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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. fax	To: CCMG, From Rafe Pomerance, Re: Revised groundrules for joint Implementation Page 6 of 6 [partial] (1 page)	Aug. 10, 1993	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Brian Burke
OA/Box Number: 6136

FOLDER TITLE:

Climate - Joint Implementation: Climate Convention

2013-1074-S
sb46

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
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P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Climate--Joint Implementation:
Climate Convention

OFFICE ON ENVIRONMENTAL POLICY

TO: Brian Burke

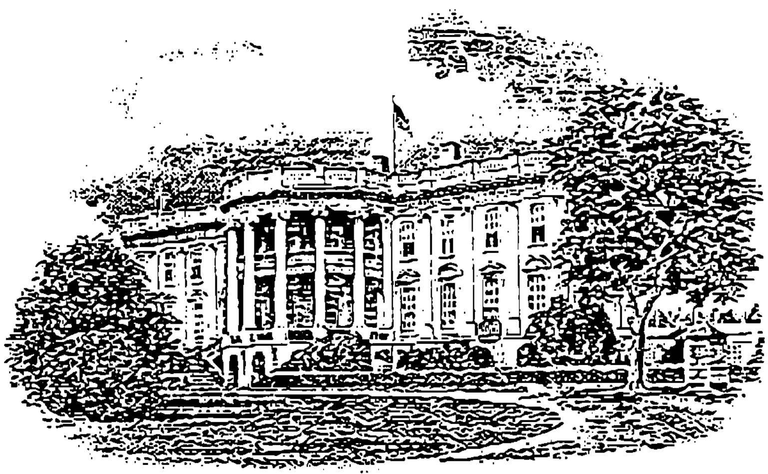
FROM: Katie McGinty

DATE:

FAX: -7739

Number of pages including cover: 3

COMMENTS:



PHONE - (202) 456-6224 FAX - (202) 456-2710
ROOM 360 OLD EXECUTIVE OFFICE BUILDING
WASHINGTON, DC 20501

THE WHITE HOUSE

WASHINGTON

July 29, 1993

MEMORANDUM FOR THE CCMG

FROM: KATIE MCGINTY

SUBJECT: JOINT IMPLEMENTATION

No final decisions have been made regarding whether joint implementation measures will be included in the Climate Action Plan. We did, however, make some progress on this issue in Tuesday's meeting. I wanted to recount here where I believe we are on this issue at this time. Please call me if you want to discuss in advance of our next meeting Tuesday afternoon, August 3.

First, it was understood that we have not yet worked out the "rules of the road" for accounting emission reductions under joint implementation. Internationally, the Parties to the Climate Convention have not yet begun to work on this (they will take this up at the August meeting in Geneva). And, significant questions still remain with regard to our own views on this subject. For example, how will 1 reductions be allocated between an investing country and a host country; how do we ensure against giving credit for "paper" reductions, etc.?

2 Second, since the overall plan (to date) rests largely on low-cost options and voluntary programs, we recognized that there may not be an incentive for companies to undertake joint implementation initiatives. Joint implementation options would seem most attractive as an alternative to more costly mandates.

Despite these issues, however, the group did see at least two possible roles for joint implementation in the plan:

First, it was pointed out that utilities now considering whether to agree voluntarily to reduce their emissions consider the option of joint implementation to be very important to their ultimate decision. It was further pointed out that, because we expect that utilities undertaking the commitment will rely on many of the programs and initiatives otherwise included in the plan in order to meet their targets, we will not separately score their voluntary pledge. Because that is the case, there really is no issue with regard to allowing utilities to meet their commitments at least in part by means of joint implementation measures. It was emphasized, however, that we must, in the interest of full disclosure, ensure that we make clear to the utilities that, while we will certainly promote joint implementation in the international arena, we do not control the international process and can not, therefore, guarantee any particular result regarding the treatment of joint implementation initiatives.

Second, it was also agreed that, in this period before the international rules of the road are ironed out, the US could attempt to launch a pilot joint implementation program. This would mean that we would undertake joint implementation initiatives in accord with rules of the road that we would establish for ourselves. To this end, Rafe Pomerance at the State Department will propose a joint implementation framework and several joint implementation projects – both privately financed (e.g. by utilities undertaking voluntary commitments) and possible federally funded international initiatives -- for our review next Tuesday.

