responsibility for developing the plan. As of January 1979, 3 years after passage of EPCA and over 2 1/2 years after it was given responsibility for developing the plan, the Department of Energy still has no document which can be called "The 10-year Plan."

We also have concluded with respect to the Federal Energy Management Program 4/ that the Department of Energy could improve its management

3/"Evaluation of the Plan to Conserve Energy in Federal Buildings Through Retrofit Programs" (EMD-78-2, Dec. 22, 1977 and EMD-78-89, July 20, 1978); and "Federal Agencies Can Do More to Promote Energy Conservation By Government Contractors" (EMD-77-62, Sept. 30, 1977).

4/"More Use Should Be Made Of Energy-Saving Products in Federal Buildings" (EMD-79-10 and EMD-79-11, Jan. 23, 1979); and "Transportation Energy Conservation in the Federal Government" (EMD-79-3, Jan. 25, 1979).

of a program to use energy saving products in Federal buildings. In addition, the Department of Energy has not provided program guidance, specific goals have not been established, and department and agency plans have not been developed in the area of Federal transportation energy conservation.

Our work has also shown that the Department of Defense had not established adequate guidelines and controls to identify energy saving projects in its Energy Conservation Investment Program, and proper economic analysis techniques were generally not used in selecting projects for funding. 5/ In addition, we have found that one major reason few Government contractors had viable energy conservation programs appeared to be the lack of strong Federal leadership. The Department of Defense generally agreed with our conclusions and has taken corrective action in some areas.

The Department of Energy, in commenting on our report on energy saving products, indicated that it could not positively respond to our recommendations because certain Department officials believe the Department should have no role in coordinating or managing agency energy conservation efforts. Until this issue is resolved, the Department plans no future actions to correct problems identified in our report.

We continue to believe that a strong Government program to conserve energy in its operations and facilities is an important element in the overall Federal effort to achieve energy conservation in the Nation. We also believe the Department of Energy should effectively serve as the lead agency for energy conservation throughout the Government. Our past

5/"Improvements Needed in Department Of Defense Energy Conservation Investment Program" (EMD-78-15, Jan. 18, 1978).

recommendations to the Department of Energy and others in this area should, if implemented, substantially strengthen the Government's inhouse energy conservation efforts.

FAILURE TO DEVELOP EMERGENCY
ENERGY CONSERVATION AND GASOLINE
RATIONING PLANS

As long as the United States continues to rely on foreign sources for a significant share of its crude oil needs, the Government must be prepared to effectively deal with a crude oil supply disruption. The Congress recognized this need when it charged the Department of Energy--in the Energy Policy and Conservation Act--with the responsibility to develop, and have approved by the Congress, emergency energy conservation plans and a gasoline-rationing plan.

We expressed our concern to the Department of Energy, in April 1978, 6/ over its delays in developing emergency plans. These plans were required to be submitted to the Congress for approval by June 1976, but had not been as of April 1978. We found that the delays were caused, in part, because the Department could not decide on specific options for carrying out the plans, should they be needed.

In responding to our report, the Department of Energy stated that the plans were still being developed, and the gasoline-rationing plan would be submitted to the Congress for approval no later than January 1979. However, none of the plans have yet been submitted to the Congress, although the Department now states it will submit the gasoline-rationing plan and emergency energy conservation plans later this month.

6/Letter report to the Secretary of Energy
(EMD-78-59, Apr. 27, 1978).

In our opinion, the continued delays in developing emergency energy conservation plans and a gasoline-rationing plan provide convincing evidence that since the 1973 oil embargo, the Government has not significantly improved its ability to deal with a crude oil supply disruption. This problem is particularly relevant in view of the current Iranian oil situation.

CONCLUSIONS

Our energy conservation work over the past few years has surfaced three overriding problems which have limited the success of the Nation's efforts to conserve energy:

- A lack of specific planning and direction from the Government in the energy conservation area.
- The absence of an aggressive, coordinated effort by the Government to conserve energy in its operations and facilities.
- The failure to develop, and have approved by the Congress, emergency energy conservation and gasoline rationing plans.

In our view, these problems must be addressed and corrective action taken, if the Nation is to move forward with a viable, effective overall energy conservation program.

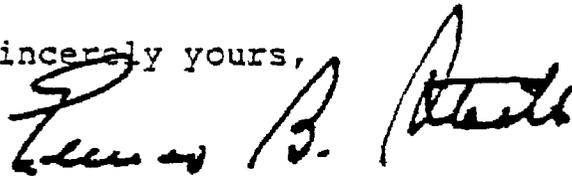
There is a need for the Government to develop an overall energy conservation plan which establishes specific energy conservation goals, provides for monitoring of progress toward those goals, and contains standby initiatives which can be implemented if sufficient progress toward the goals is not being made. Such a plan would (1) provide the framework for developing a national energy conservation ethic as well as (2) establish a basis for evaluating various alternative energy conservation actions, including energy-pricing options.

The Government needs to aggressively move forward with a coordinated, effective program to conserve energy in Federal operations and facilities. Such a program would not only conserve significant amounts of energy but would also serve to alert the Nation of the need to conserve energy.

The Department of Energy needs to complete the development of emergency energy conservation and gasoline-rationing plans and submit them to the Congress for its approval. Given the Nation's current level of petroleum imports (nearly 50 percent of petroleum consumption), the Government must be prepared to deal effectively with a supply disruption. Having emergency plans developed and approved for use will substantially minimize problems inherent in dealing with an unforeseen supply shortfall.

Copies of this letter are being sent to the Secretary of Energy; and to the Director, Office of Management and Budget.

Sincerely yours,



Comptroller General
of the United States

LIST OF ADDRESSEES FOR GAO REPORT
ON ENERGY CONSERVATION (EMD-79-34)

The Honorable Warren G. Magnuson
Chairman, Committee on Appropriations
United States Senate

The Honorable Chairman
Subcommittee on Interior
Committee on Appropriations
United States Senate

The Honorable Abraham A. Ribicoff
Chairman, Committee on Government Affairs
United States Senate

The Honorable John Glenn
Chairman, Subcommittee on Energy, Nuclear
Proliferation and Federal Services
Committee on Government Affairs
United States Senate

The Honorable Henry M. Jackson
Chairman, Committee on Energy and Natural
Resources
United States Senate

The Honorable J. Bennett Johnston
Chairman, Subcommittee on Energy Conservation
and Regulation
Committee on Energy and Natural Resources
United States Senate

The Honorable Chairman
Committee on Appropriations
House of Representatives

The Honorable Chairman
Subcommittee on Interior
Committee on Appropriations
House of Representatives

The Honorable Jack Brooks
Chairman, Committee on Government Operations
House of Representatives

The Honorable A. Tobey Moffett
Chairman, Subcommittee on Environment,
Energy and Natural Resources
Committee on Government Operations
House of Representatives

The Honorable Harley O. Staggers
Chairman, Committee on Interstate
and Foreign Commerce
House of Representatives

The Honorable John D. Dingell
Chairman, Subcommittee on Energy
and Power
Committee on Interstate and Foreign Commerce
House of Representatives

The Honorable Bob Eckhardt
Chairman, Subcommittee on Oversight
and Investigations
Committee on Interstate and Foreign Commerce
House of Representatives