

SENATOR PAUL TSONGAS

THE CONSERVATION BANK ACT OF 1979

MR. PRESIDENT, THE CONSERVATION BANK ACT OF 1979 WAS REPORTED OUT OF THE BANKING COMMITTEE TODAY. IT ALLOWS HOMEOWNERS, EVEN IF THEY HAVE LOW INCOME AND NO SAVINGS, TO SAVE MONEY AND ENERGY BY USING THE NEGLECTED RESOURCE OF ENERGY CONSERVATION. IT ENCOURAGES BUSINESS AND INDUSTRY TO INVEST IN ENERGY-EFFICIENT IMPROVEMENTS.

THE CONSERVATION BANK IS A SIMPLE, BUSINESSLIKE MEANS OF LEVERAGING FEDERAL DOLLARS TO HELP AMERICANS FIGHT BACK IN THE ENERGY CRISIS. IT IS SET UP UNDER THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION -- AVOIDING THE NEED FOR ANY NEW BUREAUCRACY. IT PROVIDES THE FOLLOW-THROUGH FOR THE FEDERAL ENERGY AUDITS ESTABLISHED BY THE NATIONAL ENERGY CONSERVATION POLICY ACT.

UNDER THIS BILL, A HOMEOWNER CALLS THE LOCAL UTILITY FOR AN ENERGY AUDIT. THE RESULTS INCLUDE AN INVENTORY OF CONSERVATION MEASURES NEEDED, THE POTENTIAL ENERGY SAVINGS, THE COST, A LIST OF QUALIFIED CONTRACTORS, A LIST OF QUALIFIED FINANCING INSTITUTIONS OFFERING CONSERVATION BANK SUBSIDIES, AND A COMPARISON OF MONTHLY ENERGY SAVINGS AND MONTHLY LOAN PAYMENTS.

THE BANK SUBSIDIZES 10-YEAR LOANS THROUGH EXISTING LENDING INSTITUTIONS. THE SUBSIDY IS USED EITHER TO LOWER THE INTEREST RATE OR TO DEFER REPAYMENT OF THE PRINCIPAL. THE AMOUNT OF FEDERAL SUBSIDY IS THE SAME. THE CHOICE OF LOAN TYPE IS UP TO THE BORROWER.

CONSIDER CONSERVATION IMPROVEMENTS COSTING \$1400. LET US ASSUME THAT THE SUBSIDIZED RATE OF INTEREST IS 6%. IN THIS CASE, THE BORROWER PAYS ABOUT \$15 PER MONTH, WHILE SAVING AN ESTIMATED \$30 ON HIS OR HER UTILITY BILL. THE SAVINGS ARE IMMEDIATE. UNDER THE OPTION OF DEFERRED PRINCIPAL, PAYMENTS DURING THE FIRST 5 YEARS ARE BETWEEN \$8 AND \$9 A MONTH, AND BETWEEN \$20 AND \$25 A MONTH DURING THE LAST 5 YEARS, ASSUMING A 7½% INTEREST RATE.

THE COST OF THE GOVERNMENT SUBSIDY FOR EITHER OF THE ABOVE LOANS IS APPROXIMATELY \$350 IN A LUMP-SUM PAYMENT UP FRONT TO THE LENDING INSTITUTION. THIS IS EQUIVALENT TO APPROXIMATELY \$24 PER BARREL SAVED PER YEAR, ASSUMING A 20-YEAR LIFE FOR THE CONSERVATION IMPROVEMENT, THE FEDERAL COST IS A BARGAIN -- JUST OVER \$1 PER BARREL SAVED. AT THE AUTHORIZATION LEVEL OF \$6.1 BILLION OVER 5 YEARS, THE CONSERVATION BANK WILL PRODUCE AN ESTIMATED SAVINGS OF 700,000 BARRELS OF OIL PER YEAR BY 1985.

MR. PRESIDENT, THE CONSERVATION BANK IS AN EFFICIENT TOOL TO END THE NEGLECT OF CONSERVATION AS AN ENERGY RESOURCE.

FEW PEOPLE HAVE ACCUSED ENERGY CONSERVATION OF BEING EXCITING. THERE ARE NO HUGE PLANTS DEDICATED TO A PRODUCT CALLED "ENERGY FROM CONSERVATION." THE VAST, VIRTUALLY UNTAPPED ENERGY RESOURCE OF CONSERVATION IS THE SUM OF MILLIONS OF ADJUSTMENTS IN THE WAY WE DO THINGS. ENERGY CONSERVATION SOUNDS LIKE A SIDELINE IN ANSWERING THE ENERGY CRISIS, DESPITE THE EXPERT STUDIES THAT PUT IT ON THE FRONT LINES.

ENERGY CONSERVATION ALSO HAS SUFFERED FROM THE MISCONCEPTION THAT IT WILL BE TOO RIGOROUS AND WILL DEMAND EXTREME SACRIFICES IN THE QUALITY OF OUR LIVES. THIS IS UNTRUE. CONSERVATION MEASURES LET US GET MORE FROM OUR ENERGY THROUGH MORE EFFICIENT AND DURABLE DEVICES. A STUDY LAST YEAR BY THE MASSACHUSETTS ENERGY OFFICE FOUND THAT ECONOMICALLY EFFICIENT CONSERVATION IN NEW ENGLAND COULD CREATE 500,000 JOBS, INCREASE ECONOMIC PRODUCTION BY \$2 BILLION PER YEAR, AND CUT ENERGY COSTS BY \$1.4 BILLION A YEAR BY 1985.

THE ENERGY CRISIS IS CHANGING THE LIFESTYLES OF ALL AMERICANS WHETHER WE LIKE IT OR NOT. CONSERVATION EFFORTS INVOLVE US ALL IN SHAPING SOLUTIONS TO THE IMBALANCE BETWEEN ENERGY SUPPLY AND DEMAND. INSTEAD OF PAYING TOO HIGH A PRICE FOR SOMEONE OR SOMETHING ELSE TO SOLVE OUR PROBLEM, WE GAIN WITH CONSERVATION AS A PRIORITY BY GOING THE DEMOCRATIC, DECENTRALIZED WAY.

ENERGY FUTURE, THE RECENT REPORT OF THE ENERGY PROJECT AT THE HARVARD BUSINESS SCHOOL, PUTS IT SIMPLY. IT STATES:

CONSERVATION MAY WELL BE THE CHEAPEST, SAFEST, MOST PRODUCTIVE ENERGY ALTERNATIVE READILY AVAILABLE IN LARGE AMOUNTS.

MR. PRESIDENT, THIS BILL PROVIDES RELIEF FOR MANY AMERICANS OVERBURDENED BY EXPENSIVE ENERGY. IT ALSO HELPS OUR NATION AS A WHOLE BY DECREASING OUR RELIANCE ON IMPORTED OIL AND OTHER FINITE ENERGY RESOURCES. BUT IT IS ESPECIALLY VITAL TO NEW ENGLANDERS BECAUSE WE ARE SO HIGHLY DEPENDENT ON IMPORTED OIL. ENERGY PRICES IN NEW ENGLAND NOW ARE NOT A MATTER OF INCONVENIENCE; THEY ARE A MATTER OF SURVIVAL. PEOPLE ARE OUR ULTIMATE RESOURCE -- IRREPLACEABLE AT ANY COST. WITHOUT A SERIOUS, SUSTAINED ATTACK ON ENERGY, LIVES WILL BE LOST.

I URGENTLY SUBMIT THE CONSERVATION BANK ACT OF 1979 FOR YOUR CONSIDERATION.

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