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September 25, 2000

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INDEPENDENT

Mr. Mark Mazur
Acting Administrator
Energy Information Administration
Room 2H-027
1000 Independence Avenue, SW
Washington, DC 20585

Dear Mr. Mazur:

It has come to my attention that Rep. David McIntosh has written the Energy Information Administration to request an analysis of the costs of proposals to reduce emissions from electric utilities. Mr. McIntosh's letter includes a specific request to analyze the costs of meeting the emission reduction goals established in the Clean Smokestacks Act (H.R. 2900). This is legislation that I introduced and that has been cosponsored by 115 other members.

I further understand that your agency -- without any consultation with me or my staff -- agreed to analyze the emission reduction goals set forth in my legislation for Mr. McIntosh. Although I am surprised that EIA would undertake to analyze the costs of the policies espoused in one member's bill at the request of another member, I do not object to an EIA analysis of the emission reduction goals of H.R. 2900.

It is essential, however, that any such analysis be fair, balanced, and as accurate as possible. Unfortunately, I believe that your agency's current approach suffers from serious methodological flaws that could substantially over-inflate the costs of achieving the emission reduction targets of H.R. 2900. I urge you in the strongest possible terms to refrain from releasing any analysis of the emission reduction targets of H.R. 2900 until these deficiencies are addressed.

As you know, H.R. 2900 calls for reductions by 2005 in the emissions of the four primary pollutants of concern from electricity generation: NO_x, SO_x, mercury, and CO₂. It calls for a 75% reduction in emissions of NO_x and SO_x, a 90% reduction in emissions of mercury, and a reduction in CO₂ emissions to 1990 levels. Each of these reductions are to be measured from a 1997 baseline.

The costs of achieving these reductions will be influenced by the outcome of pending enforcement actions brought by the Environmental Protection Agency and the Department of Justice against seven major electric utilities and the Tennessee Valley Authority. Yet I understand that the impact of these enforcement actions is being ignored in your analysis.

The Clean Air Act currently requires that whenever a powerplant is modified, its air pollution controls must be modernized. According to EPA and the Justice Department, many of the nation's older powerplants have been modified, yet -- contrary to current law -- have failed to install modern pollution controls. For this reason, EPA and the Department of Justice initiated enforcement actions in November 1999 to ensure that these outdated facilities comply with the Clean Air Act. Already, EPA and the Justice Department have announced a settlement with Tampa Electric which will result in significant NO_x, SO₂, mercury, and CO₂ emissions reductions. Additionally, the Environmental Appeals Board issued a decision on September 15 finding that the Tennessee Valley Authority has, in fact, modified its facilities without complying with the Clean Air Act.

These enforcement actions will have a substantial impact on the costs of achieving the emission reduction goals of H.R. 2900. According to data from EPA's EGrid Database, emissions from utilities which have pending enforcement actions comprise a significant portion of emissions from the electric utility sector. For example, SO₂ emissions from these utilities represent over 20% of total powerplant emissions. Yet EIA staff has indicated that neither these enforcement actions, nor the underlying requirement to upgrade modified facilities, will be incorporated in the EIA analysis.

This would result in a highly misleading analysis which would falsely attribute the costs of complying with decades-old Clean Air Act requirements to my legislation.

In addition, EPA is expected to soon announce requirements to reduce mercury emissions pursuant to the Clean Air Act of 1990.¹ Under the 1990 law, once a regulatory determination is issued, powerplants will be required to install maximum achievable control technology (MACT) for mercury. MACT for utilities is currently believed to be able to achieve reductions of mercury emissions of about 73%. Installation of MACT will likely cost billions of dollars, require the modification of existing coal-fired powerplants, and correspondingly affect emission control strategies. However, EIA staff indicate that their analysis will ignore this existing Clean Air Act requirement.

There are other problems with the approach being taken by EIA. Several utilities have recently announced projects that would reduce emissions, yet EIA does not plan to incorporate these projects into their analysis. For example, Calpine is currently constructing a generation

¹*EPA Readies Mercury-Emission Rules for Utilities*, Wall Street Journal (Sept. 21, 2000).

Mr. Mark Mazur
September 25, 2000
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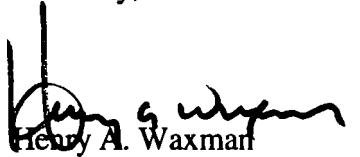
unit in Sutter County, California, that will reduce overall NOx emissions by displacing dirtier generation. Additionally, recent announcements from AEP indicate that utilities may be working to increase efficiency which could reduce emissions. EIA staff has indicated that these announcements are "too recent" to be included in the EIA analysis.

EIA staff have also said that EIA's model may not be accurately updated to reflect all of the states' restructuring laws. For example, EIA staff does not believe that their model accurately models California's restructuring efforts and incentives for renewable energy development. This is an important issue because renewable energy can significantly reduce emissions.

EIA staff indicates that your agency may include "a paragraph or two" describing these deficiencies in the EIA analysis. Surely, you can appreciate how wholly inadequate this approach would be to addressing these concerns. It would be irresponsible for EIA to issue a report attributing the cost of current Clean Air Act requirements or voluntary utility business decisions to H.R. 2900, even if some caveats were included.

If EIA undertakes an analysis of my legislation, at the request of another member, immediately prior to an election -- as it is currently planning to do -- it is critically important that the EIA analysis be as accurate as possible. I therefore request that you work with my staff to adequately address all legitimate issues prior to the issuance of your analysis. I look forward to hearing from you on this important issue.

Sincerely,


Henry A. Waxman
Ranking Minority Member

cc: The Honorable Bill Richardson
The Honorable David McIntosh
Roger Ballentine, Deputy to President for Environmental Initiatives
George Frampton, Chairman of the Council on Environmental Quality

Congress of the United States

Washington, DC 20515

The Honorable William Jefferson Clinton
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

November 13, 2000

Dear Mr. President,

We are writing to express our support for a strong agreement at the sixth conference of the parties (COP6) to the UN Framework Convention on Climate Change (UNFCCC) in November 2000 at The Hague.

There is a growing consensus that global climate change is occurring, and that nations must engage in a good faith process to find solutions. In the recent Third Assessment Report, the Intergovernmental Panel on Climate Change found that man-made pollution has "contributed substantially" to global warming and the earth is likely to get significantly hotter than previously predicted.

The rules of the Kyoto Protocol that may be decided at The Hague will have vast implications in reducing global greenhouse gas emissions. We draw your attention to several fundamental issues, the outcome of which will determine the effectiveness and environmental integrity of the Kyoto Protocol.

Sequestration by forests and agriculture

The Kyoto Protocol recognizes that sinks must be included as part of an economically and environmentally sound approach to climate change. We see important opportunities for forest and agriculture crediting to encourage wise stewardship of forests and cropland. We urge negotiators to include environmental standards that protect native ecosystems, native biodiversity, natural ecological processes, and indigenous cultures.

Further, we believe negotiators must ensure that sequestration rules do not provide contradictory incentives for clearing or conversion of old growth forests to plantations. We also believe that an adequate monitoring system is necessary to distinguish additional activities from business as usual practices.

Compliance

We support strong binding penalties to encourage Parties to comply with their obligations under the Treaty. Any financial element or the creation of a "compliance fund" should be used in coordination with a plan to rectify the atmospheric damage.

Clean Development Mechanism (CDM)

The CDM is an important tool to achieve the goals of the Kyoto Protocol in a cost efficient manner. However, many issues surrounding the mechanism remain unresolved.

We support a system that assures appropriate monitoring to guarantee that projects go beyond reductions that would have occurred regardless of the Treaty. Priority should be given to renewable energy projects, as these are cost-effective and U.S. companies have much to gain from exporting low-carbon technology.

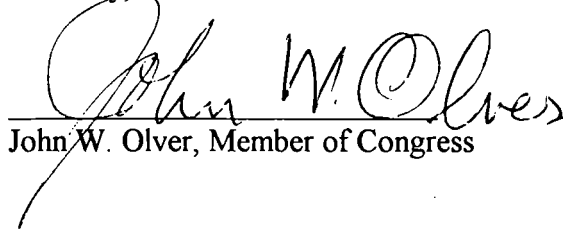
Developing Country Participation

Full participation of developing countries is essential to the effectiveness of the Kyoto Protocol. It is well known that the energy consumption of all developing countries is increasing rapidly, and in fact, within the next two decades, it is likely that China will surpass the United States in greenhouse gas emissions. Commitments from these countries to engage in policies that attempt to minimize greenhouse gas emissions, especially by increasing energy efficiency and the use of alternative energy sources, will be essential to addressing the problem of global warming.

