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AGA [American Gas Association] Teleconference, 10/28/91

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AMERICAN GAS ASSOCIATION TELECONFERENCE  
MONDAY, OCTOBER 28, 1991  
12:00 P.M.

THANK YOU, MIKE [BALY, PRESIDENT OF AGA]; CHAIRMAN  
BILL MCCORMICK; CHAIRMAN-ELECT DICK FARMAN. I'M GLAD TO  
BE ABLE TO JOIN YOU BY SATELLITE IN SAN DIEGO AT THE 73RD  
ANNUAL CONFERENCE OF THE AMERICAN GAS ASSOCIATION.

I'D LIKE TO TALK TO YOU TODAY ABOUT AMERICA'S ENERGY  
FUTURE -- THE INDISPENSABLE FOUNDATION FOR THE GOODS WE  
PRODUCE, THE ENTERPRISES WE LAUNCH, AND THE QUALITY OF  
LIFE WE ENJOY. WHEN THIS ADMINISTRATION DEVELOPED OUR  
NATIONAL ENERGY STRATEGY, THREE PRINCIPLES GUIDED OUR  
POLICY-MAKING: REDUCING OUR DEPENDENCE ON FOREIGN OIL,  
PROTECTING OUR ENVIRONMENT, AND PROMOTING ECONOMIC  
GROWTH. AS A PART OF OUR COMPREHENSIVE ENERGY STRATEGY,  
NATURAL GAS IS KEY TO ALL THREE.

FIRST, DECREASING OUR DEPENDENCE ON INSECURE ENERGY SUPPLIES IS A TOP PRIORITY OF THIS ADMINISTRATION. WE'RE WILLING TO PRACTICE WHAT WE PREACH: IN APRIL OF THIS YEAR, I TOOK ACTION TO PUT THE FEDERAL GOVERNMENT IN THE LEAD ON INCREASING ENERGY EFFICIENCY BY ISSUING AN EXECUTIVE ORDER THAT CALLS FOR SHARP REDUCTIONS IN FEDERAL ENERGY USE. UNDER THIS NEW MANDATE, OVERALL FEDERAL ENERGY CONSUMPTION WILL BE REDUCED BY 20 PERCENT FROM 1985 LEVELS WITHIN A DECADE. FUEL CONSUMPTION IN THE FEDERAL FLEET WILL BE PARED BY 10 PERCENT FROM CURRENT LEVELS WITHIN FOUR YEARS, AND THE FEDERAL GOVERNMENT WILL INCREASE ITS PURCHASES OF VEHICLES POWERED BY ALTERNATIVE FUELS, LIKE COMPRESSED NATURAL GAS.

CONTRARY TO GLOOMY PREDICTIONS OF THE 70'S WHEN MISGUIDED FEDERAL REGULATION CREATED NATURAL GAS SHORTAGES, WE ARE BLESSED WITH ABUNDANT SUPPLIES OF NATURAL GAS WITHIN OUR BORDERS. IN FACT, THE DEPARTMENT OF ENERGY RECENTLY REPORTED A 113% REPLACEMENT OF RESERVES FOR 1990 IN THE LOWER 48 STATES. TO ASSURE THAT SUPPLIES OF NATURAL GAS REMAIN AMPLE, WE MUST RELY ON THE LOGIC OF THE MARKETPLACE. THAT'S WHY IN 1989 WE ENACTED A LAW PHASING OUT THE LAST FEDERAL WELLHEAD PRICE CONTROLS ON NATURAL GAS -- SO THAT THE FREE MARKET COULD DO ITS WORK.

SECOND, WE ARE COMMITTED TO PRESERVING AND PROTECTING THE ENVIRONMENT. WE LOOKED TO THE INGENUITY OF THE FREE MARKET AS WE WORKED TO DEFEND OUR PRECIOUS ENVIRONMENT THROUGH ENACTMENT OF THE CLEAN AIR ACT AMENDMENTS. THE A.G.A. WAS ONE OF THE FIRST MAJOR TRADE GROUPS TO ENDORSE OUR ADMINISTRATION'S PROPOSAL FOR CLEAN AIR LEGISLATION, AND I THANK YOU FOR THAT EFFORT. AS CLEAN-BURNING NATURAL GAS IS PUT TO WORK IN GENERATING ELECTRICITY, FOR FUELING VEHICLES, FOR COOLING AND HEATING, AND SUPPLYING THE NEEDS OF THE INDUSTRY -- AMERICANS KNOW THE ENVIRONMENT STANDS TO BENEFIT.

