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Folder ID Number: 13759-003

Folder Title:
Edison Electric Institute Video Conference 6/4/91 [OA 8324]

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THE WHITE HOUSE
WASHINGTON

91 JUN -3 PM 6:59

June 3, 1991

MEMORANDUM FOR THE PRESIDENT

THROUGH: TONY SNOW *TS for TS*

FROM: MARK LANGE *ML*

SUBJECT: EDISON ELECTRIC INSTITUTE TELECONFERENCE

On Tuesday, June 4, at 12 noon in the OEOB TV studio, you will participate in a two-way video conference with the annual convention of the Edison Electric Institute.

You will have about four minutes of remarks, followed by two questions. Deputy Energy Secretary Henson Moore will have spoken to the conference about the National Energy Strategy prior to your appearance.

(Lange/Simon)
June 3, 1991
6:30 P.M.
[ENERVID.TS]

REMARKS FOR TELECONFERENCE: EDISON ELECTRIC INSTITUTE
O.E.O.B. STUDIO, ROOM 459
TUESDAY, JUNE 4, 1991

Thank you, Jim [Harlow, Chairman]. To you, to Secretary Watkins, who's doing an outstanding job; to the EEI hosts, and to all assembled -- I'm sorry I couldn't be there in person -- but they tell me I look bigger this way, anyway. \\
[[

And after the thyroid trouble, this way you're all protected from that dose of radioactive iodine I took. \\\]]

Well, even at a distance, it's a pleasure to offer a few words to a group vital to our nation's wellbeing. By meeting three-quarters of this nation's electricity needs safely and reliably, you help sustain our standard of living, and -- quite literally -- fuel our long-term economic growth.

As you know, increasing electricity use in the U.S. economy promotes both our economic and environmental interests. Just look at the evidence: In spite of rapid economic growth, we use 25 percent less energy per unit of G.N.P. now than we did 30 years ago. Thanks to the ever-greater efficiencies by your industry and by customers, America does more, does it better, and does it with less. And we will do even more and even better for the rest of this decade and into the next century.

I don't believe we face a stark choice between a strong economy on the one hand, and efficient energy use on the other. By the year 2010, our economy will grow by nearly 80 percent,

adding jobs for millions of Americans. Yet the amount of energy needed to create a unit of GNP will fall by more than 20 percent.

But we won't achieve efficiency by imposing new government regulations. No, we will become more efficient because of the power of the free market and the ingenuity of your engineers and scientists.

Our National Energy Strategy makes ample room for even greater "energy, efficiency, and ingenuity" by your industry. The Senate Energy Committee, with the leadership of Senators Johnston and Wallop, has done an excellent job with the legislation necessary to implement that Strategy. I understand Henson Moore has gone over the details of that legislation, and I think the bill demonstrates a genuine bipartisan commitment to balanced, realistic and comprehensive energy legislation.

I'm particularly pleased that legislation does not rely on heavy-handed regulations, such as higher CAFE levels or import fees, which would cost American jobs and hurt American consumers.

The right legislation can help ensure an energy future in which we generate more energy cleanly and efficiently -- a future in which producers and consumers will enjoy unprecedented choice and flexibility.

So through the passage of this legislation -- and with your continued efforts -- we're certain to meet America's energy needs in the years ahead: affordably, cleanly and securely.

And now I think we have time for a couple of questions.

QUESTION:

Mr. President -- we are concerned that debate in the Congress continues to focus on broad-based energy taxes as a means of raising new revenues.

Would you give us your views on the advisability and the likelihood of broad-based energy taxes, not just gasoline taxes, in the foreseeable future?

Recommendation for response:

This is a two-part question. In the first place, let me simply say that any new Federal spending programs should be paid for with cuts in other Federal spending, not tax increases.

Secondly, we already had one energy fee -- an increase in the gas tax of 5 cents -- in last fall's budget agreement. I do not favor any additional taxes beyond that. And we specifically rejected this option in the development of our National Energy Strategy.

QUESTION:

Mr. President -- we very much appreciate your support for electric vehicles, both to reduce our dependence on oil and to benefit the environment. Your experience with electric vehicles has largely been on the golf course, where we understand you play in record time.