We hope that during the discussions in The Hague regarding the adequacy of commitments in the UN Framework Convention on Climate Change and the Kyoto Protocol, the United States will successfully advocate the inclusion of developing countries. We encourage the Administration to enlist developing countries in these continuing efforts. In particular, the recent announcements from India and China made jointly with the Administration regarding cooperative efforts to promote clean energy development and to undertake efforts to combat global climate change are encouraging. We urge continued engagements with developing countries.

Thank you for considering these requests as you prepare for negotiations at The Hague. Global climate change is the most challenging environmental issue facing this and future generations. It is vital that the ongoing negotiations are successful in making progress toward meeting this challenge.

Sincerely,



John W. Olver, Member of Congress



Wayne T. Gilchrest, Member of Congress

Cc Frank E. Loy, U.S. Department of State
Roger Ballentine, White House Deputy for Environmental Initiatives

TO: DEBBIE
REID

1 PAGE

United States Senate

WASHINGTON, DC 20510

November 17, 2000

The President
The White House
Washington, DC 20500

Dear Mr. President:

Negotiations are continuing in The Hague, Netherlands, to develop a worldwide response to climate change. We are writing to urge you, Mr. President, to ensure that the United States takes no action that undermines the development, sale, export, and use of advanced American technology around the world and at home to reduce emissions of greenhouse gases. Examples of such advanced technology include, but are not limited to, electricity generation from cleaner coal, nuclear, hydroelectric, and combined cycle natural gas, and transportation advances such as low- or zero-emission vehicles.

In order to manage the risk from emissions of man-made greenhouse gases without negatively affecting our economy and way of life, the United States must maximize the development and application of advanced technology. In fact, the global community—both developed and developing nations—must have unfettered access to all technologies that can reduce or avoid the production of greenhouse gases, and provide the tools for economic development necessary to improve worldwide standards of living.

All nations will not use all technologies in pursuit of their efforts to reduce emissions. But the worldwide community must respect the choices made by individual nations based on the particular needs of their people. U.S. negotiators in The Hague should maintain our current view that no international body can or should usurp sovereign decisionmaking from members of the international community regarding technology choices to reduce their emissions. No technology that reduces or avoids the production of greenhouse gases should be excluded or underutilized.

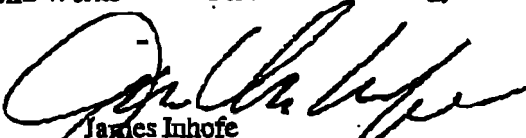
We hope that the United States will continue to espouse this view among its international partners when developing response mechanisms to address this issue.



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Chairman
Committee on Environment and Public Works



Frank Murkowski
Chairman
Committee on Energy and Natural Resources



James Inhofe
Chairman, Clean Air Subcommittee
Committee on Environment and Public Works

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United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, DC 20510-6025

November 17, 2000

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

I am writing to share my views on some of the issues associated with the current international climate change negotiations now underway at The Hague. Climate change is a global problem, and the solution must be global in nature as well. While some scientific uncertainties remain, I believe that the potential for serious climate change is real and that the global community must respond accordingly.

My paramount concern is that the Kyoto Protocol does not meet the first of the two standards of S. Res. 98, namely, that the biggest emitters in the developing world must agree to binding emissions limitations. Such limitations could be gradually implemented, and focus on a more efficient use of energy in those nations, while, also allowing them to develop economically, but should, nonetheless begin at the same time as those of the developed world. Unfortunately, it has been the largest emitters in the developing world -- those which will soon reach and exceed the emission levels of many industrialized nations -- which have blocked progress and refused to discuss this issue. In my opinion, the United States Senate should not consider any agreement that does not include binding commitments for the largest emitters in the developing world.

The second important standard of S. Res. 98 is that any international agreement should not cause serious economic harm to the economy of the United States. Virtually all issues related to the flexibility mechanisms, compliance, and "sinks" that are now under negotiation at The Hague speak directly to the heart of this second standard. The market mechanisms that are to be included in any final agreement must, in fact, be flexible, verifiable, and unencumbered by layers of bureaucratic requirements. The market mechanisms reflect the simple scientific fact that a ton of greenhouse gases that is emitted anywhere on Earth impacts the entire Earth, and a ton that is avoided has a beneficial impact on a global basis.

Nations must be free to meet their emissions obligations through the use of all of these mechanisms. Such an approach would also jump-start the use of the Clean Development Mechanism, leading to a rapid and beneficial transfer of modern, clean energy technologies to the developing world. Additionally, the United States should strongly resist any artificial ceilings or requirements that are placed upon any individual nation or category of emissions.

While some parties may advocate such provisions, I believe in the power of the free market to help resolve the challenge of climate change and believe that such limitations would instead increase our cost of compliance, possibly contributing to the Senate's rejection of a future climate change agreement.

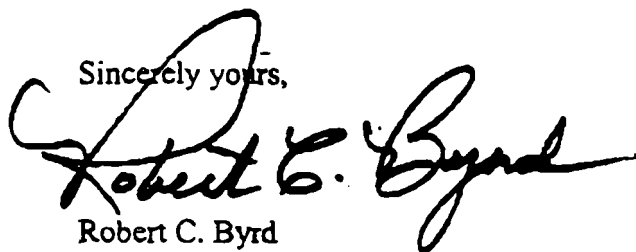
I am very leery of proposals under consideration at The Hague that call for the industrialized world to provide indirect foreign aid payments. In its worst form, this is disguised as "compensating" OPEC nations for their loss of oil revenues, as if we have not paid enough since the first Arab oil embargo, or did not fight to maintain the freedom of our Arab allies during Operation Desert Storm. Moreover, onerous and unreasonable taxes placed on the Clean Development Mechanism projects as a substitute for foreign aid will only increase the cost of those projects, and thereby reduce their number.

In the area of environmental treaties and domestic environmental law, the United States stands behind what it says, and enforces environmental standards within our own borders. However, it is by no means clear that this will be the case on a global basis. It is critical that tough compliance mechanisms be included in any final agreement. Additionally, any final agreement must include full and unrestricted use of both domestic and international agricultural and forestry sinks. Strong sinks provisions can help avoid deforestation, preserve tropical forests, reforest other areas, improve land management, and help preserve soil carbon. Those who call for limitations on sinks are pursuing agendas whose primary goal is contrary to dealing with climate change, since a ton of greenhouse gases that is sequestered is equal to a ton that is emitted. It is essential that these projects be supported and included in the Clean Development Mechanism as well as in our own domestic actions.

This Administration issued a tentative analysis of the economic impacts of the Kyoto Protocol upon the American economy over two years ago. Depending upon how all of the above issues are resolved at The Hague, the impact upon our economy could significantly increase. I would therefore request that a revised and comprehensive analysis be provided to the Congress after the conclusion of the talks at The Hague.

I recognize that these negotiations are a worthwhile work in progress, and that a durable and effective solution to global climate protection, one that provides sustained economic growth and environmentally sound development for all countries, will require perseverance and patience. We should not agree merely for the sake of agreement. Whatever is agreed to at The Hague should stand the test of time as the first of a series of agreements that deal with the challenge of climate change for the next century.

Sincerely yours,

A handwritten signature in black ink, reading "Robert C. Byrd". The signature is fluid and cursive, with a large, stylized "R" and "B".

Robert C. Byrd

C&S



PEW CENTER

Global

September 29, 2000

Honorable Chuck Hagel
United States Senate
Washington, DC 20510-2705

Dear Senator Hagel:

I am writing to express my concern regarding several misunderstandings implied in your opening remarks at the Joint Hearing before the Committee on Foreign Relations and the Committee on Energy and Natural Resources on September 28, 2000.

That statement suggested that I believe we must renegotiate the targets and timetables in the Kyoto Protocol. In the speech that I delivered in London at the Royal Institute for International Affairs this past June, I indicated that we set the targets and the timetables in the Kyoto Protocol before we had reached agreement on what could be counted toward those targets. I further suggested that it is most important to finish the Kyoto framework (e.g., the rules governing the Kyoto mechanisms and carbon sequestration) before determining whether nations could meet their Kyoto targets, although, as you correctly point out, our analyses suggest that many countries would have great difficulty doing so. My conclusion, however, was not that we sit down now and renegotiate the targets and timetables; that would repeat the mistake of negotiating the initial targets before we determined what should be counted toward those targets. Instead, we should finish the framework, determine what can be counted, and then make an assessment as to whether the targets can be met in the Kyoto timeframe. It is simply incorrect to suggest that I support renegotiation of the targets now.

I am also concerned that you misinterpreted my comments on the economic impacts of implementing the Kyoto Protocol. I pointed out in London that many opponents of the Protocol use economic arguments as the basis for their objections. But I then suggested that many of the assumptions in their economic models are unrealistic, and that the results that they yield cannot be trusted. You also stated that I argued against countries trying to meet their Kyoto obligations because of the extent of economic harm that such actions would cause. In actuality, I have consistently urged countries to take action to reduce and sequester their greenhouse gas emissions.

