

TO: Mitch

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From: Robert S. Kallen

FACT SHEET ON THE REAGAN ENERGY PLAN

1. The White House is pushing for expanded reliance on nuclear energy, even though a host of unresolved safety, reliability, and waste-disposal problems make nuclear energy ever less economic. Rather than allowing the market to decide the case of nuclear power, however, the Administration is seeking to subsidize it directly by allocating public funds and indirectly by relaxing safeguards aimed at protecting the public health and safety. At the same time, President Reagan is withdrawing virtually all federal support for market-improving programs that supply consumers and American business with investment information and assistance. Nuclear power's demise in the marketplace reflects reduced electric growth rates, rapidly escalating capital costs, and unresolved problems related to plant safety and radioactive waste management.

a. In the President's 1983 budget proposal, nuclear energy--fission and fusion--would receive a total of \$1.4 billion, and nuclear research and commercialization programs would account for 87% of the Department of Energy's research funds for energy technology.

i. Clinch River Breeder Reactor

Projected cost in 1970 was 500 million dollars. In 1982 the projected cost is 3.5 billion dollars.

(a) Incompatible with the free market approach.

2. The Administration is drastically truncating federal support for increasing national energy efficiency and the use of renewable energy resources.

a. DOE funding for solar energy and conservation programs has fallen sharply since 1980. If the Administration's budget proposals for fiscal year 1983 are accepted, conservation programs will be cut by 98% from the 1980 level, (925 million to a proposed 22 million), renewable resources by 86%, and fossil fuels by 87%.

b. A 69% reduction from 576 million to 193 million in the solar budget.

c. Elimination of the Energy Conservation Bank and the Solar Energy Bank.

3. Cutting back on energy assistance programs.

a. The Administration has proposed ending all funding for the Low-Income Weatherization Program, a program designed to provide permanent relief to 12 million low-income families by weatherizing their homes. This laissez-faire attitude toward conservation simply ignores the plight of low-income families that lack credit or capital.

4. Accelerating and subsidizing the production of oil, gas, coal, synthetic fuel, and oil shales by sacrificing environmental protection, reducing local participation in leasing decision making, underpricing national energy resources, and providing long-term economic subsidies are other problems of the Reagan Energy Plan. These subsidies flow to the production of conventional sources of energy, artificially lowering costs and encouraging the use of fuels rather than investments in efficiency improvements or in renewable energy.

5. The Administration's "produce, produce, produce" philosophy only compounds the energy problem by directing limited capital resources into the search for ever more expensive oil and gas supplies rather than to far more cost-effective investments in energy efficiency. Energy pricing remains perhaps the key to more efficient energy use. Indeed, the removal of price controls and the revision of state gas and electric rate structures to more accurately reflect the changing costs of new energy supplies is a policy that many environmental and public interest groups would support if low and middle income Americans could be protected from unbearable price increases. If energy is priced significantly below its replacement value, consumers will tend to overuse fuels and underinvest in conservation measures that are not price-regulated.