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[Environment, Energy and Natural Resources Options Report] [2]

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Divider Title: _____

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Environmental Technology

PROPOSAL: Stimulate Research, Development, and Demonstration

Putting People First: "We will focus on four critical areas... Environmental technology to create the world's most advanced systems to recycle, treat toxic waste and clean our air and water. Funds will also be directed to the development of new, clean, efficient energy sources." (p. 10)

Option Type 1: No New Spending (or New Tax Expenditures). Two actions that do not require new expenditures can be initiated to coordinate and to support RD&D of environmental technologies:

A. Establish interagency FCCSET Committee on environmental technology.

B. Make pollution prevention and cleaner technology development part of the mission of existing and possible future federal technology agencies (e.g., Civilian Technology Agency, expanded Commerce Department technology programs).

Option Type 2: Increase Federal Efforts in Research, Development, and Demonstration of Environmental Technologies.

A. Increase NSF funding for university basic research; FY 93 supplemental of \$200 million, raising total to \$2 billion; FY 94 total of \$2.2 billion; FY 95 total of \$2.3 billion; FY 96 total of \$2.4 billion.

B. Utilize federal facilities in partnership with the private sector as dedicated centers for developing, testing, and demonstrating innovative environmental technologies, especially waste management and waste reduction technologies. Funding levels of \$50 million in FY 93, \$60 million in FY 94, \$70 million in FY 95, and \$80 million in FY 96.

Option Type 3. Further Increase Federal Efforts in Research, Development, and Demonstration of Environmental Technologies by Fully Funding Both Components of Option Type 2, and Adding Another Component:

Create an EPA-led interagency program to develop clean-up and end-of-pipeline pollution treatment technologies. Funding levels of \$100 million in FY 94, and \$200 million in each of FY 95 and FY 96, with all funds to be transferred through EPA to other technology agencies for developing environmentally critical technologies.

Option Type 4. Design Option.

A. Initiate a major consortium of builders and building suppliers to develop and deliver technologies for renovation and new construction, with funding levels of \$30 million in FY 93, \$50 million in FY 94, \$60 million in FY 95, and \$70 million in FY 96.

B. Undertake a major effort to determine new missions for the National Laboratories in the post-Cold War era, including RD&D of environmental technologies.

ENVIRONMENTAL TECHNOLOGY

OPTION TYPE 1: No New Spending (or New Tax Expenditures). Two actions that do not require the expenditure of new resources can be initiated to coordinate and support RD&D of environmental technologies.

A. Establish an Interagency FCCSET Committee on Environmental Technology.

Benefits:

A FCCSET committee on environmental technology would coordinate agency programs for environmental technology development and would provide information necessary to build an effective federal strategy for environmental technology; similar to the function currently played by the FCCSET Committee coordinating the High-Performance Computing Program. It would inventory and assess existing technology programs at DOE, NSF, NASA, the Commerce Department, DARPA, and elsewhere which could contribute to a multi-agency federal environmental technology RD&D program.

To evaluate the potential of the full range of environmental technologies, and to estimate global markets for them, the FCCSET Committee should commission a National Academy of Engineering study to: (1) identify which environmental and energy technologies have the greatest potential for addressing our most pressing environmental problems, (2) assess the domestic and world markets for these technologies, (3) determine how the U.S. compares to other countries in developing and deploying these technologies, (4) make recommendations for new and reoriented R&D programs, (5) recommend new patterns of R&D cooperation, especially between public and private sectors, and (6) make recommendations for improved agency coordination.

Political Feasibility:

A FCCSET interagency committee can be created by the Director of the Office of Science and Technology Policy without new legislation. The redirection of agency programs may be possible without passing new legislation; however, changes in authorizing legislation particularly for the DOE labs, DARPA, NIST and NASA may be necessary. The NAE study could be funded out of already appropriated funds.

B. Make Pollution Prevention and Cleaner Technology Development Part of the Mission of Existing and Possible Future Federal Technology Agencies.

Benefits:

The competitive position of U.S. industries will partially depend upon technologies that are energy efficient, and that eliminate or reduce pollution from processes. These attributes need to be designed into the technology development process at an early stage. Private industry, federal agencies, and university research will benefit from this reorientation. The big winners will be industry and the general public because of the development of more efficient and less polluting industrial and manufacturing technologies.

Political Feasibility:

No new legislation required; option could be implemented by any or all of the following actions:

- Redirect existing technology programs to focus on the development of environmental technologies. There is widespread support for redirecting and augmenting technology development programs -- like the Advanced Technology Program at NIST, DARPA R&D programs, and DOE lab research programs -- to focus more on environmental technology.
- Stipulate that part of federal funds in new federally supported technology development consortia be used for pollution prevention or cleaner technology development.
- Implement the expanded authorities for research, development, demonstrations and evaluations on cleaner production technologies and pollution prevention processes in the Energy Policy Act of 1992 (Public Law 102-486).
- Make pollution prevention and manufacturing energy conservation specific mission objectives and services of the proposed Manufacturing Extension Centers.
- Fully implement and fund the Strategic Environment Research and Development Program, and prevent Program funds from being diverted to unrelated activities at DOD and DOE. Encourage the defense agencies to fund cooperative R&D activities with civilian agencies (NOAA, NASA, EPA, etc.) in order to transfer relevant data and technology to the civilian sector.

ENVIRONMENTAL TECHNOLOGY

OPTION TYPE 2: Increase Federal Efforts in Research, Development, and Demonstration of Environmental Technologies. These initiatives would be central to the development of a coherent national strategy for environmental technology, would provide resources to support university based programs in generic environmental technologies, would creatively utilize existing federal facilities as centers for tests and demonstrations, and would create public-private consortia to develop innovative technologies.

A. Increase NSF Funding for University Based Research, with FY 93 supplemental funding of \$200 million.

Benefits:

A supplemental FY 93 appropriation of \$200 million would be provided to the National Science Foundation to expand university basic research programs which are laying the groundwork for the environmental technologies of the future. NSF-funded researchers perform the fundamental research in chemistry, materials science, computing, and other fields which will lead to the new technologies needed to address environmental problems. For FY 93, Congress appropriated \$13 million less for research programs at NSF than last year (and \$353 million less than the Bush Administration requested). As a result, NSF lacks the money to expand important programs that could lead to revolutionary new approaches to addressing environmental problems.

A likely political argument against this initiative is the pressure to provide funding for dozens of other worthy programs (e.g. NSF science and math education programs, even though they have fared far better than NSF research programs in recent years). Other programs falling within VA-HUD-Independent Agencies Appropriations Subcommittee include NASA, housing programs, EPA, and veterans' medical. Nevertheless, it is essential that we maintain the university research base since it provides the foundation upon which new technologies are built. It will be hard for the Clinton-Gore Administration to claim to be supporting science and technology if it does nothing to undo the deepest cut to NSF's research programs in decades. NSF cannot take on new missions, like funding basic research in support of environmental technology development, if it has 5% less funding (in real dollars) than last year.

Costs:

FY 93 supplemental funding of \$200 million in addition to the \$1.9B already appropriated; total funding of \$2.2 billion in FY 94, \$2.3 billion in FY 95, and \$2.4 billion in FY 96.

Political Feasibility:

The FY 93 supplemental appropriation could be included in a supplemental appropriations bill or a reprogramming request early next year. This may require finding offsets in other parts of the budget.

B. Utilize Federal Facilities in Partnership with the Private Sector as Dedicated Centers for Developing, Testing and Demonstrating Innovative Environmental Technologies, especially Waste Management and Waste Reduction Technologies.

Benefits:

We need to use both DOE and DOD facilities as test and demonstration sites to help develop and commercialize new environmental technologies that will have applicability both in the private and the public sector. One barrier to private sector innovation of new technologies is the liability that is incurred by private parties when they test new technologies. At the same time, on many DOE reservations, there are simply no technologies available for dealing with many of the nuclear or mixed waste problems.

Both the public and private sector require new technologies in waste management and reduction. Innovative partnerships can be established between federal agencies and major public companies, in which the feds assume the cost of cleanup, while the costs of developing and evaluating technologies are shared between sectors. The private sector can pay for a full-scale evaluation, while providing technical assistance to the public sector. Pilots of this program already exist between the Air Force and several industrial firms, but DOE needs to come in as a major partner.

Costs:

Funding levels of \$50 million in FY 93, \$60 million in FY 94, \$70 million in FY 95, and \$80 million in FY 96.

Political Feasibility:

This initiative can be implemented through enhanced cooperative research and development agreements between the private sector and federal agencies. The cost of DOE cleanup will run into the tens of billions of dollars over this decade. The cost of partnering, and jointly pairing the expertise of the private and public sector, will cost tens of millions of dollars, while yielding practical technologies to clean up hazardous waste sites.

ENVIRONMENTAL TECHNOLOGY

OPTION TYPE 3. Further Increase Federal Efforts in Research, Development, and Demonstration of Environmental Technologies by Fully Funding All Components of Option Type 2, and Adding Another Component:

A. Create an EPA-led interagency program to develop clean-up and end-of-pipeline pollution treatment technologies, with all funds to be transferred through EPA to other technology agencies for developing environmentally critical technologies.

Benefits:

Staff at EPA who know which environmental problems are most serious could provide funding to researchers at NIST, DOE, NASA, NSF, and other agencies who know how to develop the technology needed to solve them. Having EPA control the money will guarantee that it goes for development of environmental technology and is not diverted to other agency projects. At present, there is no focus within the Administration for development of new environmental technology. Using existing technology programs throughout the government would ensure that the best available talent is working on the problem.

Costs:

Funding levels of \$100 million in FY 94, and \$200 million in each of FY 95 and FY 96.

Political Feasibility:

Authorizing legislation would be needed as well as new funding. It is possible that difficulties would be encountered in getting Congressional appropriators to provide funding to EPA that will not be spent at EPA. Also, other agencies may object to having EPA control their research funding. However, this may be the only way EPA can play a useful role in development of new environmental technology, and it may be the only way other agencies can get new funding for environmental technology programs.

ENVIRONMENTAL TECHNOLOGY

OPTION TYPE 4. Design Options.

A. Initiate a Major Consortium of Builders and Building Suppliers to Develop and Deliver Technologies for Renovation and New Construction.

Benefits:

Construction is an enormous part of the U.S. economy and buildings consume 70% of all U.S. electricity. New urban housing should be inexpensive to build and operate, but the fragmented construction industry does virtually no research, and its productivity has actually been falling. Federal cost-shared research support should be provided to one or more building consortia developing advanced technologies for buildings.

If the program succeeds, construction productivity could go up, attractive new employment options could open in many regions, particularly urban areas. And, customers would get homes that are more affordable. Small builders may be concerned that high-tech construction methods would drive them out of business.

One argument against this initiative is that every past attempt to modernize construction has ended in failure. Nevertheless, programs that have transformed the buildings sectors in Japan and Sweden provide convincing evidence that success is possible. New information technology, and new experience from advanced manufacturing management, provide tools that were not available in earlier efforts.

Costs:

Funding levels of \$30 million in FY 93 (\$10M to NIST, \$20M to DOE), \$50 million in FY 94 (\$20M to NIST, \$30M to DOE), \$60 million in FY 95 (\$20M to NIST, \$40M to DOE), and \$70 million in FY 96 (\$20M to NIST, \$50M to DOE).

Political Feasibility:

Despite its small budget (about \$5M), the Center for Building Technology at NIST has been very effective in working with the construction industry to test and promote new energy efficient technologies. The Center, with an increase in funding, could form the core of such an industry consortium. Markets for innovative products can be created using existing retrofit funds in DOE, in cooperation with state retrofit and construction programs (particularly utility programs), and funds available for retrofitting cities.

B. Undertake a Major Effort to Determine New Missions for the National Laboratories in the Post-Cold War Environment, Including Research, Development, and Demonstration of Environmental Technologies.

Benefits:

The 13 National Laboratories of the DOE (such as Oak Ridge, Los Alamos, Argonne, Livermore, and Sandia) house approximately 38,000 scientists, engineers, and technical support staff. Their record of achievement in basic research is exemplary, as evidenced by over 20 Nobel Prizes awarded for work carried out in conjunction with the Laboratories. In a changing world, particularly a changing security environment, the missions of the National Laboratories must change as well. One area of critical importance in which the Laboratories have great expertise and experience is in research, development, and demonstration (RD&D) of environmental technologies.

In the post-Cold War environment, there are numerous opinions about the future roles of the National Laboratories. At the same time, the drive for institutional survival is causing the Labs themselves to define their own new missions, often competing for the same new mission. The incoming Administration must begin early to re-orient the missions of the Labs, and to coordinate those missions in a way that maximizes the potential of an extremely valuable component of the nation's intellectual infrastructure.

Political Feasibility:

Defining a new mission for the National Labs has not been easy. The DOE has been studying the issue for the past two years, under the auspices of the Secretary of Energy Advisory Board (SEAB) Task Force on the Future Roles and Missions of Departmental Laboratories. The Task Force findings were reported in January 1992, with the conclusion that the Labs must continue to play a role in energy, national defense, science and technology, and waste management. One prominent Congressional critic, while commending the effort in principle, responded that the SEAB Task Force report was neither strategic nor visionary. Particularly in the area of defining the National Labs' role in economic competitiveness, this critic charged that the Task Force report failed to provide direction or to answer fundamental questions about future roles for the Labs.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Environmental Technology

PROPOSAL: Stimulate Commercialization

Putting People First: "We will focus on four critical areas... Environmental technology to create the world's most advanced systems to recycle, treat toxic waste and clean our air and water. Funds will also be directed to the development of new, clean, efficient energy sources." (PPF, p. 10)

Policies are needed to stimulate commercialization of environmental technologies. An option involving no new spending would better utilize existing or committed funds by organizing and directing institutions involved in commercializing environmental technologies in export markets. In addition, a number of very modestly funded, but highly successful EPA "Voluntary" Programs could be enhanced to stimulate commercialization of environmental technologies. A complimentary jobs training program could be established. These programs build public-private partnerships, rely on the voluntary participation of the private sector, and emphasize *profitability* while enhancing the services provided by the technologies. Total costs for all options included here: \$53 million (supplemental) in FY 93, \$135 million in FY 94, \$148 million in FY 95, and \$162 million in FY 96.

Option 2. Enhance EPA's Voluntary Programs and Establish a Complimentary Jobs Training Program, could be part of a FY 93 stimulus package (\$53 million).

Option Type 1: No New Spending (or New Tax Expenditures). This option calls for appointing an "Environmental Technology Trade Czar" who will work with environmental business leaders to develop an effective export promotion program for environmental technologies.

Option Type 2: Enhance EPA's Voluntary Programs and Establish a Complimentary Jobs Training Program. Enhance three highly successful EPA "Voluntary Programs" to further stimulate commercialization of environmental technologies. These include a \$15 million FY 93 increase in the Green Lights Program, with steady growth in FY 94-96; \$20 million FY 93 increase in the Energy Productivity Programs, with steady growth in FY 94-96; and \$8 million FY 93 increase in Methane Reduction Programs, with steady growth in FY 94-96. Establish an Energy Auditor Jobs Training Program, \$10 million in each of FY 93-96.

Option Type 4. Design Option. Two design options exist to facilitate commercialization of environmental technology.

A. Enhance EPA Research Efforts in the Area of Chemical Standards Development to Reduce Uncertainty about Required Environmental Clean-Up Technology Performance Parameters. EPA and the states must cooperate to develop consistent quantitative standards, reducing the uncertainty faced by innovators of environmental technology, particularly soil and groundwater clean-up technology. A \$20 million FY 93 increase, with comparable funding in FY 94-96, would help address a primary barrier to environmental clean-up technology innovation: uncertainty about required performance parameters.

B. Establish an Ongoing Environmental Technology Market Analysis Program Administered Jointly by EPA and the Department of Commerce. Environmental entrepreneurs, particularly in small- and medium-size businesses, need to have an ongoing source of market information about the size and shape of potential markets, in order to make optimal investments and create niches for themselves. Implementation would occur through memoranda of understanding between EPA, DOE, DOD, with transfer of resources to EPA; annual expenditures of only \$1 million may be required.

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OPTION TYPE 1. No New Spending (or New Tax Expenditures). Option calls for appointing an "Environmental Technology Trade Czar" to work with environmental business leaders to develop an effective export promotion program for environmental technologies.

Benefits:

This option would better utilize existing or committed funds by organizing and directing institutions involved in commercializing environmental technologies in export markets. Promoting these exports would help achieve several objectives: create jobs, increase exports, "mainstream" environmental pursuits, build a green business constituency, and aid sustainable development. A successful export promotion effort should yield additional government revenues by increasing export sales, now approximately \$8 billion annually; global demand for green products is expected to double in real terms by the end of the 1990s.

Small environmental technology businesses (there are over 50,000 in the U.S.) will benefit more from a federal export outreach effort than large corporations. Given the burgeoning markets in East Asia and Mexico for environmental goods and services, California, with its large environmental industrial base, stands to benefit more than other states.

An argument against this action is that given a finite budget for export financing, preferential treatment for green goods will come at the expense of existing programs; in addition, markets, not bureaucrats, should make these decisions. A rebuttal would note that environmental exports deserve special treatment because they serve a public policy purpose (as distinct from sports apparel, e.g.). During the Cold War, the federal government offered special assistance for exporting weapons and grain in support of foreign policy objectives; the same logic applies to environmental goods in the post-Cold War world.

