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BEFORE SENATE INTERIOR AND INSULAR AFFAIRS COMMITTEE,
REGARDING ENERGY CONSERVATION, AUGUST 1, 1973.

Mr. Chairman and Members of the Committee:

It is a pleasure to appear this morning to discuss the "National Fuels and Energy Conservation" bill (S. 2176) as it relates to the Department of Transportation and the Department's role in developing energy conservation policies.

The transportation sector of our economy accounts for more than 25 percent of the energy consumed in this country each year and for more than half the domestic consumption of petroleum. The two leading consumers in the transportation sector are highway vehicles, which use approximately 75 percent of the energy consumed directly within the transportation sector, and aircraft, which use approximately 10 percent.

As these energy consumption figures indicate, reduction of the transportation sector's demand for petroleum-based fuels must be an important part of any energy conservation program. This is where the Department of Transportation is directing its efforts.

Secretary of Transportation Brinegar has identified energy conservation as one of the Department's priority concerns for the next year. The Department's pursuit of this long-term goal will be along several lines to reduce the amount of fuel used by the surface and air modes of transportation: (1) measures to immediately reduce fuel consumption in the transportation sector as it is now structured; (2) measures to increase the use and availability of a more economically efficient mode, which should result in more efficient use of energy; and (3) research and development of techniques to reduce the fuel consumption by the transportation sector of the economy.

I would like briefly to address each of these approaches in turn. First, the Department is taking certain steps in response to the immediate need to save gasoline. In the aviation sector, we have asked the air carriers, through the Air Transport Association of America, to assist in the energy conservation effort and to consider two specific actions: (1) reduction of schedules to increase load factors and to reduce the total number of aircraft operations; and (2) reduction of enroute cruise speeds. We already have had an encouraging response from the aviation industry. In addition, the Department last month filed with the Civil Aeronautics Board a petition urging that the Board encourage the carriers to unilaterally reduce capacity. If the Department's proposal is adopted, it would reduce

the number of long-haul flights, and result in more efficient use of jet fuel.

Also, pursuant to the President's Energy Message of June 29, as a step to conserve fuel used by the existing fleet of vehicles, we are working with the states to reduce highway speed limits in a manner consistent with safety and efficiency. Immediate gas savings can be realized if the public reduces its driving speed on high-speed highways, either voluntarily or pursuant to the desired changes in state laws. For instance, some automobiles traveling at 50 miles per hour use 20 to 25 percent less gasoline per mile than the same cars traveling at 70 miles per hour.

While we are taking certain steps to meet immediate shortages, we are frankly in the early stages of formulating long-term policies. We need to improve estimates of fuel savings which could be achieved by the various measures that have been proposed and give careful consideration to any trade-offs between energy conservation and other national objectives, such as auto safety, improved air quality, and a healthy balance of payments position.

In conjunction with other Federal agencies we are analyzing and evaluating a number of proposals, including the proposal in S. 2176 to establish and enforce fuel consumption standards. Among other options under study are a graduated automobile excise or automobile

licensing tax and an increase in the Federal excise tax on gasoline. However, before we would propose or endorse legislation calling for any specific Federal action, we would want to make further progress in evaluating the impacts, the need, and the potential effectiveness of any regulatory, enforcement or incentive mechanism. There are a number of questions for which we do not yet have answers. These include the following: What changes in fuel consumptions will be needed and over what time frame? If, as it appears, the percentage of persons purchasing the more energy-efficient cars continues to increase, will this bring about a sufficient reduction in consumption? How extensive would either regulatory or incentive measures have to be in order to effect the desired change in fuel consumption? What would be the consequences of any additional measures on our fiscal, environmental and safety policies?

The second element of the Department's energy conservation program is the development of legislation which will make more efficient use of transportation resources with the secondary effect of reducing the amount of energy resources needed per unit of output. For instance, we are well along in developing our regulatory reform bill which should increase the efficiency of the railroad industry. To the extent cargo is carried by rail, and not motor carrier, this

should reduce the rate of growth in petroleum consumption for intercity freight traffic. We have also submitted legislative proposals to free the water freight carriers from the various legal restrictions which impede the efficiency of barge line operations.