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Senator Chuck Hagel

-2-

September 29, 2000

Finally, I do not believe, as you suggest, that the treaty is going nowhere. Nothing could be further from the truth. There is a great deal of merit in the framework that was negotiated in Kyoto. The task now is to make that framework into a working reality that will result in the reduction of greenhouse gas emissions. As you know, the 27 companies associated with the Pew Center believe that the Kyoto Protocol is a first step, although more must be done both to implement the market-based mechanisms that were adopted in principle in Kyoto and to more fully involve the rest of the world in the solution. The Pew Center is very much engaged in the international process, and we are optimistic that positive results can be achieved at the meeting in The Hague this November.

I appreciate your willingness to correct these misimpressions, and hope that your interest in my views will be the beginning of a dialogue between us that can result in actions to deal with the very serious issue of climate change.

Sincerely,



Eileen Claussen
President

cc: Senator Jesse Helms
Senator Richard G. Lugar
Senator Gordon H. Smith
Senator Rod Grams
Senator Sam Brownback
Senator Craig Thomas
Senator John Ashcroft
Senator Bill Frist
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U.S. House of Representatives Committee on Commerce

Room 2125, Rayburn House Office Building
 Washington, DC 20515-6115

July 25, 2000

The Honorable Frank E. Loy
 Under Secretary for Global Affairs
 Department of State
 2201 C Street, N.W.
 Washington, D.C. 20520

Dear Under Secretary Loy:

The Conference of the Parties (COP) to the Framework Convention on Climate Change (FCCC) is scheduled to hold its annual session in The Hague, Netherlands next November, preceded by two one-week meetings of its subsidiary bodies in Lyon, France in September and in The Hague. This will be the sixth Convention session and the third since the Kyoto Protocol was negotiated and adopted in 1997.

Expectations are high that the session will produce decisions that would enable many of the Convention Parties to ratify the Protocol. They apparently have been fueled by the Convention's Executive Secretary, who last April released a "Background Note" saying that the sixth session will be judged successful if it triggers such ratification, particularly by Annex 1 Parties, "sufficient for its entry into force." Also, on June 22, the European Union concluded that a "successful outcome at COP-6" is one that creates "the conditions for the ratification and entry into force of the Kyoto Protocol by 2002 at the latest." Wisely, you did not commit the United States to such a timetable when you spoke on the question at the last COP session. The wisdom of that position is bolstered by the meager results of the most recent session of the Convention's subsidiary bodies session in Bonn, Germany, in June. It shows that much work lies ahead to resolve many extremely difficult and complex issues from the standpoint of the interests of the United States in a manner fully consistent with the Administration's July 1998 economic analysis of the Protocol and the principles of the Byrd-Hagel Resolution, S. Res. 98, passed by the Senate in 1997.

We are writing to express our support for the view inherent in your resistance to such a ratification timetable: if and when the U.S. ratifies the Protocol and it enters into force, the implementing rules, guidelines and procedures should ensure that the costs to the United States

The Honorable Frank E. Loy
Page 2

of complying are completely in accord with that economic analysis and that the Protocol should be truly global.

As matters stand in the wake of the June session, such assurances are not currently foreseeable insofar as COP-6 is concerned. As we understand the June results, the provisions of Article 3.3 and 3.4 of the Protocol regarding sinks have only just recently begun to receive serious attention by the FCCC Parties. Additionally, the latest negotiation text on the Kyoto mechanisms, particularly Article 17 on emission trading and Article 12 on shared credit for projects abroad, includes so many hurdles and requirements that the usefulness of these mechanisms in reducing mitigation costs of the Kyoto emissions target is in serious doubt. While some of these provisions may have been added for purposes of negotiation, we fear that given the short timeframe remaining for negotiation at Lyon and The Hague, the necessary compromises are likely to be unacceptable to the Administration and Congress. Insofar as sinks are concerned, no text exists to even commence negotiations. Yet, inclusion of sinks provisions pursuant to both Articles 3.3 and 3.4 in the first commitment period of 2008-12 is, like the Kyoto mechanisms, also essential to help offset the costs to our economy of mitigation.

In our view, some of the objectionable proposals put forth in the negotiating text for mechanisms by your negotiating Convention partners include: buyer liability, or a hybrid of buyer and seller liability in emissions trading; the setting of quantitative or qualitative caps or limitations on trading emissions; setting forth lists of projects that would effectively exclude clean coal and other energy sources and sinks for the Clean Development Mechanism (CDM); expansion of the "share of proceeds" provisions of Article 12 of the Protocol to the other mechanisms contrary to the Protocol; expanding additionality consideration for CDM projects beyond environmental additionality so as to include, for example, financial additionality; and proposals to effectively rewrite the Protocol so as to make Article 12 requirements applicable to one or more of the other mechanisms.

For the United States, the November session cannot succeed if decisions on all of the key issues regarding each of the mechanisms and Articles 3.3 and 3.4 are not fully resolved at COP-6 in a way that, when examined in the light of a needed updated economic analysis, will demonstrate that the costs are truly modest. In short, deferral of some issues, such as the methodologies for determining baselines, to another COP session, or delaying the resolution of Article 3.4 issues until some undefined future commitment period, is unacceptable.

In addition to the many unresolved sinks and mechanisms matters, there are also important concerns about proposals for a compliance system with multiple layers of institutions that strongly suggests that the sovereign nations that may ratify the Protocol will not act in good faith and try to game the Protocol. These complex proposals include various concepts concerning financial penalties to be adopted not by amendment as called for in Article 18 of the Protocol, but by COP decision. While we think it important to ensure compliance with the

The Honorable Frank E. Loy
Page 3

Article 3 commitments by all Parties, when and if the Protocol enters into force (if ever), the establishment of such a complex international compliance system for that laudable objective seems unnecessary, inappropriate, and potentially overly intrusive of the sovereignty of a country by a U.N. body.

Additionally, there are significant Convention implementation issues and related Protocol matters that the developing country Parties are apparently quite insistent about also deciding at COP-6. They all seem to entail financial commitments by the United States and other Annex I Parties that are not warranted, based on the present state of knowledge. Resolution of those issues, without discussion of the commitments of non-Annex I parties toward emissions reduction in the first commitment period, places ratification of any agreement at serious risk.

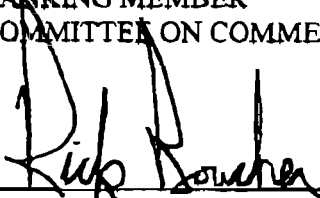
These concerns and many others, together with the absence of any discussion of commitments by developing countries as required by S. Res. 98, lead us to question the wisdom of viewing COP-6 as anything approaching a final act leading to submission of the Protocol to the Senate for advice and consent to ratification and ultimately to entry into force. Too much needs to be done with care, not haste. Proposals to defer so-called technical and procedural details in order to claim success are, in our view, misleading. Such details are more important than broad agreements on targets, as they address issues of practicality, workability, and acceptability.

We nevertheless would welcome your perspective prior to Lyon on these matters and on what you anticipate will be the likely results of COP-6. Your early reply is appreciated.

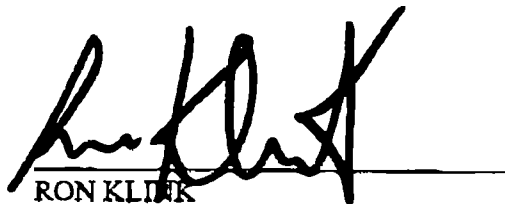
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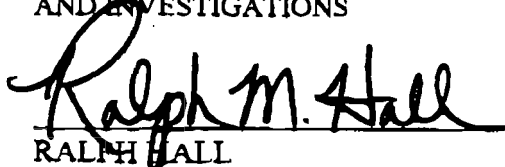
JOHN D. DINGELL
RANKING MEMBER
COMMITTEE ON COMMERCE



RICK BOUCHER
RANKING MEMBER
SUBCOMMITTEE ON ENERGY
AND POWER



RON KLINK
RANKING MEMBER
SUBCOMMITTEE ON OVERSIGHT
AND INVESTIGATIONS



RALPH HALL
MEMBER
COMMITTEE ON COMMERCE

Copy Bowles

Congress of the United States
House of Representatives
Washington, D.C. 20515

July 28, 2000

President William Jefferson Clinton
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20502

Dear President Clinton:

We understand that the U.S. will soon finalize its negotiating position regarding the land use, land use change, and forestry (LULUCF) rules under the Kyoto Protocol. We are deeply concerned that so far the U.S. has failed to support strong, environmentally sound, land use and forestry rules. We urge the Administration to adopt a negotiating position which recognizes the need to reduce industrial greenhouse gas emissions and the need to protect and restore native forests.