Political Feasibility:

The 1992 EXIM Reauthorization bill (P.L. 102-429) mandates the creation of an "Environmental Trade Working Group." This Group will devise a strategy for expanding exports of U.S. environmental goods, coordinate federal support programs, and recommend how to enhance U.S. green exports. The profile of the Group would be raised significantly if the VP played an active role in shaping its agenda, and empowering the new Chair to act as an "Environmental Technology Trade Czar" -- coordinating federal efforts and serving as the key contact point for hopeful exporters and potential buyers. Administration must comply with the statutory requirement in P.L. 102-429 to create the Working Group anyway, so no additional funding is required.

ENVIRONMENTAL TECHNOLOGY

OPTION TYPE 2. Enhance EPA's Voluntary Programs and Establish a Complimentary Jobs Training Program. Enhance three highly successful EPA "Voluntary Programs" to further stimulate commercialization of environmental technologies; establish an Energy Auditor Jobs Training Program.

Benefits:

These programs build public-private partnerships, rely on the voluntary participation of the private sector, emphasize profitability while enhancing the services provided by the technologies, and remove barriers to commercialization. In many cases, profitable investments are already occurring, and pollution is being prevented. A new, more positive relationship between industry and EPA is being fostered. Much of the equipment is manufactured in the U.S. and/or is sold by U.S. companies. All related services would be performed by U.S. workers, creating thousands of engineering, professional, trade, and semi-skilled jobs.

Costs:

Total costs for all programs described below are \$53 million (supplemental) in FY 93, \$135 million in FY 94, \$148 million in FY 95, and \$162 million in FY 96.

Political Feasibility:

This option could be pursued by expanding or establishing a number of EPA programs, without requiring new legislation.

• **Expand EPA's Green Lights Program**, which encourages U.S. institutions to install energy efficient lighting, and has emerged as a critical component of the Nation's ability to meet its Rio commitments. Only *profitable* and *quality-enhancing* lighting upgrades are required of participants (over 680 organizations, including over 150 Fortune 500 Companies and 12 States, encompassing over 4% of the nation's total facility space). Participants are saving \$7 million per year on electric bills; a typical Green Lights project yields annual returns on the order of 20%-40%. When all current participants complete their upgrades, they will be saving \$1 billion/year on electric bills, and eliminating demand for \$5 billion in capital for new electric powerplants. Potential benefits (with national adoption): \$16 billion reduction in annual electric bills; reduce CO₂ emissions by 202 million metric tons (equivalent to removing 44 million cars from the road).

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
Funding:	\$15M	\$25M	\$30M	\$35M

• **Establish an Energy Auditor Jobs Training Program.** As EPA's Green Lights program and utility rebate programs accelerate building energy upgrades, there is a need for trained and certified personnel to undertake the necessary energy audits and implement the equipment and design upgrades. A national training program for energy auditors, with uniform standards of education and certification, would fill this need. (At present, there is no standard training program for energy auditors, and no certification requirement; a lack of qualified auditors has generally reduced customer confidence.)

No legislation required. Course materials would be developed by EPA in consultation with Green Lights Partners (over 680 major businesses and state/local governments) and energy professional associations, all of whom are already members of the Green Lights program. Funding could be provided through EPA to a national network of community colleges, vocational/technical schools, and trade association courses to operate the training program. Military personnel leaving the service through force reduction would be excellent candidates for this type of training and career. Following creation of the course materials and training network, the program could become largely self-financing; fees for the courses could pay the majority or entirety of the cost of the courses.

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
Funding:	\$10M	\$10M	\$10M	\$10M

• **Expand EPA's Energy Productivity Programs (other than Green Lights).** Since the introduction of Green Lights, EPA has launched several other voluntary, non-regulatory programs that encourage energy efficiency:

Energy Star Computer program has committed about 45% of the U.S. computer industry to produce computers that use a small fraction of the electricity used by today's models, at no incremental cost.

Golden Carrot Super Efficient Refrigerator Program catalyzed a consortium of electric utilities to offer a \$30 million "Golden Carrot" incentive to the refrigerator manufacturer that could supply the most energy efficient, ozone-friendly refrigerator by 1994-95.

Energy-Efficient Buildings Program expands the Green Lights approach to other building technologies, such as the HVAC system.

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
Funding:	\$20M	\$80M	\$84M	\$89M

• **Expand EPA's Voluntary Methane Reduction Program.** Many profitable opportunities exist to capture and burn methane (a potent greenhouse gas) that is currently vented: (1) Natural gas pipeline and distribution networks; the Natural GasStar Program has been endorsed by the American Gas Association. (2) Coal mines, through a program with Appalachian coal operators; a recent EPA study indicates 3000-5000 jobs could be created directly and indirectly from recovery of Appalachian coalbed methane. (3) Animal manure; EPA is piloting a program with the swine and dairy industry. (4) Landfills; EPA is developing an outreach program to facilitate implementation of the Landfill Emission Rule (now in promulgation) so that landfills will capture and use their methane rather than flaring it. In addition, EPA has methane assistance projects underway in Russia, Ukraine, Poland, China, Czechoslovakia. U.S. firms are the leaders in coalbed methane recovery technology; one aspect of the EPA program is matching the U.S. industry with the methane recovery programs in other countries.

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
Funding:	\$8M	\$20M	\$24M	\$28M

ENVIRONMENTAL TECHNOLOGY

OPTION TYPE 4. Design Options.

A. Enhance EPA research efforts in the area of chemical standards development to reduce uncertainty about required environmental clean-up technology performance parameters. EPA and the states must cooperate to develop consistent quantitative standards, reducing the uncertainty faced by innovators of environmental technology, particularly soil and groundwater clean-up technology. This would address a primary barrier to technology innovation: uncertainty about performance parameters. With the exception of some air and water quality programs, we do not always send consistent signals to the private sector. In particular, our waste programs have no standards at all, relying case-by-case on standards that have been developed for other programs. We also must minimize differences between state and federal regulation, again to benefit technology developers in the private sector.

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
Funding:	\$20M	\$30M	\$30M	\$30M

B. Establish an ongoing technology market analysis program administered jointly by EPA and the Department of Commerce. Environmental technology entrepreneurs, particularly in small- and medium-size businesses, need to have an ongoing source of market information about the size and shape of potential markets, in order to make optimal investments and create niches for themselves. Implementation would occur through memoranda of understanding between EPA, DOE, DOD, with transfer of resources to EPA. While it is possible that there would be no net revenue impact, the costs should not exceed \$1 million per year, assuming that information is available. Problem will be with current absence of categorizing information at DOE and DOD hazardous waste sites. Accordingly, there will need to be some shift of resources towards adequately characterizing DOE sites in the near term. Clean-up technology cannot be developed by the private sector in the absence of this characterization.

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
Funding:	\$1M	\$1M	\$1M	\$1M

C. Provide a Collaborative R&D Tax Credit to Increase Private Sector Investment in Collaborative R&D.

Since 1984, approximately 2,100 organizations have participated in one or more R&D consortia, but these companies represent only a small fraction of the potential organizations that could benefit from collaborative R&D activities if greater numbers of companies were given incentives to participate. Many of these national consortia have come together to solve extremely large, complex problems, often with government participation and funding.

However, companies joining a consortium face a diminution of their R&D tax benefits under current law. Corporate R&D expenditures are more difficult to qualify when expended through a consortium than through an individual corporation, often resulting in no credit. Furthermore, for those individual corporate expenditures that would qualify for the current 20 percent R&D tax credit, organizations receive only 13 percent credit (i.e., 65 percent x 20 percent) when R&D is funded through a consortium. In addition, the current tax credit applies only to the incremental increase in R&D over a base level of spending. This provision creates a disadvantage for small start-up firms that traditionally are the innovators of new technology.

Recommended Actions:

In November 1991, Representative Sander M. Levin (D-MI) and Senator Joseph I. Lieberman (D-CT) introduced companion bills that would provide a 50 percent tax credit to companies undertaking qualifying collaborative R&D. Unlike the current R&D tax credit, which covers only the incremental increase in R&D expenditures, "The Cooperative Research and Development Credit Act of 1991, (H.R. 3979 and S. 2049) provided for a 50 percent tax credit for 100 percent of the R&D undertaken collaboratively. Qualifying organizations included all consortia registered under the National Cooperative Research Act of 1984 with a minimum of four contributing members.

Passage of legislation modeled on "The Cooperative Research and Development Credit Act" would result in significant leveraging of contributions. At a minimum, member companies would leverage their resources with three additional like organizations (i.e., 4 to 1) and receive a 50 percent tax credit (i.e., 2 x 4 to 1). The saved resources could be reinvested in additional R&D or in other priorities.

A collaborative R&D tax credit in conjunction with or instead of the existing R&D tax credit would further refine the Federal Government's support of collaborative R&D and would increase the competitive position of U.S. companies in today's international economy.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Environmental Technology

PROPOSAL: Create an Industrial Policy for the Development of Globally Competitive AFVS by the Year 2000

***Putting People First:** "Instead of coddling special interests whose fortunes depend on America's addiction to foreign oil, our national energy policy will promote natural security, energy diversity, economic prosperity, and environmental protection." (p. 89)*

"It's time to make the right energy choices...convert the enormous federal vehicle fleet to natural gas". (p. 89)

A number of barriers stand between a successful, market-driven clean vehicles industry and the present state of the auto industry. This proposal recommends the development of a national industrial policy that will insure that American industry is not left behind in the global race to develop the personal transportation technologies of the future.

Option 1: Create an Interagency Task Force Charged with Developing a National Plan for Commercializing Alternative-Fuel Vehicles (AFVs)

Due to the strategic importance of AFV technologies, and the care with which market forces and government policies must be combined, an Interagency Coordinating Council (FCCSET) be established and charged with reporting back to the President, within one year, as to the proper size and scope of a national AFV development plan. No legislation is required, and there are no significant near-term revenue requirements.

Option 1: Create an Interagency Task Force Charged with Developing a National Plan for Commercializing Alternative-Fuel Vehicles (AFVs)

Benefits:

The gasoline-powered automobile is entering its final decades of technological dominance. At some point in the future, new industries will exist that construct and sell low-pollution vehicles to enormous personal transportation markets all over the world. Whether these cars employ hydrogen fuel cells, solar cells, chemically bonded natural gas, LNG, or other fuels, the jobs and economic benefits of producing these cars will accrue to the industries and nations whose technologies provide the best combination of cost, performance, and environmental quality. While it is impossible to put even approximate figures on the benefits of these new technologies, the present automobile industry in the United States:

- Employs, directly and in related industries, over 13 million Americans -- one out of every seven workers.
- Presently accounts for more than 5% of all capital spending by manufacturers; and
- Sold more than \$418 Billion of products in 1987 in 204,000 establishments around the U.S., many of them small businesses.

During recent years, automakers ranging from tiny startups to Detroit's "Big 3" have encountered great difficulties when attempting to develop AFVs. Massive amounts of R&D into propulsion systems, energy storage and delivery systems, fueling infrastructure, and many other areas will be required for many years before AFVs are in widespread use. The massive investment risks posed by these undeveloped technologies is greatly exacerbated by questions of consumer acceptance, vehicle performance, and the establishment of a fueling infrastructure, which is generally outside the control of automakers. Many observers have described the AFV industry as being in a "chicken and egg" situation: Cars cannot be marketed until fueling infrastructure exists, and infrastructure won't be built until cars are available to use it.

AFVs are thus a strategically, environmentally, and economically critical industry whose development would benefit from national guidance. The challenge to the developers of such guidance is to enable the creation of an industry that does not require continuous government subsidies in order to make vehicles that are both profitable in global markets and environmentally benign.

An interagency federal coordinating committee would operate under the auspices of the Federal Coordinating Council on Science, Engineering, and Technology (FCCSET). The interagency committee could contain representatives from the Departments of Energy, Transportation, EPA, Commerce, and Labor, as well as the National Academies and other agencies.

Political Feasibility:

Most segments of the American business community would support this initiative, as would environmental constituencies and many other segments of the American electorate. However, proponents of each of the existing types of AFVs are all opposed to any form of government assistance that is not "fuel-neutral," i.e., appears to favor one fuel type over another.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Reform Executive Branch Oversight of Regulatory Rulemaking

Governor Clinton said that he would not abdicate regulatory policy to the agencies and would employ some sort of presidential review process. (BNA Daily Environment Report, October 9, 1992)

The Reagan and Bush Administrations controlled Agency rulemaking through a regulatory review process that impeded normal government operations and created political controversy. Among the issues raised were the influence of the White House, OMB, and the Council on Competitiveness in regulatory rulemaking, and the analytical criteria by which rules were evaluated.

An early priority in the Clinton Administration should be to create new procedures to review and shape the regulatory program to maximize social benefits, foster innovation and market solutions, and maintain accountability. Symbolic and substantive reforms must be carefully focused on areas of previous abuse without signaling an abdication of legitimate Executive authority and control of the rulemaking process.

Option 1. Allow Regulatory Moratorium to Lapse. President Bush placed a 90 day moratorium on new regulations in January, 1992 and subsequently extended it indefinitely. It will lapse when the new Administration takes office.

Option 2. Lift Regulatory Moratorium. The President may want to make a symbolic gesture and lift the moratorium, and have an opportunity to express his own philosophy regarding executive control.

Option 3. Eliminate the Council on Competitiveness. The Council on Competitiveness under Vice President Quayle has created political controversy, and could be eliminated by making no appointments and requesting no budget.

Option 4. Issue a New Executive Order. A new Executive Order could supersede or clarify Reagan Executive Order 12291 (cost-benefit analysis) E.O. 12498 (regulatory coordination and review) and E.O. 12630 (takings assessment).

REGULATORY INITIATIVES

Option 1. Allow Regulatory Moratorium to Lapse. President Bush placed a 90 day moratorium on new regulations in January, 1992 and subsequently extended it indefinitely. It will lapse when the new Administration takes office.

Benefits

The moratorium was supposedly aimed at regulations that would impede economic recovery, and not thwart progress toward regulatory goals and statutory deadlines. In fact, the moratorium has obstructed legitimate rulemaking, given the Council on Competitiveness additional leverage in the rulemaking process, and has stalled many important regulations beyond statutory deadlines. Extravagant claims of economic benefits have been widely discredited. More importantly, it has sown confusion among regulated industries. Many firms have put pollution control investments on hold, impeding the efficient response to environmental regulations.

Allowing the moratorium to lapse without comment or issuing a new directive would give Agencies the opportunity to get back on track with drafting regulations to implement laws. It would also not call attention to any simmering interagency conflicts early in the Administration, giving the President time to contemplate revised oversight procedures.

The drawback of this option could occur if the Agencies begin to issue rules and propose rules with no coordination from the White House, and interagency disputes sprout up. Some of the new Administrators and Cabinet officers may actively seek guidelines for rulemaking activity.

Costs:

There are no outlays to implement this option.

Political Feasibility:

This would be the easiest option to implement. However, Congress, the affected agencies, and the regulated community will all look for an early indication of Presidential management. By not addressing the issue directly, some political questions will remain unanswered for a while.

REGULATORY INITIATIVES

Option 2. Lift Regulatory Moratorium. The President may want to announce that he is lifting the moratorium.

Benefits:

A statement reversing the policy would have significant symbolic impact and signal a change in governing philosophy from the previous Administration. Beyond providing more certainty to regulated parties, the actions could be announced in a spirit of open government operations. The President could give assurances that the regulatory program will neither be obstructed by political manipulation nor expanded beyond Congressional intent. A new Administration can signal both regulatory flexibility and responsiveness to economic concerns without resorting to ideologically inspired shenanigans. For example, recent rulemaking innovations such as "negotiated rulemaking" (reg-neg) have provided industry with improved input into the rulemaking process, and this should continue.

Unless carefully worded and presented, however, this action could be interpreted as giving executive Agencies free reign to add regulatory burdens with limited benefit. This announcement should therefore be coupled with the establishment of workable procedures to govern regulatory review (see Option 3 and 4).

Costs:

There are no outlays to implement this option.

Political Feasibility:

Industries subject to government regulations will react with dismay if they believe that checks on Agency rulemaking will disappear entirely. On the other hand, environmental groups are hoping that environmental protection will have a stronger voice in the new Administration. Thus, the balance struck in this announcement and in rolling out a regulatory program will be subject to intense political scrutiny. The feasibility of this option will depend on whether the new Administration establishes regulatory review procedures quickly or deliberates longer.

REGULATORY INITIATIVES

Option 3. Eliminate the Council on Competitiveness. The Council on Competitiveness could be eliminated by making no appointments and requesting no budget.

Benefits:

The Council on Competitiveness was chaired by the Vice President. Its stated purpose was to coordinate and supervise regulatory implementation and to seek to minimize the regulatory burden on the U.S. economy.

In actual operation, the Council has provided a voice for ideologues opposed to any regulation, has given industry a secret conduit through which they can petition for favorable rulemaking, and has thwarted and intimidated agencies responsible for drafting regulations conforming to Congressional intent. The Council has made ludicrous and discredited claims of economic benefits, and the secrecy surrounding their operation has called into question the legality of their influence on agency rulemaking.

Elimination of the Council will provide an important symbol that special interests will no longer have preferential access to, and influence on, the rulemaking process. The legitimate executive function of regulatory review and coordination is vested in the Office of Management and Budget's Office of Information and Regulatory Affairs (OIRA), which should conduct its review program with public accountability (see Option 4).

Cost:

There are no outlays to implement this option. The Council budget was less than \$100,000 per year.

Political Feasibility:

Implementing this option would be heralded by environmentalists and by many in Congress who actively fought the Council and believe that it acted in extralegal ways. However, some supporters of regulatory analysis and review may point out that the Council, in theory, could achieve favorable results by forcing reexamination of thorny regulatory issues and potentially costly options. Some people who fought the Council may believe that the process failed because of the people who ran it, not because the institutional arrangements are inherently faulty.