The highway-public transportation legislation which the House and Senate Conferees recently agreed to would increase the Federal investment in mass transit by making a portion of the Highway Trust Fund available for mass transit capital investments beginning in fiscal year 1976 and by authorizing \$3 billion for the next three fiscal years for the Urban Mass Transportation Administration's grant program. We strongly support such a step, which should lead to a reduction in energy consumption.

Other Federal programs contribute to the reduction of energy consumption. For instance, the Department, through the Federal Highway Administration, makes funds available for exclusive bus lanes and fringe parking facilities. In addition, the Environmental Protection Agency is developing transportation control strategies needed in many metropolitan areas to meet the national ambient air quality standards pursuant to the Clean Air Act of 1970. In many instances, these strategies include steps designed to reduce the use of automobiles in order to reduce air pollution. Such actions, of course,

will also reduce energy consumption.

The Department's third line of attack on the energy problem is research and development. Because highway vehicles consume such a large fraction of energy, our R&D program has placed high priority on increasing the efficiency of these vehicles. Several engine types have been identified which may have advantages in fuel consumption over the present internal combustion engine. The Department's continuing to work with the Environmental Protection Agency to assess the prospects of these engines. We are evaluating problems associated with the possible mass production of the gas turbine and the Rankine cycle engines, while EPA is sponsoring the prototype development of these engine types.

One of our R&D programs, "automotive energy efficiency," has two principal elements. The first, "fuel economy technology," is designed to provide information about the state-of-the-art of technology available to the automobile and truck manufacturers to reduce fuel consumption, the costs and performance trade-offs involved, and the time needed to make necessary changes in the production process. The second principal element of "automotive energy efficiency" is the exploratory development of the kinds of high-performance, advanced batteries that are needed to make electric vehicles a viable option.

Possible battery types include sodium sulfur and lithium sulfur. This work will be accomplished in cooperation with other agencies, principally the National Science Foundation. The Department's main interest is to determine whether, as a practical matter, the high-performance batteries can meet the requirements of a unique spectrum of highway vehicles.

Now, I would like to discuss the provisions in S. 2176 which relate to developing standard testing procedures and to the Department of Transportation. Section 9 would direct the Secretary to establish minimum fuel consumption standards for all motor vehicles sold in, or for use in, the United States after the standards take effect. All vehicles would be required to meet the standards within 5 years. The same section provides that, within 18 months of enactment of this legislation, there would have to be affixed on all vehicles sold in or for use in the United States a label showing the vehicle's degree of fuel utilization. All advertisements for the sale of vehicles would also be required to contain this information.

We do not support legislative initiatives, such as provisions in section 9 of the bill, that would direct the Secretary to establish and enforce minimum fuel consumption standards for motor vehicles. Our opposition is based on the belief that at present we do not know enough about the long-term fuel consumption problem to be sure of

what type of regulatory authority we shall need. Nor do we know how certain measures would affect the demand for fuel, or which ones would be the most effective (that is, would regulation of new vehicles' fuel consumption be best, or tax incentives or penalties, or restrictions on operations?) It may also be that the promising trend of smaller, fuel efficient cars gaining an increasing share of the new car market will continue so as to obviate the need for regulatory action. Small cars now account for some 42 percent of new car sales. We also should understand more fully the relationship between certain regulatory authority and the trade-offs with other national concerns. We are sure the Committee will agree that these are important questions. We trust the Committee will agree that they should be answered more clearly before a legislative decision is made concerning new regulatory authority.

We favor the objective of the provisions in S. 2176 intended to provide buyers with information essential to their making an informed purchase decision. We do not think, however, that such legislation is needed at this time. We believe that the effort being undertaken by the Environmental Protection Agency to make available to the public fuel economy data on 1973 cars and on 1974 model prototypes will be a major step in the desired direction. EPA is also enlisting the cooperation of industry to indicate the degree of fuel use on labels on new cars in the showrooms. In light of these initiatives, we would prefer to see whether

the voluntary approach works before undertaking any mandatory program along the lines contemplated in the bill.

Finally, section 13 of S. 2176 directs the Council on Environmental Quality to prepare and submit studies regarding the impact of fuel consumption on freight transportation and the relationship between motor vehicle size, needs of motor vehicle users and the public interest. These issues are important to the Department and therefore, if there are to be such studies, it would be preferable for the Department to conduct them.

Mr. Chairman, this concludes my testimony. I will be happy to answer any questions you and members of the Committee may have.