Land use changes, including logging, account for up to 20 percent of the world's annual carbon dioxide emissions. Fortunately the U.S. public overwhelmingly supports forest protection and will respond positively to a proposal that addresses climate change, while safeguarding the ancient forests, roadless areas, and other special places that people want to enjoy and leave for their children and grandchildren.

Specifically, we urge the Administration to seek strong international environmental standards for land use and forestry activities that do not give credit for business-as-usual forestry activities. If we adopt LULUCF rules which merely calculate carbon sequestration and release, the results could be environmentally devastating. Such rules could remove pressure to develop renewable energy sources, increase export markets, bring to market the most fuel efficient vehicles possible, and implement strategies that will achieve both clean air and climate benefits. Furthermore, ill-considered rules could threaten forest ecosystems and their biodiversity here and overseas by encouraging clearcutting, logging of old-growth, conversion of natural forests to plantations, and other harmful logging practices.

LULUCF environmental standards should ensure that activities and projects that degrade, damage, or place at risk native ecosystems, native biodiversity, and natural ecological processes should not qualify for carbon credits under Kyoto's forest rules. Otherwise, we could be establishing incentives for environmentally harmful activities.

For example, converting old-growth forests to tree plantations for the production of biomass could be encouraged by poor LULUCF rules. A strict carbon analysis would fail to recognize the other environmental impacts at stake. In addition to sequestering massive amounts of

carbon, old-growth forests provide clean water and vital habitats for threatened and endangered species. Plantations store relatively low amounts of carbon, fail to provide necessary wildlife habitat, increase vulnerability, and typically depend on short logging rotations and on chemicals that adversely impact biodiversity, water quality and soils.

On the other hand, restoring degraded forests and moving to long rotations (e.g. 140 years) in privately owned, managed forests will benefit forest ecosystems, the public, the climate, adaptability, and timber production. In short, strong LULUCF rules could both increase the level of carbon sequestration and the quality of forest ecosystems on land currently under timber management.

Additionally, LULUCF rules which grant credit for business-as-usual (BAU) forestry would severely compromise the Protocol. If these activities are given carbon credits then the U.S. will appear to have achieved large emissions reductions when in fact none have occurred. This perverse result would stem from the fact that emissions are calculated using a *gross-net* method for the purposes of the Protocol. That is, Kyoto requires that *net* annual emissions in 2008-2012 (carbon emissions by sources such as smokestacks, etc. minus sequestrations by sinks such as growing trees, etc.) be less than 93% of *gross* emissions in the 1990 baseline year (emissions by sources *only*). Therefore, to maintain the integrity of the accounting system, we urge the Administration to support carbon credits only for forest activities that would not have occurred in the absence of the Protocol.

We urge you to take a strong negotiating position in the development of LULUCF rules that incorporate international environmental standards for land use and forestry activities and do not give credit for business-as-usual forestry activities. This is a critical issue and we appreciate your leadership.

Sincerely,


Henry A. Waxman
Member of Congress


George Miller
Member of Congress


Chris Shays
Member of Congress


Mark Udall
Member of Congress

cc: Mr. Roger Ballentine
Mr. Frank Loy

LARRY E. CRAIG
IDAHO

HART SENATE OFFICE BUILDING
(202) 224-2752
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CHAIRMAN
REPUBLICAN POLICY COMMITTEE

United States Senate

WASHINGTON, DC 20510-1203

APPROPRIATIONS
AGRICULTURE, NUTRITION,
AND FORESTRY
ENERGY AND NATURAL
RESOURCES
SPECIAL COMMITTEE
ON AGING
VETERANS' AFFAIRS

April 3, 2000

Roger S. Ballentine
Chairman, White House
Climate Change Task Force
The White House
Washington, D.C.

Dear Mr. Ballentine:

Thank you for your recent letter commenting on the two separate pieces of legislation that my friend and colleague, Senator Murkowski and I have introduced on the subject of climate change. Senator Murkowski and I have been working together on this legislation for a year now. We are both sponsors of both bills. I welcome the opening you give us to work with the Administration as well.

Your letter was particularly helpful for two reasons. First, it helped me appreciate how much the Administration agrees with us. Secondly, it gives me a chance to clarify how portions of S. 1776 work to complement, not contradict (as your letter implies), so much of what the Administration is already doing.

First, we agree (and see that we agree) on, in your words, "emphasis on promoting the research, development and diffusion of technologies to reduce or sequester the greenhouse gases. . . ." Secondly, we both want to "improve voluntary reporting of greenhouse gas emissions."

Now let's turn to the many additional points on which we agree, even though your letter reflects a few gaps in appreciating that agreement. Along those lines, you urge that it be made clear that our legislation is not "intended as a substitute for more comprehensive action." Thank you for the opportunity to reassure the Administration that it is not. Here is that reassurance in detail.

To begin, you listed nine bulleted Administration initiatives, repeating in each instance that our legislation "is no substitute for" those Administration initiatives. I agree. Neither S. 1776 nor S. 1777 (my companion tax incentive bill) is, nor is intended to be, a substitute for any of the nine initiatives. If I had intended to substitute my legislation for any of the nine, you would see provisions in my legislation repealing or preempting those initiatives that I meant to substitute with mine. You do not, because I did not set out to do so. Let's take a closer look at each of those nine bullets to help you appreciate how close we are:

1. Ongoing federal efforts to accelerate the research, development, and deployment of efficient technologies and renewable energy -

ROOM 149
304 NORTH 8TH STREET
BOISE, ID 83702

HARBOR PLAZA
610 HUBBARD, SUITE 121
COEUR D'ALENE, ID 83814

846 MAIN STREET
LEWISTON, ID 83501-1864

ROOM 193
801 E. SHERMAN STREET
POCATELLO, ID 83201

1292 ADDISON AVENUE EAST
TWIN FALLS, ID 83301

Suite 101
490 MEMORIAL DRIVE
IDAHO FALLS, ID 83402

My bills only enhance those ongoing efforts. With regard to federally funded R&D , we provide for some extra quality assurance by calling for periodic independent critical evaluations of ongoing projects so Congress and the Executive Branch can be confident that deployment of finite R&D and demonstration resources is current, optimum, and fully accountable to the taxpayers.

2. The President's proposed package of tax incentives –

Nothing in my tax incentive bill, S. 1777, contradicts anything in the President's package. My proposal to permanently extend the R&D tax credit for projects addressing climate change, and my provision providing a graduated scale of tax credits for achieving increasingly challenging energy efficiency benchmarks over a series of time periods would complement the President's ideas in the short-term and long-term.

Further, I call on Treasury and Energy to collaborate on a set of meaningful tax incentives to directly spur voluntary actions by ordinary citizens, and indirectly by entities that are tax exempt such as municipal power agencies, universities, and others.

3. The President's proposal to spur development of bioenergy and bioproducts that can benefit farmers and rural areas, reduce reliance on foreign oil, cut air pollution, and reduce greenhouse gas emissions –

This program first surfaced, of course, in an article by Senator Dick Lugar in *Foreign Affairs* magazine over a year ago. It is embodied in his bill which recently passed the Senate without dissent. Actually, in the early drafting stages I contemplated adding the text of the Lugar legislation to my bill, but did not do so out of deference to Senator Lugar whose strategy was to move his bill separately. Instead, in public speeches leading up to its approval by the full Senate I helped promote his legislation as a stand-alone proposition. Let's both hope that the House takes it up quickly and sends it to the President for enactment!

4. An initiative to encourage open competitive markets and promote the export of American clean energy technologies into the multi-billion dollar market of developing transition countries around the world –

Again, we are in harmony. My bill takes the Administration's proposal a few steps further with an entire title on technology transfer. Projects that replace older machinery in other countries with more advanced energy-efficient technologies will qualify for a suite of export incentives. These will undoubtedly be deployed in developing countries because the bill is crafted in a way to target these projects where local hosts do not have the economic clout to finance them on their own.

5. The ongoing Vision 21 Power Plant program to develop coal-fired power plants that

would be about twice as efficient as current plants –

My approach to achieve this objective is by way of tax incentive. S. 1777 spurs continuing efficiency breakthroughs by offering incentives to reach increasingly challenging efficiency benchmarks – achievable in the short-term, improving in the long-term.

6. Nuclear energy plant optimization – advanced technologies that can help ensure the longer term reliability and efficiency of existing nuclear power plants –

While my bills do not specify nuclear power projects for short- or long-term promotion, I am confident that nuclear power will benefit from my legislation. First, the current and future Presidents are called upon to recommend to Congress legislation to respond to climate change. Any comprehensive execution of this provision would have to address the role of nuclear power. However, if a President should overlook nuclear in the mandated report and recommendation to Congress, I offer a back-up. My bill also includes a statutory requirement for the General Accounting Office to identify statutory or administrative barriers to reducing greenhouse gas emissions. If any exist with regard to nuclear power, I would expect GAO to find them and highlight them, along with all others.