AND THIRD, ENERGY SECURITY AND ENVIRONMENTAL PROTECTION MUST GO HAND IN HAND WITH ECONOMIC GROWTH. THAT GROWTH DEPENDS UPON OPENING NEW MARKETS AND NEW OPPORTUNITIES FOR AMERICAN INDUSTRY. A NORTH AMERICAN FREE TRADE AGREEMENT WILL PROMOTE ECONOMIC GROWTH THROUGHOUT THIS CONTINENT. YOUR INDUSTRY KNOWS WHAT I'M TALKING ABOUT. THE NORTHERN TIER OF MEXICO IS THE LARGEST SINGLE EXPORT MARKET FOR U.S. NATURAL GAS, AND WITH THIS AGREEMENT WE ARE LOOKING FORWARD TO CONTINUED GROWTH AND OPPORTUNITY.

ECONOMIC GROWTH ALSO DEPENDS UPON AN EDUCATED WORKFORCE. AMERICA'S NATURAL GAS PRODUCERS, COMPANIES AND UTILITIES ARE DOING A GREAT DEAL TO MAKE THEIR COMMUNITIES PLACES WHERE LEARNING CAN HAPPEN. YOUR "EDUCATION 2000" PROGRAM -- A TEN-YEAR, INDUSTRY-WIDE COMMITMENT TO HELPING OUR NATION REFORM ITS SCHOOLS -- IS A GREAT EXAMPLE OF THE PARTNERSHIPS NECESSARY TO INVENT A NEW GENERATION OF AMERICAN SCHOOLS. I URGE YOU AND ALL OF YOUR MEMBERS TO CONTINUE TO ENGAGE IN THE EDUCATION REFORM MOVEMENT SO THAT WE CAN PREPARE AMERICAN CHILDREN TO COMPETE AND WIN IN THE GLOBAL MARKETPLACE.

ECONOMIC GROWTH, ENVIRONMENTAL PROTECTION, ENERGY SECURITY, AND A WELL-PREPARED WORKFORCE ARE CRUCIAL TO AMERICA'S SUCCESS IN THE NEXT CENTURY. AS PART OF THE FABRIC OF DAILY LIFE IN AMERICA, YOUR COMPANIES AND EMPLOYEES CAN MAKE A DIFFERENCE. IN MANY WAYS, YOU ALREADY ARE -- AND FOR THAT, I THANK YOU.

I WISH YOU A SUCCESSFUL CONFERENCE AND BEST WISHES IN THE COMING YEAR. AND NOW I'LL TAKE A FEW QUESTIONS.

MIKE BALY: MR. PRESIDENT, OUR CHAIRMAN BILL MCCORMICK HAS A QUESTION FOR YOU.

BILL MCCORMICK: MR. PRESIDENT, WE PRAISE YOU FOR YOUR LEADERSHIP IN THE CLEAN AIR ACT AMENDMENTS PASSED BY THE CONGRESS LAST YEAR AND WE WERE PLEASED TO SUPPORT THE ADMINISTRATION'S GOALS AND THE ACT. WE APPRECIATE YOUR ADMINISTRATION'S WORK TOWARD ENACTMENT OF THE NATIONAL ENERGY STRATEGY THAT YOU PROPOSED EARLIER THIS YEAR. A.G.A. ALSO HAS BEEN SUPPORTIVE OF THIS INITIATIVE SINCE THE OUTSET. THE SENATE LOOKS LIKE IT WILL BEGIN DEBATE SOON ON THE NES. HOW DO YOU FORESEE THE DEBATE SHAPING AND YOUR ADMINISTRATION'S ROLE AS THE DEBATE UNFOLDS?

BILL, AS I SAID EARLIER, SECURING A CLEAN AND AFFORDABLE ENERGY FUTURE IS A VERY IMPORTANT OBJECTIVE OF THIS ADMINISTRATION. THAT IS WHY I AM SUPPORTING THE BIPARTISAN ENERGY BILL -- S. 1220 -- THAT SHOULD GO BEFORE THE SENATE SOON. THIS BILL INCORPORATES MANY IMPORTANT PRINCIPLES OF OUR NATIONAL ENERGY STRATEGY.

DURING THE SENATE'S DELIBERATIONS ON THIS BILL, WE WILL BE WORKING VERY CLOSELY WITH SENATORS JOHNSTON AND WALLOP TO ENSURE THAT OUR KEY PROVISIONS REMAIN INTACT. IN KEEPING WITH OUR GOAL OF INCREASED DOMESTIC ENERGY PRODUCTION, I REMAIN COMMITTED TO PROVIDING ENVIRONMENTALLY-RESPONSIBLE ~~ACCESS TO AREAS~~ <sup>ENERGY DEVELOPMENT</sup> IN ANWR. AND I WANT TO AVOID THE CRIPPLING EFFECTS OF ~~THE PROPOSED~~ <sup>EXCESSIVE</sup> CAFE STANDARDS, BECAUSE WE CANNOT SACRIFICE PUBLIC SAFETY -- AND JOBS -- ALL IN THE NAME OF FUEL EFFICIENCY MANDATES. WE NEED YOUR INDUSTRY'S HELP IN GETTING A GOOD BILL ON MY DESK -- WE ARE EXPECTING A FEW TOUGH VOTES - - BUT I AM CONFIDENT THAT THE AMERICAN PEOPLE WILL UNDERSTAND THE IMPORTANCE OF ENACTING A COMPREHENSIVE, BALANCED ENERGY BILL.

