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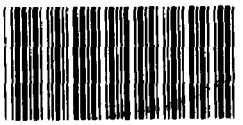

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STATEMENT OF
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DIRECTOR, ENERGY AND MINERALS DIVISION
BEFORE THE
SUBCOMMITTEE ON ENERGY AND POWER
OF THE
HOUSE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE
ON
STANDBY ENERGY CONSERVATION AND GASOLINE RATIONING PLANS

Mr. Chairman and Members of the Subcommittee:

We welcome the opportunity to be here today. Our testimony today is based on

--the results of GAO work over the last two to three years in the energy conservation area as summarized in our recent report to Congressional Committee and Subcommittee Chairmen having responsibilities over energy programs (EMD-79-34),

--some observations included in our recent report on the energy and economic effects of the Iranian oil shortfall (EMD-79-38) and,

--the results of our initial analysis of the energy conservation contingency plans and gasoline rationing plan submitted to the Congress on March 1 by the Department of Energy (DOE).

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LACK OF NATIONAL ENERGY CONSERVATION PROGRAM

Before discussing the conservation contingency and gasoline rationing plans, let me spend a few moments addressing the Nation's continuing reluctance to develop an effective energy conservation strategy. Our reliance on crude oil imports has increased substantially in recent years and could reach 12 or 13 million barrels per day (B/D) by 1985. The current Iranian oil situation, which once again has jarred our complacency, is still only one of a series of events which underscores the importance of moving forward in the energy conservation area.

The world is likely to continue to experience periods of tight supply and upward pressure on prices in the next few years. The time is approaching when crude oil production capabilities will peak. While we now are faced with the need for quick actions to meet the problems created by the Iranian oil shortfall, we also must face up to the reality that we can not continue to rely on short-term crisis management in the energy area and that now is the time to get our energy conservation act together.

We believe a strong, coordinated national energy conservation program can not only mitigate the adverse impacts of future Iranian-type situations, but more importantly it would reduce the likelihood of oil embargoes being used as a weapon against the United States. Further, a strong

conservation program is also needed to allow an orderly transition to renewable resources. Our February 13, 1979, letter to the Chairmen of Energy-Related Committees and Subcommittees highlighted the following three overriding problems which, in our opinion, must be solved before the Nation will achieve any significant level of energy conservation:

--A lack of specific planning and direction from the Government in the energy conservation area. In our June 30, 1978 report (EMD-78-38), we concluded that the Federal Government had not developed an overall energy conservation strategy for the Nation. While DOE generally agreed with our position, no strategy has been forthcoming.

--The absence of an aggressive, coordinated effort by the Government to conserve energy in its own operations and facilities. We have issued a series of reports on various Federal in-house conservation programs which show the lack of commitment by the Administration to aggressively pursue energy conservation within the Federal Government.

--The failure to develop, and have approved by the Congress, emergency energy conservation and

gasoline rationing plans. While the Administration submitted such plans earlier this month, it took over 3 years to develop them.

We are concerned with the Administration's apparent failure to place any level of priority on the development of the contingency plans. As we pointed out in our earlier Iranian report, while we may be able to manage with the loss of Iranian oil production, there is virtually no more slack left in the system. The loss of any other major oil supplies could be devastating, particularly in view of the state of our preparedness to deal with supply interruptions. Recent events regarding the Iranian situation illustrates this point.

The U.S. has commited itself to reduce oil consumption this year by five percent, or about one million barrels of oil per day, as part of the International Energy Agency's response to the Iranian oil situation. But, there was no plan in place to achieve such a reduction. At this point, a wide range of possible actions are being considered. We were not able to obtain, from DOE, information on the specific proposals being considered because they are under consideration by the White House. Thus, we can not respond to your specific request to comment on how DOE will manage the five percent cutback.

In our earlier report, however, we did comment on a number of possible actions which may be implemented

including voluntary energy conservation measures as well as a number of actions designed to substitute coal, natural gas, and nuclear power for crude oil. Based on the information which has been available, we have reservations about the likelihood of achieving the energy savings which DOE has estimated for voluntary energy conservation. In addition, the possible fuel substitution measures being considered will require that many institutional and administrative barriers be overcome, which likely would limit this contribution for the next 6 to 9 months. (Attachment I contains a more detailed discussion.)

While we certainly would not play down the efforts needed to meet this current contingency, the fact remains that there are no DOE plans which could be implemented quickly if this country or our allies should suffer further supply interruptions. While we must deal with the current crisis, over the longer term emergency planning efforts should be focusing on the question of "What actions could be undertaken to deal with various levels of supply shortfall such as a loss of Saudi Arabian oil, or a loss of all OPEC oil? The Nation can not afford to be ill-prepared in the face of these potential threats.