Again, please contact me or Marc Chupka if you have a different view of where we stand at this moment or if you have an additional suggestion to offer.

United States Department of State

Bureau of Oceans and International Environmental and Scientific Affairs

Washington, D.C. 20520

August 10, 1993

UNCLASSIFIED

TO: *CCMG

FROM: OES/E - Rafe Pomerance SAK for

SUBJECT: Revised Draft Groundrules for Joint Implementation

Attached for your review prior to this afternoon's meeting is a copy of the revised draft Groundrules for the U.S. Initiative on Joint Implementation. This draft takes into account comments received from: CEA, DOJ, EPA, NEC, NSC and USDA. In the interest of moving forward, we have included as many specific comments as possible that seemed consistent with the emerging consensus. In this regard, the revised draft continues to focus on project specific baselines. All additions are underlined, except for minor edits and ordering changes. Please note that the only brackets in the text appear in Section 5A.(8).

Three key substantive issues are not addressed in the revised draft but will need to be considered at today's meeting:

Public Comment: We would urge that, once agreed, the groundrules be published in the Federal Register and that public comments on them be invited for some period (45 or 60 days) prior to making them final. In addition, the revised draft now provides for the Evaluation Panel to provide written reasons for its decisions within 90 days of submission of a project proposal and for such decisions to be made publicly available. The revised draft also provides for the Evaluation Panel to prepare an annual report of its activities, including a summary of approved projects. The CCMG will need to consider whether to go further, e.g., by inviting public comments on the Panel's annual report, by establishing an advisory committee to provide general advice to the Panel, or by establishing an advisory committee to provide specific advice on a project-by-project basis.

Seed Money: Some discussion took place last week concerning whether the federal government should seek an appropriation to jump start the USIJI. Amounts discussed ranged from $20 to $200 million. These funds could be used either to leverage the commitment of additional private sector funds -- for example, by defraying certain project preparation costs -- or to initiate specific federal projects under the USIJI. The CCMG will need to adopt a recommendation on this issue.

Scoring: In addition to agreement on groundrules for joint implementation, the CCMG will need to adopt a recommendation on whether, and to what extent, net greenhouse gas emissions reductions achieved as the result of joint implementation projects will be scored in the U.S. action plan.. Earlier, we identified six options: 1) embrace, 2) particially embrace, 3) reduce uncertainties/buy insurance, 4) bank, 5) expand commitment, and 6) delay. On the basis of recent discussions, we may now be down to deciding among one of the first three options, or some variation along these lines.

I look forward to seeing you this afternoon.

Attachments:
As stated.

D R A F T (8/9/93)

GROUNDRULES FOR U.S. INITIATIVE ON JOINT IMPLEMENTATION

The following describes the U.S. Initiative on Joint Implementation (USIJI), which shall be established as a pilot program.

Section 1 - Purpose

The purpose of the pilot program shall be to:

(1) encourage the rapid development and implementation of cooperative, mutually voluntary projects between U.S. and foreign partners aimed at reducing net emissions of greenhouse gases, particularly projects promoting technology cooperation with and sustainable development in developing countries and countries with economies in transition to market economies;

(2) promote a broad range of cooperative, mutually voluntary projects to test and evaluate methodologies for measuring, monitoring and verifying costs and benefits;

(3) establish an empirical basis to contribute to the formulation of international criteria for joint implementation.

(4) encourage private sector investment and innovation in the development and dissemination of technologies for reducing net emissions of greenhouse gases; and

(5) encourage participating countries to adopt more complete climate protection programs, including national inventories, baselines, policies and measures, and appropriate specific commitments.

Section 2 - Evaluation and Reassessment of Pilot Program

The pilot program shall be evaluated and reassessed within two years of its inception or within six months of adoption by the Conference of the Parties to the Framework Convention on Climate Change of international criteria for joint implementation, whichever is earlier.

Section 3 - Eligible Participants

A. Domestic

(1) Any U.S. citizen or resident alien.

(2) Any company, organization or group incorporated under or recognized by the laws of the United States.

(3) Any U.S. federal, state or local government entity,

B. Foreign

(1) Any country that has signed, ratified or acceded to the United Nations Framework Convention on Climate Change.