MIKE BALY: MR. PRESIDENT, OUR CHAIRMAN-ELECT, DICK FARMAN, HAS A QUESTION.

DICK FARMAN: MR. PRESIDENT, IN YOUR REMARKS YOU MENTIONED A.G.A.'S EDUCATION 2000 PROGRAM AND WE ARE ALL LOOKING FORWARD TO HEARING LATER IN TODAY'S MEETING FROM GREGG PETERSMEYER ON YOUR ADMINISTRATION'S NATIONAL SERVICE EFFORTS. WOULD YOU CARE TO COMMENT ON OTHER DOMESTIC INITIATIVES THAT YOUR ADMINISTRATION IS CURRENTLY WORKING ON OR HAS PLANS TO INTRODUCE IN THE NEXT YEAR?

DICK, WE'VE ADVANCED A BROAD, AGGRESSIVE DOMESTIC AGENDA OVER THE LAST TWO YEARS -- ONE WHICH HAS INCLUDED SUCH LEGISLATIVE SUCCESSES AS THE CLEAN AIR ACT AMENDMENTS, THE AMERICANS WITH DISABILITIES ACT, OUR CHILD CARE BILL, AND OUR HOPE BILL THAT PROMOTES TENANT MANAGEMENT AND OWNERSHIP OF PUBLIC HOUSING. WE'VE ALREADY MENTIONED OUR AMERICA 2000 EDUCATION INITIATIVE AND OUR NATIONAL ENERGY STRATEGY, AND CONGRESS RIGHT NOW IS CONSIDERING PROVISIONS OF THE ADMINISTRATION'S CRIME BILL. WE HAVE SENT UP TWO CRIME BILLS SINCE 1989, AND WE'RE JUST NOW SEEING ACTION ON THE KEY PROVISIONS. I CHALLENGED THE CONGRESS TO COMPLETE ACTION ON TWO BILLS - - THAT CRIME BILL AND OUR TRANSPORTATION BILL -- IN 100 DAYS. INCIDENTALLY, THE TRANSPORTATION BILL IS A BILL THAT WOULD STIMULATE A SLUGGISH ECONOMY AND DO IT WITHOUT BUSTING THE BUDGET AGREEMENT. BUT HERE WE ARE, ALMOST EIGHT MONTHS LATER, STILL WAITING FOR BOTH. WE NOW HAVE A CIVIL RIGHTS BILL THAT IS NOT A QUOTA BILL. IT IS FAIR AND GOOD. JUST LAST WEEK I SIGNED AN EXECUTIVE ORDER TO ENACT REFORMS IN OUR CIVIL JUSTICE SYSTEM. WE NEED LIABILITY REFORM. WE NEED TO CHECK THE RECKLESS USE OF LAWSUITS AND THE PROPENSITY FOR MORE AND MORE OUTRAGEOUS SETTLEMENTS. WE'LL BE SENDING LEGISLATION TO THE CONGRESS ON THAT VERY SOON.

BUT MOST IMPORTANTLY, WE'VE OFFERED NUMEROUS ECONOMIC REFORM PROPOSALS WHICH, IF ENACTED BY THE CONGRESS, WOULD HAVE LONG AGO PROMOTED THE ECONOMIC GROWTH THAT AMERICA NEEDS. WE'VE PROPOSED A CAPITAL GAINS TAX CUT TO CREATE MORE JOBS; PENALTY-FREE WITHDRAWALS FROM I.R.A.S FOR FIRST-TIME HOME BUYERS; MORE FEDERAL FUNDS FOR RESEARCH AND DEVELOPMENT; ENTERPRISE ZONES TO STIMULATE OUR HARDEST-HIT URBAN AREAS; THAT TRANSPORTATION BILL I JUST MENTIONED, AND INCENTIVES FOR INCREASED SAVINGS AND INVESTMENT. THROUGHOUT THE COMING LEGISLATIVE YEAR, WE WILL FIGHT TOOTH AND NAIL FOR ECONOMIC GROWTH, OPPORTUNITY AND JOBS. I REALIZE THAT'S ONLY A THUMBNAIL SKETCH OF OUR AGENDA, BUT I HOPE I'VE ANSWERED YOUR QUESTION. ONCE AGAIN, THANKS FOR THE OPPORTUNITY TO JOIN YOU TODAY. OVER AND OUT.

