



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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September 6, 1977

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Budgeting for the Federal Energy Management Program (FEMP)

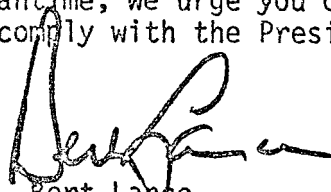
The President has directed Federal agencies to examine their activities to assure appropriate priority has been given to energy conservation. Agencies should pursue activities necessary to implement Executive Order No. 12003 relating to Federal Government energy conservation.

This Executive order requires that agencies aim by 1985 to reduce their energy consumption from 1975 levels: (1) by 20 percent for existing Federal buildings, (2) by 45 percent for new Federal buildings, and (3) through meeting specified fuel economy standards for new car purchases. Copies of Executive Order No. 12003 and the associated White House press release are attached to this memorandum.

You should identify activities that will help achieve the President's energy conservation goals. In doing so, please look carefully at your existing programs to see whether there are areas where tradeoffs can be made.

There may be a tendency to defer energy conservation improvements in order to respond to near-term problems that are identified more directly with the agencies' stated missions. We urge you to be sensitive to this tendency and take a balanced view giving full consideration to the President's Federal Government-wide energy reduction goals.

This year staff of the Office of Management and Budget and the Federal Energy Administration (Department of Energy after October 1, 1977) will meet with staff of key agencies that have major energy-saving potential to give guidance with respect to information needed in addition to that in their FY 1979 budget requests. For subsequent years, this Office will publish formal budget guidance on the Federal Energy Management Program for all executive agencies. In the meantime, we urge you on your own initiative to take steps necessary to comply with the President's Executive order.


Bert Lance
Director

Attachments

Office of the White House Press Secretary

THE WHITE HOUSEENERGY CONSERVATION

The President today signed an executive order on energy policy and conservation.

The order instructs Federal agencies to:

1. Purchase automobiles which insure that the fleet average fuel economy exceeds the average fuel economy under the Energy Policy and Conservation Act by at least two miles per gallon in 1978 and four miles per gallon in 1980. The changeover would take place at a rate of more than 15,000 vehicles per year.
2. Reduce by 1985 energy consumption in existing Federal buildings by 20 percent from 1975 levels, and in new buildings by 45 percent. These changes could result in savings in our balance of payments of up to \$344 million per year at current prices.

FEDERAL AUTOMOBILE FLEET

In order to set an example for the rest of the country, the Federal government under this executive order commits itself to phasing out gas guzzling automobiles by requiring the fleet of new passenger vehicles purchased or leased by the government to achieve an average fleet fuel economy substantially higher than the national standard. The average gas mileage experienced by the major agency fleets for passenger automobiles during fiscal year 1976 was about 13 miles per gallon, according to the General Services Administration.

Agency? —

In addition, the executive order prohibits the government from purchasing or leasing a passenger vehicle which does not achieve at least the national average fuel economy standard.

--According to the General Services Administration, in 1975, the Federal government owned approximately 95,000 passenger vehicles and leased an additional 6,000 to 8,000 passenger vehicles. Approximately one-sixth of the fleet is replaced per year, according to GSA.

--The estimated petroleum savings in 1980 under the plan would be 200 to 400 barrels of oil per day; in 1985, the savings would increase to 500 to 700 barrels per day, according to Federal Energy Administration estimates.

FEDERAL BUILDINGS

There are approximately 400,000 federally owned buildings totalling around 2.5 billion square feet of floor space. In 1975, federal buildings consumed the equivalent of 375,000 barrels of oil per day, roughly 1 percent of total domestic energy demand.

This executive order aims to achieve cost effective capital improvements including insulation, modifications of heating, ventilating and air conditioning systems and installation of storm windows, heat recovery systems or solar energy systems.

It is expected that such modifications could save up to 20 percent of the energy consumed in existing federal buildings, or approximately 70,000 barrels of oil equivalent per day.

July 20, 1977

THE WHITE HOUSE

EXECUTIVE ORDER

RELATING TO ENERGY POLICY AND CONSERVATION

By virtue of the authority vested in me by the Constitution and the statutes of the United States of America, including the Energy Policy and Conservation Act (89 Stat. 871, 42 U.S.C. 6201 et seq.), the Motor Vehicle Information and Cost Savings Act, as amended (15 U.S.C. 1901 et seq.), Section 205(a) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 486(a)), and Section 301 of Title 3 of the United States Code, and as President of the United States of America, it is hereby ordered as follows:

Section 1. Section 1 of Executive Order No. 11912 of April 13, 1976, is amended to read as follows:

"Section 1. (a) The Administrator of General Services is designated and empowered to perform, without approval, ratification or other action by the President, the function vested in the President by Section 510 of the Motor Vehicle Information and Cost Savings Act, as amended (89 Stat. 915, 15 U.S.C. 2010). In performing this function, the Administrator of General Services shall:

(1) Promulgate rules which will ensure that the minimum statutory requirement for fleet average fuel economy is exceeded (i) for fiscal year 1978 by 2 miles per gallon, (ii) for fiscal year 1979 by 3 miles per gallon, and (iii) for fiscal years 1980 and after by 4 miles per gallon.