Did you know that new electric vehicles can now go over 60 miles an hour for sustained periods of time -- and would you be interested in taking a ride on one?

Recommendation for response:

Well, Tom, given my habits with golf carts, the interests of national security suggest that nobody should let me near one of those. Still, we might be able to get away with it, if you could have them build me a Stealth model. \\

In any case, we are excited about the prospects for electric vehicles and are making a substantial commitment to bring them to the marketplace more quickly. The Department of Energy is entering into a consortium with the big three auto companies and with the electric utility industry -- to develop new batteries that will increase performance, reduce costs and reduce waste.

In fact, this year alone we will be spending \$30 million on electric vehicle development, and we've proposed a 40 percent

(Lange/Simon)
June 3, 1991
9:50 A.M.
[ENERVID.DOC]

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TUESDAY, JUNE 4, 1991

Thank you, Jim [Harlow, Chairman]. To you, to the EEI hosts, and to all assembled -- I'm sorry I couldn't be there in person -- but they tell me I look bigger this way, anyway. \\
[[And after the thyroid trouble, this way you're all protected from that dose of radioactive iodine I took. \\ \\]]

Well, even at a distance, it's a pleasure to offer a few words to a group vital to our nation's wellbeing. By meeting three-quarters of this nation's energy needs safely and reliably, you provide services crucial to our standard of living, and our long-term economic growth.

As you know, the increasing electrification of the U.S. economy brings benefits both economic and environmental.

We use less energy per unit of G.N.P than ever before. Thanks to the ever-greater efficiencies of your industries, both traditional and nuclear, America does more, does it better, and does it with less. All good reasons to expect electricity's share of our primary energy use to reach 46 percent by 2010.

So our National Energy Strategy makes ample room for the "energy, efficiency, and ingenuity" of your industries.

The Senate, with the leadership of Senators Johnston and Wallop, has done an admirable job with the legislation. I understand Henson Moore has gone over the details of that

legislation, but I'd add my hope you'll give it your full support.

It means an energy future that is more efficient, and freer of burdensome regulation -- giving both consumers and producers unprecedented choice and flexibility.

Best of all, while it calls for new generating capacity nationwide, it puts the power to make the decisions where it belongs -- in your hands.

So through this legislation -- and with your continued efforts -- we're certain to meet America's energy needs in the years ahead.

And now I think we have time for a couple of questions.

* * *

QUESTION:

Mr. President -- we are concerned that debate in the Congress continues to focus on broad-based energy taxes as a means of raising new revenues.

Would you give us your views on the advisability and the likelihood of broad-based energy taxes, not just gasoline taxes, in the foreseeable future?

Recommendation for response:

The budget agreement last fall specifically rejected that kind of taxation -- and with good reason. Such taxes are regressive, inflationary, and create regional disparities.

What's more, such taxes put us at a serious competitive disadvantage with our trading partners -- and make goods and services of every kind more expensive for Americans.

For these reasons, I continue to oppose such broad-based taxes -- and hope and believe they will be rejected by the Congress.

QUESTION:

Mr. President -- we very much appreciate your support for electric vehicles, both to reduce our dependence on oil and to benefit the environment. Your experience with electric vehicles has largely been on the golf course, where we understand you play in record time.

Did you know that new electric vehicles can now go over 60 miles an hour for sustained periods of time -- and would you be interested in taking a ride on one?

Recommendation for response:

Well, Tom, given my habits with golf carts, the interests of national security suggest that nobody should let me near one of those. Still, we might be able to get away with it, if you could have them build me a Stealth model. \\

In any case, because of their efficiency, environmental benefits, and our energy security, I hope electric vehicles will continue to be a bigger part of the picture in the years to come.

Listen, thank you all for your attention -- and now I'll let the camera people turn off all these lights. Thank you all.