(2) Any citizen or resident alien of a country identified in B(1) of this section.

(3) Any company, organization or group incorporated under or recognized by the laws of a country identified in B(1) of this section.

(4) Any federal, state or local government entity of a country identified in B(1) of this section.

Section 4 - Evaluation Panel

A. An Evaluation Panel is hereby established.

B. The Evaluation Panel shall consist of seven members, of which:

(1) one shall be an employee of the Department of Energy, who shall serve as Co-Chair;

(2) one shall be an employee of the Environmental Protection Agency, who shall serve as Co-Chair;

(3) one shall be an employee of the Agency for International Development;

(4) one shall be an employee of the Department of Agriculture;

(5) one shall be an employee of the Department of Commerce;

(6) one shall be an employee of the Department of the Interior; and

(7) one shall be an employee of the Department of State.

C. The Panel shall be responsible for:

(1) advising and assisting prospective U.S. and foreign participants on the technical parameters (including with respect to baselines, measuring and monitoring) of projects proposed for inclusion in the USIJI;

(2) accepting project proposals from eligible U.S. participants and their foreign partners;

(3) reviewing and evaluating project proposals

(4) approving or rejecting project proposals for inclusion in the USIJI, based on the criteria contained in section 5, in partial fulfillment of the U.S. net greenhouse gas reduction commitment;

(5) providing written reasons for its decisions, which shall be made publicly available, within 90 days of receipt of a complete submission or resubmission;

(6) certifying net emissions reductions estimated to result from projects; and

(7) preparing an annual report of its activities, including a summary of approved projects.

Section 5 - Criteria

A. To be included in the USIJI, the Evaluation Panel must find that a proposed project:

(1) is endorsed by the government of the host country;

(2) provides data and methodological information sufficient to estimate current and future net greenhouse gas emissions in the absence of, and as the result of, the project;

(3) will produce net reductions in greenhouse gas emissions that would not reasonably be likely to occur, based on available information, but for the proposed project;

(4) contains adequate provisions for tracking the actual net greenhouse gas emissions resulting from the project, and on a periodic basis, for modifying net greenhouse gas emissions reduction estimates and for comparing actual results with those originally projected;

(5) contains adequate provisions for periodic external verification of the actual net greenhouse gas emissions resulting from the project;

(6) identifies any associated non-greenhouse gas environmental impacts/benefits;

(7) provides adequate assurance that actual net greenhouse gas reduction benefits accumulated over time will not be lost or reversed;

(8) provides for registration of projects [in the national inventory established] under Section 1605 of the Energy Policy Act of 1992 [and under the Global Climate Protection Act of 1987 and the Clean Air Act Amendments of 1990]; and

(9) provides for annual reports to the Evaluation Panel on the actual reduction achieved in net greenhouse gas emissions and on the share of such reduction attributed to each of the participants, domestic and foreign, pursuant to the terms of voluntary agreements among project participants.

B. In determining whether to include projects under the USIJI, the Evaluation Panel shall also consider:

(1) the potential for the project to lead to net changes in greenhouse gas emissions elsewhere;

(2) the potential positive and negative effects of the project apart from its effect on net greenhouse gas emissions; and

(3) whether efforts are underway within the host country to ratify or accede to the United Nations Framework Convention on Climate Change, to develop a national inventory and/or baseline of net greenhouse gas emissions, and whether the host country is taking measures to reduce its net emissions of greenhouse gases.

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CCMG FAX LIST

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Dr. Alice M. Rivlin	395-1005	395-4742	
Eileen B. Claussen	395-1590	395-4985	
Brian Burke	456-7739	456-2995	[redacted] (b)(6)
Richard Rosenzweig	586-7644	586-6210	
Robert Sussman	260-4852	260-4711	
Joseph Canny	366-7127	366-4540	
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T.J. Glauthier	395-4639	395-4561	
Everett Ehrlich	482-0432	482-3727	
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David Doniger	395-6938	395-1590	
Todd Stern	456-2215	456-2702	
Judith Burrell	366-7952	366-4874	
Heather Ross	456-2223	456-2802	
Bob Watson	395-1571	395-6202	

DRAFT
(8/5/93)

CCMG Tues 10am

GROUNDRULES FOR
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(2) promote a broad range of cooperative projects to test and evaluate methodologies for measuring, monitoring and verifying costs and benefits; and

(3) establish an empirical basis to contribute to the development of international criteria for joint implementation.

