On April 20, 1977, President Carter presented to the Congress and the American people the Nation's most complex and comprehensive National Energy Plan. The plan was devised to cope with an upcoming crisis brought about by our growing consumption of fuels that are becoming increasingly scarce and costly. It is a balanced plan that relies on largely voluntary measures and higher prices to reduce consumption of increasingly scarce supplies of petroleum and natural gas, conversion to coal and nuclear energy, and the development of alternate energy sources. It applies to all energy consuming sectors, from private homes to transportation and industrial uses, and embraces all conventional energy sources and those likely to be developed in the future. Included are petroleum, natural gas, coal, nuclear energy, hydropower, solar, geothermal, biomass conversion, and other exotic sources. The President fully committed the power of his office to informing the American public of the severity of the energy situation and to the early enactment of legislation required to implement his plan.

GOALS:

The specific goals for 1985 of the National Energy Plan (NEP) are:

- To reduce the annual growth rate in our energy demand to less than 2 percent (from an average compound growth rate of 3.5 percent in the 1950–73 period)
- To reduce gasoline consumption by 10 percent (currently 7 million barrels daily)
- To cut imports of foreign oil to 6 million barrels per day (BPD), less than half the level it would be if we did not conserve (crude oil and product imports averaged 9.3 million BPD in the first three months of 1977 and 7.3 million BPD during 1976)
- To establish a strategic petroleum reserve of 1 billion barrels
- To increase coal production by more than two-thirds, to over 1 billion tons a year (production in 1976 was 685 million tons)
- To insulate 90 percent of American homes and all new buildings
- To use solar energy in 2.5 million homes.

STRATEGY:

The short term objective of the NEP is to reduce oil import dependence and limit the impact of potential supply interruptions.

In the medium term, the objective is to adjust consumption to the eventual decline in world oil supplies caused by production capacity limitations and alternate energy substitution capacities.

The long-term objective is to develop renewable and essentially inexhaustible alternative sources of energy.

The key strategies to achieve these goals and objectives are:

- conservation
- conversion
- research and development.

The cornerstone of the NEP is energy conservation, to be achieved through rational pricing to discourage energy use and improved energy efficiency to reduce waste and loss. The conservation program is based upon energy pricing and tax policies that will make energy prices reflect true replacement costs and subsidies or other incentives to encourage residential and industrial users to insulate buildings and take other energy saving steps.

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