THE WHITE HOUSE

WASHINGTON

SCHEDULE PROPOSAL

May 29, 1991

TO: Kathy Super
Deputy Assistant to the President for Appointments
and Scheduling

THROUGH: Dorrance Smith
Assistant to the President for Media Affairs

FROM: Barrie Tron ^{BT}
Director of Public Affairs

REQUEST: A satellite teleconference to the 59th Annual
Convention and Expo of the Edison Electric
Institute.

PURPOSE: To reiterate the Administration's priorities
outlined in the National Energy Strategy.

BACKGROUND: The Edison Electric Institute is an association of
investor-owned electric utilities whose members
generate and distribute approximately three-
quarters of the nation's energy. The convention
brings together over 2500 members from every state
and a dozen foreign countries, representing the
fields of electric and gas utilities,
manufacturing, finance and fuel supply.

The audience, most of whom have a strong interest
in energy and environmental policies, would be an
excellent forum for the President to underscore
the imperatives outlined in the National Energy
Strategy at a critical period of Congressional
consideration.

PREVIOUS
PARTICIPATION: None

DATE AND
TIME: June 3, 1991, 2:30 p.m. to 5:30 p.m.; or
June 4, 1991, 12:00 noon to 2:45 p.m.; or
June 5, 1991, early afternoon.
DURATION: 15 minutes

LOCATION: OEOB Studio, Room 459

BACKGROUND NOTES AND QUESTIONS
FOR CONSIDERATION DURING THE
PRESIDENTS VIDEO PRESENTATION TO
THE EDISON ELECTRIC INSTITUTE'S
ANNUAL MEETING
TUESDAY, JUNE 4, 1991
SAN DIEGO, CALIFORNIA

EDISON ELECTRIC INSTITUTE
CONTACT:

JOHN B. SHLAES
WORK: 202-508-5456
HOME: 301-656-8224

Thank you —

*" And now I think we have time for a
couple of questions... "*
" well, ~~that~~... "

Electricity

- A 105-year-old man was asked recently, on his birthday, to name the most important development he had seen in his long life. Without hesitation, he said: electricity.
- The importance of the industry can be seen in the many colorful expressions it has contributed to our language: electrifying, live wire, charged up, human dynamo, plugged in, well-connected....
- For 70 years, the increasing electrification of the U.S. economy has been followed by a decrease in total energy intensity. For example, from 1973 to 1989, the U.S. produced 50 percent more goods and services with only a 9 percent increase in total energy use, by using 54 percent more electricity.
- Electricity's share of primary energy use in the U.S. has grown from 27 percent in 1974 to 36 percent in 1989, and is expected to reach 46 percent by 2010.
- As electricity use increases, carbon dioxide production declines. Since 1973, CO₂ production per dollar of GNP has declined from four pounds to a little more than two pounds, due to the superior efficiency of electric technology. Nuclear energy is a dependable and proven source of electricity that produces no atmospheric emissions at all.

- The efficiency and versatility of electric technology will help the country improve its trade balance in an increasingly competitive international arena.

- Most of the energy sources used to produce electricity are domestic, which contributes to the nation's energy security.

- I congratulate you, the leaders of the electric utility industry, for the excellence you demonstrate in providing reliable and dependable supplies of electrical energy to this country.

QUESTION:

MR. PRESIDENT -- We appreciate the emphasis you and your Administration are putting on revitalization of the nuclear power option. Your National Energy Strategy is very helpful in providing guidance for our industry in continuing the development of nuclear energy. In particular, it includes specific direction for resolving the impasse on the permanent disposal of nuclear waste. It is our strong belief that DOE needs access to the Yucca Mountain site this year.

Will you join with us in pressing the Congress this session to grant that access?

RECOMMENDATION FOR RESPONSE:

I understand your sense of urgency. We must show that we can prudently move forward with this program. I will press for this issue to be resolved this session.

QUESTION:

MR. PRESIDENT -- The electric utility industry strongly endorses your position on the global climate change issue, as outlined in your "America's Climate Change Strategy: An Action Agenda," presented at the first meeting of the U.N. Intergovernmental Negotiating Committee for a Framework Convention on Climate Change (INC), held in February in Chantilly, Virginia. What will the Administration's position be during the remainder of the U.N. negotiations, and do you believe that Congress should attempt to address the global climate change issue in national legislation prior to the completion of the international process?