# # #

*I'm not relaxed  
about econ;  
Congressional panic  
that would burden econ  
& young people of this  
country w/ future debt*

**THE WHITE HOUSE****Office of the Press Secretary**

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**For Immediate Release****February 20, 1991****FACT SHEET:****THE NATIONAL ENERGY STRATEGY**

President Bush today proposed a comprehensive and balanced strategy for an energy future that is secure, efficient, and environmentally sound. The National Energy Strategy is designed to diversify U.S. sources of energy supplies and offer more efficiency and flexibility in the way energy is consumed.

The National Energy Strategy is the product of twenty months of public recommendations and Administration consideration. In developing this strategy, the Department of Energy conducted eighteen public hearings and received thousands of written comments.

With the benefit of this input, the Administration analyzed the full array of energy options and has developed a strategy that will support continued economic growth, increase energy efficiency, protect the environment, and reduce America's vulnerability to energy supply disruptions.

The Strategy is consistent with the Administration's policy of reliance on market forces. Over the next two decades, the Strategy will make the U.S. more energy efficient and enhance our competitiveness without resorting to heavy-handed regulations, taxes, or import fees that can hurt consumers and cost Americans jobs.

The Strategy acknowledges that the U.S. is part of an energy interdependent world. It is not in our interest to adopt measures that may reduce imports, but inflict severe economic or environmental damage. Therefore, the National Energy Strategy balances economic, environmental and energy security objectives.

Over the next twenty years, this balanced approach to production and conservation will power a larger U.S. economy while using less energy. At the same time, the U.S. will produce more of the energy it uses. The National Energy Strategy by the year 2010 will:

- o reduce domestic oil demand by 3.4 million barrels per day, below projected levels.
- o increase domestic oil production by 3.8 million barrels per day above projected levels. ✓
- o increase the electricity produced from renewable sources, such as solar, hydropower, and geothermal by 16 percent.
- o raise the use of alternative transportation fuels, such as compressed natural gas, ethanol and methanol, thereby reducing the need for approximately 2.0 million barrels of oil per day.
- o reduce growth in electricity demand by over 10 percent, by unlocking market forces through elimination of costly regulation, thereby saving consumers approximately \$27 billion in electricity costs in the year 2010.

The Strategy will also benefit the environment. Proposals to increase the use of clean coal technology, natural gas, and nuclear energy to generate electricity, as well as the development of new energy efficient technologies will:

- o hold U.S. emissions of greenhouse gases by the year 2000 at or below 1990 levels.
- o improve air quality by reducing emissions of pollutants that contribute to acid rain and smog.
- o mitigate solid waste problems by reducing coal ash waste 25 million tons per year, and by lowering coal cleaning wastes by 50 million tons per year.

The Strategy incorporates and complements a number of Bush Administration initiatives. These include (1) the 1990 revisions to the Clean Air Act; (2) natural gas well-head decontrol legislation; (3) incentives provided to domestic renewable and fossil energy producers in fiscal year 1991 budget agreement; (4) the energy research and development initiatives announced in the President's FY 92 budget; (5) the Administration's domestic energy supply and demand measures adopted in response to the Iraqi oil disruption; and (6) the Administration's science and mathematics education initiatives.

To meet the challenges ahead, the National Energy Strategy calls on Federal, State, and local governments to work together to encourage energy conservation and new energy production through reduced regulation and streamlined licencing procedures, particularly in the natural gas, oil and gas pipeline and hydropower areas. At the Federal level, the Administration

intends to lead by improving the energy efficiency of federal buildings, federal housing and accelerating the purchase of alternative fuel vehicles for the federal fleet.

### INCREASING ENERGY AND ECONOMIC EFFICIENCY

#### Transportation Efficiency

##### Highlights

The National Energy Strategy will increase transportation efficiency by:

- o requiring centrally-fueled fleets to purchase vehicles capable of using alternative fuels, such as compressed natural gas, ethanol and methanol.
- o increasing Federal purchases of alternative fuel vehicles.
- o increasing the Corporate Average Fuel Economy credit that automakers currently receive for producing alternative fuel vehicles.
- o promoting State and local government and private-sector programs that offer a "bounty" for scrapping older, high pollution, gas guzzling cars.
- o increasing use of public transit, vanpooling and ridesharing by raising the limit on tax-free commuter subsidies that employers can give employees.
- o proposing to invest a Federal share of up to \$150 million from FY 92 to FY 96 in a new research program with the automobile industry to accelerate the development of electric vehicles.
- o accelerating R&D in new energy efficient technologies, including high performance aircraft engines, vehicle propulsion systems, MAGLEV and high-speed rail and by widely implementing Intelligent Vehicle/Highway systems.