REGULATORY INITIATIVES

Option 4. Issue a New Executive Order A new Executive Order could supersede or clarify Reagan Executive Order 12291 (cost-benefit analysis) E.O. 12498 (regulatory coordination and review) and E.O. 12630 (takings assessment).

The proper role of Executive oversight and analysis must be clarified so that rulemaking can become more effective and efficient, while ensuring that economic impacts are properly considered. The role of economic analysis is to generate information regarding alternatives, not to bias decisions toward regulatory inaction because of limitations of economic methods or faulty applications of valid economic methods. The current Executive Orders require extensive analysis of sometimes dubious value for decisionmaking. Upon completion, the analyses are routinely questioned by OMB which then sits on them for months without action.

The current Executive Orders that govern the role of economic analysis in regulatory review could be revised. Among other options, a new E.O. could (1) impose deadlines for OMB review of agency analysis; (2) require greater accountability and "sunshine" in the review process; (3) establish a mechanism to resolve disputes; (4) expand the analytical framework agencies use for assessing economic impact to explicitly recognize non-economic factors that are important; and (5) establish more balanced criteria to those outlined in E.O. 12291. The purpose of the new procedures should not be to cripple OMB, but rather to avoid needless confrontation and clarify the rules of engagement when disputes arise.

Costs:

A revision of the rulemaking process can have budget impacts because the required analyses are expensive to produce. The actual budget impact will depend on specific revisions.

Political Feasibility:

The new Executive Orders cannot be perceived to give aggressive rulemakers free reign to ignore the economic impacts of their decisions. As long as the revised procedures encourage agencies to confront the broad impact of proposed rules and generate useful information, the political benefits from streamlining the OMB review could be significant. Congress must occasionally harass the Executive Branch to get laws implemented on time, which breeds a lot of ill will. On the other hand, those who dislike proposed rules profit from the current paralysis.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Issue Executive Order for Conversion of the Federal Vehicle Fleet to Natural Gas and Electric Vehicles

Under this initiative, an Executive Order would be issued accelerating the conversion of a substantial portion of the federal vehicle fleet to natural gas ("NGV") and electric ("EV") vehicles on a schedule that accelerates minimum fleet purchases mandated under the Comprehensive National Energy Policy Act of 1992. This would be done by (a) setting requirements for minimum percentages of new purchases or acquisitions of NGV/EV light and medium duty vehicles for FY 93-97; and (b) Establishing minimum percentage requirements for particular segments of the federal fleet that must be NGV/EV's at the end of each Fiscal Year from FY 94 through FY 97. (These requirements may be met either through new acquisitions or by converting existing vehicles.) The E.O. would target all accelerated AFV purchases primarily towards American cities with severe air quality problems.

Federal outlays required under option 1 are approximately \$35 million in FY 93 and \$45 million in FY 94. Under option 2, funding requirements are \$35 million in FY 93 and \$90 million in FY 94.

Option 1: Accelerate Purchases of New AFVs in Place of New Conventional Vehicles by One Year from the Mandates Contained in the Energy Policy Act of 1992.

Option 2: Double the Pace of Federal AFV Acquisitions by Implementing, Via E.O., a Program to Convert Existing Federal Vehicles at the Same Rate as New AFVs Are Acquired (as in Option 1). Because conversions require additional planning, the E.O. would require the Secretary of Energy to have in place a conversion plan for implementation beginning in FY 94.

REGULATORY INITIATIVES

Option 1: Accelerate Purchases of New AFVs in Place of New Conventional Vehicles by One Year from the Mandates Contained in the Energy Policy Act of 1992. This option would require funding of approximately \$35 million in FY 93 and \$45 million in FY 94.

Benefits:

The use of gasoline and diesel as transportation fuels contributes significantly to two major national problems. First, approximately 2/3 of imported oil is used for vehicle fuel, contributing substantially to the \$55 billion annual trade deficit for petroleum imports. Second, emissions from gasoline and diesel fueled vehicles are a major factor in urban air pollution.

Converting as large a portion as possible of the 550,000 vehicle federal fleet to operate on clean, domestically produced natural gas or electricity at the earliest practical date should provide a market stimulus sufficient to trigger both mass vehicle production by auto manufacturers and construction of refueling infrastructure by utilities and other fuel or power providers. Strategically targeted governmental purchases of new electric (EV) or natural gas (NGV) vehicles for fleets operating in cities with major air pollution problems will help to achieve these goals.

Targeting the nation's approximately 14 million public and private fleet vehicles, located primarily in the urban areas with greatest air pollution problems, and using conversion of the federal fleet as a starting point makes sense from several perspectives. Converting those 14 million vehicles would reduce crude oil imports by 14% and improve the balance of trade by \$5.8 billion.

Extensive use of vehicular natural gas (VNG) in fleet vehicles would increase annual natural gas consumption by roughly 1.6 trillion cubic feet, adding about \$3 billion in gross national output and producing an estimated 50,000 to 75,000 additional jobs in gas-producing states.

An additional benefit of using NGVs would be a long-term reduction in the federal budget deficit, because of lower expenditures by public sector entities that currently purchase imported crude oil and refined products. Spinoff jobs from the emerging NGV industry would include: 1) refueling system manufacturing and installation; 2) training of conversion mechanics and vehicle users; 3) manufacture of OEM NGVs and vehicle conversion parts and equipment; and 4) manufacture of VNG storage cylinders.

Natural gas has significant environmental benefits over gasoline and diesel, providing 1) 90% reduction in carbon monoxide (CO); 2) 70 to 80% reduction in nonmethane hydrocarbons (NMHC); 3) 30 to 60%

reduction in nitrogen oxides (NOx); 4) 100% reduction in evaporative hydrocarbons; and 5) greater than 90% reduction in particulate matter emissions.

The electric vehicle (EV) contributes even fewer overall pollutants, even when power plant emissions are factored into account. The EV community believes that the creation of an alternative fuels market, with a role for electric powered vehicles, is needed to encourage use. According to CalStart, this goal can be achieved without large financial investment by pledging a share of the federal fleet in 1995 and beyond. Electric vehicles may be most feasible for nonattainment urban areas where low emissions are more important than long range capability.

The proposed Order would include criteria that insure that federal AFV purchases primarily occur in fleets located in urban areas with nonattainment status under the Clean Air Act, taking into account the location of suitable federal fleets and, the presence of an existing natural gas or electric refueling delivery system in each non-attainment area, or the feasibility of creating such a system within an acceptable time; and the existence of state and/or local clean air programs directed at mobile source pollution reduction.

The only significant drawbacks of this proposal have to do with anticipated political opposition. See discussion below.

Costs:

(million dollars)			
<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
\$ 35	\$ 45	\$ 45	\$ 45

Political Feasibility:

Support for an executive order speeding up the conversion of the federal fleet to natural gas and electricity can be expected to come from the natural gas and electric vehicle industries as well as the gas and electric utility sectors. Organizations like the American Gas Association, Natural Gas Vehicle Coalition and Natural Gas Council already have made similar proposals. The EV industry, including the Electric Transportation Council and a wide variety of regional and state organizations, will also support the proposal. Gas utilities, producers and pipelines will also be supportive.

Support can also be expected to come from the environmental community. Organizations familiar with and generally supportive of the issue include the Environmental Defense Fund, Sierra Club,

National Audobon Society and Worldwatch Institute. The American Lung Association and other health organizations will be allies. Other non-governmental organizations that support the goals of increasing energy independence and creating domestic jobs. Labor, for instance, should be supportive.

Major opposition would come from the petroleum and automotive industries. The American Petroleum Institute has been reluctant to support alternative fuels. The Motor Vehicle Manufacturers Association also generally opposes changes of this type.

The propane industry and the methanol and ethanol industries would also object. However, propane is an acceptable alternative fuel where natural gas infrastructure cannot be developed. Emissions, safety, pricing and supply considerations must be weighed here. The American Methanol Institute and the well organized ethanol lobby will strongly oppose any alternative fuels measures that don't include them.

Other fuels are reluctant to see increasing emphasis on natural gas, including the National Coal Association, the Nuclear Lobby and the United Mine Workers as well as heating oil supply and equipment lobbies. Fleet managers' associations and elements of the federal bureaucracy may also object.

REGULATORY INITIATIVES

Option 2: Double the Pace of Federal AFV Acquisitions by Implementing, Via Executive Order, a Program to Convert Existing Federal Vehicles at the Same Rate as New AFVs Are Acquired (as in Option 1). Because conversions require additional planning, the would require the Secretary of Energy to have in place a conversion plan for implementation beginning in FY 94.

Benefits:

Same as in Option 1, but larger due to larger size of program.

Costs:

(million dollars)

<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
\$ 35	\$ 90	\$ 90	\$ 90

Political Feasibility:

Same as Option 1.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Speed Development and Certification of New Natural Gas Pipelines

Putting People First proposes that the new Administration "speed development and certification of new natural gas pipelines to get natural gas to market, with special emphasis on areas not currently adequately served by natural gas" (p. 90-91).

New natural gas pipeline development and certification has become a bottleneck to increased natural gas usage in some regions. The rules of the game could be revised to benefit gas producers, consumers, and the environment.

Option: The FERC Could Initiate a Rulemaking on Natural Gas Pipeline Certification Early in the New Administration.

REGULATORY INITIATIVES

Option: The FERC Could Initiate a Rulemaking on Natural Gas Pipeline Certification Early in the New Administration.

The Federal Energy Regulatory Commission rulemaking initiative could propose the following:

- Offer a "fast track" option for persons wishing to construct new pipeline facilities whereby there would be greatly reduced regulatory scrutiny of the proposed pipeline and its rates if the applicant was willing to accept certain terms and conditions attached to the authorization.
- Set forth certain other conditions for authorization of construction and replacement of pipeline facilities in which the owners accept greater financial risk in return for reduced regulatory scrutiny.
- Permit private contractors paid by pipeline applicants to prepare documents necessary for FERC to comply with its obligations under the National Environmental Policy Act of 1969.

Benefits:

Natural gas is a low-cost, clean-burning fuel. Supplies are domestic or from secure North American producers. Lack of pipeline capacity prevents many potential markets from being served. New pipeline construction is often needlessly delayed. Speeding pipeline development is good for consumers, good for the environment, and will lead to more construction jobs. This regulatory initiative furthers the goal of building the nation's infrastructure.

Political Feasibility:

No implementing legislation is needed; FERC could use existing rulemaking authority. The Secretary of Energy may also propose FERC rules and FERC is required to consider and take expeditious final action on any proposal made by the Secretary. Similar proposals to accomplish these purposes legislatively were in the House and Senate versions of the energy bill in the 102nd Congress. They were dropped in conference due to an impasse on three issues: (1) the FERC Order No. 636 restructuring rule; (2) natural gas prorationing and the Markey-Scheuer amendment to the House bill to limit state authority to regulate natural gas production; and (3) natural gas imports. Some House conferees argued that FERC's Order No. 636, which significantly restructures interstate pipeline services, had so changed the regulatory landscape in terms of shifting cost and gas supply responsibility to local distribution companies and other gas purchasers that it would be unwise to amend

pipeline construction rules in a way that would relax regulatory scrutiny of pipeline companies. Similar objections might be raised to administrative actions in this area; however, the issues raised in Order No. 636 are arguably separate from those concerns new pipeline certification.

Other energy sources may suffer decreased market share, but any change will come gradually. Some would argue that such an initiative will raise questions concerning the use of eminent domain powers to acquire the right-of-way for pipelines. However, such concerns can be addressed so that the interests of property owners are properly respected.

Authorizing committees of jurisdiction: Senate Energy and Natural Resources Committee; House Energy and Commerce Committee, Subcommittee on Energy and Power.

ENVIRONMENT, ENERGY AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Encourage Use of Natural Gas throughout the American Economy

Putting People First: "Implement policies to expand markets for natural gas in every sector -- homes, businesses, industry, electrical generation, and transportation." (p.90)

This proposal contains five options that encourage increased natural gas use in many sectors of the U.S. economy via actions by DOE, the FERC, and other government agencies. These initiatives are not exclusive and generally involve little or no cost to the federal government. Several options have numerous design alternatives.

Option 1: FERC Actions that Help Increase the Use of Natural Gas by Electric Generators. The FERC could hold proceedings that help insure that electric generators obtain reliable, sufficient, low-cost gas supplies for future generating units.

Option 2: Create an Assistant Secretary for Natural Gas and Oil at DOE. The present designation of Assistant Secretaries at DOE does not adequately recognize the importance of natural gas to the U.S. economy, as well as many other changes in DOE's national mission.

Option 3: Amend Federal Procedures so that Life Cycle Energy Costs Are Used to Set Efficiency Standards. Present laws and federal procedures do not account for the fact that natural gas is supplied to end users much more efficiently than is electricity. A change in the procedures for federal buildings would improve federal energy efficiency and serve as a model for state utility commissions.

Option 4: Eliminate Future Federal Purchases of Cooling Units That Use CFCs. Electric air conditioning units use CFCs, whereas gas cooling units do not. An executive order that forbade the purchase of cooling equipment containing CFCs would therefore increase natural gas use and demonstrate the Administration's commitment to environmental protection.

Option 5: Convert All Federal Buildings That Use Fuel Oil to Natural Gas. Due to an unwillingness to examine conversion options, some federal facilities are heated with oil rather than cheaper, cleaner natural gas. An executive order to find and convert these buildings in a cost-effective manner could correct this situation.

REGULATORY INITIATIVES

Option 1: FERC Actions that Help Increase the Use of Natural Gas by Electric Generators. The FERC could hold proceedings that help insure that electric generators obtain reliable, sufficient, low-cost gas supplies for future generating units. Several actions would be possible:

- Ask FERC to order that the National Electric Reliability Councils add fuel supply subpanels that include gas industry representatives and DOE observers. These panels would not require funding or interfere with state or federal regulation, but would encourage gas and electric utilities to doing joint reliability and deliverability planning.
- Ask FERC to incorporate gas-electric interface issues in its Notice of Proposed Rulemaking (NOPR) concerning Regional Transmission Groups (RTGs).
- Ask FERC to convene a technical conference entirely devoted to the needs of electric utilities as gas customers in the restructured gas industry.
- The FERC has scheduled a technical conference on Order 636 implementation issues. Ask FERC to devote one session of this conference to the special needs of electric utilities as gas pipeline customers.

Benefits:

Ensuring that electric generators will be able to obtain sufficient natural gas supplies is critical to achieving adequate, low-cost, environmentally compatible power supplies during the next ten years. The electric utility industry is planning to rely on natural gas for about 70% of new generating capacity to be constructed through 2001. The regulatory "fixes" proposed in this option do not require funding or new legislation, merely an executive commitment.

Political Feasibility:

As long as the Administration makes clear that it is searching for answers acceptable to both the gas and the electric industry, no parties will object to this initiative. Consumer and environmental groups generally favor gas-fired electric generation. The only potential consumer issue is that residential gas customers will not want electric generators to receive inordinately favorable rates from gas pipelines.

REGULATORY INITIATIVES

Option 2: Create an Assistant Secretary for Natural Gas and Oil at DOE.

Benefits:

When DOE was organized in the 1970's, the view was that FERC would handle natural gas issues. However, FERC handles only regulatory issues, and non-regulatory programmatic support is lacking within DOE. The Assistant Secretary for Fossil Energy, seen traditionally as the "Assistant Secretary for Coal", has responsibility for natural gas. The professional bureaucracy within Fossil Energy overwhelmingly has a coal industry background and has been organized to concentrate on coal and to a lesser extent on oil. Only recently, the Office of Fossil Energy reorganized to include a Deputy Assistant Secretary for Gas and Petroleum Technology. While an improvement, this position concentrates on natural gas exploration and recovery R&D and not on natural gas utilization R&D and policy.

Since oil exploration and recovery technologies in many instances are similar to gas, and for organizational purposes, the assistant secretary should be responsible for oil as well as gas.

The DOE Organization Act (5 U.S.C. 7133) provides for eight Assistant Secretaries and gives the Secretary discretion in designating titles and responsibilities. The law identifies eleven specific functions that the Secretary is to assign to the Assistant Secretaries and makes clear that all the functions of these assistant secretaries are not limited to these eleven. Thus, establishment of an Assistant Secretary for Natural Gas and Oil can be done administratively as long as the other statutorily identified functions are assigned to one of the other seven assistant secretaries.

Costs:

Little or none.

Political Feasibility:

Coal and nuclear organizations and key Senators and Representatives will follow the reorganization closely relative to coal and nuclear. In merging existing functions, careful consideration is needed to assure the least offensive reorganization, especially for coal.

The Administration would need to make clear at the outset that this reorganization does not diminish the role of coal, is consistent with the DOE Organization Act and that no budgetary structural changes are needed.

While the proposed reorganization can be accomplished without congressional approval, the Senate Energy and Natural Resources Committee and the full Senate will have opportunity to express their views on it in the confirmation process. Early meetings with key Senators would gain support and reduce objections.

REGULATORY INITIATIVES

Option 3: Amend Federal Procedures so that Life Cycle Energy Costs Are Used to Set Efficiency Standards.

Benefits:

Present laws and federal procedures do not account for the fact that natural gas is supplied to end users much more efficiently than is electricity. Natural gas loses only a total of 9 percent of its energy in extraction, processing, transportation and delivery. By contrast, electricity losses are, on average, 72 percent of the energy contained in the original fuel.

Several laws (such as the National Appliance Energy Policy Act and the Energy Policy Act of 1992), as well as federal building energy efficiency programs, fail to account for life cycle energy costs. A change in the procedures for federal buildings could improve federal energy efficiency and serve as a model for state utility commissions.