RECOMMENDATION FOR RESPONSE:

Our position at the international negotiations remains firm. We continue to support a policy of no targets or timetables for stabilization or reduction of greenhouse gas emissions, a comprehensive approach to addressing the issue, research to help resolve scientific and economic uncertainties, and a "no regrets" approach that focuses on cost-effective options that are justifiable in their own right.

As for congressional action, the prudent course would be

for the Congress to allow the international framework convention negotiations to be completed, and then for the Congress to use that framework convention to address any possible national program.

QUESTION:

MR. PRESIDENT -- We are concerned that debate in the Congress continues to focus on broad-based energy taxes as a means of raising significant new revenues.

Would you give us your views as to the advisability and likelihood for the enactment of broad-based energy taxes (not just gasoline taxes) for the foreseeable future?

RECOMMENDATION FOR RESPONSE:

The Budget Summit Agreement last fall specifically rejected the inclusion of broad-based energy taxes as a means of raising significant new revenue. We felt at that time that broad-based energy taxes were regressive, inflationary, and created regional disparities.

In addition, broad-based energy taxes would place the U.S. at a competitive disadvantage with our trading partners and would increase the cost of U.S. products to our citizens.

For these reasons, I continue to oppose broad-based energy taxes and believe they will be rejected.

QUESTION:

MR. PRESIDENT -- . We very much appreciate your support for electric vehicles, which will help reduce our dependence on oil and greatly benefit the environment. Your experience with electric vehicles has largely been on the golf course, where we understand you play in record time. We'd like you to know that new electric vehicles can now go over 60 miles per hour for sustained periods of time. Would you be interested in taking a ride in one?

(Please see attached for background on the benefits of electric vehicles.)

I. Advantages of Electric Vehicles

When compared with fuels currently used in the transportation sector and with other potential alternative fuels for the transportation sector, electricity and electric vehicles offer important advantages in terms of improving American energy security and air quality. Furthermore, electric vehicles promise lower operation and maintenance costs, and greater energy efficiency than current alternatives.

Energy Security. Sixty-three percent of total U.S. oil consumption is utilized in the transportation sector. This is true despite very significant advancements in vehicle fuel efficiency in the last 15 years. Use of petroleum in the United States was approximately the same in 1989 as it was in 1974 because there are more vehicles on the roads traveling more miles annually. In addition, nearly one-half of the oil used in the U.S. is imported. Much of that oil comes from the Persian Gulf region making our nation especially vulnerable to price and supply shocks.

Electric vehicles offer an effective means to begin to reduce our reliance upon foreign oil sources. And, these vehicles have the advantage of using a "fuel" that is both abundant and domestically produced.

According to the Department of Energy, electric generating capacity is available today to recharge several million electric vehicles without requiring the addition of new capacity. The DOE, in an August, 1990 study, concluded that by the period 1995-2000, more than 40 million (roughly 22% of vehicles currently registered in the U.S.) EVs and electric hybrid vehicles (EHVs) could be recharged in the United States without increasing expected capacity. (It should be noted that this projection assumes that electric vehicle re-charging will occur largely during off-peak, nighttime hours.)

The use of electric vehicles also could produce substantial oil savings. The Electric Power Research Institute (EPRI) has estimated that 1% EV market penetration would reduce oil consumption by 60,000 barrels per day. DOE has calculated that if approximately 22% of total U.S. vehicles were replaced with EVs and EHVs, nearly one million barrels of oil per day would be saved.

Environmental improvements. Electric vehicles qualify as a "Zero Emission Vehicle" (ZEV) and, to date, no other alternative fueled vehicle can be so characterized. These vehicles produce no tailpipe emissions and generate insignificant quantities of running emissions (such as emissions from braking). One of the most important environmental characteristics of EVs is that there is no emission system degradation over time, and no danger of tampering with emission controls. In fact, the only identifiable emissions attributable to EVs are those associated with the generation of the power needed to charge EV batteries.

