

ENCONO Bill Splits, Balkanizes U.S.

The following are excerpts from Felix Rohatyn's draft for a "Regional Energy Development Act of 1977," which was released June 27, 1977:

Congressional Findings and Declaration of Purposes

Sec. 2. (a) The Congress hereby determines that:

(i) energy shortages and the high cost of energy have created economic dislocations and hardships, including loss of jobs, closing of factories and businesses and general economic stagnation or deterioration in the nation and certain regions thereof;

(ii) such hardships and dislocations constitute a threat to the general welfare and can be dealt with efficiently and effectively through an approach in which such regions cooperate with the United States;

(iii) it is in the interest of the nation and such regions to provide the means for such cooperation to facilitate increased energy supply and to encourage energy conservation within their regions through an entity capable of financing and otherwise promoting such goals;

(iv) fulfillment of such goals requires large initial investments of capital and prolonged periods before such investments can be returned, and entities capable of financing and otherwise promoting such goals, are, as a consequence, likely to encounter difficulties in obtaining adequate financing at reasonable costs;

(v) financial assistance, including guarantees by the United States of the obligations of such entities, is necessary to encourage the formation of such entities.

(vi) energy shortages and the high cost of energy have created particular economic dislocations and hardships in the Northeastern States, which would especially benefit from regional cooperation with the United States through an entity capable of financing and otherwise promoting increased energy supply and energy conservation.

(b) The purposes of the Act shall be:

(i) to create the Corporation to evaluate, on a regional basis, the factors affecting the production, distribution, storage and conservation of energy in the Northeastern States, and the impact of public policies thereon;

(ii) to create the Corporation to stimulate and finance Projects and Programs (each as defined in Section 3 of

the Act) related to the production, distribution, storage and conservation of energy;

(iii) to create the Corporation to stimulate and finance efforts to create, within the Northeastern States, new industries and technologies related to the production, distribution, storage and conservation of energy;

(iv) to guarantee the obligations of the Corporation and otherwise to give financial assistance to the Corporation in order to promote increased energy production, distribution, storage and conservation capabilities; and

(v) to promote long-term cooperation among the Northeastern States on their shared problems of energy development and conservation, and to encourage other States of the United States to cooperate, on a regional basis, on shared problems of production, distribution, storage and conservation of energy.

To this end, a corporation shall be created pursuant to the Act, and such corporation shall be known as the "Energy Corporation of the Northeast."

Sec. 3 (Definitions) ...

"Project" means a specific activity undertaken or financed by the Corporation to carry out any one or more of the Corporation's purposes and that is designed or expected to produce revenues; provided, however, that an activity that is expected to be devoted principally to research, development or experimentation shall not be considered a Project for the purposes of the Act as long as such activity remains principally so devoted. For example, Projects may include, but shall not be limited to, activities intended to stimulate or finance (i) the increased development of coal and petroleum for energy and coal gasification, (ii) the development of an efficient transportation and delivery system to move coal from mine to consumer, (iii) the development and production of new energy conservation and storage products, facilities or technologies, (iv) the development of on-shore facilities and distribution systems for off-shore oil and gas reserves, (v) the renovation and rehabilitation of existing power plants and hydroelectric facilities and (vi) the development of new power plants. These examples shall not be construed to limit the rights of the Board pursuant to section 15(e) of the Act.

ENCONO Is 'Missing Link In Carter Energy Program'

The following are excerpts from "Role of the Energy Corporation of the Northeast in Implementing the National Energy Plan," a document released by Felix Rohatyn's CONEG in July 1977:

The National Energy Program — A Missing Link

...The President has proposed a far-ranging National Energy Program to meet the new era of energy scarcity and begin a transition to a post-petroleum based economy, relying more heavily upon coal and alternate energy sources....

While comprehensive in scope, the National Energy Program appears to have a "missing link" critical to program implementation. A regional energy corporation, such as ENCONO, can supply the missing element by serving as a:

* mechanism for forging a public-private partnership on a regional basis.

* mechanism for marshalling regional resources, talent and support in a timely manner.

* means for effectively addressing unique regional needs on an ongoing basis.