I considered folding into S. 1776 the most important step toward securing long-term reliability of nuclear power's contribution, namely, nuclear waste legislation. I did not do so because of the President's repeated vetoes. My goal from the beginning remains unchanged: to find consensus, not division, on climate change.

On a separate complementary track, as a member of the Senate Appropriations Committee I have strongly supported DOE's Nuclear Energy Plant Optimization program and Nuclear Energy Research Initiative.

7. Law to give businesses protection against being penalized down the road when they take real, tangible actions today to reduce their greenhouse gas emissions –

Unlike some other proposals, my legislation actually accomplishes this in hard currency immediately when such actions are taken. My tax incentives, all of which are available for the year in which the qualifying investments are made, are all predicated on reporting the reductions achieved by those investments under Section 1605 (b) of EPAct, as amended by S. 1776.

8. Help states and local communities undertake efforts to encourage innovation and reduce greenhouse gases –

With the same stated purpose, but in contrast to the Clean Air Partnership Fund's top-

down approach, S. 1776 explicitly preserves state-initiated climate change responses by protecting them from future federal preemption. It works as follows. If a state has a program that has as one of its effects the reduction (or sequestration) of greenhouse gas emissions, it remains in effect despite future federal enactments to the contrary. The only exception: when a future Congress recites in future legislation the specific section number in my bill as either (1) being repealed outright, or (2) as not applying to the specific state program. I have been assured that this provision passes Constitutional muster. I am confident that future Congresses will look long and hard before deliberately and conspicuously tampering with states' rights and climate change programs.

9. Diplomatic effort to complete the unfinished business of the Kyoto Protocol –

While our perspectives on this bullet in your letter to me do not match, my legislation is silent on the subject. Again, this is because my primary objective was to explore policies on which consensus with the President and others is possible. Let's not let our differing perspectives get in the way of policies we can and do agree on.

However, as an aside, I do believe that both an international and domestic consensus on Kyoto is achievable and, in fact, emerging. As months and years pass since Vice President Gore personally negotiated its terms and the President signed it, several governments have distanced themselves from – or, in Norway's case – impaled itself on Kyoto. A sure way to resolve the issue once and for all here in the United States is for the President to submit the Treaty for Senate ratification. Sweeping in scope as my legislation is, however, treaty ratification would not be germane to my bill.

Finally, in the same spirit of sharpening our mutual understanding, let's focus on an area where you seem to see even more agreement between us than I do. Interpreting our legislation as reflecting "a shift in the terms of the debate from whether there is a problem to what actions we can take to address it," you take it one step further by quoting Texaco: "protracted debate about the adequacy of the science is something [we need] to move beyond."

On the question of the adequacy of the science, I side with the National Research Council of the National Academy of Sciences. In the March 30, 2000 hearing before the Senate Energy Committee, Dr. Elbert W. (Joe) Friday, speaking for the National Academy, stated plainly: "the jury is still out." What portion of the warming signal is attributable to anthropogenic effects and what to natural variability he declined to speculate on, except to explicitly refuse to say that Mankind's contribution is primary. Nor did he, speaking on behalf of the science community, indicate that any proposed suite of climate change response policies would appreciably alter global temperature trends. Instead, he focused the Committee's attention on the milestone *Pathways Report* published just last Fall by the National Academy of Sciences.

The fundamental gaps in climate science underscored in that report are the foci of the science title of S. 1776. Having worked closely with leading U.S. climate scientists on these issues, I am

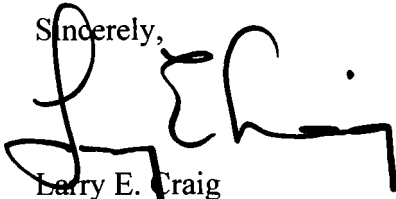
now convinced that the United States (and, therefore the world) has the potential capability to solve these riddles. However, resources and hard work will be required to do so. The science community has consensus: climate science has a long way to go. Instead of pretending that we have learned everything we need to learn as many advocates on both sides of the climate change issue do for quite different reasons, I advocate aggressive exploration and resolution of these uncertainties.

In the meantime, my bill does stand for the proposition that we needn't wait for that resolution to take immediate, no regrets, steps to reduce greenhouse gas emissions. Additionally (and perhaps, even more importantly), I set out the elements to put into place an inter-branch process by which all relevant information – science, economics, and technology – can be marshaled to guide conscientious, contemporary public policy in a fast-changing world.

Should it turn out that sacrifice by American citizens – even the stark sacrifices such as those portended by Kyoto – are warranted, we must have confidence that all the information is in, integrated, and understood, not only by elected officials, but also by the people we are privileged to serve.

I look forward to getting together soon to explore ways for real progress – consensus action – this year.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry E. Craig". The signature is stylized with a large initial "L" and a long horizontal stroke at the end.

Larry E. Craig
United States Senator

cc: All Senate Energy and Natural Resources Committee Members

JAMES M. JEFFORDS
VERMONT

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CHAIRMAN

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United States Senate

WASHINGTON, DC 20510-4503

April 6, 2000

FINANCE

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TOLL FREE TDD/TTY: 1-800-835-5500

vermont@jeffords.senate.gov
<http://www.senate.gov/~jeffords>

The Honorable Bill Clinton
The White House

Dear Mr. President:

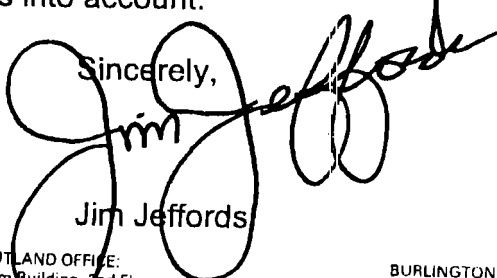
I am writing to ask that you strongly consider vetoing the Energy and Water Appropriations bill if your budget request for renewable energy research and development programs is not met in full.

At no time has investment in renewable energy -- solar, wind, biomass, hydrogen, geothermal, hydropower -- been more important. Our reliance on oil imported from the Persian Gulf has thrown us into an energy crisis that has created a heating crisis in the Northeast, a transportation crisis for truckers, and threatens to increase inflation and slow the economy. By investing in renewable energy research and development, we enhance fuel and technology diversity and provide the United States with insulation from future oil price shocks. These investments also increase the U.S. market share of the growing market for energy-supply products, permit the expansion of high technology jobs within the U.S. economy, bring extra income to many farmers and local communities across the nation, and help the environment.

I have fought to support your budget request for renewable energy every year since your administration took office. Last month I led an effort that resulted in 56 United States Senators signing a letter in support of your full budget request for renewable energy. Unfortunately, even this strong show of support may not be enough. Last year, for example, I garnered 54 United States Senator's signatures in support of your request for renewable energy. Yet when I and over 20 cosponsors offered an amendment to the Energy and Water Appropriations bill to increase funding for renewable energy, the amendment lost--not from lack of support in the Senate, but from procedural tactics brought by the bill managers. In the four previous years my amendments to increase funding for renewable energy were accepted, but most of the money was lost in conference.

Without your active and vocal support, there is no guarantee that your full budget request for renewable energy will be enacted. I sincerely hope you will do all in your power to support full funding for renewable energy--including vetoing the bill if your request is not met. Thank you for taking these concerns into account.

Sincerely,


Jim Jeffords

WASHINGTON OFFICE:
728 Hart Building
Washington, DC 20510-4503
(202) 224-5141

MONTPELIER OFFICE:
58 State Street
Montpelier, VT 05602
(802) 223-5273

RUTLAND OFFICE:
Lindholm Building, 2nd Floor
2 South Main Street
Rutland, VT 05701
(802) 773-3875

BURLINGTON OFFICE:
30 Main Street
Suite 350
Burlington, VT 05401
(802) 658-6001

United States Senate

WASHINGTON, DC 20510

March 30, 2000

The Honorable Pete V. Domenici, Chairman
The Honorable Harry Reid, Ranking Member
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate

Dear Chairman Domenici and Ranking Member Reid:

As you develop the FY2001 Energy and Water Appropriations bill, we ask that you consider supporting increases in funding for renewable energy -- solar, wind, biomass, hydrogen, geothermal, hydropower -- research and development programs. The Administration has proposed increasing obligations for renewables from \$310 million to \$409 million. This increase follows over \$20 million in cuts to renewables programs in FY2000, and an additional \$85 million in cuts from FY1995 to FY1999 in constant dollars.