EPRI analyses conclude that even when emissions at the powerplant are included EVs offer improvements over conventional gasoline-fueled vehicles with respect to emissions of various pollutants, including volatile organic compounds (VOCs), carbon monoxide (CO) and nitrogen oxide (NOx).

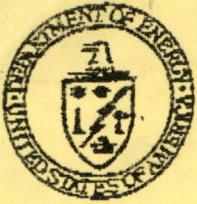
Similar positive environmental impacts may be expected in the area of greenhouse gases. The World Resources Institute has estimated that if EVs are charged by electricity produced from plants relying on the currently projected mix of fossil, nuclear and hydro generation in the year 2000, greenhouse gas emissions per mile driven would fall by 25 percent.

Other Advantages. EVs will be more efficient than conventional gasoline powered vehicles. An 1989 EPRI study concluded that even near-term EVs powered by lead-acid batteries are projected to be 25% to 40% more efficient than their gasoline counterparts.

As the World Resources Institute concluded in October, 1990:

Electric vehicles are probably the most attractive option for the next decade or two. They offer distinct climate, air pollution and security benefits. . . . Although they are expensive today, increased research on better storage methods is expected to bring down prices in the coming years.

World Resources Institute, "Reducing U.S. Reliance on Imported Oil: An Assessment of Alternative Transportation Fuels," (October, 1990.)



Department of Energy
Washington, DC 20585

91 MAY 31 All : 20

OFFICE OF PUBLIC AFFAIRS
Mary Joy Jameson, Director

DATE _____

TO BARRY TRON

FAX NUMBER 456-6218

OFFICE NUMBER _____

COMMENTS _____

FROM MARY JOY JAMESON Tom Olson

FAX NUMBER 586-9987

OFFICE 202/586-4940

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BEFORE VIDEO:

Remarks of W. Henson Moore
Deputy Secretary of Energy

before the

Edison Electric Institute's Annual Convention & Expo
San Diego, California
June 3, 1991

Good afternoon. It is important to me once again to have the opportunity to address an annual convention of the Edison Electric Institute. You are a most critical component of the energy spectrum, and we are at a very important point in action on that spectrum. We have matters more urgent than usual to discuss; therefore, I especially appreciate this time today.

But first, let me urge each of you to make time in your schedules to tour the very impressive Exhibit Hall. I visited there earlier today, and it's quite a show! Anybody who has any doubts about U.S. technology or U.S. competitiveness just needs to visit a few booths to know that American science and American know-how are as strong today as ever. And as the greatly expanded research and development program outlined in the National Energy Strategy starts to flourish, American technology will get even stronger.

The theme of this Conference -- ENERGY -- EFFICIENCY -- INGENUITY -- is most appropriate to a future of dynamic growth and successful world leadership by the United States. As I'm sure you all know -- some far more intimately than others -- the Department of Energy has spent a great part of the past two years developing within the Administration and in recent months working with Congress to implement the first edition of a National Energy Strategy for America. We believe it contains powerful ideas for the future.

In framing a comprehensive energy strategy that would work for the long-term, we relied on those most traditional American strengths -- open markets and competitive choice, free trade and focused investment in new technology. We shunned the "command and control" approach of more taxes and more government directives telling business how to operate. Quite frankly, this tax and regulate approach has failed repeatedly in the past; yet it is still much beloved in certain quarters of our political and media establishments. In fact, it is the absence of command and control measures in the Strategy that has caused most complaint among its critics.

The President's National Energy Strategy is comprehensive, long-term, and balanced. You will hear these words a lot, but they are important. The Strategy offers no quick fixes, no silver bullets. Rather, it contains some 130 broad-ranging yet complimentary action items which, when implemented over the next 20 years, will stimulate energy efficiency, increase domestic production in all energy sectors, improve environmental quality, and promote economic growth well into the future.

This afternoon, I would like to give you a preview of what that future can be. But first, let me make just a few comments on the fine work that was done by the Senate Energy Committee in crafting a bill that will be very helpful to energy. Only about 20 percent of the proposals in the NES require Congressional action, but they are important, ranging from natural gas pipeline deregulation, to nuclear licensing reform, hydroelectric licensing reform, and development of alternative fuels and technologies, including electric vehicles.