STANDBY ENERGY CONSERVATION AND RATIONING PLANS

The Energy Policy and Conservation Act (EPCA) required DOE to prepare, for the Congress' approval by June 1976, standby energy conservation plans and a standby gasoline

rationing plan. Once approved by the Congress, these plans would be available for implementation during a severe energy supply disruption or to fulfill U.S. obligations under the International Energy Program whereby member nations have agreed to share the burden of a future embargo or shortage situation.

The standby conservation plans finally submitted by DOE to Congress on March 1 consist of the following three measures:

--Weekend gasoline sales restrictions.

--Building temperature restrictions.

--Advertising lighting restrictions.

DOE estimates the total oil savings from these three measures to be 610,000 B/D. To implement and enforce these measures for a 9-month period would cost the Government about $16.4 million.

Our analysis of these three proposed measures indicates that while the plans have the potential for helping manage a future petroleum shortage, the extent to which the plans are enforceable or will achieve the level of savings DOE predicts is unclear. Also, implementation of the plans likely would impact adversely on certain industries. (Detailed comments on these plans are included as Attachment II.)

Regarding the proposed gasoline rationing plan, DOE recognizes, and we concur, that rationing is a very expensive measure to be used only in an extreme gasoline shortage.

There is no such thing as a "perfect" rationing plan, as tradeoffs must be made to balance off (1) equity and (2) administrative workability and costs of implementation. In essence, rationing would be a $2 billion program designed to reduce long waiting lines at gasoline stations. It would not result in any gasoline savings, but would simply allocate available supplies among end users.

In its development of the plan, DOE has, in several instances, decided on provisions which are easier and less costly to administer over alternatives which might result in more equitable distribution of ration allotments. DOE is relying on the "white market" to correct any imbalances that may occur. Two instances which stimulated a number of adverse comments during the public comment period pertain to

--making gasoline available for commercial use, and

--matching up ration allotments and physical supplies of gasoline in all States.

Changes DOE made from an earlier version of the plan will result in commercial firms as a whole receiving fewer ration allotments than under the previous version. Public comments received on the provision strongly opposed the change, and DOE recognizes that firms will end up purchasing over $12 billion of additional ration allotments on the "white market." However, DOE believes the plan will be significantly easier and cheaper to administer.

DOE is also relying on the "white market" to match up the physical supplies of gasoline with ration allotments in all States. Because DOE plans to issue ration allotments based on a nationwide average, but will initially distribute supplies of gasoline based on historical State usage, nine States will initially receive ration allotments 10 percent or more higher than their supplies of gasoline, while 10 States will receive initial supplies of gasoline 10 percent or more higher than their ration allotments.

The "white market", however, will be a costly program for drivers in certain States. Drivers in States with historically higher than average gasoline consumption will purchase excess ration allotments at $1.22 per gallon from drivers in States with lower than average consumption rates. Questions of equity are raised here, since 11 States would each have to pay out $10 million a month or more to maintain their gasoline usage at 20 percent less than normal, while 10 States could cut their consumption by 20 percent and still be recipients of over $10 million a month from sales of excess allotments. DOE recognizes these potential imbalances, but believes that trying to correct them would place a much greater administrative burden on DOE and make the rationing plan more complicated and expensive.

Another provision in the plan pertains to the manner in which DOE will distribute ration coupons to the public.

Earlier work by us revealed problems with DOE's plan to primarily rely on financial institutions for issuing coupons to the public. The current plan has little discussion of this very important aspect of the plan. (Detailed comments are included in Attachment III.)

Overall, we are concerned with the lack of priority DOE has attached to the completion of the standby conservation and rationing plans. While changes have been made in the rationing plan DOE inherited in January 1977 from the previous Administration, we question whether over 2 years were needed to accomplish the changes. The conservation plans have remained essentially unchanged since 1977, except for some additional energy and economic analyses accompanying the plans.

Once the rationing plan is approved by the Congress, at least 6 - 8 months more work will be needed for further development. DOE's past record of slippage does not speak well for the degree of priority we can expect to be awarded completion of work on the rationing plan if the Iranian situation should ease.

Mr. Chairman, this concludes our statement. We will be happy to answer any questions the Subcommittee might have.