These measures are projected to save the equivalent of 3.0 million barrels of oil per day by 2010 without the harmful effects of higher taxes, oil import fees, or unjustifiable CAFE levels. The Administration has commissioned an independent study by the National Academy of Sciences on feasible fuel economy levels. The number of passenger miles driven is estimated to increase by 60 percent by 2010; however, under the Strategy the volume of gasoline purchased by consumers is projected to fall by 13 percent.

## Electricity Generation and Efficiency

### Highlights

The National Energy Strategy will raise electricity efficiency by removing barriers to greater competition that currently raise the cost of electricity and by encouraging energy efficient investments by utilities and consumers: ✓

- o amending the Public Utility Holding Company Act (PUHCA) to allow power suppliers to build, own and operate power facilities in more than one area.
- o supporting state and utility efforts to invest in energy efficiency as an alternative to power plant additions (Integrated Resource Planning).
- o reforming the Public Utility Regulatory Policies Act (PURPA) to modify size and fuel use restrictions for small power producers.
- o providing tax-free treatment of utility discounts on consumers' electricity bills for efficiency investments.
- o expanding access to electricity transmission for utility and non-utility wholesale buyers and sellers.
- o reducing Federal subsidies for the debt of Federal Power Marketing Administrations.

These measures are projected to reduce electricity demand growth by over 10 percent in 2010 and save consumers \$27 billion in electricity costs in the year 2010.

## Residential and Commercial Building Efficiency

### Highlights

The National Energy Strategy will raise efficiency levels for residential and commercial buildings by:

- o accelerating R&D for building technologies by increasing Federal funding to \$55 million in FY 92, a 22 percent increase.
- o encouraging providers of home mortgages to share energy efficiency ratings with prospective home buyers.
- o setting cost-effective energy efficiency standards for appliances and equipment as provided under current law.
- o expanding energy efficiency labeling programs to include

certain other equipment including light bulbs.

- o develop and encourage the use of cost-effective building efficiency standards.

These measures will reduce building energy demand. The amount of floor space in malls, office buildings, and other commercial building is projected to grow by 57 percent, but the energy needed to heat, cool, and light that space will grow by less than half that amount. In the year 2010, the U.S. is forecast to have 24 percent more occupied housing than today, but will use only 10 percent more energy to service that housing.

### Industrial Energy Efficiency

#### Highlights

The National Energy Strategy will raise industrial energy efficiency by:

- o increasing research and development for industrial waste reduction and recycling.
- o encouraging the use of industrial energy audits at the state and local level.
- o modifying existing regulation where needed to ensure that the use of waste minimization technologies is not discouraged.

By the year 2010, industrial output is projected to grow 80 percent; yet if the Strategy is implemented, the United States is projected to use only 27 percent more energy to power our factories, plants, mills, and similar facilities. In addition, the negative environmental impacts of industry will decline.

### SECURING FUTURE ENERGY SUPPLIES

#### Securing Petroleum Supplies

##### Highlights

The National Energy Strategy will reduce our vulnerability to oil supply disruptions by:

- o encouraging oil production in other countries outside the Persian Gulf.
- o expanding worldwide strategic petroleum stocks available to offset future oil supply disruptions, including our

### Strategic Petroleum Reserve.

- o expanding joint Federal/private investment in advanced oil recovery technology by increasing Federal funding in FY 92 by 24 percent to \$52 million.
- o providing environmentally responsible access to areas of the coastal plain of ANWR and resolving technical and regulatory barriers to greater Alaska North Slope oil development.
- o allowing environmentally responsible access to Outer Continental Shelf areas, consistent with the President's decision last year.
- o deregulating oil pipelines in competitive markets.
- o increasing production of California heavy oil and allowing access to export markets.
- o evaluating the refining sector's ability to meet future demand for a variety of liquid fuels.

These measures will increase domestic oil production by up to 3.8 million barrels per day in 2010, and raise economically recoverable resources by 25 to 70 billion barrels.

### Securing Natural Gas Supplies

#### Highlights

The National Energy Strategy will promote domestic and international natural gas production by:

- o streamlining gas pipeline construction reviews and developing more efficient environmental review procedures.
- o deregulating pipeline sales rates in competitive markets and reforming gas pipeline rate designs.
- o supporting environmentally responsible exploration and development in certain offshore areas, consistent with the President's OCS decision last year.
- o improving third party access to gas pipeline transportation services.
- o eliminating certain import/export regulations on natural gas.
- o expanding use of natural gas in alternative fuel vehicles.

These measures are projected to save up to 600,000 barrels of oil

per day by 1995, and increase natural gas consumption by almost 1 trillion cubic feet in 2000. Residential consumers are projected to save \$200 million in 2000 and \$850 million in 2010 in reduced costs.