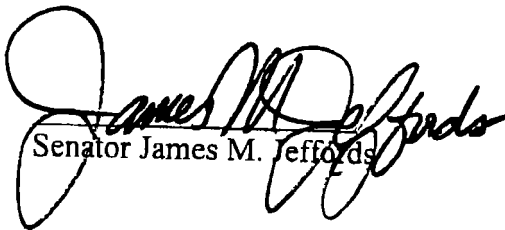
At no time has investment in renewable energy research and development been more important. We are in the midst of an oil crisis that has created a heating crisis in the Northeast, a transportation crisis for truckers, and threatens to increase inflation and slow the economy. The rapid rise in oil prices from their lowest levels in decades to their highest levels since the Persian Gulf crisis emphasizes the risk of relying on imported oil. Unless we act to diversify our energy supply, this volatility is only likely to grow worse. The United States currently imports slightly over half of its oil, but is expected to import over 70% by the year 2020. Since world oil production outside of the Middle East has already peaked, our future growth in oil consumption is likely to depend on the goodwill of frequently unstable and sometimes hostile Persian Gulf nations. By investing in renewable energy research and development, we enhance fuel and technology diversity and provide the United States with insulation from future oil price shocks.

Investments in renewable research and development also have important economic and military benefits. These investments increase the U.S. market share of the growing domestic and international markets for energy-supply products and permit the expansion of high technology jobs within the U.S. economy. Research in biomass and biofuels helps farmers by creating valuable new uses for agricultural products. Renewable energy has important military applications and is currently used on many remote military bases. These funds will also lead to improvements in distributed generation, energy storage, and reliability of the electric grid. Finally, renewables are bringing extra income to many farmers and local communities across the nation.

Page 2/ Renewable Budget

Renewable energy investments are critical to reduce our dependence on foreign oil, expand U.S. markets, help agriculture, and create jobs. These are vital programs to maintain our nation's interests. Thank you for taking into account these high priority investments.

Sincerely,



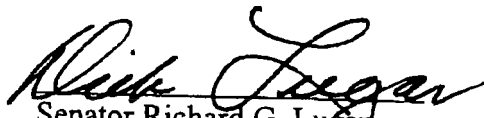
Senator James M. Jeffords



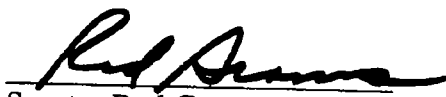
Senator William V. Roth, Jr.