ATTACHMENT I

COMMENTS ON POSSIBLE ACTIONS FOR THE IRANIAN RESPONSE PLAN

In early March the U.S. committed itself to reduce oil consumption this year by 5 percent, or about 1,000,000 B/D as part of the International Energy Agency's response to the Iranian oil situation. However, the Administration has not yet agreed on specific measures to be used to achieve the goal, although a wide range of possible actions are being considered. We were not able to obtain, from DOE, information on the specific proposals being considered. However, we discussed a number of possible actions in an earlier report on the Iranian shortfall. The following summarizes that work.

VOLUNTARY CONSERVATION

We expect that voluntary energy conservation actions will be relied on to make the major contribution to the 5 percent crude oil consumption reduction goal, or about 600,000 B/D. This figure includes energy conservation achievements from all the major energy consuming sectors. However, two energy conservation measures -- reduced gasoline consumption in personal driving and reduced gasoline consumption in home-to-work trips -- are estimated to save 450,000 of the 600,000 B/D.

Reduced gasoline consumption in personal driving, according to DOE information, is expected to result in 200,000 B/D savings. The basis for this estimate is that the public

would be asked to cut back personal driving by 10 percent. The 200,000 B/D savings could basically result from either (1) everyone reducing personal driving by 5 percent or (2) one half the public reducing driving by the requested 10 percent. However, information from DOE indicates that past experience with voluntary appeals has resulted in a public response rate of about 15 percent. Should this occur in this instance, the savings from reduced personal driving would only amount to about 60,000 B/D.

Reduced gasoline consumption from home-to-work trips is estimated by DOE to save 250,000 B/D. To accomplish this level of savings, DOE indicated that a series of actions would increase vehicle occupancy by 16 percent (from 1.5 people per vehicle to 1.75 people per vehicle). However, we could not determine, from the information available, the basis for the expected 16 percent increase in vehicle occupancy nor could we determine what level of consumer response would be required to accomplish the increse. Thus, we believe the 250,000 B/D savings estimate is questionable, at best.

Concerning the voluntary energy conservation portion of the Iranian resonse plan, we are quite concerned that the Administration appears to raise the issue of the need for energy conservation only in "crisis" or supply shortfall situations. We find this to be totally inconsistent with the long-run energy problem being faced by the Nation; i.e.,

an excessive level of crude oil imports and the finite nature of fossil fuels, particularly crude oil. Because energy conservation is being promoted in the context of the current Iranian situation we believe the public is likely to view energy conservation as a "short-term" solution to the Iranian problem and thus revert to previous energy consumption patterns as the problem abates. Such a response pattern by the public can only increase the likelihood of future "Iran-type" situations occurring.

FUEL SUBSTITUTION

Fuel substitution initiatives which have been discussed in the context of the Iranian response plan include switching from oil to natural gas and oil to coal, and "wheeling" of electric power. We have not had the opportunity to evaluate the basis of energy savings estimates associated with these initiatives but offer the following general comments.

DOE has begun urging utilities and industries who switched from gas to oil to switch back. Many previous gas users maintain a gas burning capability and DOE estimates that up to 500,000 B/D of oil could be saved if the available gas were fully utilized. DOE staff does not expect noticeable oil to gas conversions until late summer or early fall of this year. However, that schedule assumes that the considerable legal/regulatory impediments which were erected during items of gas shortage can be overcome quickly.

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The oil to coal program could save up to 140,000 B/D if most installations having a duel fuel burning capability were converted. The economic and environmental hurdles which have made progress in this area so slow in the past, however, are still operative. With this in mind, DOE estimates that only 35,000 B/D could actually be displaced. Since the dividends in oil saved would be much smaller and the needed actions could be very time consuming, we should not expect any near-term help from oil to coal conversions.

Another kind of "fuel switching" is substituting electric power produced from coal, nuclear, gas, or hydroelectric sources for power generated from oil (wheeling). DOE estimates the total practicable oil savings from power wheeling at 100,000 B/D.

One unresolved question, however, is the cost of wheeled power. During the recent coal strike, some coal short utilities were forced to purchase power from others. This power was considered to be peak load and the final consumers wound up paying very high bills. If wheeling is ever ordered by DOE to deal with an oil shortage, special attention should be given to equitable cost sharing.

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COMMENTS ON STANDBY ENERGY CONSERVATION PLANS

Title II of the Energy Policy and Conservation Act (EPCA) required DOE to prepare, for the Congress' approval by June 1976, one or more standby energy conservation plans. Such adopted mandatory conservation measures could then be implemented at the President's discretion during any severe energy supply disruption or to fulfill U.S. obligations under the International Energy Program. The plans finally submitted by DOE to Congress on March 1 consist of the following three measures:

--Weekend gasoline sales restrictions.