I believe the bill voted out of the Senate Energy Committee is by far the best piece of energy legislation in 20 years or longer. The bill still has a long way to go -- the toughest battles are all ahead. But Senator Johnston, and your next speaker, Senator Wallop deserve our special thanks for the truly outstanding job they have done. Senator Wallop's leadership was especially important in gaining nuclear licensing reform and exemption of small hydroelectric facilities from federal licensing.

Together, Senators Johnston and Wallop have delivered action on the entire energy spectrum -- a feat no one thought possible. Their legislation is a rare opportunity to really help the energy producers of this Nation. It deserves your strong support for passage on the Senate floor. I doubt you will ever see better.

Now, to that preview of the future . . . In less than 20 years, in the year 2010, our Strategy envisions a world in which consumers have far greater energy choice and flexibility. Less regulated, more competitive energy markets at home and expanding energy trade abroad will encourage political stability and economic growth worldwide, making possible the President's "new world order." Market dynamics will also encourage the most productive investments in terms of future energy supplies and an improving global environment.

In the year 2010, we project that real U.S. GNP will have increased by 77 percent, while our population will have grown by only 13 percent. Housing stock will be up by 25 percent and commercial floor space by one-third. Our people will be far more mobile, with the average American driving 41 percent more miles -- but in far more efficient vehicles, not necessarily powered by gasoline.

Over this same period, we expect total primary energy demand will grow by 30 percent, but electricity demand will grow by 50 percent. Electricity will play an increasingly dominant role in the U.S. economy and the American way of life in future years.

Even assuming highly aggressive and successful implementation of the Strategy's demand reduction initiatives, within 20 years the United States will still need about 200,000 megawatts of new generating capacity -- an increase of about one-third over present levels. About 85 percent of this new capacity will be baseload and intermediate capacity -- and you will be the people who must make the decisions as to when, and where, and how to provide that capacity.

The National Energy Strategy seeks to give you greater choice and predictability in making these decisions. The Strategy sets two goals for electricity: 1) To encourage efficiency and flexibility in electricity supply and demand choices; and, 2) To promote diversity of electricity technology and fuel choices. It proposes to achieve these goals through two distinct but related processes.

The first process involves the reform of statutes and regulations that no longer serve your industry or our Nation well. The second process involves research, development, and demonstration activities that result in cleaner, more economic generating technologies -- clean coal, advanced nuclear, efficient gas turbines and integrated gasification-combined cycle technology, solar, wind, geothermal, fuel cells, and hydropower.

Across the whole spectrum of energy regulation, we have problems. Over the years, as regulatory structures have grown more complex and contentious, they have operated less and less in a manner that promotes energy goals, environmental objectives, or economic efficiency. Consider, for example:

0 We use less natural gas in the United States today than we did 20 years ago, despite the fact that domestic gas is abundant, clean, and very competitively priced. Much of the problem can be attributed to an uncertain and delay-ridden regulatory regime.

0 Hydroelectric power is the cleanest, most economic form of generation -- and by far, our most commercially utilized renewable energy source. Yet today a maze of conflicting and overlapping regulatory and environmental regulations keep it from competing effectively as an electricity resource.

0 We haven't had a new order for a nuclear power plant in the U.S. in over a dozen years, and we won't -- until we achieve licensing reform and demonstrate progress in solving the political and institutional problems of nuclear waste disposal. You know this better than I.

0 The uncertainty, delays, and costs associated with state and local siting and environmental reviews of generation and transmission facilities inhibit development of new electricity resources.

The National Energy Strategy supports regulatory reform in all these areas, to reduce inefficiencies, allow greater predictability, and encourage more diversity and market choice in electric generation decisions. We are also actively pursuing the so-called "WEPCO fix" -- to reduce uncertainty in the application of advanced coal technologies at existing utility and industrial facilities.

Now, let me broach the unspeakable -- amendment of the Public Utility Holding Company Act (PUHCA) of 1935. Yes, I understand the legitimate concerns -- and the passionate emotions infusing this issue. But I also

understand that PUHCA reform is in the best interest of the Nation and, I honestly believe, of the electric power industry.