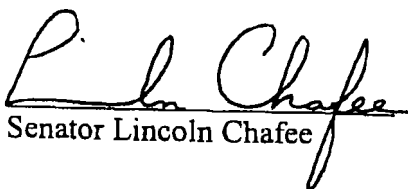
Senator Wayne Allard



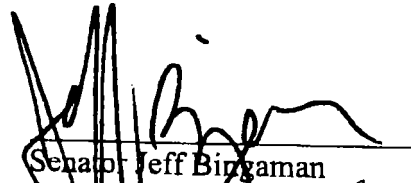
Senator Richard G. Lugar



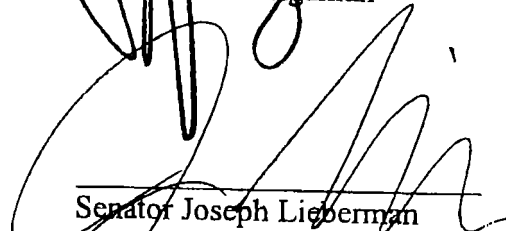
Senator Rod Grams



Senator Lincoln Chafee



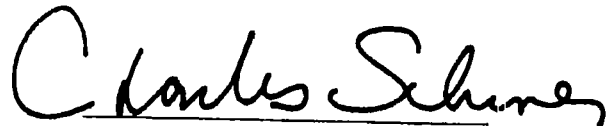
Senator Jeff Bingaman



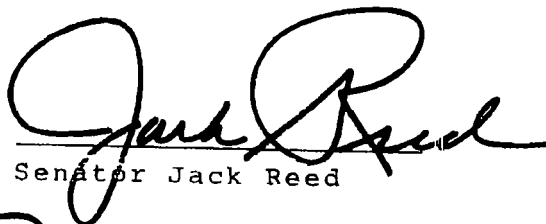
Senator Joseph Lieberman



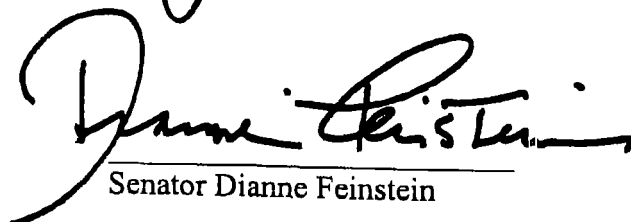
Senator Byron Dorgan



Senator Charles Schumer

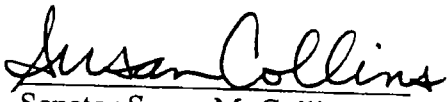


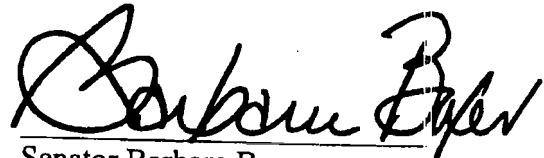
Senator Jack Reed



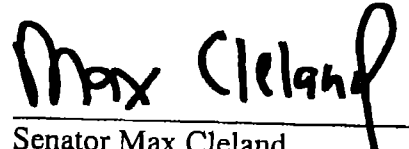
Senator Dianne Feinstein

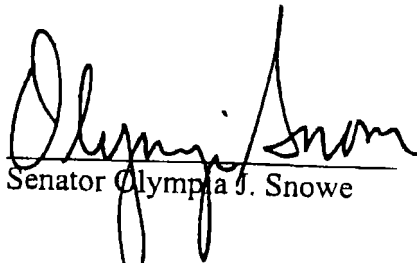
Page 3/ Renewable Budget


Senator Susan M. Collins

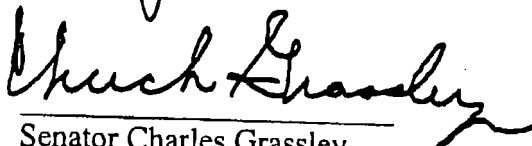

Senator Barbara Boxer


Senator Arlen Specter

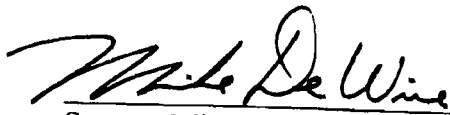

Senator Max Cleland

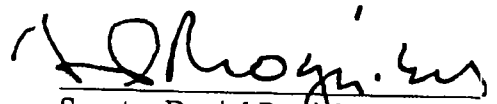

Senator Olympia J. Snowe


Senator Daniel Akaka


Senator Charles Grassley

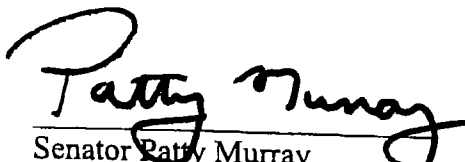

Senator Richard Durbin

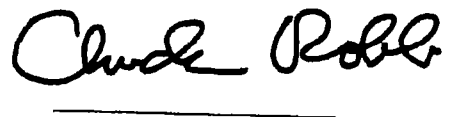

Senator Mike Dewine


Senator Daniel Patrick Moynihan


Senator Gordon Smith


Senator John Breaux

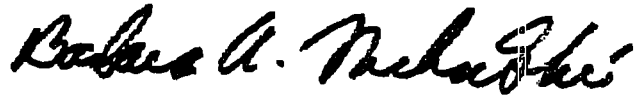

Senator Patty Murray


Senator Charles Robb

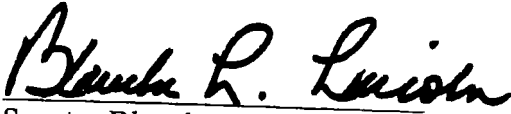
Page 4/ Renewable Budget



Senator Tom Harkin



Senator Barbara A. Mikulski



Senator Blanche L. Lincoln



Senator Bob Graham



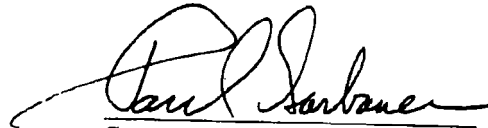
Senator Kent Conrad



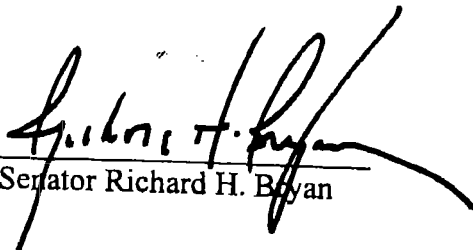
Senator Max Baucus



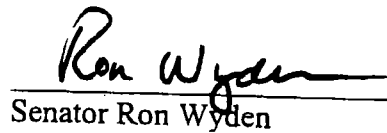
Senator Herb Kohl



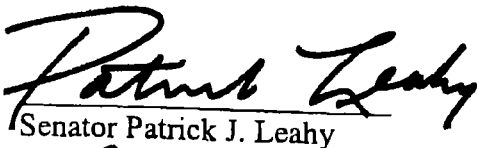
Senator Paul S. Sarbanes



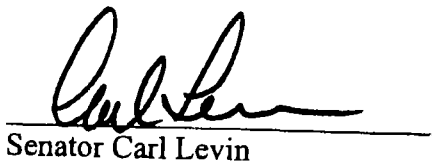
Senator Richard H. Bryan



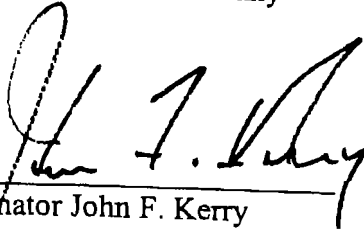
Senator Ron Wyden



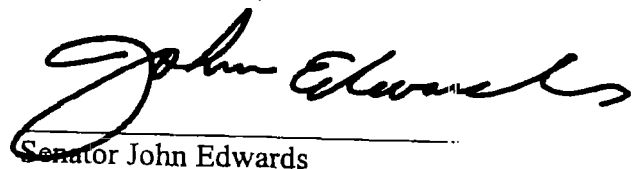
Senator Patrick J. Leahy



Senator Carl Levin



Senator John F. Kerry

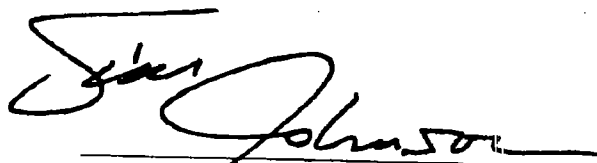


Senator John Edwards

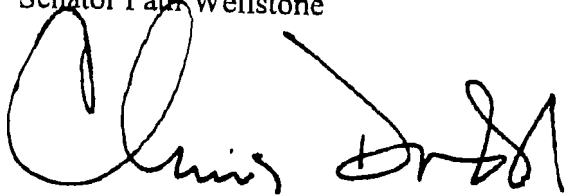
Page 5/ Renewable Budget



Senator Paul Wellstone



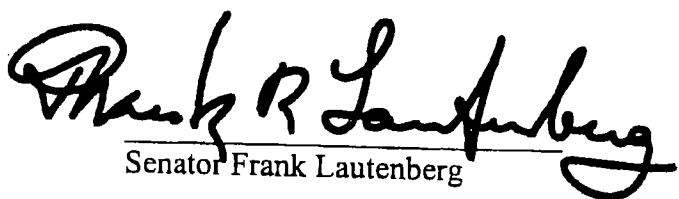
Senator Tim Johnson



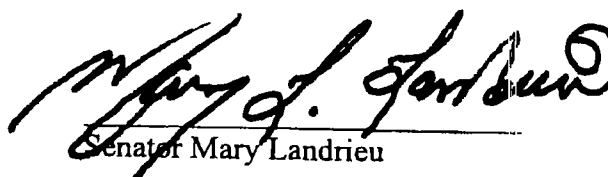
Senator Christopher J. Dodd



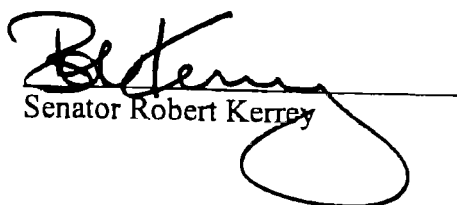
Senator Evan Bayh



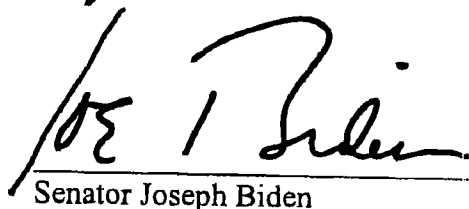
Senator Frank Lautenberg



Senator Mary Landrieu



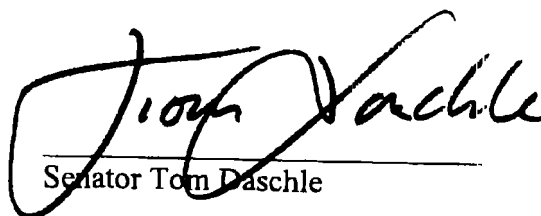
Senator Robert Kerrey



Senator Joseph Biden



Senator Robert Torricelli



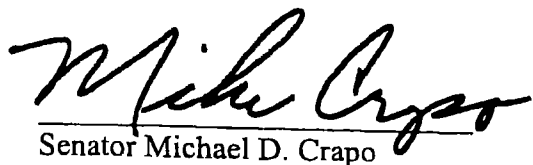
Senator Tom Daschle



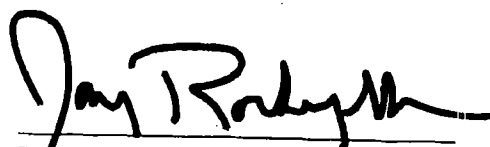
Senator Russell Feingold



Senator Edward M. Kennedy



Senator Michael D. Crapo

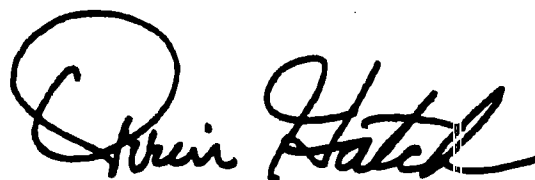


Senator John D. Rockefeller IV

Page 6/ Renewable Budget

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Senator Slade Gorton

A handwritten signature in black ink, appearing to read "Orrin Hatch", written over a horizontal line.

Senator Orrin Hatch

JOSEPH I. LIEBERMAN

CONNECTICUT

COMMITTEES:

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ENVIRONMENT AND PUBLIC WORKS

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United States Senate

WASHINGTON, DC 20510-0703

April 11, 2000

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<http://www.senate.gov/~lieberman/>

John Podesta
Chief of Staff
The White House
Washington, D.C. 20500

Dear John:

I wanted to thank you for taking time out of your busy schedule recently to discuss global climate change strategy. Unfortunately, our meeting was cut short and the Budget Committee mark-up detained Senator Lautenberg. I did want to briefly follow-up and share my thoughts on the subject with you.

As Senator Baucus pointed out, there is a growing opportunity to make the case to the American public that global climate change is happening, and that we need to take steps to address it. Certainly that message should also highlight the multiple collateral benefits for energy security and clean air that result from efforts to reduce greenhouse gas emissions. I think that linkage is coming across broadly in the debate over funding clean, renewable energy, and end-use efficiency technologies.

However, given the political sensitivity of this issue this year, I would like to work with you to find other ways to highlight the urgency of action to address global warming. Coordination between the White House and Congress to raise the profile of the recent reports on record-breaking warming, or the prediction by USDA that half of U.S. states are expected to be hit by drought this spring, are two ideas that come to mind. Obviously, the science behind these issues must be stated very accurately, but there is important information in this area that the public needs to hear about and understand. A statement of principles that supports the legislative efforts to reduce carbon dioxide from the utility sector is another possibility. Certainly there will be many other opportunities in the months ahead. I am concerned that legislative proposals such as Senator Murkowski's Energy & Climate Policy Act seem to be the only vehicles that are moving on the subject. It is very important that the public and the Congress be reminded about the reason we need to continue to negotiate and ultimately ratify a strong international agreement, and take more binding steps domestically to reduce emissions.

Please do not hesitate to let me know how I can best be of assistance to you.

Best personal regards.

Sincerely,

Joseph I. Lieberman

JIL:ac

STAY COOL
John

THE WHITE HOUSE
WASHINGTON

March 29, 2000

The Honorable Byron Dorgan
713 Senate Hart Office Building
Washington, DC 20502

Dear Senator Dorgan:

As the Senate Energy Committee considers the issue of climate change, we would like the Committee to have the benefit of the Administration's views on this critical issue.

We would like to thank the sponsors of the bills before the Committee -- S. 882 and S. 1776 -- for joining the growing group of public officials, concerned citizens, corporations, and scientists who recognize that the threat of climate change is real and that it deserves a serious response. It is remarkable how far this debate has progressed in just a few short years. No longer is there a credible scientific debate about whether or not climate change is a potentially very serious problem that we need to address with real action. As the Texaco Corporation stated last month as it left an anti-climate change action lobbying group, "protracted debate about the adequacy of the science is something [we need] to move beyond." And, indeed, more and more corporations are doing just that, announcing real and realistic plans and goals to reduce their greenhouse gas emissions and meet what the President and Vice President have called the greatest environmental challenge of the new century.

These bills properly reflect this shift in the terms of the debate -- from whether there is a problem to what actions we can take to address it. The bills clearly contain some constructive ideas. We welcome, for example, the bills' emphasis on promoting the research, development and diffusion of technologies to reduce or sequester the greenhouse gases that cause global warming. We welcome S. 882's proposed additional \$200 million in authorization for R&D of these technologies. We welcome a discussion about how to improve voluntary reporting of greenhouse gas emissions. And I know other Administration witnesses will be addressing the specific merits of these and other provisions of the bills in their testimony.