### Securing Future Coal Supplies

#### Highlights

The National Energy Strategy will promote the use and export of clean coal resources by:

- o accelerating use of clean coal technology through Federal and State regulatory incentives.
- o clarifying the applicability of the Clean Air Act to refurbished power plants.
- o creating favorable export markets for U.S. coal and coal-burning technologies.
- o removing barriers to constructing coal slurry pipelines.
- o pursuing research and development on environmental protection during mining.

These measures will allow the U.S. coal industry to capture a major share of the growing international coal and coal technology markets, while improving our ability to more cleanly and efficiently utilize the large U.S. supplies of low cost coal.

### Securing Nuclear Power

#### Highlights

The National Energy Strategy will promote the ability of nuclear power to meet electricity needs by:

- o reforming and streamlining the nuclear plant licensing process, as well as the process for siting and licensing of waste facilities.
- o developing standardized designs for "next generation" power plants, so that the licensing process is not delayed and financial risks are reduced.
- o accelerating research and development of "next generation," passively safe design nuclear reactors.

These measures will enhance the ability of nuclear technology to meet electricity needs by reducing costs and increasing safety and reliability. Nuclear power production could increase by 10

percent over levels otherwise projected for the year 2010.

### Securing Renewable Resources

#### Highlights

The National Energy Strategy will promote the development and use of renewable resources by:

- o extending the current investment tax credit for renewable energy technologies through 1992.
- o streamlining hydropower licensing processes at existing dams and eliminating unwarranted Federal regulation of small hydropower projects.
- o amending PURPA to encourage renewable power production by small power producers.
- o supporting conversion of municipal solid waste to energy as part of a comprehensive waste management strategy.
- o developing cost-competitive liquid fuels from non-food crops with new research and development support.

These measures will increase electricity generation from renewables by 16 percent in 2010. In addition, they would reverse the losses of hydropower generation capacity and increase fuel and technology choices for transportation.

### Securing Fusion Technology

The National Energy Strategy will intensify international collaboration in fusion research and focus investments in magnetic and inertial confinement reactor concepts.

Through these efforts a demonstration plant could be developed by 2025 and an operating commercial plant could cost-effectively supply power by 2040.

### Enhancing Research and Development for Energy Security

The National Energy Strategy includes a major commitment to advanced energy technology. The FY 92 budget includes \$903 million, or 34 percent above 1991 levels, for increased investments in support of National Energy Strategy research and development initiatives. ✓

To ensure that research and development efforts pursue useful goals and result in ultimate commercialization of technologies, these initiatives will utilize industry cost-sharing and will be carried out as joint government-industry programs. In addition,

a national awards program will be created, offering prizes for energy-related innovations that meet specific technological challenges.

Major research initiatives include: advanced transportation fuels from biomass, vehicle propulsion technologies, electric vehicle technology, aeronautical technologies, high speed rail and magnetic levitation, intelligent vehicle/highway systems, telecommuting, air traffic control, advanced oil recovery technologies, industrial technologies, and advanced light water nuclear reactors concepts.

By 2030 these research and development initiatives could save between 5 million and 8 million barrels per day of oil equivalent.

#### ENERGY AND THE QUALITY OF AIR, LAND AND WATER

##### Highlights

The National Energy Strategy will enhance environmental quality by:

- o increasing the use of natural gas, renewable energy sources, and alternative fuels.
- o improving energy impact assessments in federal regulatory proceedings.
- o developing model programs for energy facilities siting.
- o minimizing waste from energy production, transformation, and use.

These measures, in conjunction with the Clean Air Act Amendments, are projected to reduce sulphur dioxide emissions by 40 percent, nitrogen oxides by 30 percent, and volatile organic compounds emissions by 25 percent from projected levels by 2030. In addition, they will improve the economics and efficiency of environmental compliance, which currently costs over \$100 billion per year and is rising.

#### ENERGY AND THE GLOBAL ENVIRONMENT

The National Energy Strategy and previous Bush administration actions, coupled with ongoing Federal research aimed at reducing scientific uncertainty on the potential for global climate change, will reduce greenhouse gas emissions and demonstrate U.S. international leadership on this issue.

In 2000, U.S. greenhouse gas emissions are projected to be at or below their 1990 levels, despite steady increases in U.S.

economic growth.

**FORTIFYING FOUNDATIONS: Science and Engineering Research, Technology Transfer, Science and Math Education**

The National Energy Strategy will continue the administration's commitment to science and engineering research, technology transfer, and science and math education by:

- o increasing the Federal investment in the nation's basic science research portfolio to over \$12 billion in FY 92.
- o re-aligning Federal research and development priorities to better serve National Energy Strategy goals.
- o ensuring the viability of world class U.S. facilities and pursuing international agreements to support high-cost facilities.
- o increasing industry participation in research and development and commercialization.
- o protecting intellectual property rights.
- o promoting technology exports.
- o promoting the Administration's commitment to math/science education through, for example, strengthened curriculum; Federal technical assistance and training for teachers; and broadened public science literacy programs.