Federal programs that establish energy management goals and evaluation measures on the bases of on-site energy consumption could be replaced with programs that reduce primary energy consumption. In particular, an executive order could be issued that: (1) Implements full fuel-cycle calculations in the Federal Energy Management Programs; and (2) Implements a review of existing National Appliance Energy Policy Act (NAECA) and new Energy Policy Act Regulatory Impact Analysis to insure that the primary energy impact and benefit/cost analysis accurately reflects fuel substitution results.

Costs:

De Minimis. Requires some additional efforts in Regulatory Impact Analysis, but this can be conducted with existing requirements.

Political Feasibility:

Can be accomplished completely through an Executive Order. The coal and electric industries will object; the strength of their objection is uncertain.

However, the appliance efficiency programs in the Energy Policy Act of 1992 and other laws were the product of delicate, contentious negotiations.

REGULATORY INITIATIVES

Option 4: Eliminate Future Federal Purchases of Cooling Units That Use CFCs.

Benefits:

Electric air conditioning units use CFCs, whereas gas cooling units do not. An Executive Order barring the purchase of cooling equipment containing CFCs could increase natural gas use and demonstrate the Administration's commitment to environmental protection. The order would mandate the installation of natural gas cooling in all new federal facilities and develop a program to replace electric cooling equipment with natural gas cooling at the end of the electric equipment's useful life.

This is a clean environmental fix to major problem (CFCs, other ozone depleting chemicals). Gas cooling also reduces peak electrical demand at a time when power needs and power costs are both high, while gas costs and demand is low.

In addition, gas cooling unit purchases could boost the U.S. gas cooling industry. Federal purchases would help technology commercialization and creation of manufacturing infrastructure. Finally, gas cooling reduces many pollutants other than CFCs, such as SOx, solid waste, effluents and air toxics (CO2 and NOx emissions are technology-specific, and may or may not diminish).

Costs:

The only additional cost to the federal treasury is the difference between the capital costs of gas and electric cooling units.

Political Feasibility:

Can be accomplished through Executive Order. The proposal would help domestic gas industry. At the same time, the proposal would be well received by environmental community. In addition the proposal will help develop the natural gas equipment market. The proposal, however, would be opposed by some in electric utility industry and the coal industry. Appropriations for government purchases would be subject to Congressional approval and additional capital expenditures would be opposed by fiscal conservatives.

REGULATORY INITIATIVES

Option 5: Convert All Federal Buildings That Use Fuel Oil to Natural Gas.

Due to an unwillingness to examine conversion options, some federal facilities are still heated with oil rather than cheaper, cleaner natural gas. An executive order to find and convert these buildings in a cost-effective manner could correct this situation. Under this option, the President would order the identification of all federal facilities currently using oil that have reasonable access to natural gas service. DOE would be charged with implementing a program of conversion of these facilities from oil to natural gas.

This option can reduce of oil imports, improve our trade balance, and stimulate the domestic gas exploration and production industry (E&P). Increased domestic gas industry activity means increased jobs at all levels of the industry supply chain -- including manufacture and installation of the new equipment.

Federal conversions would also provide an example to the private sector to convert its buildings. Moreover, energy costs and pollution levels would be reduced at converted federal facilities. Finally, this conversion program dovetails naturally with other Administration efforts to increase energy efficiency ("DSM") activities at federal facilities. In many instances, boiler replacements can and should be made a part of a facility-wide energy efficiency package.

Costs:

Modest but immediate startup of the program is proposed to develop protocols and methods, and attempt several rapid pilot programs, during FY 93. Among the options to be explored is the use of existing authority, under the Energy Policy Act of 1992, to use public-private partnerships (in the form of "shared savings contracts" with private entrepreneurs) to finance the conversion/efficiency packages with limited federal capital. Arrangements of this nature have the potential to leverage federal outlays by as much as a factor of five.

<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>(\$ millions)</u>
\$10	\$25	\$50	

Political Feasibility:

The proposal favors natural gas over imported oil. Gas producing states would favor proposal for job creating potential. In addition, some "local" political benefits likely due to reduce pollution from oil. As a result, environmentalists may like the proposal because of lower pollution as well as the increased efficiency resulting from cogeneration. However, coal states representatives may resist if coal is excluded from conversion options. The electric industry could oppose the proposal if cogeneration is included.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: The Alaska Wetlands Rule

President-Elect Clinton has said that he would make "the no-net-loss of wetlands pledge a reality", by basing "wetlands policy on science instead of politics by working with the National Academy of Sciences and other members of the scientific community to devise appropriate policies". (Putting People First, p 96.)

Current Federal wetlands regulations establish a hierarchy that must be followed before a wetland may be developed. Anyone seeking a Federal wetlands development permit must strive to 1) avoid impacts on wetlands altogether, 2) minimize the adverse effects of any unavoidable impacts, and 3) compensate for any unavoidable impacts by enhancing existing wetlands or creating new ones somewhere else of equivalent value.

On August 1, 1991, President Bush announced his comprehensive wetlands plan. It included a proposal to allow wetlands permits to be issued in Alaska even if no effort is made to comply with steps 1 or 3 of the hierarchy -- avoidance of adverse impacts on wetlands, and compensation for adverse impacts that do occur. On October 30, 1992, the Environmental Protection Agency officially proposed a change to Federal wetlands rules to implement this proposal.

OPTION: Rescind the Alaska Wetlands Rule

Benefits:

This proposed rule puts 170 million acres of Alaska's wetlands in jeopardy. It is not based on any scientific argument that wetlands in Alaska are somehow less valuable than wetlands in the lower 48. Alaska has more undeveloped, non-wetland acreage than any other State and the land performs critical habitat functions.

The proposal makes no effort to distinguish between high and low-value wetlands -- for example, all 345,000 acres of Alaska's valuable coastal wetlands would be opened to development.

Finally, this proposal abandons the popular no-net-loss-of-wetlands goal in Alaska, and makes the goal very difficult to achieve nationwide.

Costs:

Most of Alaska is owned by the Federal government and is therefore closed to development. Much of the State's non-Federal land is wetland. Because of this, avoidance of wetlands in Alaska is a greater burden on development than in other States.

Only a small amount of Alaska's wetland acreage has been developed to date -- much less than Louisiana and other States. To allow Alaska to develop economically like the rest of the U.S. has, an exemption from wetlands regulations should be granted.

Political Feasibility:

The Alaska congressional delegation is likely to oppose such a move. However, the tourism and fishing industries in Alaska are likely to support this move.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Move to Stop Weakening of Wetlands Protection

Putting People First, President Clinton said he would "make the 'no net loss' wetlands pledge a reality; base wetlands policy on science instead of politics by working with the National Academy of Sciences. . ." (Page 96).

In 1989, the Army Corps of Engineers and the EPA proposed new rules for defining what lands were wetlands, protected from disturbance by Section 404 of the Clean Water Act. The new rules were influenced by President Bush's campaign pledge that his policy would be "no net loss" of any wetlands. But when the 1989 rules came out, farmers, real estate developers and others complained that they were too broad and interfered with private landowners' prerogative to develop their lands as they see fit. Congress required the Corps to use the previous, 1987 manual instead of the new one. The Council on Competitiveness went further, pushing the two agencies to go back and come up with a new, less stringent definition.

The agencies' 1991 proposal was met with a torrent of criticism from environmentalists, hunters, and state agencies. It would have removed protection from half of wetlands currently covered. It relied on questionable ways to determine what constitutes a wetland that were not based on science. The outcry stopped implementation of the proposal, and Congress responded by requiring a study of how to define a "wetland" by the National Academy of Sciences in the energy and water appropriations bill for 1993. This study is to be completed in a year. Until then, the 1989 manual is still in effect, as the 1991 manual revisions have for all practical purposes been dropped.

OPTION 1. Take no Action Until the NAS Study is Completed.

OPTION 2. Block Final Action on Three Proposals Now Moving Through Which Would Weaken Wetlands Protections.

OPTION 1. Take no Action Until the NAS Study is Completed.

Benefits:

If wetlands policy is to be based on science, any revision of the 1987 manual now in use should wait for the National Academy Study to be completed in 1994.

Costs:

The one year delay in waiting for the NAS study will preclude any other positive action on this issue.

Political Feasibility:

Most sides (farmers and enviros) have accepted that this study will take one year to complete.

OPTION 2. Block Final Action on Three Proposals Now Being Explored by the Administration Which Would Weaken Wetlands Protections.

Benefits:

The EPA proposed "Alaska exemption" would exempt Alaska from the wetlands definition now in use; the "de minimis rule" proposed by the Corps and EPA is supposed to toughen the program, but is just now being drafted; and the Army/Department of Interior MOU would greatly weaken the ability of the Fish and Wildlife Service to get protection of the fish and wildlife values of wetlands included in the 404 process. Halting them so that they can be reviewed by the new Administration's team is consistent with the campaign pledge to protect wetlands, and will be hailed by conservationists. Additionally, wetlands provide important economic incentives for conservation through tourism and fishing industries, which rely on benefits provided by wetlands.

Con

All three pending actions do address problem areas that have been a source of controversy for some time. Farmers and business interests have been pushing for these proposals, and will not support efforts to weaken them.

Political Feasibility

Again, farmers and business interests are supportive of these proposals.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Create Interagency Task Force to Examine Automobile Efficiency Improvements

"Increase Energy Efficiency and Conservation: Increase Corporate Average Fuel Economy Standards from the current 27.5 mpg to 40 mpg by the year 2000 and 45 mpg by 2015." Putting People First, p. 90.

Design Option: Create an interagency task force to solicit input from all affected industries and interest groups, as well as input from all relevant government sources, on the options available to increase automobile fuel efficiency and decrease transportation oil dependence.

Design Option: Create an interagency task force to solicit input from all affected industries and interest groups, as well as input from all relevant government sources, on the options available to increase automobile fuel efficiency and decrease transportation oil dependence.

Benefits:

The issue of CAFE standards has been contentious and hard-fought by many constituencies. Rather than searching for new approaches, all sides have coalesced around fixed positions. This option would create a task force headed by a senior DOE official charged with examining existing as well as new approaches, and would evidence the Administration's commitment to working with all parties to find win-win, long-term solutions.

There is a possibility that a real win-win solution exists. If it can be found, all parties will be able to claim victory, and the Administration will have improved auto industry competitiveness without sacrificing environmental and energy objectives. Furthermore, if the Administration does not act quickly, Congress may take the lead on the question and the Bryan bill may be reintroduced, thus rekindling the controversy.

A task force could easily be established by executive order and funded at modest levels through FY '93 and FY '94. Establishment of the task force would send a signal to all relevant parties that the Administration is taking a fresh new look at the issue in a very complete fashion.

In order to insure that all policy efforts in this area are coordinated and cohesive, the Task force should be expressly instructed to factor into account government policies on environmental regulations, alternative fuels, health and safety, and national industrial or "competitiveness" policies. The task force should include representatives from each of these areas, in addition to scientific and technical expertise and input from affected industries and interest groups.

Budget Impact:

Estimated Costs of the Task Force are negligible.

Political Feasibility:

No significant political obstacles are evident. Most parties to the CAFE controversy appear tired of rearguing the same divisions and are therefore likely to support this proposal. Skepticism and cynicism will run high, but probably not outright opposition.

ENVIRONMENT, ENERGY AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Direct the EPA to Phaseout Methyl Bromide.

Putting People First pledges to "reduce American and worldwide use of airborne chemicals that destroy the ozone layer and work to keep our world's delicate environment in balance.

OPTION: Direct EPA to list and phase-out methyl bromide. Methyl bromide is the only powerful ozone depleting substance currently untouched by phaseout schedules for chemicals that deplete the Earth's ozone layer. Pursuant to requirements of the Clean Air Act Amendments of 1990, which require the listing and phase-out of the most harmful ozone depleting substances, this option proposes that the President direct the EPA Administrator to phaseout use of methyl bromide.

REGULATORY INITIATIVES

OPTION: Direct EPA to List and Phase-Out Methyl Bromide, Pursuant to the Requirements of the Clean Air Act Amendments of 1990, which Require the Listing and Phase-Out of the Most Harmful Ozone Depleting Substances.

Benefits:

The destruction of the Earth's protective ozone layer is a threat to the health of all living things by screening out harmful ultraviolet radiation from the Sun. A variety of chemicals containing the chemicals chlorine and bromine are causing the depletion of stratospheric ozone layer -- including: chlorofluorocarbons, halons, carbon tetrachloride, methyl chloroform. Recently, it was found that methyl bromide, used in agriculture as an insecticide, also is a powerful ozone destroying substance. The latest international scientific assessment found that ozone depletion over the Antarctic is the most severe on record. Stratospheric ozone levels are trending downward in both hemispheres of the globe, at a rate of at least 2 percent per decade.

The phaseout of chemicals that deplete the ozone layer is regulated internationally by the Montreal Protocol on Ozone Depleting Substances and domestically by the Clean Air Act Amendments of 1990. On November 25, 1992, the parties to the Montreal Protocol accelerated the phaseout of ozone depleting substances as follows: CFCs -- by 1996; Halons -- by 1994; carbon tetrachloride -- by 1996; methyl chloroform -- by 1996. In addition, less powerful, but important ozone destroyers, known as HCFCs, are also regulated by the treaty. The November revisions to the protocol require that HCFC consumption be frozen by 1996 and that they be phased out gradually, until completely banned by 2030. Methyl bromide was found to be a very powerful ozone depleting substance, but reduction schedules were left unresolved pending further scientific and technological assessments.

Domestically, the phaseout of ozone depleting chemicals is governed by Title VI of the Clean Air Act Amendments of 1990. Pursuant to that Act and Bush Administration action, the production and consumption of the most damaging ozone depleting chemicals are scheduled to be eliminated by 1996 in the United States (consistent with the November, 1992, phaseout schedule under the Montreal Protocol). However, the Clean Air Act does not list methyl bromide as an ozone depleting substance. Section 602 of the Act authorizes the Administrator of EPA to add ozone depleting substances to the phase out list. In fact, every three years, the Administrator is required to add to the list of the most dangerous ozone depleting substances any substance with an ozone depletion potential of greater than 0.2. Methyl bromide has an ozone depletion potential of 0.7. Section 602 also allows citizens to petition the EPA

Administrator to list new Class I substances. Such a petition has been filed by environmental groups. EPA has not listed methyl bromide to date, but has a proposal to phase out the chemical by the year 2000 pending at the White House.

Methyl bromide is a soil fumigant using in preparing land for planting of cash crops such as strawberries, tree nurseries, tomatoes and tobacco. It is used extensively by farmers in Florida, North Carolina, California and the Pacific Northwest.

This option proposes that the President direct the Administrator of EPA to list methyl bromide as a "Class I" (the most powerful ozone depleters) and phaseout production and consumption by the year 2000.

Overwhelming scientific evidence suggests that: a) the Earth's ozone layer is under serious assault from manmade chemicals; and b) that methyl bromide is one of the more powerful ozone depleting substances. Currently, methyl bromide accounts for 5 percent of annual emissions of ozone depleting chemicals. Unchecked, it will account for 15 percent of annual emissions in the year 2000. By announcing a phaseout schedule for methyl bromide the United States would assert its global environmental leadership on the issue of ozone depletion. Potential substitutes do exist, but further research and testing must be completed (warranting a year 2000 phaseout). Furthermore, such action will speed the search for substitute chemicals. A phaseout date of 2000 would be less rigid than the phaseout schedule for other Class I substances. Finally, the Clean Air Act Amendments of 1990 clearly requires that the EPA take such action, although it does allow EPA flexibility in setting phaseout schedules.

The November, 1992 revisions to the Montreal Protocol specifically delayed action on a phaseout schedule for methyl bromide pending further scientific and technological study.

Costs:

To the extent that other nations do not agree to phase out methyl bromide themselves, unilateral action by the United States will disadvantage U.S. producers and users of methyl bromide (although this action could enhance those producers competitive position in the future by encouraging them to get ahead in the search for substitutes).

Political Feasibility:

Agricultural interests have waged an enormous battle against the pending rule for methyl bromide phaseout. The industry argues that there are no reliable alternatives to the chemical (independent experts refute this claim and assert that substitutes are being developed that require several additional years of research and

testing). This action would be strongly opposed by agricultural interests and chemical producers. However, it is unlikely that there would be significant political difficulties in Congress.

ENVIRONMENT, ENERGY AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Address Inequalities in Race and Income Distribution with Regards to Environmental Hazards

***Putting People First** calls for actions to "Reform and ensure proper and effective enforcement of the EPA Superfund so that taxpayer money goes toward cleaning up toxic waste instead of paying legal bills.... Support legislation that allows ordinary citizens to sue federal agencies that ignore environmental laws and regulations designed to preserve our environment - so that government bureaucrats are made accountable for proper and effective environmental law enforcement... Support efforts to mandate public reporting on toxic chemicals used and produced by companies, and require those companies to develop plans for reducing their toxic chemical use... Crack down on environmental crime by holding companies and polluters responsible for their behavior." (p 95-96). **Putting People First** also calls for the prohibition of "discrimination in federal employment, federal contracts, and government services" (p 64).*

Recent studies have identified marked disparities in the application and enforcement of environmental protections that are strongly correlated to economic and demographic considerations. If a community is poor or inhabited largely by people of color, there is a good chance that it will receive less protection than a community that is affluent or white. (EPA, 1992) Both race and class have been found to be related to the distribution of air pollution, location of municipal landfills and incinerators, abandoned toxic waste dumps, lead poisoning in children, and contaminated fish consumption. A 1992 National Law Journal study found that penalties under hazardous waste laws at sites having the greatest white population were 500 percent higher than penalties with the greatest minority population.

In 1992, Senator Gore and Congressman Lewis introduced the Environmental Justice Act, designed to establish a program to ensure nondiscriminatory application of environment, health and safety laws.

