

- Removing obstacles to increased competition in electricity generation by amending the Public Utilities Holding Company Act of 1935 and increasing transmission access.
- Promoting greater use of ethanol by extending tax exemptions for more ethanol blends.
- Promoting the development and use of clean-burning alternative motor fuels by providing tax incentives for alternative fuel vehicles and refueling facilities, establishing an alternative fuel fleet program, setting up electric vehicle demonstration programs, and providing financial support for demonstrations of alternative fuel use by urban mass transit systems.
- Promoting greater use of “clean-burning” natural gas by providing the natural gas industry with expanded market opportunities in areas such as electricity generation and natural gas vehicles.
- Encouraging increased research and development on a wide range of energy technologies, including high efficiency heat engines and advanced oil recovery.

The Department would take the lead role in carrying out these provisions. As Deputy Secretary Linda Stuntz noted, the new law, at the Department of Energy alone, required sixty-one reports, twenty-one solicitations, fifteen regulations, eight programs, and four advisory panels. In addition, the act authorized more than \$1.8 billion in spending for new initiatives in fiscal year 1994.<sup>217</sup>

Industry’s response to the new law was generally favorable. The trade journal *Nuclear News* described the act as “very pronuclear.” Major oil firms were disappointed that the law did not open the Arctic National Wildlife Refuge to exploration, but the *Oil and Gas Journal* noted that there were even so a “number of worthwhile minor provisions.” Independent Petroleum Association of America President Denise Bode asserted that the act meant “more production, more jobs and more energy independence for America.” The American Gas Association viewed the legislation as a vehicle for jobs creation, improved energy security, clean fuels promotion, and energy conservation.<sup>218</sup>

Environmentalists were not so sanguine. A Greenpeace spokesperson admitted that the act contained some “positive” measures that would increase efficiency standards and spur development of renewable energy. He nonetheless charged that the balance of the act was “devastating” for the environment and offered “immense giveaways” to the nuclear and fossil fuel industries. Jessica Mathews, vice president of World Resources Institute, observed that the act would be “markedly beneficial” in only the electricity sector. Other provisions were likely to be “marginal.” The act, she contended, did not “address the cost of energy or, therefore, energy productivity and competitiveness. It will do little to reduce oil imports, which would improve national security and the trade balance. And it will do little to set energy use on a new trajectory toward lower greenhouse gas emissions.” The act’s greatest achievement, Mathews concluded, was “to have swept the decks clean of hundreds of peripheral issues.”<sup>219</sup>

## THE DEPARTMENT UNDER PRESIDENT BUSH AND ADMIRAL WATKINS

During President Bush’s term in office and under Admiral Watkins’ tenure as secretary of energy, the Department continued to undergo significant organizational, policy, and budgetary changes. Perhaps the most striking of these was the reversal of the trend of defense activities occupying an increasing proportion of the Department’s budget. In the 1990 budget (the last Reagan budget), defense activities, excluding defense waste management, accounted for 53 percent of the total budget. In the 1993 budget request, the figure for defense activities was only 38 percent. The end of the Cold War played a major role in this decline. As Watkins testified before the Senate Armed Services Committee in early May 1992, for the first time since 1945 the United States was not building any nuclear weapons. Scaled back and “greatly reduced” as well were the nuclear-directed energy programs of the Strategic Defense Initiative.<sup>220</sup>

With defense activities undergoing retrenchment, environmental restoration and waste management became the fastest growing