The Strategy's PUHCA reform proposal would greatly enhance nascent competition in wholesale generation markets while protecting ratepayers and shareholders. PUHCA reform will not force any utility to purchase power from anyone, including an exempt wholesale generator. Neither will it force the use of competitive procurement. It will, however, expand resource options for those utilities and state commissions which choose to make greater use of market mechanisms.

The present PUHCA legislation is 56 years old. I cannot think of one other thing that is better for NOT having changed significantly in 56 years. In fact, I cannot think of one other thing that has not changed significantly in 56 years. Those opposing the expanded options that PUHCA reform would bring are saying, in effect, that the challenges of the 21st century will best be met through rigid adherence to law and regulations enacted before most of us were even born, to address problems in an electric utility industry far different from the one we have today. I do not believe this argument can be seriously maintained.

While we are at it, let me tread on another unspeakable -- the associated question of transmission access. Many believe is the real core of the opposition to PUHCA reform. We considered this issue very carefully in developing the Strategy and concluded, frankly, that we really don't know enough to craft effective legislation at this time. The Strategy does strongly recommend, however, that utility managers themselves consider how best to structure a system that can accommodate diversity and competition without compromising reliability.

We do encourage federal and state regulators to work with the industry and to use their existing authorities to encourage transmission access for traditional utility as well as non-utility suppliers of wholesale electric power. We also support efforts by FERC to promote efficient pricing of transmission services.

Let me be very clear on the Administration's position. We believe increased access to electric transmission facilities for wholesale power buyers and sellers would increase economic efficiency, stimulate competition, and ensure that the Nation's industries, shops, and residences benefit from their local utility having access to electricity at the lowest reasonable cost. But we would like to see such progress gained through the efforts of the utility industry itself, not federal lawmakers.

Still, the issue has been joined, and support for mandated transmission access among many in the Congress is stronger than we had thought. Industry still has a window of opportunity to take the lead in developing a course of action that will serve your needs and those of the Nation. But if you fail to seize this opportunity, then others -- less knowledgeable, less experienced, and ultimately, less responsible than you -- will seize it for you. As I said at the beginning of these remarks, this Administration favors open markets and competitive choice over command and control approaches. But industry, too,

must do its part. You must show progress in moving to respond to the larger national interest.

Now let me turn briefly to the second key aspect of our National Energy Strategy -- investment in technology. Science and technology -- together with that fabled American ingenuity that you salute at this Conference -- have always held the answers to our problems and ensured our Nation's economic growth and improving quality of life. It will be no different in the future.

Over the next five years, the Department of Energy will invest \$3.5 billion in Strategy-related R&D. And we intend to leverage these funds by reaching out to industry and drawing companies into collaborative ventures with the scientists in our National Laboratories. We already have good programs in place with the Electric Power Research Institute and the Gas Research Institute. We also have substantial utility participation in our Clean Coal Technology program, and are pressing ahead with equal vigor on the nuclear side, in our Civilian Reactor Development program.

On the immediate horizon, the Department's 1992 budget requests \$314 million for advanced electricity technology R&D, an increase of 28 percent over our actual current year budget. The Solar program is up 10 percent over this year's enacted level and concentrates on photovoltaics, solar thermal, biofuels, wind, and the Solar Energy Research Institute construction project. The Geothermal program focuses on the highest payoff opportunities. We will spend \$17 million on high-temperature superconductivity in FY 1992, working through cooperative agreements among Argonne, Oak Ridge, and Los Alamos and the private sector.

The perspective and programs I have just laid out for you anticipate an America that is a strong and prosperous leader in a world community of free nations in the 21st century. Within the Department of Energy we have charted a new course to provide the energy security which will form the basis of U.S. economic growth and leadership. Our goals are more open markets, greater competition and consumer choice, and expanded energy trade worldwide. The means are regulatory reform and focused investment in innovative technologies.

In these next years, we believe electricity will be our greatest energy challenge. When Americans turn a switch, they expect the lights to come on, and at a reasonable price. Your job is to see that they are not disappointed, and we at DOE share a part of that responsibility.