OPTION: Establish a Task Force to Examine the Issue of Environmental Equity with Industry, Citizens Groups and Government Officials.

Benefits:

This action would send a clear signal not only to the environmental community, but to the civil rights community as well. There is a growing movement among grassroots organizers to call for action to clean up minority communities and to require industries to improve their environmental performance.

The benefits from such legislation are not only environmental. Health effects from environmental problems are often severe for low income communities. For example, lead, which is passed onto many minority children through paint in older housing, is considered the number one health threat to children by Health and Human Services.

Costs:

Businesses that are particularly heavy polluters may resist such an effort. Landfill, incinerator and waste facilities may also resist such action for fear that their activities in disadvantaged communities will be scrutinized.

Political Feasibility:

Resistance is not likely to be encountered against this option.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Create Demand for Recycled Materials

Putting People First: A Clinton-Gore Administration will ... reduce solid and toxic waste ... to ensure we leave our nation cleaner and healthier (page 94).

The lack of markets for recycled materials has created a bottleneck in the effort to increase the economy's use of recycled materials.

Option: Issue an Executive Order to Accelerate Procurement of Recycled Materials.

REGULATORY INITIATIVES

Option: Issue an Executive Order to Accelerate Procurement of Recycled Materials.

An Executive Order could include the following provisions:

- change federal budgeting process to allow carry-over within a given agency's budget of any documented savings from the use of recycled products, and allow that agency to exercise discretionary spending with the carry-over;
- as a corollary, require more detailed tracking of recycled product purchases by federal agencies, in order to detail achievements and establish basis for claims regarding any cost savings associated with such purchases;
- require use of recycled products by vendors and contractors when technically feasible, including use of such products in publicly funded construction projects;
- require the Department of Commerce to develop public-private partnerships, perhaps through trade associations, that facilitate private sector procurement;
- require the Department of Commerce to provide technical assistance and research grants to help small businesses design and manufacture products that meet GSA specifications; and
- require GSA to review the scope of its specifications for recycled content products and identify new product categories for which it could develop specifications.

Benefits:

This proposal would remove a primary barrier to increased use of recycled materials in the U.S. economy. Federal government purchases currently account for about 7-8% of GNP. Increased federal procurement of recycled products would demonstrate symbolic and substantive leadership by increasing market demand for such products, thereby sending positive signals to the manufacturing sector.

The scope of federal procurement efforts should be reviewed in light of recent positive changes in the cost, quality, and availability of many recycled products. Procurement efforts also could be extended to products that represent source reduction (e.g., that meet specifications such as reusability, reparability, reduced toxicity, increased durability).

Political Feasibility:

Section 6002 of the 1976 Resource Conservation and Recovery Act (RCRA) required EPA to develop guidelines for procurement of recycled products. After years of court battles, EPA began issuing final guidelines in 1988; guidelines now exist for paper products, retread tires, re-refined oil, building insulation, and cement and concrete that use fly ash. The key player in federal procurement, however, may be the General Services Administration. GSA has developed specifications for a broader scope of products than those covered by the EPA guidelines and periodically issues reports to procurement officials on recycled products that meet its technical specifications. Procurement officials in other federal agencies however, typically have little incentive (beyond public relations) to increase their purchases of recycled content products.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Initiate a Program to Expand National Income Accounting to Include Natural Resource and Environmental Impacts

Putting People First: We believe that environmental protection is fundamental to America's national security -- and that we must reject Bush Administration attempts to force a false choice between environmental protection and economic growth. (p. 93)

Unfortunately, we cannot fully document the link between economic growth and environmental quality because we currently do not have the tools. The methods we now use to measure our national income and wealth -- the National Income and Product Accounts -- produce a variety of important short-run and long-run indicators of economic health such as GDP, productivity, disposable income, and profits. However, the framework takes no account of changes in the quantity, quality, or value of natural resources and environmental conditions. Recent projects at the Bureau of Economic Analysis (the branch of the Commerce Department that produces the accounts), EPA, CBO, as well as the United Nations Statistical Organization, have established the theoretical underpinnings for expanding the accounts, and now researchers are attempting to put them into practice.

Option Type 1 Establish a Working Group to Examine how Natural Resource Accounting might be Implemented. Representatives from BEA, EPA, CEQ and other Departments (such as Interior, where much natural resource data resides) could convene to assess the prospects of expanding the accounts, and identify near term conceptual issues and data requirements.

REGULATORY INITIATIVES

Option Type 1 Establish a Working Group to Examine how Natural Resource Accounting might be Implemented. Representatives from BEA, EPA, CEQ and other Departments (such as Interior, where much natural resource data resides) could convene to assess the prospects of expanding the accounts, and identify near term conceptual issues and data requirements.

Benefits

By pursuing an applied research agenda into natural resource and environmental accounting, the real value of environmental protection can be understood and documented in the context of conventional measures of economic growth and prosperity. While some progress has been made in economic and ecological literature, our current accounting frameworks can present a misleading, and sometimes perverse, sense of progress. For example, the Exxon Valdez accident temporarily increased GDP, as clean up expenditures were recorded in the national income accounts, while the damage to the commercial fisheries and ecosystem went unrecorded. This underscores the need for better accounting systems to evolve, especially in tracking longer term wealth creation and productivity.

The creation of a working group or project will depend on other potential Administration actions. The status of the Council on Environmental Quality, the potential for the creation of a Department of Environmental Statistics at EPA or CEQ, and other economic data priorities, will determine how quickly a natural resource accounting program could proceed.

Costs

The costs of coordinating research is minor. BEA proposed a \$700,000 project for FY 92, but Congress appropriated only \$200,000. A sustained appropriation of \$1 to \$2 million per year would significantly accelerate progress on this issue.

Political Feasibility

Few would oppose such a trivial expense. While natural resource accounting has its detractors in academic circles, the criticism is usually directed at specific technical approaches or at data quality. These issues cannot ever be fully resolved, and most analysts believe that current data could support an improved accounting of national income and wealth, which would significantly augment our understanding of relationship between the environment and the economy.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Regulatory Initiatives

PROPOSAL: Create a Commission on Domestic Biodiversity

President Clinton committed to "preserving places of natural beauty and ecological importance " (Putting People First, p 94).

The degradation of biological resources is occurring at unprecedented rates. Without effective means to prevent this loss, conflicts with economic activities will only increase. All of life depends on healthy biological systems. Federal policies are too narrow, too fragmented, too crisis oriented and too often in conflict to adequately, sustainably manage those resources.

Option: Create by executive order a high-level, bipartisan, independent commission of experts from academia, nongovernmental organizations, government and industry to develop an integrated strategy for sustainably managing public and private U.S. sources at risk, improving coordination of protection efforts, developing criteria for protecting resources, providing economic adjustment for communities affected by domestic conservation measures and improving international cooperation.

Benefits: A prestigious commission can reconcile the broad mix of perspectives and develop a comprehensive strategy to achieve the consensus needed to sustainably manage domestic natural resources. An objective, high-level group can look beyond the short term political issues and "turf battles" that impair progress. To the international community, the commission could represent a reversal of the Bush Administration's abdication of international leadership at the Earth Summit. A clean air commission led to strengthening of the Clean Air Act. The "Pepper Commission" on comprehensive health care stimulated debate and proposals to address deficiencies in the health care system.

Costs: Another expensive commission delays action. More study does not provide mandates to resource managers in federal, state and local governments needed to practice sustainable management of resources. Real targeted improvements are needed and are possible.

Political Feasibility: Little opposition expected to the panel, but the panels recommendations may cause opposition -- such as farming, ranching, or business interests.

ENVIRONMENT, ENERGY AND NATURAL RESOURCES

ISSUE: Legislative Initiatives

PROPOSAL: Reauthorize and Amend Clean Water Act

Putting People First urges that "[we should] pass a new Clean Water Act with standards for non-point source pollution and incentives that will unleash the creative and technological potential of our firms, farmers, and families to reduce and prevent polluted run-off at its source." (Page 95).

Benefits:

The Clean Water Act (CWA) was last amended in 1987. Since that time, several new water quality concerns have emerged which require Congressional attention. The reauthorization process began in the 102nd Congress but did not progress far because of the wetlands controversy and other complex issues.

The major shortcoming in the current CWA identified by most observers is that it does not adequately address non-point source pollution like agriculture run-off, which accounts for approximately half of all water pollution nationwide. Because runoff problems involve agricultural pesticides, household chemicals and lawn products, reliance on federal regulatory controls may not be sufficient; local watershed planning, involving regional and local governmental units, may be required. Amendments to the CWA might address these and other issues by establishing the following new programs:

- ♦ Mechanisms could be established for collaborative watershed planning by federal and state agencies.
- ♦ New standards, implemented at the federal and state levels, could be established to control non-point source pollution such as agriculture run-off.
- ♦ National guidelines could be established for facility-level pollution-prevention plans to be included in permits issued under the NPDES system.
- ♦ EPA's pretreatment permit program could be expanded to include indirect dischargers.
- ♦ EPA could be given expanded authority to establish national groundwater protection and clean-up standards.

- ♦ The State Revolving Loan Fund (SRF) program to finance construction of sewage and wastewater treatment plants might be revised and expanded to increase EPA's funding authorization and provide increased support for water conservation and reuse programs and combined sewage overflow (CSO) projects.
- ♦ EPA could be authorized to mandate abatement programs by POTWs to control combined sewage overflow.
- ♦ The wetlands protections program in the CWA could be reexamined and revised.

Political Feasibility:

The more controversial aspects of CWA reauthorization have already sparked serious differences of opinion between environmentalists, industry and local governments.

Although they may support expansion of the SRF program, state and local governments could be concerned about any increase in their environmental regulatory responsibilities as well as any new treatment requirements for POTWs. Companies subject to more stringent permitting requirements and discharge limits could also express concern. Agricultural interests could object to any ambitious new program to address non-point source pollution. On the other hand, beneficiaries of expanded CWA programs would include recreational users of lakes, rivers and streams and commercial fishermen.

ENVIRONMENT, ENERGY AND NATURAL RESOURCES

ISSUE: Legislative Initiatives

PROPOSAL: Reform Superfund

According to Putting People First, it is a major priority to:

***"Reform and ensure proper and effective enforcement of the EPA Superfund so that taxpayer money goes toward cleaning up toxic waste instead of paying legal bills. Currently, almost half of all federal Superfund appropriations go to pay lawyers' fees - while 22,000 Superfund sites threaten the health of citizens and communities across America."** (Page 95).*

Benefits:

Superfund (or CERCLA) governs the clean-up of contaminated waste sites and abandoned industrial facilities. It is funded by a special tax and contains elaborate provisions for imposing clean-up liability on private parties. Established in 1980 and reauthorized in 1986, the Superfund program authority expires in 1994 and the Superfund tax expires in 1995. Reauthorization of Superfund will reportedly be an early focus of the Senate Environment Committee, and Congressman Dingell has announced his intention to open the Superfund debate early in the 103rd Congress. In anticipation of these activities, industry and public interest groups have been developing schemes to reform the Superfund liability and cleanup process.

Disenchantment with the current Superfund program is widespread. More than \$14 billion has been expended or committed to date for clean-up efforts, yet most of the sites on the national priority list (NPL) have not been addressed. Moreover, 33,000 potential Superfund sites have been identified, and estimates for potential clean-up costs are as high as \$500 billion. Critics of the existing Superfund program complain that too much money is being spent on resolving allocation and liability issues among potentially responsible parties. This problem is attributed to the broad liability provisions of the current law and the lack of clear standards for apportioning clean-up responsibility. Another criticism of the program is that inordinate resources are now devoted to site assessment and to costly remedies that are needlessly protective. It is asserted that a more flexible clean-up approach could achieve adequate public protection at a fraction of the current cost. A further problem is the imposition of Superfund liability on lenders and municipalities, who have complained bitterly about their involvement in the Superfund clean-up process.

The reauthorization process is likely to focus on the following issues:

- ♦ Should the tax base for the Superfund Trust Fund be increased through higher excise taxes on chemical feedstocks and petroleum products and/or increases in the broad environmental surcharge on corporate income taxes?
- ♦ Should the expanded fund be used for greater "mixed funding" of clean-ups -- i.e., to cover the share of clean-up costs attributable to unknown, defunct or bankrupt waste generators?
- ♦ Alternatively, should the current funding and liability scheme be eliminated and replaced by a "surcharge" on insurance policies which would be used to create an EPA-administered national cleanup program?
- ♦ If the current liability scheme is retained, should EPA be directed to develop guidelines for allocating clean-up costs among identified parties? Such guidelines might define how factors such as the volume and toxicity of the waste contributed to a site should be weighed in the cost apportionment process.
- ♦ Should new administrative dispute-resolution procedures be created for resolving allocation issues among potentially responsible parties?
- ♦ How can the scientific and engineering base for Superfund clean-ups be improved to encourage development of less costly, more cost-effective clean-up techniques?
- ♦ Should EPA revise the National Contingency Plan (NCP) to set more realistic clean-up goals which protect public health but reduce the scope of the clean-up effort at contaminated sites?
- ♦ Should EPA streamline the NCP's procedures for site assessment and preparation of remediation plans?
- ♦ Should lenders and municipalities be exempted from Superfund liability?

Political Feasibility:

While the need for Superfund reform is widely recognized, intense differences of opinion exist on how to achieve it. Some groups will inevitably be disappointed by reform efforts whatever form they take.

Losers could include contractors and attorneys, whose share of Superfund dollars would be reduced. Local communities and environmental groups might be losers if they felt that the scope of public protection from contaminated waste sites is being limited. Companies forced to pay higher taxes to support the Superfund might consider themselves losers, but could benefit if their overall Superfund liabilities are reduced. Winners would include the taxpayer (assuming long-term savings are achieved) and many Potentially Responsible Parties (PRPs) at Superfund sites (assuming that transaction costs are reduced and clean-up liabilities are apportioned more equitably).

ENVIRONMENT, ENERGY AND NATURAL RESOURCES

ISSUE: Legislative Initiatives

PROPOSAL: Reauthorize RCRA

During the campaign, Governor Clinton stated that:

"I would create a long-overdue federal policy serious about dealing with the national solid waste crisis. It would be based on a carrot and stick approach. I would create economic incentives for recycling, source reduction, and implement mandatory diversion of recyclable materials from landfills and incinerators. The federal government must play a lead role in making recycling and re-use economically attractive. I would support a market-based system to make manufacturers and importers pay more of the cost of disposing of the goods they produce.... Producers and exporters would receive a subsidy when they use recycled material.... Tax incentives should also be used to favor recycled materials over virgin materials. Such a system should be revenue neutral; all taxes would be offset with tax cuts in other areas. I would support a system of rewarding credits to companies for recovering part of the waste generated by their products."

Benefits:

Governor Clinton's statements encompass two related areas: (1) revision of the Resource Conservation and Recovery Act (RCRA), the national law governing hazardous and solid waste disposal, and creation of a new national program (perhaps as part of RCRA) to promote recycling.

RCRA Reauthorization. Both Houses devoted extensive effort to reauthorization of RCRA in the 102nd Congress, but ultimately RCRA amendments were not enacted. It is likely that RCRA revisions will again be proposed in the new Congress. Key provisions to be considered during RCRA reauthorization will be:

- ♦ Authorization for states and localities to limit interstate transportation of municipal solid waste.
- ♦ Expansion of the Toxic Release Inventory (TRI) to require emissions reporting for 250 additional chemicals.
- ♦ Development of a program for source-reduction to limit the generation of certain wastes.

- ♦ Expanded authority for recycling plastics, glass, metals and batteries in lieu of complying with waste disposal requirements.
- ♦ Authority for EPA to set minimum-content standards for newsprint to increase recycling.
- ♦ Directives to EPA and the FTC to develop standards and criteria for environmental marketing claims.
- ♦ Expansion of RCRA regulation to cover waste from mining and oil and gas production.
- ♦ Reexamination of EPA efforts to adopt alternatives to the controversial mixture and derived-from rules governing hazardous waste identification.
- ♦ New reporting requirements for industrial non-hazardous waste now exempt from RCRA regulation.
- ♦ Standards for management of used oil.

Recycling Legislation. RCRA reauthorization may also provide a vehicle for implementing market-based programs for encouraging recycling and waste minimization which were advocated by the Democratic candidates during the campaign.

The recycling rate in the U.S. is low compared to other industrialized countries, even though local governments and some industries have made great strides in developing recycling programs. As a result, the burdens now being placed on the U.S. system for managing solid and hazardous waste are enormous. Recycling can reduce the amount of waste sent to landfills or incinerated, facilitate recovery of hazardous substances, promote energy efficiency by decreasing consumption of virgin raw materials, and ultimately lower manufacturing costs.

It would be possible to increase recycling by establishing national recycling goals which would be directly enforceable by EPA or states. Such an approach, however, would require a significant expansion of existing regulatory programs. The use of tax incentives to encourage compliance with non-mandatory guidelines could achieve recycling goals more efficiently and with less government intervention.

To implement a tax credit scheme, EPA could be given new authority under RCRA to develop recycling goals for particular industries (plastics, glass, batteries, rubber, newsprint and metals). For each industry, EPA would set progressive year-by-year recycling goals. These could involve specifying that the finished product contain certain percentages of recycled material or that manufacturers achieve certain minimum "take back" goals for

discarded products. Companies that meet or exceed the EPA targets would receive a tax credit. Those that fail to meet the targets would pay a surtax. By adjusting the recycling targets, credits and surtaxes on a year-by-year basis, EPA and the IRS would attempt to assure that net tax revenues neither increase nor decrease. A program of tradable credits would also be introduced whereby firms that have exceeded EPA's recycling goals could sell unused tax credits to firms that have been unable to meet these goals.