Section 2 - Evaluation of Pilot Program

The pilot program shall be evaluated within six months of adoption by the Conference of the Parties to the Framework Convention on Climate Change of criteria for joint implementation.

Section 3 - Eligible Participants

A. Domestic

(1) Any U.S. citizen or resident alien.

(2) Any company, organization or group incorporated under or recognized by the laws of the United States.

B. Foreign

(1) Any country that has signed, ratified or acceded to the United Nations Framework Convention on Climate Change.

(2) Any citizen or resident alien of a country identified in B(1) of this section.

(3) Any company, organization or group incorporated under or recognized by the laws of a country identified in B(1) of this section.

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(2) one shall be an employee of the Department of Energy, who shall serve as Co-Chair;

(3) one shall be an employee of the Department of Agriculture;

(4) one shall be an employee of the Department of the Interior;

(5) one shall be an employee of the Department of Commerce;

(6) one shall be an employee of the Agency for International Development; and

(7) one shall be an employee of the Department of State.

C. The Panel shall be responsible for:

(1) advising prospective U.S. and foreign participants on the technical parameters of projects proposed for inclusion in the USIJI;

(2) accepting project proposals from eligible U.S. participants and their foreign partners;

(3) reviewing and evaluating project proposals;

(4) approving project proposals for inclusion in the USIJI based on the criteria contained in section 5 within 90 days of receipt of a complete submission or resubmission; and

(5) certifying net emissions reductions estimated to result from approved projects.

Section 5 - Criteria

A. To be approved for inclusion in the USIJI, the Evaluation Panel must find that a proposed project:

(1) is endorsed by the government of the host country;

(2) provides data and methodological information sufficient to estimate net greenhouse gas emissions in the absence of, and as the result of, the project;

(3) will produce net reductions in greenhouse gas emissions that would not reasonably be likely to occur, based on available information, but for the proposed project;

(4) contains adequate provisions for monitoring the actual net greenhouse gas emissions resulting from the project, and for modifying net greenhouse gas emissions reduction estimates on a periodic basis;

(5) contains adequate provisions for periodic external verification of the actual net greenhouse gas emissions resulting from the project;

(6) identifies any associated non-greenhouse gas environmental impacts;

(7) provides adequate insurance that actual cumulative net greenhouse gas reduction benefits accumulated over time will not be lost or reversed;

(8) provides for registration of projects in the national inventory established under Section 1605 of the Energy Policy Act of 1992; and

(9) provides for annual report to the Evaluation Panel on the actual reduction achieved in net greenhouse gas emissions and on the share of such reduction attributed to each of the participants, domestic and foreign.

B. In determining whether to approve project proposals for inclusion under the USIJI, the Evaluation Panel shall also consider:

(1) the potential for the project to lead to net greenhouse gas emissions increases elsewhere;

(2) the potential positive and negative effects of the project apart from its effect on net greenhouse gas emissions; and

(3) whether efforts are underway within the host country to ratify or accede to the United Nations Framework Convention on Climate Change and to develop a national inventory and/or baseline of net greenhouse gas emissions, and whether the host country is taking measures to reduce its net emissions of greenhouse gases.

To: Distribution
From: Bob Watson, OSTP
Subject: Greenhouse Gas Reduction Options

At the CCMG meeting on Tuesday August 4 a number of tough options were discussed that included national pay-at-the-pump, gas guzzler, and tradeable fuel efficiency standards for automobiles. Different agencies were tasked with coordinating interagency working groups for each of these options: OSTP--pay-at-the pump; Treasury--gas guzzler, and CEA--tradeable fuel efficiency standards. Katy McGinty has since asked me to coordinate this effort. I would like to convene a meeting to discuss these three options on Friday August 6 between 1 and 3 pm in room 324 (OSTP Conference room).

Two key questions must be answered: (i) do the agencies believe these options to be politically viable; and (ii) can a credible analyses be performed in the time allotted by Katy. If the options are deemed to be politically credible, yet the allotted time is insufficient, then we have to decide whether to request additional time or to abandon them.

Clearly the transportation working group will play a critical role in this exercise and the appropriate members of this group should be invited to participate in the meeting.