--Building temperature restrictions.

--Advertising lighting restructions.

DOE estimates the total oil savings from these measures to be 610,000 B/D. To implement and enforce these measures for a 9-month period would cost the Government an estimated $16.4 million.

DOE has made numerous assumptions in arriving at the energy and economic impacts of the plans, and has qualified some of its analyses accordingly. The problem in making studies of these types lies with inadequacies in both the reliability of the historical data used (e.g., How much discretionary driving is done on weekends?, or What is the average temperature maintained in all the commercial buildings in the

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U.S.?), and the estimating techniques available for projecting how people will react in a future shortage situation. Thus, the estimates of savings DOE has developed should be regarded as such, just estimates.

In addition, if the plans are used in conjunction with the petroleum allocation program during a future shortage, they will not result in a further reduction of oil consumption but rather in less competition for available oil supplies and a redirection of supplies from "lower" priority to "higher" priority uses. DOE has estimated that all three plans will result in net gains to the economy over an otherwise unmanaged shortfall situation, due to the direction of available oil supplies to more productive purposes.

Overall, while the three plans DOE has prepared have the potential to help manage a future petroleum shortfall, the extent to which the plans are enforceable or will achieve the level of oil savings DOE predicts is unclear. Further, certain industries could be damaged by imposition of the plans.

WEEKEND GASOLINE SALES RESTRICTIONS

DOE estimates that oil savings of 246,000 B/D will be achieved by prohibiting gasoline sales to vehicles, pleasure boats, and private aircraft between noon Friday and midnight Sunday.

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DOE recognizes that certain industries will suffer economically from this plan. Further, vehicles exempt from the prohibition such as taxis, heavy trucks, and emergency vehicles could also find it difficult to obtain fuel since most gasoline stations would be closed. Total sales losses in affected industries--including the automobile, recreational vehicle (RV), boat, hotel/motel, restaurant, and recreation/entertainment industries--are estimated by DOE to be about $9 billion. However, DOE anticipates other offsetting economic benefits of $16 billion from diverting fuel to higher priority uses in the economy, resulting in a net economic benefit of about $7 billion.

Within the affected industries several will suffer more than others. While the automobile industry is expected by DOE to lose an additional 1-1/2 percent of sales because of this plan, the RV industry is likely to have sales drop by an additional 25 percent. This is in addition to a sales loss of 40 percent because of the overall petroleum shortfall. Similarly, the pleasure boat industry would have a 25 percent reduction in sales because of this plan on top of sales already depressed 20 percent due to the shortfall.

Last week the Washington Post reported on a recent DOE study which concluded that weekend gasoline sales restrictions would cause longer service station queues, and would save very little energy. A DOE official informed us that

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the study, conducted by an outside contractor for DOE's petroleum allocation regulations division, was not done to determine the amount of fuel savings achieved by restricting weekend sales, but to determine how queues could be reduced during a shortage. The study did conclude that reduced hours of station operation would not be effective. However, the views expressed in this study are those of the contractor, and DOE has not yet accepted it under the contract. We have not evaluated the study. We do have a question, however, about why this office in DOE would sponsor such a study instead of the office responsible for preparing the contingency plans.

BUILDING TEMPERATURE RESTRICTIONS

DOE expects that setting thermostats in public and commercial buildings at no more than 65 degrees for heating and no less than 80 degrees for cooling, and reducing hot water temperatures to 105 degrees would save 360,000 B/D.

DOE is assuming that a voluntary thermostat restriction program would have already been implemented prior to enactment of this mandatory plan, and that temperature settings of 68 degrees for heating and 77 degrees for cooling would already have been realized. The plan also assumes a compliance rate of 100 percent, an unrealistic assumption. However, savings attributable to this plan could be greater if the voluntary plan fails to achieve 68 degree and 77 degrees

thermostat settings. Thus, DOE concludes that these two questionable assumptions could offset each other so that the final estimate may still be reasonable. While DOE may be correct, their admission of such compensating errors does not help to inspire confidence in their analysis supporting the plan.

This plan will be difficult to enforce. The plan calls for only 39 Federal and 278 State and local employees to monitor the Nation's buildings. This leads us to raise the question of what is the difference between a plea by the President or DOE for voluntary thermostat restrictions, and this "mandatory" program. While DOE says that this plan is enforceable, they are vague on how it will be done. We see no more than token enforcement possible, with the plan's success being overwhelmingly dependent upon voluntary compliance.