To supplement this scheme of tax incentives, the federal tax code could be changed to allow tax-exempt bond financing of facilities that primarily handle commodities (i.e., materials that have "value"). This could be limited to facilities that simply process collected materials for sale to manufacturers, or extended to manufacturing facilities themselves. (Prior to the 1986 Tax Reform Act, tax-exempt industrial pollution control revenue bonds covered a wide range of facilities.)

The current tax code allows tax-exempt bond financing under the "solid waste disposal facilities" private activity bond exemption. However, the definition of solid waste disposal facilities is very restrictive, applying only to facilities that handle feedstock containing 65% or more of solid waste (i.e., materials that are useless, with no market value). In addition, bond counsels generally have not been receptive to looking at net value, which might be negative even if the price received for recovered materials is included (i.e., costs of transporting and disposing waste might be greater than the price received for the recovered materials).

In addition to creating tax incentives, legislation to encourage recycling could have the following elements:

- ♦ Regulations would be issued requiring local communities to meet certain minimum standards for source-separating their waste.
- ♦ New requirements for the labeling of products made from recycled materials would be issued.
- ♦ The federal government and private sector would jointly sponsor demonstration projects to develop new recycling technology.

Political Feasibility:

Proposals for source reduction and increased emissions reporting were a focal point for the debate on RCRA reauthorization during the last Congress. Sharp disagreements among affected groups prevented new legislation from being enacted. It is to be expected that this debate will continue and that industries will oppose RCRA amendments if they believe they will be subjected to overly

stringent targets for source reduction or increased compliance costs.

New recycling legislation is likely to raise a host of complex political and economic issues. Since local governments are extensively involved in the handling of municipal waste and implementation of recycling programs, any new federal initiatives could greatly affect their activities. If recycling goals are too ambitious, local governments could mount strong opposition. In addition, opposition can be expected by industries or individual companies who cannot use recycled products without significant investments in R&D or costly plant modifications.

Because the recycling area is enormously complex, careful study and outreach will be needed before a sound legislative package can be developed.

ENVIRONMENT, ENERGY AND NATURAL RESOURCES

ISSUE: Legislative Initiatives

PROPOSAL: Reauthorize and Amend Endangered Species Act

Putting People First calls for "preserv[ing] places of natural beauty and ecological importance" and "exert[ing] international leadership to advance our own nation's interest in . . . global biodiversity." (Pages 94-95). In addition, Governor Clinton committed during the campaign to reauthorization of a strong ESA.

Benefits:

The timber ban has become a highly emotional issue in Oregon and Washington and has prompted renewed debate about the conflict between endangered species protections and economic growth. Several proposals have surfaced to relax the restrictions imposed by the Endangered Species Act (ESA), whose reauthorization expired in October 1992. Hearings on the Act are expected early in the new Congress. Whether or not the Administration would choose on its own to amend the Act, intense Congressional interest may force it to take a position on ESA revisions.

Critical issues likely to arise in the reauthorization of the ESA are as follows:

1. Is there a need for major change?

Are the cases of the spotted owl and Columbia River salmon unusual? Of the more than 700 species listed under ESA, how many have little or no economic impact? How many have had a major impact, positive or negative? How confidently can one separate effects of ESA from general economic trends?

2. Should the listing process be changed?

Should listing proposals be grouped by habitat? What would be the advantages and disadvantages of such a system and how, specifically, could it be organized? What would happen if, after several species were listed in a major river system, another species was suddenly found to warrant protection?

If Congress decides to institute peer review of listing decisions under ESA, how would such a system work? For poorly studied groups with limited numbers of experts, how could sufficient peers be found?

3. Should the processes of designating Critical Habitat: (CH) and preparing Recovery Plans (RP) be changed?

Committees now considering CH are subject to the Administrative Procedures Act, but those considering RPs are not. Would a blending of the processes for the two have important legal implications, and if so what would they be?

Would ecosystem protection best be accomplished under a new title of ESA? Or some entirely new act?

4. Should funding of ESA be increased and should the financial and other incentives for state and local action be increased or modified?

How can state and local governments be encouraged to cooperate with private landowners to develop multi-species plans?

What incentives (financial, regulatory, technical assistance, etc.) would increase local participation in programs to conserve species that are not yet listed?

5. Should Congress modify enforcement and/or provide further legal protections to those affected by the ESA?

Should property owners affected by listed species receive compensation if the species' protection diminishes the value of their property? If so, how could such a program be implemented, and what is the estimated cost to the federal government?

Political Feasibility:

Strong views will be expressed on all sides of the ESA controversy. Areas most heavily impacted (like the Pacific Northwest) will be most vocal, but strong support for maintaining ESA protections will be expressed by environmentalists and others.

Care will be needed to coordinate ESA reauthorization with efforts to convene the Timber Summit proposed during the campaign. One possible Administration position is that ESA reauthorization should be postponed until after the Summit so that its results can be taken into account.

ENVIRONMENT, ENERGY AND NATURAL RESOURCES

ISSUE: Legislative Initiatives

PROPOSAL: Reauthorize FIFRA

Putting People First proposes to "place greater emphasis on preventing and reducing pollution before it happens, so we won't have to spend so much on cleaning it up after the fact." (Page 97).

Benefits:

A variety of bills to amend our national pesticide law, the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), were introduced in the 102nd Congress. While none advanced far, interest in amendments to FIFRA is increasing in several quarters, and the law is expected to receive considerable attention from Congress in the upcoming session. Key issues will include:

- ♦ The preemptive effect of EPA regulation on the authority of states and local governments to control pesticides on the basis of local conditions.
- ♦ Changes in the FIFRA provisions for setting tolerances for pesticide residues on food in light of a recent court of appeals decision holding that the Delaney Clause prohibits the presence of carcinogenic pesticide residues on food in any amount.
- ♦ The need for programs to encourage the development and registration of safer pesticides while permitting rapid EPA action to remove more hazardous pesticides already in use.
- ♦ Reexamination and streamlining of the FIFRA provisions permitting minor uses of registered pesticides.
- ♦ Possible mandating of integrated pest management programs that reduce the use of chemical pesticides and create incentives for the introduction of biological pesticides.
- ♦ Reexamination and possible tightening of the provisions in FIFRA permitting export of pesticides unregistered in the United States.

Political Feasibility:

Opposition to far-reaching FIFRA amendments can be expected from agricultural interests and pesticide producers.

On the other hand, there is a strong perception among environmentalists and some members of Congress that FIFRA is not functioning effectively and needs improvement.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: Legislative Initiatives

**PROPOSAL: Elevate EPA to Cabinet Level Status By Creating the
Department of the Environment**

[No mention in Putting People First]

The influence and effectiveness of EPA may be limited by the fact that EPA is not a cabinet level agency. Whether symbolic or substantive, this perception has created a bipartisan effort to elevate EPA to the Cabinet.

Option 1: Elevate EPA to cabinet level with no change in EPA functions.

Option 2: Consolidate current EPA functions and non-EPA environmental functions into a cabinet-level Department of Environmental Protection.

Option 1: Elevate EPA to cabinet level with no change in EPA functions.

Benefits

President Clinton could demonstrate his commitment to the environment early in his term by supporting the creation of the Department of Environmental Protection. A cabinet level department would provide increased access to the President, more clout in interagency disputes, better integration of environmental policies with "mainstream" economic and social policies, and more US credibility in international environmental negotiations.

A simple "change the stationary" option, with little or no reorganization, would be easy to implement and would provide an important symbolic statement about the role of the environment in the Administration.

A drawback to the option, however, is that it may neglect the best opportunity to address organizational problems both at EPA and across the federal government in dealing with environmental protection in an effective way (see Option 2).

Cost:

There may be trivial outlays required to implement this option.

Political Feasibility:

There is broad bipartisan support for elevating EPA to cabinet level status; President Bush promoted the idea and environmental groups are enthusiastic.

However, legislators who have an interest in fixing perceived problems at EPA might resist a stripped-down bill in order to press their agenda. Legislation in the 102nd Congress failed because of a dispute over the provisions to create a departmental environmental statistics bureau and a 'takings' amendment that would have required the Justice Department to review all EPA regulations to determine if they involved seizure of private property.

REGULATORY INITIATIVES

Option 2: Consolidate Current EPA Functions and Non-EPA Environmental Functions into a Cabinet-Level Department of Environmental Protection. For example, legislation could transfer NOAA from Commerce to the Department of Environmental Protection, and internal reorganization could enhance effectiveness.

Benefits:

President Clinton has an opportunity to accomplish a needed overhaul of environmentally important functions that span the jurisdiction of several agencies operations. These changes could prove difficult to accomplish once a cabinet bill has been enacted. An expansion of EPA functions could make environmental policymaking more efficient when consolidated under a single department. Full scale reorganization could reduce the balkanization of responsibility in the department. For example, the scientists do not interact with the regulators; air pollution regulators do not talk with the water pollution regulators, and neither talk to the hazardous waste people even though they all regulate the same chemicals.

The main drawback is the "Pandora's box" nature of inter-cabinet and intra-departmental reorganization. When the legislative process unfolds without strong Presidential leadership or prominent member endorsement, a good organizational plan can quickly mutate into a less preferable blueprint.

Cost:

The cost is indeterminant. It could depend on the cost of moving agencies, the additional functions added to the mission, and the potential for eliminating overlap.

Political Feasibility:

Expanding EPA functions to include those currently within the purview of other agencies would entail the political cost of uprooting functions in other departments and placing them into a new Department. This option may not be feasible in the short run due because of the political resistance to changes in congressional jurisdictions. Legislation in the 101st Congress contained provisions calling for transfer of functions from other departments to EPA and the formation of a new environmental statistics bureau within the new Department. These substantive changes met considerable resistance, and were not revisited in the 102nd Congress.

ENERGY, ENVIRONMENT AND NATURAL RESOURCES

ISSUE: International Initiatives

PROPOSAL: Address Obligations under Climate Change Treaty

Putting People First promises that the Clinton Administration will "exert international leadership to advance our own nation's interest in a healthier global environment, a stable global climate, and global biodiversity...limit U.S. carbon dioxide emissions to 1990 levels by the year 2000." (Page 94, 97)

An international convention addressing the threat of global climate change was signed by more than 150 nations at the United Nations Conference on Environment in Development in June, 1992. While the treaty obligates the United States to produce a national action plan to reduce greenhouse gas emissions, a strong treaty containing binding commitments for emissions reductions was blocked by the Bush Administration. To address U.S. obligations under the treaty and provide U.S. international leadership, the following options are provided:

OPTION TYPE 1: Withdraw the U.S. National Action Plan on Global Climate Change. Under this option, the President would issue an executive order withdrawing the action plan prepared by the Bush Administration and announce the U.S. intention to develop a new plan that would stabilize U.S. CO2 emissions at 1990 levels by the year 2000.

OPTION TYPE 2: Launch International Negotiations on a Protocol to the Framework Convention on Climate Change. Under this option, the President would call for international negotiations on a protocol to the climate treaty that would establish binding targets and timetables by which industrialized nations would agree to reduce greenhouse gas emissions.

INTERNATIONAL INITIATIVES

OPTION TYPE 1: Withdraw the U.S. National Action Plan on Global Climate Change. Under this option, the President would issue an executive order withdrawing the action plan prepared by the Bush Administration and announce the U.S. intention to develop a new plan that would stabilize U.S. CO2 emissions at 1990 levels by the year 2000.

Benefits:

On December 8, 1992, the Bush Administration published in the Federal Register the U.S. National Action Plan on Global Climate Change. The plan was prepared to comply with one of the obligations of the United Nations Framework Convention on Climate Change.

As currently drafted, the U.S. National Action Plan would reduce domestic emissions of all greenhouse gases by 125-200 million metric tons of carbon equivalent, which would result in a net 1.4 to 6 percent increase in U.S. greenhouse gas emissions in the year 2000.

During negotiations on the Framework Convention, other industrialized nations called for the stabilization of carbon dioxide emissions at 1990 levels by the year 2000. Relenting to the Bush Administration's opposition, other industrialized nations suggested expanding coverage to all greenhouse gases, calling for stabilization of all greenhouse gases at 1990 levels by the year 2000. At the insistence of the Bush Administration, the final treaty did not contain either target and instead establishes a non-binding goal of stabilizing emissions at 1990 levels.

This option proposes that the President issue an executive order to withdraw the Bush action plan and announce its intention to issue a new plan that will stabilize U.S. CO2 emissions. The new plan should be developed with full public review and comment.

An executive order directing the establishment of National Action Plan that would result in the stabilization of U.S. carbon dioxide emissions at 1990 levels by the year 2000 would reverse the Bush Administration position opposing the establishment of firm targets and timetables. By fulfilling this campaign pledge, the President would also signal U.S. leadership on global environmental concerns. All other industrialized nations have signalled a willingness to achieve the CO2 stabilization goal.

The drawback of this option is that withdrawal of the current National Action Plan would be a strong step, signalling discontinuity in U.S. policy. Alternatively, the new Administration could accomplish the goal of this option when a revised action plan is released in the future. Finally, it can be argued that the United States should not take unilateral action, but instead should seek international consensus for an agreed upon target for carbon dioxide emissions reductions.

Costs:

The National Academy of Sciences, the Office of Technology Assessment and others have estimated that the United States could significantly reduce carbon dioxide emissions at low cost or net economic benefit.

There is evidence to suggest that existing programs could stabilize U.S. carbon dioxide emissions. Nonetheless, an order committing the United States to stabilization would require an examination of regulatory and fiscal policies to ensure fulfillment of the goal..

Political Feasibility:

Segments of the domestic energy industry (particularly the coal industry) will be hostile the establishment of a stabilization goal. The natural gas and nuclear industries might embrace this option. To the extent that new regulatory or fiscal policies are needed to achieve the goal of stabilizing U.S. CO₂ emissions, legislation could be necessary. It is unlikely, however, that the Administration would encounter significant political difficulties with Congress by announcing its intention to stabilize emissions, unless significant policy proposals are necessary to accomplish the goal.

INTERNATIONAL INITIATIVES

OPTION TYPE 2: Launch International Negotiations on a Protocol to the Framework Convention on Climate Change. Under this option, the President would call for international negotiations on a protocol to the climate treaty that would establish binding targets and timetables by which industrialized nations would agree to reduce greenhouse gas emissions.

Benefits:

The Framework Convention on Global Climate Change failed to establish binding targets and timetables by which industrialized nations would reduce greenhouse gas emissions.

During negotiations on the Framework Convention, other industrialized nations called for the stabilization of carbon dioxide emissions at 1990 levels by the year 2000. Relenting to the Bush Administration's opposition, other industrialized nations suggested expanding coverage to all greenhouse gases, calling for stabilization of all greenhouse gases at 1990 levels by the year 2000. At the insistence of the Bush Administration, the final treaty did not contain either target and instead establishes a goal of stabilizing emissions at 1990 levels.

During the Presidential campaign, Governor Clinton committed to stabilizing U.S. CO2 emissions at 1990 levels by the year 2000.

Article 4 of the convention contains a clause calling on the Conference of Parties to the Convention to review the adequacy of the commitments text and to consider adoption of amendments to the text. However, the Conference of the Parties to the Convention will not meet until well after the treaty enters in force (which occurs when 50 ratifications are achieved -- to date, only seven nations, including the United States, have ratified the treaty). A protocol to the treaty would lead to more rapid establishment of international emissions reductions schedules.

This option proposes that the President call for new international negotiations on a protocol to the climate treaty to establish binding targets and timetables for greenhouse gas emissions reductions.

As the only nation opposed to firm targets for emissions reductions, the United States isolated itself as an impediment to global environmental protection. Calling for the development of a protocol would signal a sharp break from the Bush Administration and help reestablish the U.S. legacy of global environmental leadership. It could also allow the Administration to achieve a campaign promise (to stabilize U.S. CO2 emissions at 1990 levels by the year 2000) without taking unilateral action. Finally,

successful negotiation of a protocol would provide greater benefits to the environment by ensuring that all industrialized nations commit to binding measures to help prevent global warming.

Costs:

To the extent that the aim of the negotiations would be to adopt a commitment that would obligate the United States to stabilize carbon dioxide or other greenhouse gas emissions, this option could result in some costs to the nation. However, the National Academy of Sciences, the Office of Technology Assessment and others have estimated that the United States could significantly reduce carbon dioxide emissions at low cost or net economic benefit.

There is evidence to suggest that existing programs could stabilize U.S. carbon dioxide emissions. Nonetheless, an order committing the United States to stabilization would require an examination of regulatory and fiscal policies to ensure fulfillment of the goal.

Political Feasibility:

Because this option does not propose unilateral action by the United States, it would encounter significantly less political resistance. Nonetheless, some segments of the domestic energy industry (particularly the coal industry) are unambiguously hostile about any efforts aimed at preventing global warming. To the extent that new regulatory or fiscal policies are needed to achieve the goal of stabilizing U.S. CO₂ emissions, legislation could be necessary. It is unlikely, however, that the Administration would encounter significant political difficulties with Congress by announcing its intention to seek a protocol.

ENERGY, ENVIRONMENT AND NATURAL RESOURCES

ISSUE: International Initiatives

PROPOSAL: Reconsider U.S. Rejection of Biodiversity Treaty

Putting People First pledges that the Administration will "exert international leadership to advance our own nation's interest in a healthier global environment, a stable global climate and global biodiversity" (Page 94-95).

At the Earth Summit in Rio, 153 countries and the European Community signed the Convention on Biological Diversity. The Bush Administration refused to sign the treaty. This proposal offers the following options for reconsidering President Bush's decision:

Option Type 1: Sign the Convention on Biodiversity. This option proposes that the United States sign the agreement. The Bush Administration was motivated more by political considerations, than substantive objections when it rejected the treaty. While the treaty is ambiguous on issues related to intellectual property rights and financial mechanisms, other nations with similar concerns signed the treaty. As the lone industrial holdout on the treaty, the United States global environmental image is compromised.