(2) Promulgate rules which will ensure that Executive agencies do not acquire, subsequent to fiscal year 1977, any passenger automobile unless such automobile meets or exceeds the average fuel economy standard for the appropriate model year established by, or pursuant to, Section 502(a) of the Motor Vehicle Information and Cost Savings Act, as amended (15 U.S.C. 2002(a)); except that, such rules (i) shall not apply to automobiles designed to perform combat-related missions for the Armed Forces or designed to be used in law enforcement work or emergency rescue work, and (ii) may provide for granting exemptions for individual automobiles used for special purposes as determined to be appropriate by the Administrator of General Services with the concurrence of the Administrator of the Federal Energy Administration.

"(b) The Administrator of General Services shall promulgate rules which will ensure that each class of non-passenger automobiles acquired by all Executive agencies in each fiscal year, beginning with fiscal year 1979, achieve for such fiscal year a fleet average fuel economy not less than the average fuel economy standard for such class, established pursuant to Section 502(b) of the Motor Vehicle Information and Cost Savings Act, as amended (89 Stat. 903, 15 U.S.C. 2002(b)), for the model year which includes January 1 of such fiscal year; except that, such rules (1)

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shall not apply to automobiles designed to perform combat-related missions for the Armed Forces or designed to be used in law enforcement work or emergency rescue work, and (2) may provide for granting exceptions for other categories of automobiles used for special purposes as determined to be appropriate by the Administrator of General Services with the concurrence of the Administrator of the Federal Energy Administration."

Sec. 2. Executive Order No. 11912 of April 13, 1976, is further amended by adding the following new Section:

"Sec. 10. (a)(1) The Administrator of the Federal Energy Administration, hereinafter referred to as the Administrator, shall develop, with the concurrence of the Director of the Office of Management and Budget, and in consultation with the Secretary of Defense, the Secretary of Housing and Urban Development, the Administrator of Veterans' Affairs, the Administrator of the Energy Research and Development Administration, the Administrator of General Services, and the heads of such other Executive agencies as he deems appropriate, the ten-year plan for energy conservation with respect to Government buildings, as provided by section 381(a)(2) of the Energy Policy and Conservation Act (42 U.S.C. 6361(a)(2)).

(2) The goals established in subsection (b) shall apply to the following categories of Federally-owned buildings: (i) office buildings, (ii) hospitals, (iii) schools, (iv) prison facilities, (v) multi-family dwellings, (vi) storage facilities, and (vii) such other categories of buildings for which the Administrator determines the establishment of energy-efficiency performance goals is feasible.

"(b) The Administrator shall establish requirements and procedures, which shall be observed by each agency unless a waiver is granted by the Administrator, designed to ensure that each agency to the maximum extent practicable aims to achieve the following goals:

(1) For the total of all Federally-owned existing buildings the goal shall be a reduction of 20 percent in the average annual energy use per gross square foot of floor area in 1985 from the average energy use per gross square foot of floor area in 1975. This goal shall apply to all buildings for which construction was or design specifications were completed prior to the date of promulgation of the guidelines pursuant to subsection (d) of this Section.

(2) For the total of all Federally-owned new buildings the goal shall be a reduction of 45 percent in the average annual energy requirement per gross square foot of floor area in 1985 from the average annual energy use per gross square foot of floor area in 1975. This goal shall apply to all new buildings for which design specifications are completed after the date of promulgation of the guidelines pursuant to subsection (d) of this Section.

"(c) The Administrator, with the concurrence of the Director of the Office of Management and Budget, in consultation with the heads of the Executive agencies specified in subsection (a) and the Director of the National Bureau of Standards, shall establish, for purposes of developing the ten-year plan, a practical and effective method for estimating and comparing life cycle capital and operating costs for Federal buildings, including residential, commercial, and industrial type categories. Such method shall be consistent with the Office of Management and Budget Circular No. A-94, and shall be adopted and used by all agencies in developing

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their plans pursuant to subsection (e), annual reports pursuant to subsection (g), and budget estimates pursuant to subsection (h). For purposes of this paragraph, the term "life cycle cost" means the total costs of owning, operating, and maintaining a building over its economic life, including its fuel and energy costs, determined on the basis of a systematic evaluation and comparison of alternative building systems.