DOE's savings estimate of 360,000 B/D consists of oil only. However, DOE has estimated that natural gas and coal would also be conserved by this plan since all building heating and cooling systems would be covered, not just those fueled by oil. While the coal savings are minor, the estimated natural gas savings amount to the equivalent of 205,000 B/D of oil. We believe that this additional savings should be recognized since the displacement of oil with currently available natural gas is one proposal the Administration is considering to manage the current Iranian oil shortage.

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ADVERTISING LIGHTING RESTRICTIONS

Extinguishing illuminated advertising signs appears to be primarily a symbolic gesture to raise the Nation's energy emergency consciousness. DOE estimates oil savings from this plan to be 4,000 B/D. Signs which direct customers to, or inform them of an open business are exempt from this restriction, minimizing much of the adverse impact this plan could have on motels, restaurants, etc.

DOE expects this plan to cost $3 million to administer. Given the small savings, DOE might be better off dropping this plan as a mandatory measure, saving $3 million, and then putting it forth on a voluntary basis.

PREVIOUS GAO WORK ON STANDBY CONSERVATION PLANS

During portions of 1977 and 1978 we monitored DOE's development of the conservation and rationing plans. In April 1978 we reported to the Secretary of Energy (EMD-78-59, April 27, 1978) on the results of our work. At that time DOE was still reviewing the standby conservation plans to determine which, if any, should be submitted to Congress. The plans had remained unchanged since January 1977 when DOE inherited them from the previous Administration. We urged that a decision be made on the plans and that they be sent to the Congress without further delay.

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DOE responded that an intensive analysis of the conservation plans had been completed and that one or more of the plans would be sent to Congress by the end of July 1978. DOE missed this deadline by 7 months. The plans themselves, as they now stand, remain essentially unchanged from those being considered in January 1977. While DOE has updated the plans and has conducted additional analyses of the energy and economic aspects resulting in some different cost and energy savings estimates, the fact that it has taken DOE over two years to accomplish these tasks does not speak well for the priority DOE has apparently attached to completion of these plans.

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COMMENTS ON STANDBY GASOLINE RATIONING PLAN

DOE's standby gasoline rationing plan would rely on vehicle registrations as the basis for coupon eligibility. Ration allotments would be calculated for different classes of vehicles (trucks, automobiles, motorcycles, etc.) based on average fuel consumption figures, with all passenger cars receiving the same allotment. Priority allotments would be given to essential public services, and a National and State ration reserves would be established to provide supplemental allotments where needed. DOE would permit the sale of unneeded coupons in a "white market", at prices set by market forces without Government intervention. DOE estimates that a coupon for a gallon of gasoline on the "white market" might sell for $1.22, not including the price of the gasoline.

The cost of operating the rationing plan is not cheap. DOE is requesting $53.4 million to get the plan into the position so that it could be put into effect in 90 days or less. If the decision is ever made to activate the plan, DOE would then need $350 million to get the plan into operation within 90 days, and $400 million per quarter thereafter to operate it. These costs would be paid for by a 1-1/2 cent per gallon fee on gasoline sales during the rationing period.

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DOE recognizes that rationing is a measure to be used only in an extreme gasoline shortage. In essence, rationing would be a $2 billion program designed to reduce long waiting lines at gasoline stations. It would not result in any gasoline savings, but would simply allocate available gasoline supplies among end users.

DOE also realizes that there is no such thing as a "perfect" rationing plan. Tradeoffs must be made to balance off (1) equity and (2) administrative workability and costs of implementation. DOE has made a number of such tradeoffs, both explicit and implicit, in the development of this plan. In our discussion of the plan that follows, we will bring to the Subcommittee's attention some of these tradeoffs made by DOE, so that the Subcommittee can better evaluate the plan.

AVAILABILITY OF GASOLINE FOR COMMERCIAL USE

DOE claims to have made a number of improvements in the rationing plan from the version it inherited from the previous Administration. Under the former version of the plan, commercial firms would have received gasoline allotments based on their historical gasoline usage. Under the present plan all firms, and individuals also, will get an equal amount of gasoline for each vehicle owned, regardless of historical usage. Any additional gasoline needed would have to be purchased on the "white market."

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DOE favors this approach because otherwise it would have to process approximately 10 million base-period application forms--a formidable task. A rationing formula based on historical usage would enable most firms to get higher rations of gasoline because of their higher than average historical usage. DOE estimates that under the current plan with vehicle-based ration allotments, firms will be net purchasers of extra ration rights via the "white market" from the household sector in the amount of $12.4 billion.