The world today is clearly moving toward freedom -- free political systems, free economic systems. This industry will be no different; you must adapt to change. PUHCA reform is a part of this inevitable change, and it is going to happen. Transmission access will also increase. The real question is -- Will it happen through your decisions, or will it happen by federal edict?

I urge each of you to consider the longer-term good. Consider your customers' interests. Consider your shareholders' interests. Consider your own interests. All are served by efficient, flexible, competitive markets

that provide ample supplies of affordable electricity generated with environmentally sound technologies.

Reform, investment, innovation -- these are the keys to an ever more successful future for your industry and for our people. The National Energy Strategy now offers us a roadmap to make it happen. Work with us, as our differences in the larger scheme of things are small and our common purpose is great.

Thank you.

(Lange/Simon)
June 3, 1991
9:50 A.M.
[ENERVID.DOC]

REMARKS FOR TELECONFERENCE: EDISON ELECTRIC INSTITUTE
O.E.O.B. STUDIO, ROOM 459
TUESDAY, JUNE 4, 1991

Thank you, Jim [Harlow, Chairman]. To you, to the EEI hosts, and to all assembled -- I'm sorry I couldn't be there in person -- but they tell me I look bigger this way, anyway. \\
[[And after the thyroid trouble, this way you're all protected from that dose of radioactive iodine I took. \\\]]

Well, even at a distance, it's a pleasure to offer a few words to a group that is vital to our nation's wellbeing.

By meeting three-quarters of this nation's energy needs safely and reliably, your industries are crucial to our standard of living, and our long-term economic growth.

As you're well aware, the increasing electrification of the U.S. economy has brought benefits both economic and environmental.

We're using less energy per unit of G.N.P than ever before. Thanks to the ever-greater efficiencies of your industries, both traditional and nuclear, America is doing more, doing it better, and doing it with less. All good reasons to expect electricity's share of our primary energy use to reach 46 percent by 2010.

That's why our National Energy Strategy makes ample room for the "energy, efficiency, and ingenuity" of your industries.

The Senate, with the leadership of Senators Johnston and Wallop, has done an admirable job with the legislation. I

understand Henson Moore has gone over the details of that legislation, but I'd add my hope you'll give it your full support.

It means an energy future that is more efficient, and freer of burdensome regulation -- giving both consumers and producers unprecedented choice and flexibility.

Best of all, while it calls for new generating capacity nationwide, it puts the power to make the decisions where it belongs -- in your hands.

So through this legislation -- and with your continued efforts -- we're certain to meet America's energy needs in the years ahead.

And now I think we have time for a couple of questions.

* * *

QUESTION:

Mr. President -- we are concerned that debate in the Congress continues to focus on broad-based energy taxes as a means of raising new revenues.

Would you give us your views on the advisability and the likelihood of broad-based energy taxes, not just gasoline taxes, in the foreseeable future?

Recommendation for response:

The budget agreement last fall specifically rejected that kind of taxation -- and with good reason. Such taxes are regressive, inflationary, and create regional disparities.

What's more, such taxes put us at a serious competitive disadvantage with our trading partners -- and make goods and services of every kind more expensive for Americans.

For these reasons, I continue to oppose such broad-based taxes -- and hope and believe they will be rejected by the Congress.

QUESTION:

Mr. President -- we very much appreciate your support for electric vehicles, both to reduce our dependence on oil and to benefit the environment. Your experience with electric vehicles has largely been on the golf course, where we understand you play in record time.

Did you know that new electric vehicles can now go over 60 miles an hour for sustained periods of time -- and would you be interested in taking a ride on one?

Recommendation for response:

Well, Tom, given my habits with golf carts, the interests of national security suggest that nobody should let me near one of those. Still, we might be able to get away with it, if you could have them build me a Stealth model. \\

In any case, because of their efficiency, environmental benefits, and our energy security, I hope electric vehicles will continue to be a bigger part of the picture in the years to come.

Listen, thank you all for your attention -- and now I'll let the camera people turn off all these lights. Thank you all.