"(d) Not later than November 1, 1977, the Administrator, with the concurrence of the Director of the Office of Management and Budget, and after consultation with the Administrator of General Services and the heads of the Executive agencies specified in subsection (a) shall issue guidelines for the plans to be submitted pursuant to subsection (e).

"(e) (1) The head of each Executive agency that maintains any existing building or will maintain any new building shall submit no later than six months after the issuance of guidelines pursuant to subsection (d), to the Administrator a ten-year plan designed to the maximum extent practicable to meet the goals in subsection (b) for the total of existing or new Federal buildings. Such ten-year plans shall only consider improvements that are cost-effective consistent with the criteria established by the Director of the Office of Management and Budget (OMB Circular A-94) and the method established pursuant to subsection (c) of this Section. The plan submitted shall specify appropriate energy-saving initiatives and shall estimate the expected improvements by fiscal year in terms of specific accomplishments -- energy savings and cost savings -- together with the estimated costs of achieving the savings.

(2) The plans submitted shall, to the maximum extent practicable, include the results of preliminary energy audits of all existing buildings with over 30,000 gross square feet of space owned and maintained by Executive agencies. Further, the second annual report submitted under subsection (g)(2) of this Section shall, to the maximum extent practicable, include the results of preliminary energy audits of all existing buildings with more than 5,000 but not more than 30,000 gross square feet of space. The purpose of such preliminary energy audits shall be to identify the type, size, energy use level and major energy using systems of existing Federal buildings.

(3) The Administrator shall evaluate agency plans relative to the guidelines established pursuant to subsection (d) for such plans and relative to the cost estimating method established pursuant to subsection (c). Plans determined to be deficient by the Administrator will be returned to the submitting agency head for revision and resubmission within 60 days.

(4) The head of any Executive agency submitting a plan, should he disagree with the Administrator's determination with respect to that plan, may appeal to the Director of the Office of Management and Budget for resolution of the disagreement.

"(f) The head of each agency submitting a plan or revised plan determined not deficient by the Administrator or, on appeal, by the Director of the Office of Management and Budget, shall implement the plan in accord with approved budget estimates.

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"(g)(1) Each Executive agency shall submit to the Administrator an overall plan for conserving fuel and energy in all operations of the agency. This overall plan shall be in addition to and include any ten-year plan for energy conservation in Government buildings submitted in accord with Subsection (e).

(2) By July 1 of each year, each Executive agency shall submit a report to the Administrator on progress made toward achieving the goals established in the overall plan required by paragraph (1) of this subsection. The annual report shall include quantitative measures and accomplishment with respect to energy saving actions taken, the cost of these actions, the energy saved, the costs saved, and other benefits realized.

(3) The Administrator shall prepare a consolidated annual report on Federal government progress toward achieving the goals, including aggregate quantitative measures of accomplishment as well as suggested revisions to the ten-year plan, and submit the report to the President by August 15 of each year.

"(h) Each agency required to submit a plan shall submit to the Director of the Office of Management and Budget with the agency's annual budget submission, and in accordance with procedures and requirements that the Director shall establish, estimates for implementation of the agency's plan. The Director of the Office of Management and Budget shall consult with the Administrator about the agency budget estimates.

"(i) Each agency shall program its proposed energy conservation improvements of buildings so as to give the highest priority to the most cost-effective projects.

"(j) No agency of the Federal government may enter into a lease or a commitment to lease a building the construction of which has not commenced by the effective date of this Order unless the building will likely meet or exceed the general goal set forth in subsection (b)(2).

"(k) The provisions of this Section do not apply to housing units repossessed by the Federal Government."

JIMMY CARTER

THE WHITE HOUSE,

July 20, 1977.

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TYPE OR PRINT INFORMATION ON CARD. DO NOT REMOVE COMPLETED CARD FROM LOCATOR. USE CORRIDOR PHONE OR COPY INFORMATION NEEDED.			MAP GRID NUMBER
FIRST NAME ONLY	OFFICE PHONE	HOURS OF WORK	PARKING SPACE LOCATION
PLACE OF RESIDENCE (City or town and name of residential area or development) DO NOT LIST STREET NUMBER AND NAME.			
<input type="checkbox"/> VAN POOL RIDERS WANTED <input type="checkbox"/> VAN POOL CO-DRIVER WANTED <input type="checkbox"/> I AM INTERESTED IN JOINING A VAN POOL			
REMARKS:			
THIS APPLICATION EXPIRES IN 90 DAYS			
FORM 1-80 1956b	VAN POOL APPLICATION		DATE COMPLETED