Option Type 2: Undertake diplomatic efforts to achieve alterations in the treaty. Recognizing certain ambiguities in the treaty text, under this option the Administration would launch diplomatic efforts to obtain reassurances that the treaty would not compromise intellectual property rights.

Option Type 3: Request an interpretative analysis by appropriate U.S. agencies. Under this option, the President would request an analysis of the legal implications of the treaty prior to, or in conjunction with additional actions.

INTERNATIONAL INITIATIVES

OPTION TYPE 1: Sign the Convention on Biodiversity. This option proposes that the United States sign the agreement.

Benefits:

At a news conference during the Earth Summit, President-elect Clinton criticized Bush for being "the lone holdout to environmental progress at the historic Earth Summit....(the President) does not understand that protecting the biodiversity of the world's habitats and species protects Americans against squandering genetic resources that can combat disease, boost crop yields, lower energy prices and create new growth industries for the U.S."

The Bush Administration and biotechnology industry officials argued against U.S. signature because of treaty provisions related to intellectual property rights. Essentially, the Bush Administration concluded that the treaty would obligate the United States to compel companies to transfer patented technologies to developing countries on noncommercial terms. Furthermore, the Bush Administration argued that it could not endorse an international legal agreement that compromised patent rights while it was urging stronger protection for intellectual property rights in the Uruguay Round of GATT talks.

The language on intellectual property rights contained in the Biodiversity treaty is contradictory, confusing and convoluted. International legal experts have offered different interpretations of its meaning: many experts assert that the treaty language provides "adequate and effective protection" for intellectual property rights; the Administration's interpretation was that the treaty language could be interpreted in a way that compromised intellectual property. No doubt, the final treaty language was a vague compromise between the interests of the developed and developing nations. And unquestionably the United States won important concessions in the final text that could be interpreted to provide clear protections for intellectual property. Perhaps most telling is the fact that other industrialized nations with important biotechnology industries signed the agreement.

Strong evidence suggests that the United States refused to sign biodiversity treaty for reasons not stated in official statements. Some say the Administration refused to sign the treaty because it feared that implementing legislation for the treaty would lead to a strengthened Endangered Species Act. Furthermore, domestic political considerations may have played a role in the

Administration's decision -- as the Bush team sought to appease the Republican right, which was viscerally opposed to the Earth Summit in general, and international environmental treaty obligations in particular.

The Bush Administration also expressed concerns about the financial mechanism contained in the treaty. As in the climate treaty, the biodiversity agreement contained articles related to the provision of assistance from industrialized nations to developing nations. In the climate treaty, it was agreed that the Global Environment Facility (administered by the World Bank, United Nations Development Programme and the United Nations Environment Programme) would be the financial mechanism for the treaty on at least an interim basis. The financial provisions of the biodiversity convention conflict in some respects with those contained in the climate treaty.

While the biodiversity treaty names the Global Environment Facility as the temporary financial mechanism for the agreement, the language could allow for the creation of an entirely new funding mechanism after the treaty enters into force. Further, the language leaves open the possibility that a developing country majority could determine funding levels for the convention (in other words, could dictate funding requirements from parties to the agreement). There are legitimate concerns with these provisions. However, in an interpretative statement after the convention text was negotiated, eighteen delegations issued a declaration stating that the ability of majority to set funding levels was related to the amount of funding "needed," not the amount of funding that would be required of parties to the convention. The United Kingdom issued an interpretative statement when it signed the convention in Rio, declaring that Article 23 of the convention requires decisionmaking on the basis of consensus, which made it "possible to argue that decisions on financial issues arising under the convention be subject to consensus." Finally, other countries issued interpretative statements which declared that the treaty should be read to endorse the concept that voting rights on the disbursement of financial resources would be decided through GEF governance, and not in other treaties.

There is sufficient incentive for U.S. signature of the treaty. Already, some nations are restricting the access of U.S. institutions to genetic resources because the U.S. is not a signatory to the treaty. By failing to sign the agreement, the U.S. has also helped strengthen the hand of developing nations that want to diminish or compromise intellectual property rights. Furthermore, as a party to the convention, the United States would have much greater leverage to address any remaining concerns as the treaties language is interpreted and implemented. Finally, the biodiversity agreement is an historic agreement of enormous importance in the development of solutions to global environmental threats. The U.S. reputation in global environmental affairs was

tarnished by its unwillingness to sign the agreement. Signature of the treaty would be a powerful statement of the new Administration's intention to be a global environmental leader.

The drawback of pursuing this option is that the biodiversity treaty could be read to compromise the right of nations to protect intellectual property rights. Furthermore, the language on financial mechanisms could be read as giving the developing nations a free hand in determining levels of assistance required by the United States and other industrialized nations.

Costs:

While it is difficult to assess fully the costs of this option, it can be reasonably expected that the United States would incur some financial obligations in the process of implementing, and meeting commitments established by, the agreement.

Political Feasibility:

The biotechnology industry will resist this action until further clarification is obtained related to the treaty's provisions on intellectual property rights. The treaty would have to be ratified by the Senate. While passage is almost certain, the development of implementing legislation could be politically difficult if strengthening amendments to the Endangered Species Act are required.

INTERNATIONAL INITIATIVES

OPTION TYPE 2: Engage in Diplomatic Efforts to Achieve Alterations to the Treaty. Recognizing certain ambiguities in the treaty text, under this option the Administration would launch diplomatic efforts to obtain reassurances that the treaty would not compromise intellectual property rights.

Benefits:

During the next year, the parties to the biodiversity agreement will begin developing implementation plans for the biodiversity treaty. The new Administration could opt to delay signature of the agreement but undertake a strong diplomatic effort to establish a clear understanding that intellectual property rights are not compromised under the treaty. Indeed, the lead negotiator for the United Nations Environment Program has suggested that treaty organizers want to bring the United States on board during this process.

The new Administration could win plaudits from the biotechnology industry by not moving too quickly to sign the agreement. Working with the parties, the Administration could satisfy the concerns of environmentalists and industry through diplomatic means. The Administration could also thereby prevent further foreclosure of U.S. institutions from access to the genetic resources of developing countries.

The drawback to this option is that developing nations will be reluctant to allow any changes in the existing text, despite the fact that for all intents and purposes they have few cards to play in disputes over intellectual property rights. Delaying signature of the treaty could be viewed by the environmental community as a lack of resolve by the Administration. And finally, the negotiations will almost certainly be tortuous; will bog down U.S. negotiators who would otherwise be free to engage in other multilateral efforts; and would not guarantee that final language will be any more agreeable to the U.S. biotechnology industry.

Costs:

To the extent that the negotiations are successful, the costs would be similar to those incurred by signing the agreement.

Political Feasibility:

This option has the advantage of minimizing political resistance from the biotechnology industry.

INTERNATIONAL INITIATIVES

OPTION TYPE 3. Request an Interpretative Analysis by Relevant Agencies of the Government. Under this option, the President would request an analysis of the legal implications of the treaty prior to, or in conjunction with additional actions.

Benefits:

In advance of option #1, in conjunction with option #2, or as a stand alone proposition, the President could request an interpretation by relevant U.S. agencies (Trade Representative, Patent Office, State Department) to receive fresh analysis of the agreement and its implications for intellectual property rights and U.S. international financial commitments.

Undertaking this option would allow the President to consider developing a comprehensive interpretative statement that could be issued in conjunction with U.S. signature of the treaty to emphasize the importance and recognition of intellectual property rights in the treaty. While there is a significant body of negotiating history and interpretations of the biodiversity treaty, the President should have a formal analysis of the treaty by his own Administration prior to committing to U.S. signature or new diplomatic efforts. In addition, formal analysis will provide the Administration with the substance required to issue an interpretative statement when/if signing the agreement.

Costs:

The time required to undertake a formal analysis of the treaty will continue U.S. isolation on this issue, could prevent further U.S. participation in discussions related to implementing the treaty, and could encourage further efforts by developing nations to deny access by U.S. researchers and institutions to genetic resources. Therefore, pursuing option #1 or #2 above is preferable.

Political Feasibility:

This option has the advantage of being politically innocuous.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

ISSUE: International Initiatives

PROPOSAL: Implementation of Agenda 21.

***Putting People First** emphasizes the need to "exert international leadership to advance the nation's interest in a healthier global environment, a stable global climate, and global biodiversity." It also calls for a reduction of "American and worldwide use of fossil fuels and airborne chemicals that destroy the ozone layer and work to keep out world's delicate environment in balance." (pg 95).*

The United Nations General Assembly called for a comprehensive international conference on the global environment and development in December of 1989. The conference, the United Nations Conference on Environment and Development (UNCED) was held in Rio de Janeiro, Brazil, in June 1992.

The central purpose of UNCED was to identify how to address increasingly severe global environment and development problems. The goal of UNCED therefore was to bring together heads of state to begin to chart a course for development that would better meet the needs of people around the world while preserving the natural resource base on which sustained development depends.

One of the key documents resulting from the UNCED process was "Agenda 21" - a comprehensive yet non-legally binding action program designed to reconcile the goals of continued economic development and environmental preservation to ensure that human needs are met in a sustainable fashion.

Option 1. The President Should Issue a Directive to All Agencies to Undertake an Analysis of U.S. Role in Promoting Sustainable Development. Agencies should also develop a report detailing the initiatives they will undertake to implement Agenda 21.

Benefits:

Agenda 21 implementation creates an important link between the environment and economic development, a theme often addressed by President Clinton.

In order to fulfill both the letter and spirit of the commitments undertaken in Rio, the U.S. needs to undertake a comprehensive examination of all environmental, economic and health policies. This action would signal an important shift from the Bush Administration policies and a readiness by President Clinton to regain for the U.S. a leadership role on the environment. Such an analysis would also offer an opportunity to identify ways to achieve environmental objectives in a more efficient and cost effective manner.

Costs:

Certain sectors of the economy will resist such an analysis because it could reveal unsustainable practices from which they benefit. For example, such an analysis at the Department of Interior could identify unsustainable land management practices that could support recommendations for increased user fees on federal lands.

Political Feasibility:

Certain sectors of the economy will protest such a move (see costs), but no substantial resistance to this directive is likely.

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Divider Title: _____

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES

CALENDAR

I. DOMESTIC ISSUES/EVENTS

There are no pressing deadlines that will force action on most of the major pieces of legislation relevant to environmental protection, energy and natural resource management. However, many statutes have expired (or will do so in the 103rd Congress), and many issues are frequently revisited by Congress in the appropriations cycle and therefore may well be on the agenda in the first several months of the new administration. These issues are identified below:

A. Forest-Related Issues

Issues related to old growth forest management, reauthorization of the Endangered Species Act and below-cost timber sales are likely to arise early in the session and in the appropriations process. Early Administrative action on these issues will also be necessary as they will figure prominently in the Forest Summit.

1. Old Growth Forest Management

No special events or activities expected. Controversy will center on appropriations bills, and/or attempts to create old growth forest reserves, insulate Federal timber sales from lawsuits and appeals, and assistance to timber-dependant communities. The Speaker has told reporters that he expects a forest bill to come to the House floor before the Endangered Species Act.

2. Below-Cost Timber Sales

This is a perennial issue, but no special events or activities are expected. Debate will likely come during appropriations.

3. Grazing Fees

Controversy will be tied to appropriations process, where there is usually a fight over increasing the fee; there may also be a debate during Bureau of Land Management reauthorization.

4. Mining Law Reform

No special events or activities are expected, but interest in amending this law has grown in recent years. First session would probably see only Committee actions.

5. Arctic National Wildlife Refuge

No special events or activities expected. The issue may be moribund for the time being, but a recent oil discovery off the coast of the Refuge could spark more intense industry pressure, if the discovery proves to be substantial.

6. Military Lands

The general management of natural resources on military lands is an issue, but special attention may center on fate of certain bases, especially those with large undeveloped areas near metropolitan centers, when these are targeted for closing.

B. Wilderness and National Parks, Trails, and Rivers

1. Wilderness Designations

No special events or activities expected. Main states will be Idaho, Nevada, New Mexico, Oregon, Utah, and Wyoming, and Bureau of Land Management lands in California.

2. National Parks, Trails, and Wild and Scenic Rivers

No one big issue will dominate, but there are always bills to create new protected areas. More general issues will be funding for deferred maintenance, and the effects of activities outside these areas on protected resources.

3. Land and Water Conservation Fund

During the appropriations process, the debate will continue, as in past years, over the level of funding, and over the States' share of this program.

C. PLANTS AND ANIMALS

1. Endangered Species Act Reauthorization

The Endangered Species Act authorization expired on October 1, 1992. Hearings in House and Senate should begin in the first session. The possible listing (or non-listing) of particular species will increase regional conflicts. This should be one of the most contentious environmental issues in the 103rd Congress.

2. National Wildlife Refuge System

No special events or activities expected. Controversy would occur if there are attempts to write an Organic Act for the Fish and Wildlife Service, or to address some of the conflicting uses now affecting the System.

3. Biological Diversity (Domestic)

No special events or activities expected. Controversy will focus on attempts (possibly during Endangered Species Act reauthorization) to create protections for whole ecosystems.

4. Non-native Species

In the spring of 1993, the Office of Technology Assessment expects to release a report on the introduction of non-native species. Hearings would stimulate controversy among several groups: environmentalists, pet industry, horticulturalists, agriculture, shipping, travel, and others.

D. Coastal and Ocean Issues

1. Marine Mammals Issues

There are several important events: (1) Expiration of appropriations for Marine Mammal Protection Act (end of FY 93); (2) Expiration of permits for incidental taking of marine mammals by commercial fish harvesters expires (end of FY 93); and (3) annual meeting of the International Whaling Commission, which will consider formal vote on limited resumption of commercial whaling on certain populations (late June 1993).

2. Commercial Fishing Issues

There will be two main events: (1) expiration of appropriations for Magnuson Fishery Conservation and Management Act (end of FY 93); and (2) expiration appropriations for Atlantic Tunas Convention Act (end of FY 93).

3. Sport Fishing Issues

There will be two main events in this area that will trigger activity: (1) expiration of appropriations for National Fish and Wildlife Foundation (end of FY 93); and (2) Expiration of appropriations for Sikes Act (end of FY 93).

4. Estuary Issues

Estuarine protection and related issues of coastal water quality could be debated during reauthorization of the Clean Water Act.

5. Outer Continental Shelf Issues

After a failed attempt to pass permanent moratoria on coastal drilling in certain areas, this issue may arise as a separate bill or as another amendment to an appropriations bill.

E. Water Resources

1. Water Resource Projects--Army Corps of Engineers

It is proposed that funding for water projects could be part of an economic stimulus package. Financing, including cost-sharing, is a perennial issue. Debate could center on a new authorization package or on appropriations.

2. Water Resource Projects--Bureau of Reclamation

No special events or activities expected. Controversy will focus on solvency of Central Arizona Project irrigation districts; and on the effects of current and future Endangered Species Act listings, especially in Columbia, Snake, San Joaquin, and Sacramento Rivers.

3. Western Water Issues

No special events would trigger debate, but the prolonged western drought and population pressure have increased interest in several water use problems. These could be the subject of intense congressional debate and perhaps legislation.

4. Wetlands

Wetlands conservation will be debated mainly as part of reauthorization of the Clean Water Act. (See below)

5. National Flood Insurance

There may be another attempt to amend the program to make it actuarially sound, provide for erosion-threatened structures, and give teeth to mandatory purchase requirements, among other issues.

F. Pollution Prevention and Control

1. Clean Water Act Reauthorization

No special events will trigger congressional action. However, authorizations for Federal aid for wastewater treatment construction expire after FY 94. Attention could come early during consideration of any economic stimulus initiatives, and/or later when a number of Clean Water Act issues are likely to be considered. These include protection and regulation of wetlands, nonpoint source pollution prevention, and other legislative fine-tuning.

2. Toxic Substances

Several events stimulate interest in this area: (1) reauthorization of the Environmental Research and Development Act

(expired Sept. 30, 1981); (2) reauthorization of the Toxic Substances Control Act (expired Sept. 30, 1983)--Fifth Circuit Court decision regarding the EPA ban on asbestos makes regulation of chemicals difficult; (3) reauthorization of Resource Conservation and Recovery Act, Superfund, and Clean Water Act; and (4) increasing pressure for action on a complex of issues, including environmental justice for minorities and low-income people, establishing an Environmental Statistics Bureau, and re-ordering of Environmental Protection Agency priorities for risk-based budgeting.

3. Superfund Reauthorization

A number of hearings will be held, although there are no statutory deadlines in the first session. The authorization of Superfund (Comprehensive Environmental Response, Compensation, and Liability Act) expires September 30, 1994.

4. Safe Drinking Water Act Reauthorization

This should at least be the subject of hearings, since the last comprehensive amendments in 1986 (P.L. 99-339) reauthorized appropriations through FY 1991.

5. Basel Convention on International Waste Shipment

While the Senate gave advice and consent to ratification, the treaty requires implementing legislation.

6. NAFTA: Environmental Concerns

Congress will have 90 session days to vote on NAFTA, without amendment, once implementing legislation is offered by the Administration. Additional debate on environmental aspects is expected.

7. Reauthorization of Resource Conservation and Recovery Act

Since authorization of Resource Conservation and Recovery Act expired on October 1, 1992, and House and Senate committees reported bills, this issue should see hearings and floor action in the 103rd Congress.

8. Clean Air Act Implementation

November 15, 1993 is the deadline for Environmental Protection Agency promulgation of several Clean Air Act regulations that are likely to generate Congressional oversight.