Comments received by DOE during the public comment period heavily favored using base period consumption as the basis for ration allotments for firms, rather than the vehicle-based system DOE has chosen. DOE recognizes that firms' expenses will increase by $12.4 billion to buy needed gasoline, but that this would be offset by $12.4 billion in additional income to the household sector from the sale of unneeded coupons.

USE OF A STATE ADJUSTMENT FACTOR

DOE estimates that automobiles would get about 53 gallons per month if rationing was imposed due to a hypothetical 20 percent gasoline shortfall. However, monthly auto gasoline consumption averages vary widely among States, from a high of 84 gallons per month in Wyoming to a low of 50 gallons in Hawaii.

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Furthermore, while DOE intends to distribute the ration allotments without regard to variations in State gasoline consumption patterns, the actual physical distribution of gasoline supplies under DOE's petroleum allocation program will be carried out initially on the basis of historical State consumption figures. Thus, nine States will receive ration allotments 10 percent or more greater than their initial supplies of gasoline, while 10 States will receive initial supplies of gasoline 10 percent or more higher than their ration allotments. DOE is relying on the "white market", administrative adjustments in the allocation system, and the State ration reserves to eventually balance out gasoline supply and demand in each State. If, however, the gasoline supplies are not delivered to where the coupons are, then people will start queuing up at gasoline stations again before supplies run out, and the benefit of the rationing program will be destroyed.

The "white market" will be a costly program for drivers in certain States. Drivers in States with historically higher than average gasoline consumption will purchase excess ration allotments at $1.22 per gallon from drivers in States with lower than average consumption rates. Questions of equity are raised here, since 11 States would each have to pay out $10 million a month or more to maintain their gasoline

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usage at 20 percent less than normal, while 10 States could cut their consumption by 20 percent and still be recipients of over $10 million a month from sales of excess allotments.

The use of a State adjustment factor, whereby vehicles would receive ration allotments based not on a nationwide average but on individual State historical consumption figures, would better match-up available supplies and ration allotments in each State and would require less reliance on the untested "white market" system. Such a plan however, would place a greater administrative burden on DOE and make the rationing plan more complicated and expensive. Moreover, discrepancies would still exist within individual States between urban and rural vehicle usage.

PREVIOUS GAO WORK ON STANDBY GASOLINE RATION PLAN

In our April 1978 report to the Secretary of Energy we had some problems with DOE's plan to rely on banks as the primary network to issue ration coupons to the public. We saw problems with DOE soliciting the cooperation and then negotiating agreements with thousands of individual banks, and with the creation of an untried management and distribution system for controlling the flow of coupons.

We suggested that DOE place primary reliance instead on the Postal Service as coupon issuance points. We believed the Postal Service would work better because of its unified nationwide management structure, the existence of 25,000

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post offices, and 320 regional facilities and its large fleet of trucks to assist in distribution.

DOE responded that an analysis of various options indicated that the use of financial institutions would be more cost effective than using the Postal Service.

However, at the time of our review, the American Banking Association opposed having banks used to issue coupons. Moreover, there is little discussion in the current plan of coupon issuance points. DOE states only that it will solicit the participation of a variety of financial institutions and other organizations. The Subcommittee may wish to obtain more details from DOE on how coupons will be distributed to the public.

In our April 1978 report, we also criticized DOE for delays in the preparation of the rationing plan. DOE, by its own calculations, currently has 6 to 8 more months work to do on the plan before it can be put in a ready status. As long as the Iranian oil shortage continues, DOE will probably attach some priority to completion of the plan. If normal Iranian production resumes, DOE may again put the plan on the back burner and several more years could pass before it is completed. Once the rationing plan is approved, the Congress should monitor DOE's continued development of the plan to make sure that further slippages do not occur.

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Alternatives to Rationing

DOE, in a section on alternatives to rationing in its regulatory analysis of the plan, briefly discussed the concept of a gasoline excise tax. The excise tax would raise the price of gasoline to the market-clearing level, thus balancing supply and demand. The proceeds from the tax would be rebated to consumers to offset the burden of the tax. According to DOE the excise tax could be achieved with much less administrative complexity than a rationing plan. As a result, an excise tax would be implemented more quickly, would cost less, and would require fewer personnel to administer.

DOE has not pursued the idea of an excise tax further because the EPCA explicitly precluded any plan from imposing a tax.