



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

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FEBRUARY 13, 1979

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



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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.

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Report

- 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.

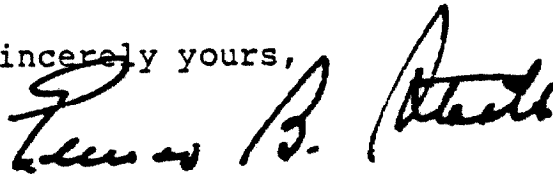
There is a need for the Government to develop an overall energy conservation plan which establishes specific energy conservation goals, provides for monitoring of progress toward those goals, and contains standby initiatives which can be implemented if sufficient progress toward the goals is not being 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