**LEGISLATIVE PACKAGE**

A legislative package to implement National Energy Strategy measures that require statutory change will be transmitted to Congress shortly. As an addition to that legislative package, the Administration will propose bringing the Federal Energy Regulatory Commission (FERC) into the Department of Energy.

91 OCT 22 P 6 : 19

Date: \_\_\_\_\_

Time: \_\_\_\_\_ : \_\_\_\_\_

**THE WHITE HOUSE**  
*Office of Policy Development*

**FAX COVER SHEET**

TO: Mary Kate Grant  
Speechwriting

Phone: ( ) \_\_\_\_\_

FAX: ( ) 6218

FROM: Jeresa Gorman

Phone: (202) 456-6554

Pages following cover sheet = 2

X 6218

**MIKE BALLY:**

**MR. PRESIDENT, OUR CHAIRMAN BILL MCCORMICK HAS A QUESTION FOR YOU.**

**BILL MCCORMICK:**

**MR. PRESIDENT, WE PRAISE YOU FOR YOUR LEADERSHIP IN THE CLEAN AIR ACT AMENDMENTS PASSED BY THE CONGRESS LAST YEAR AND WE WERE PLEASED TO SUPPORT THE ADMINISTRATION'S GOALS AND THE ACT. WE APPRECIATE YOUR ADMINISTRATION'S WORK TOWARD ENACTMENT OF THE NATIONAL ENERGY STRATEGY THAT YOU PROPOSED EARLIER THIS YEAR. A.G.A. ALSO HAS BEEN SUPPORTIVE OF THIS INITIATIVE SINCE THE OUTSET. THE SENATE LOOKS LIKE IT WILL BEGIN DEBATE SOON ON THE NES. HOW DO YOU FORESEE THE DEBATE SHAPING AND YOUR ADMINISTRATION'S ROLE AS THE DEBATE UNFOLDS?**

**BUSH ANSWER:**

Securing a clean and affordable energy future is a very important objective of this Administration. That is why I asked Admiral Watkins to develop the National Energy Strategy, and that is why I am supportive of S. 1220, the bipartisan energy bill now being considered by the Senate. This bill incorporates many important principles of the National Energy Strategy.

During the Senate's deliberations on this bill, we will be working very closely with Senator Johnston and Senator Wallop to ensure that the key components of the legislation remain intact. There are many provisions in the NES, such as further deregulation of natural gas, which will increase domestic energy production and energy efficiency. While we are expecting a few tough votes, I am confident that the American people will understand the importance of enacting a comprehensive and balanced energy bill. I hope that the natural gas industry will help in this important objective.

Teresa Gorman  
Room 227

MIKE BALLY:

MR. PRESIDENT, OUR CHAIRMAN,

BILL MCCORMICK:

6554

MR. PRESIDENT, WE PRAISE YOUR

AMENDMENTS PASSED BY THE CONGRESS ON THE NATIONAL ENERGY  
SUPPORT THE ADMINISTRATION'S GOALS AND THE ACT. WE APPRECIATE YOUR  
ADMINISTRATION'S WORK TOWARD ENACTMENT OF THE NATIONAL ENERGY  
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SHAPING AND YOUR ADMINISTRATION'S ROLE AS THE DEBATE UNFOLDS?

BUSH ANSWER:

**MIKE BALLY:**

**MR. PRESIDENT OUR CHAIRMAN EFFECT DICK FARMAN HAS A QUESTION FOR  
DICK FARMAN:**

**MR. PRESIDENT, IN YOUR REMARKS YOU MENTIONED A.G.A.'S EDUCATION 2000  
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INITIATIVES THAT YOUR ADMINISTRATION IS CURRENTLY WORKING ON OR HAS  
PLANS TO INTRODUCE IN THE NEXT YEAR?**

**BUSH ANSWER:**

# A.G.A. Teleconference Event

MIKE BALY:

MR. PRESIDENT OUR CHAIRMAN, FLOTT NICK FARMAN HAS A QUESTION FOR  
DICK FARMAN:

MR. PRESIDENT, IN YOUR REMARKS YOU MENTIONED A.G.A.'S EDUCATION 2000 PROGRAM AND WE ARE ALL LOOKING FORWARD TO HEARING LATER IN TODAY'S MEETING FROM GREGG PETERSMEYER ON YOUR ADMINISTRATION'S NATIONAL SERVICE EFFORTS. WOULD YOU CARE TO COMMENT ON OTHER DOMESTIC INITIATIVES THAT YOUR ADMINISTRATION IS CURRENTLY WORKING ON OR HAS PLANS TO INTRODUCE IN THE NEXT YEAR?

~~BUSH ANSWER:~~

To all Speechwriters:

Dan asked that I circulate this FYI.