G. Energy

1. Natural Gas Pipeline Regulation

Ultimately, there was no action in the 102nd Congress on pipeline regulation. However, Federal Energy Regulatory Commission administrative action restructuring the pipeline industry is taking effect now. Resulting controversy, including state and local impacts, will result in congressional oversight as well as further Agency attention. There will also be debate over the adequacy of the existing transportation system--and its regulatory structure--to provide service.

2. Corporate Average Fuel Economy Standards

No special events expected, but campaign debates indicated the new Administration's interest in raising standards. Senator Bryan has indicated that he will await direction from the Administration before re-introducing his CAFE legislation. Statements made during the campaign indicated that the Administration would attempt to work in partnership with industry and other interest groups on this issue.

3. Nuclear Clean-up and Waste Disposal

There are several potentially major issues, both with and without special deadlines: (1) environmental cleanup of nuclear defense complex (e.g., funding may be inadequate to meet legal requirements); (2) nuclear waste storage (nuclear waste negotiator is to present agreement to Congress for high-level nuclear waste site, if an agreement is reached, by January 1995); (3) for low-level radioactive waste, there is the June 1994 scheduled shut-down of the only nationally available disposal site.

4. Clean Coal Technology

The major issue will be appropriations for this program.

5. Alternative Fuels and Clean Gasoline

A variety of controversial regulations are due or overdue for this program. The most contentious is the overdue regulation on reformulated gasoline, which has been due "in the next few months" for some time. The oil industry was unhappy with President Bush's statements on this issue during the campaign and have threatened suit.

6. Abandoned Mine Lands Reclamation

There may be an attempt to revisit a controversial congressional action of the 102nd Congress to use money from the American Mine Land Fund for the Retired Miners Health Benefit Fund.

7. Hydroelectric Power

There are two main issues, and both could heat up at any time. First, at Federal Energy Regulatory Commission, 163 hydro licenses will need renewal, but Commission lacks the resources to process so many. Second, governors of 33 States protected scenic streams, but the National Energy Act dropped this provision; it could arise again in the House.

8. Nuclear Non-Proliferation

While there are no special events expected, the fate of plutonium from highly enriched uranium and from dismantled warheads in the United States, Russia, and certain other former Soviet Republics is a major concern, for both environmental safety and for the spread of nuclear weapons.

9. Uranium Enrichment Corporation (public corporation created by the Energy Policy Act of 1992)

Appointment of a Uranium Enrichment Transition Manager who serves until a quorum of the Board of Directors has been appointed and confirmed is needed immediately, if President Bush has not made this appointment. Before July 1, 1993, a Board of Directors to the U.S. Enrichment Corporation needs to be appointed.

10. Energy Policy Act of 1992

The first deadlines for the EPA start 60 days from its enactment. The very first one is Dec. 8, 1992, when each federal department and agency is supposed to report to the Interagency Energy Management Task Force the names and backgrounds of the energy managers employed by these agencies. The next deadlines start up 6 months after the enactment of the EPA, or April 8, 1993. All told, there are more than 700 deadlines to be met under the Act.

H. Miscellaneous

1. EPA elevation to Cabinet-level Department

No special events or activities expected, but proposals have neared agreement in the past, and will likely be raised again.

2. Natural Resources Budget

This issue permeates virtually all other issues, and should be raised for virtually all of the issues listed above. Moreover, any proposal for spending to stimulate the economy will produce proposals for spending on infrastructure to benefit--or risk harm to--the environment.

II. INTERNATIONAL ISSUES/EVENTS

There are many pressing international issues largely related to follow-up negotiations to the United National Conference on Environment and Development.

A. Global Climate Change

The International Negotiating Committee is meeting in December to consider its future, and the need for meetings in the year ahead in order to begin implementation of the Framework Convention on Climate Change. To date, seven nations have ratified the climate change convention; when 50 have ratified, it will enter into force, and the first meeting of the parties to the convention will be held 90 days after it comes into force. Because this process could take several years, there was agreement among the 154 treaty signatories in Rio to begin to take action on preparing plans and take actions to control greenhouse gas emissions.

Meeting of the International Negotiating Committee
Geneva, Switzerland
December 7 - 11, 1992

Intergovernmental Panel on Climate Change, Working Group II
CICG
Geneva
February 8 - 12, 1993

Intergovernmental Panel on Climate Change, Working Group I
meeting of experts on the carbon cycle
Bracknell, U.K.
February 16 - 17, 1993

Global Forum on Environmental and Development Education (Indian Environmental Society)
New Delhi, India
February 24 - 28, 1993

Intergovernmental Panel on Climate Change Workshop on Emissions Inventories, Working Group I
Brazil
February, 1993

Workshop on Climate Variability and Global Change (Government of Costa Rica)
San Jose, Costa Rica
March 1 - 5, 1993

Workshop on the Socio-economics of Climate Change and IPCC and
Working Group III

CICG

Geneva

March 22 - 25/26, 1993

IPCC Workshop on Emissions Inventories, Working Group I

Lusaka, Zambia

March, 1993

Climate Change Convention Intergovernmental Negotiating Committee,
9th Plenary

Geneva, Switzerland

April, 1993

Global Atmospheric-Biospheric Chemistry: The First IGAC Scientific
Conference (IGAC/IAMAP)

Eilat, Israel

April 18 - 22, 1993

Intergovernmental Panel on Climate Change, Coastal Zone Management
Workshop

Malaysia

May, 1993

Impact on Climate of Ozone Change and Aerosols (IPCC, WG I)

Max Planck Institute

Hamburg

May 17 - 19, 1993

Seventh session of the Intergovernmental Negotiating Committee for
a framework Convention on Climate Change

May, 1993

Opportunities for Carbon Sequestration in the Biosphere NATO
Advanced Research Workshop

Edinburgh, UK

May or July, 1993

Forty-fifth session of the WMO Executive Council

Geneva

June 8 - 18, 1993

IPCC Bureau - Sixth Session

Palais, Geneva

June 28, 1993

Intergovernmental Panel on Climate Change, 9th Plenary Session

Geneva, Switzerland

June 28 - July 2, 1993

IAMAP Assembly
Japan
July 11 - 23

Climate Change and World Food Security, NATO Advanced Research
Workshop
Oxford
July 15 - 16

Fourth International Conference on CO2 Measurements and Analysis
Cargueiranne, France
September 13 - 17, 1993

ENERGEX '93 (KIER, IEF)
Seoul, Korea
October 18 - 22, 1993

World Coast '93
The Hague, Netherlands
November 1 - 5, 1993

B. Biological Diversity

Following the signing of the Biological Diversity treaty in Rio de Janeiro at the Earth Summit in June, 1992, a number of meetings -- expert meetings and meetings of the parties -- are scheduled for 1992 and 1993. There will be a large number of expert meetings on each of four specific points, such as economics, sustainable use, financing. Many of these dates and specific subjects are not yet firmed up; the list below gives an approximate time, place and subject, insofar as these are known. All are subject to change. In addition, a meeting of the Intergovernmental Committee on Biological Diversity is scheduled for the fall, and there will be preparatory meetings for this, as well.

Experts Meetings
December 1992
Nairobi, Kenya:

First meeting of each of the four panels on specific topics:

- 1) Priorities for action for conservation and sustainable use of biological diversity and agenda or scientific and technological research
December 9 - 11, 1992
- 2) Evaluation of potential economic implications of conservation of biological diversity and its sustainable use and valuation of biological and genetic resources
December 9 - 11, 1992

3) Technology transfer and financial issues
December 10 - 14, 1992

4) Need for, elements for inclusion, and modalities of a protocol
for transfer and handling of any living modified organism resulting
from biotechnology
December 9 - 11, 1992

Two more rounds of the expert panel meetings will be held prior to
the April preparatory meeting in Norway (below): one in January in
Nairobi just after the ACTS meeting; and one more in Montreal
sometime before April.

Experts meeting - on Biodiversity surveys and inventories
Washington, D.C.
January 11 - 14, 1993

African Centre for Technology Studies International Conference on
the Convention on Biological Diversity
Nairobi, Kenya
January 26 - 29, 1993

Preparatory Meeting for Intergovernmental Committee meeting
Trondheim, Norway
April, 1993

Intergovernmental Committee on the Convention on Biological
Diversity
United Kingdom
September, 1993

C. Commission on Sustainable Development

Established by the 47th U.N. General Assembly, pursuant to
United Nations Conference on Environment and Development
recommendations on Institutional Arrangements.

United Nations Economic and Social Council organizing meeting to
establish the CSD
New York
Early February, 1993

Organizing Meeting of CSD
New York
By February or March, 1993

First substantive meeting of the Commission
New York
By mid-1993

D. Global Environment Facility

The Global Environment Facility is a joint project of The World Bank, the United Nations Environment Program and the United Nations Development Program. Launched in 1989 as a three year pilot project, the GEF was created to review and fund projects to combat ozone depletion, to preserve biodiversity, to combat climate change, and to protect international waters. In the United Nations Conference on Environment and Development discussions, the GEF was identified as the potential mechanism to fund developing country commitments pursuant to the biodiversity and climate change conventions. The GEF is currently being re-structured in order to assume this role. The most contentious issue in these negotiations relates to the respective voting rights of developed and developing nations. Developing nations are calling for stronger rights than they enjoy under World Bank rules; developed countries generally are supportive of some increased role but stop short of the formula supported by developing countries.

Participants Meeting

Major decisions expected on reformulating GEF, especially broadening participation
Abidjan, Cote d'Ivoire
December 1 - 6, 1992

E. Population and Environment: 1994 Conference

In preparation for the 1994 U.N. Conference on Population and Development, three levels of meetings are or will be underway: (1) Expert meetings; (2) Regional meetings; and (3) official negotiations through an Intergovernmental Negotiating Committee, which will commence in 1993. Preparations for this conference provide an important opportunity for the Administration to signal a change in policy from the Bush Administration with regard to international family planning.

Upcoming meetings are as follows:

Expert Meetings:

Expert Group Meeting on Population Distribution and Migration
Santa Cruz, Bolivia
January 18 - 22, 1993

Regional Meetings:

Third African Population Conference
Dakar, Senegal
December 7 - 12, 1992

1993 European Population Conference, jointly organized by ECE, the Council of Europe, and UNFPA
Geneva, Switzerland
March 23 - 26, 1993

Regional Population Conference for the Arab World
Amman, Jordan
April 4 - 8, 1993

Regional Population Conference for Latin America and the Caribbean
Mexico City, Mexico
May/June, 1993

Preparatory Meetings

Second meeting of the Preparatory Committee for the International Conference on Population and Development
New York, New York
August 16 - 19, 1993

Third meeting of the Preparatory Committee
New York, New York
February/March, 1994

Dates of the Conference itself:
International Conference on Population and Development
Cairo, Egypt
September 4 - 12 (or 5 - 13), 1994

F. United Nations Environment Programme

UNEP's Governing Council meets every two years. The 1993 meeting will have some major tasks; a new UNEP executive director will be chosen, and a refinement or reformulation of UNEP's mandate in keeping with UNCED decisions.

Workshop on Carbon Cycle in Soils with Emphasis on the Tropics and Subtropics (UNEP)
Manila, Philippines
February, 1993

Ozone Research Managers' meeting (UNEP)
Geneva
March 8 - 12, 1993

Intergovernmental Meeting on the World Climate Programme (WMO, UNEP, FAO, UNESCO, IOC, UNDP)
Geneva
April 14 - 16, 1993

Governing Council Meeting
Nairobi, Kenya
May 10 - 21, 1993

WMO/UNEP Workshop on the Preparation of the Plan for Joint Ozone
Assessment 1994
USA

Fifth meeting of the Parties to the Montreal Protocol and the Third
meeting of the Parties to the Vienna Convention (UNEP)
Nairobi
November 8 - 19, 1993

G. Desertification Treaty Negotiations

Following recommendations of UNCED, the U.N. General Assembly
established an Intergovernmental Negotiating Committee on a treaty
on desertification. The negotiations are to begin in early 1993.

First organizing meeting
Early February, 1993

Five negotiating sessions are to be held, with completion target
for the treaty in mid-1994. This makes it likely that at least
three negotiation sessions will be held in 1993.

H. Forest Issues

International Tropical Timber Agreement renegotiation

The International Tropical Timber Agreement was negotiated in 1983
by all major producers and consumers of tropical timber. It is an
international treaty focusing solely on tropical forests and their
sustainable utilization as well as the expansion and
diversification of trade and wood-based industries. The
International Tropical Timber Organization is the intergovernmental
administrative arm of the ITTA, but is not an executing agency.
Rather, it is a commodity management organization. Member
countries suggest projects for development and study to the ITTO,
which is funded by donations from those countries, and grants are
provided for both conservation and timber extraction programs.

The ITTA is up for complete reauthorization in 1993. Some of the
issues to be addressed in the negotiating sessions are:

- ♦ A push by developing countries, led by Malaysia, to
include temperate and boreal forests in the agreement.
At the Nov. 1992 meeting in preparation for ITTA
renegotiation, the members stated that they would like to
see this proposal included in the negotiations. The US
did not take a position at this meeting.

- ♦ Meeting the self-stated ITTO goal of harvesting ALL tropical forest in a sustainable manner by 2000. The ITTO is currently in the process of funding research projects to determine just what sustainable development for each forest is, so it is very unlikely that this goal will be reached by all countries by 2000.

The ITTA must be renegotiated before it expires in 1994; meetings in the near future will be preparatory meetings for the negotiation sessions.

13th ITTO Council Session and Pepcom for ITTA renegotiation
Quito, Ecuador
January 25 - February 1 (or Jan. 27 - 30), 1993

14th ITTO Council session
Kuala Lumpur
May 7 - 10 (or 11 - 19), 1993

ITTA/UNCTAD negotiations
Geneva, Switzerland
1) April 13 - 17, 1993
2) June 20 - 25, 1993

ITTO Council
Yokohama, Japan
November 1993

Tropical Forestry Action Programme (including meetings of the
Committee on Forestry of the U.N. Food and Agriculture Organization
(FAO))

The Tropical Forestry Action Plan called on governments of tropical
countries to formulate development plans for the use and
conservation of their tropical forests resources. It was a cross-
sectional plan developed by the UN Food and Agriculture
Organization, the World Bank and the World Resource Institute.

TFAP has come under fire since its inception in 1985. Many NGO's
claimed that TFAP encouraged developing countries to increase
development of tropical timber at the expense of conservation, and
provided excuses for countries to exploit unsustainable levels of
timber. The TFAP is under discussion at FAO as to how it could be
reformulated to deal with its serious deficiencies. It is unlikely
that TFAP will continue as a viable program for the management of
tropical forests, especially in light of the expanding role of the
ITTO.

FAO Committee on Forestry
Rome, Italy
March 8 - 12, 1993

Other forest related meetings:

Global Forest Conference
Bandung, Indonesia
February 17 - 20, 1993

Japan/U.S. International Forestry Conference
Tokyo, Japan
July 1993

FAO Asia-Pacific Forestry Commission
Colombo, Sri Lanka
August 3 - 7, 1993

FAO Latin American Forestry Conference
Uruguay
December 6 - 10, 1993

14th Commonwealth Forestry Commission
Kuala Lumpur, Malaysia
September 13 - 18, 1993

Committee on Security and Cooperation in Europe Seminar on
Sustainable Development of Boreal and Temperate Forests
Montreal, Canada
September 27 - October 6, 1993

OECD Workshop on Sustainable Forestry
Paris, France
Late 1993

I. Earth Council

This non-governmental Council was formed at the urging of Maurice Strong, the Canadian businessman who served as Secretary General of the United Nations Conference on Environment and Development, to keep a spotlight on follow-up to UNCED around the world. It will be based in San Jose, Costa Rica, and the head of it has yet to be chosen. An organizing committee is beginning the process of formulating a mandate, procedures, schedules, and membership. Among the options under consideration are the possibility of having the Council conduct hearings around the world assessing government action implementing the agreements reached at UNCED.

Meetings:

Organizing Committee meeting
San Jose, Costa Rica
Early March 1993

J. OCEANS AND FISHERIES

High Seas Straddling Stocks Conference

This conference was recommended at UNCED in order to finesse an impasse between Canada and the European Community relating to depletion of fishery stocks in the North Atlantic. A resolution at the fall 1992 General Assembly will establish this conference; at present, the dates and place are unclear.

There are a large number of meetings on very specific subjects on oceans and fisheries. Some of the major ones are:

Indonesia/U.S. bilateral discussions: navigation rights
Honolulu
January 1993

Law of the Sea Initiative: discussions on resolution of deep seabed mining problems in the Law of the Sea treaty
New York, New York
January 28 - 29, 1993

International Whaling Commission intercessional meeting
Japan
February (one week)

International Whaling Commission
Kyoto, Japan
April 25 - May 8, 1993

K. Other

International Development Conference: Overcoming Poverty, A Global Priority
Washington, D.C.
January 11 - 13, 1993

The Third World Science, Technology and Development Forum: Second Triennial Conference: Science and Technology in the Third World
Glasgow, Scotland
April 5 - 7, 1993

Kentucky Governors' Conference: "From Rio to the Capitols--State Strategies for Sustainable Development
Louisville, Kentucky
May 26 - 29, 1993

The International Institute for Sustainable Development: Partnerships for the Planet
Manitoba, Canada
June 21 - 25, 1993

Indian Environmental Society: Global Forum on Environmental and Development Education. An Earth Summit follow-up event.
New Delhi, Indian
September 24 - 28, 1993

Indonesian Environmental Management and Information Center: Global Environmental Movement Initiative 1993
Bali, Indonesia
November 8 - 12, 1993