Attached is :

A: DPC's draft response, with their check-marks as to which is most important initiatives. NOTE: Not fact-checked (bordering on incorrect in some parts!)

B: My re-work, which has been staffed.

Enjoy!

- Mary Kate

# A: DPC's suggested response:

## A SAMPLING OF SOME OF THE ADMINISTRATION'S DOMESTIC POLICIES

The President has advanced a broad, progressive domestic agenda. Congress has either been unwilling or unable to engage us on the specifics of these ideas. Illustrative of this point is the fact that the President challenged the Congress to complete action on just two bills, transportation and crime, in 100 days, ~~but Halloween will mark eight months since that challenge and the President has been offered tricks but no treats from the Congress.~~

Congress still has not acted 8 months later.

A selection of domestic policy proposals include:

- America 2000: Building on the national goals agreed to by the President and the nation's governors at the Education Summit in 1989, the President's America 2000 strategy will improve our nation's education system by rebuilding it from the ground up. In addition to creating new schools and emphasizing the five core subject areas, the plan calls for giving parents a choice in the children's education.
- ✓ -- National Energy Strategy: Developed after undergoing an intensive examination by government experts, the NES proposes the best course for our nation's energy development and conservation.
- ✓ -- Crime: For the second year in a row, the President introduced a tough crime bill, ~~(why would he intro. 2 yrs. in row?)~~ In addition to reforming the federal death penalty, the bill would change technicalities that under current law allow people who commit crimes with guns to escape punishment.
- ✓ -- Transportation/Infrastructure: The President submitted an ambitious proposal for renovating our nation's infrastructure which would put more of the decision-making to states and local communities. The legislation has moved through Congress picking up \$500 million in special projects along the way.
- ✓ -- Civil Rights: The President introduced a bill (when?) that will toughen our civil rights laws without resorting to unfair quotas. Negotiations continue with the Congress on the final composition of this legislation.
- Enterprise Zones: Enterprise zones have been proven successful everywhere but in the Congress where their fate continues to be stalled.
- Banking: Our current banking laws were written in the 1930's. Noting that the nation's banking system

? - MK says "what?"

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urgently needs reforms, the President has asked Congress to create competition and diversity in order to strengthen and protect the system against further degradation.

-- Civil Justice Reform: We are by far the most litigious society in the history of the world. Our quickness to sue has burdened the economy and the President has proposed over 50 reforms to bring back sensibility without reducing the rights of anyone to seek redress by the courts.

✓ -- Economic Growth: The President has offered numerous economic reform proposals which, if enacted by the Congress, would have long ago stimulated the economy beyond its current rate of growth. The President has suggested:

- incentives for investment
- incentives for increased savings
- tax credits for research and development
- more federal funds for research and development

The President also supports extension of unemployment benefits for 10 weeks provided they have the required budgetary offset.

o We already have a record of achievement we can be proud of:

-- Clean Air Act: We broke the 10 year-old logjam with a creative new market-based approach to cleaning our air.

-- Americans with Disabilities Act: First major rights bill for the disabled.

-- Child Care: First federal child care bill.

-- HOPE: Our approach gives people power over their lives ?  
.does what?

-- Drugs: We are turning the tide in the drug war. ?

-- 1990 Farm Bill: The President signed a five year reauthorization bill which continues the market orientation principles important to agriculture's future.

B: MK's suggested response

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ANSWER: Dick, we've advanced a broad, aggressive domestic agenda over the last two years -- one which has included such legislative successes as the Clean Air Act Amendments, the Americans with Disabilities Act, our Child Care bill, and our HOPE bill that promotes tenant management of public housing.

Looking ahead, we've already mentioned our America 2000 education initiative and our National Energy Strategy, and Congress is right now considering provisions of the Administration's tough crime bill -- a bill that we sent to the Congress two years in a row before we saw any action on it. You may remember that I challenged the Congress to complete action on just two bills -- that crime bill and our transportation bill -- in 100 days. But here we are, eight months later, still waiting for both.

We've also proposed a civil rights bill that will toughen our civil rights laws without resorting to unfair quotas. Just last week I signed an Executive Order to enact reforms in our civil justice system, and we'll be sending legislation to the Congress on that very soon.

But most importantly, we've offered numerous economic reform proposals which, if enacted by the Congress, would have long ago promoted the economic growth that America needs. We've proposed a capital gains tax cut to create more jobs, more federal funds for research and development, enterprise zones to stimulate our hardest-hit urban areas, and incentives for increased savings and investment. Throughout the coming legislative year, we will

fight tooth and nail for economic growth, opportunity and jobs.  
I realize that's only a thumbnail sketch of our agenda, but I  
hope I've answered your question. Once again, thanks for the  
opportunity to join you today. Over and out.

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