While these bills do contain some very positive elements, they should not, in our view, be mistaken for an adequate response to the challenge -- and opportunities -- posed by global warming. While we do not presuppose that these bills are intended as a substitute for more comprehensive action, it is crucial that this be made clear.

Neither bill adequately balances the emphasis on long-term research and development with the opportunities and the need to act in the short term. In the near term, new buildings, new appliances, new equipment, new vehicles and other technologies will be deployed. We need to act now to help develop and deploy -- in the short term -- technologies and practices to give American consumers and businesses the clean and efficient products they deserve.

In addition, neither bill adequately balances the need to for both domestic and international action. Climate change is a global problem that deserves a global solution. As such, neither bill should or can be seen as a substitute for the broad range of activities that the Administration is already conducting or proposing both domestically and internationally to address climate change. For example:

- The bills are no substitute for the vigorous, ongoing federal efforts to accelerate the research, development and deployment of energy efficient technologies and renewable energy. These efforts include both medium and long-term research as well as more immediate voluntary programs like those encouraging the use of high-efficiency Energy Star products and Green Lights. These programs are saving consumers and businesses money and showing real energy and carbon savings right now.
- The bills are no substitute for the President's proposed \$4 billion, 5-year package of tax incentives to enhance our energy security by spurring the development and deployment of highly efficient automobiles, homes and appliances, and to promote renewable energy.
- They are no substitute for the President's proposed \$289 million to spur the development of U.S. domestic grown bioenergy and bioproducts that can benefit farmers and rural areas, reduce our reliance on foreign oil, cut air pollution, and reduce greenhouse gas emissions.
- They are no substitute for the proposed \$85 million for a new Clean Air Partnership Fund to help states and local communities undertake efforts to encourage innovation and reduce both greenhouse gases and criteria air pollutants.
- They are no substitute for an energetic diplomatic effort to complete the unfinished business of the Kyoto Protocol – to complete work on its market-based mechanisms and bring about the meaningful participation of key developing countries in the fight against global warming.
- They are no substitute for the proposed \$201 million for an International Clean Energy Initiative – such as the President has proposed – to encourage open competitive markets and promote the export of American clean energy technologies into the multi-billion dollar market of developing and transition countries around the world. We have a unique opportunity to capture these burgeoning markets with clean energy technologies developed in the United States. And if we don't step forward to capture these opportunities, our competitors in other countries will.
- They are no substitute for and should not disrupt the ongoing Vision 21 Power Plant program to develop coal-fired power plants that would be about twice as efficient as current coal-fired plants.

- They are no substitute for and should not disrupt the ongoing DOE Nuclear Energy Plant Optimization program to develop with industry advanced technologies that can help ensure the longer-term reliability and efficiency of the nation's existing nuclear power plants, nor the ongoing DOE Nuclear Energy Research Initiative on advanced technologies to resolve the challenges of cost, safety, waste, and proliferation that constrain use of nuclear power today.
- Finally, they are no substitute for a law that would give businesses protection against being penalized down the road when they take real, tangible actions today to reduce their greenhouse gas emissions.

These are the elements of a comprehensive approach to this problem. It is an approach that recognizes that the nation needs a balanced portfolio of increased Federal investment, tax incentives, and other measures to help American families and businesses cut greenhouse gas emissions while reducing their energy bills, seizing economic opportunities, cutting air pollution, and protecting America against volatility in energy markets.

In addition, only a comprehensive approach, including taking actions and seizing opportunities *today*, will bring the federal government in line with the growing list of actions being taken by the private sector. These actions signal that U.S. business recognizes that acting now not only helps the global environment but also the bottom line. For example:

- DuPont last autumn announced three climate change goals for 2010: reduce ghg emissions by 65% (1990 base); hold energy use flat at 1990 levels; generate 10% of DuPont's energy from renewables.
- Cargill and Dow announced a new \$300 million venture in January for the full-scale commercial production of a new kind of plastic made from plants instead of petroleum – "natural plastic".
- Motorola has committed to reduce perfluorocarbon (pfc) emissions by 50 percent by 2010 (far exceeding an industry-wide goal of 10 percent).
- IBM is seeking to improve energy efficiency by 4 percent per year – every year.

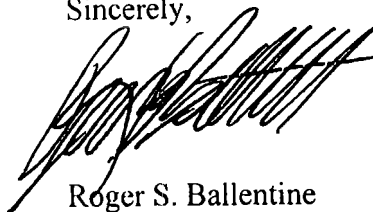
These companies have joined scores of others – including, United Technologies, BP-Amoco, Alcan, and Bethlehem Steel, to name just a few – in recognizing that taking action to address this problem is simple common sense. They also recognize something that the President and the Vice President have been saying for seven years – that taking action is also a matter of dollars and cents – that there are many win-win opportunities available right now for us to cut emissions, reduce air pollution, improve efficiency, develop and market new products, and save money on energy costs.

Let me be clear: some of the ideas in these bills are very constructive, but they fall far short of a comprehensive architecture for responding to the challenge and opportunities of climate change. The President and Vice President have presented such a comprehensive plan to the Congress.

We hope to work together, recognizing the sincerity of each other's purpose, and drawing upon the best ideas in these bills, the best of programs currently in place, the proposals we have put before the Congress, and the best practices of private sector to fashion the comprehensive approach this difficult issue deserves.

Thank you very much.

Sincerely,

A handwritten signature in black ink, appearing to read 'Roger S. Ballentine', written over a series of horizontal lines.

Roger S. Ballentine
Chairman, White House Climate Change
Task Force

LARRY E. CRAIG
IDAHO

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CHAIRMAN
REPUBLICAN POLICY COMMITTEE

United States Senate

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APPROPRIATIONS
AGRICULTURE, NUTRITION,
AND FORESTRY
ENERGY AND NATURAL
RESOURCES
SPECIAL COMMITTEE
ON AGING
VETERANS' AFFAIRS

April 3, 2000

Roger S. Ballentine
Chairman, White House
Climate Change Task Force
The White House
Washington, D.C.

Dear Mr. Ballentine:

Thank you for your recent letter commenting on the two separate pieces of legislation that my friend and colleague, Senator Murkowski and I have introduced on the subject of climate change. Senator Murkowski and I have been working together on this legislation for a year now. We are both sponsors of both bills. I welcome the opening you give us to work with the Administration as well.

Your letter was particularly helpful for two reasons. First, it helped me appreciate how much the Administration agrees with us. Secondly, it gives me a chance to clarify how portions of S. 1776 work to complement, not contradict (as your letter implies), so much of what the Administration is already doing.

First, we agree (and see that we agree) on, in your words, "emphasis on promoting the research, development and diffusion of technologies to reduce or sequester the greenhouse gases. . . ." Secondly, we both want to "improve voluntary reporting of greenhouse gas emissions."

Now let's turn to the many additional points on which we agree, even though your letter reflects a few gaps in appreciating that agreement. Along those lines, you urge that it be made clear that our legislation is not "intended as a substitute for more comprehensive action." Thank you for the opportunity to reassure the Administration that it is not. Here is that reassurance in detail.

To begin, you listed nine bulleted Administration initiatives, repeating in each instance that our legislation "is no substitute for" those Administration initiatives. I agree. Neither S. 1776 nor S. 1777 (my companion tax incentive bill) is, nor is intended to be, a substitute for any of the nine initiatives. If I had intended to substitute my legislation for any of the nine, you would see provisions in my legislation repealing or preempting those initiatives that I meant to substitute with mine. You do not, because I did not set out to do so. Let's take a closer look at each of those nine bullets to help you appreciate how close we are:

1. Ongoing federal efforts to accelerate the research, development, and deployment of efficient technologies and renewable energy

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304 NORTH 8TH STREET
BOISE, ID 83702

Harbor Plaza
610 HUBBARD, SUITE 121
COEUR D'ALENE, ID 83814

846 MAIN STREET
LEWISTON, ID 83501-1884

Room 193
801 E. SHERMAN STREET
POCATELLO, ID 83201

1292 ADDISON AVENUE EAST
TWIN FALLS, ID 83301

Suite 101
490 MUNICIPAL DRIVE
IDAHO FALLS, ID 83402

<http://craig.senate.gov>

My bills only enhance those ongoing efforts. With regard to federally funded R&D, we provide for some extra quality assurance by calling for periodic independent critical evaluations of ongoing projects so Congress and the Executive Branch can be confident that deployment of finite R&D and demonstration resources is current, optimum, and fully accountable to the taxpayers.

2. The President's proposed package of tax incentives --

Nothing in my tax incentive bill, S. 1777, contradicts anything in the President's package. My proposal to permanently extend the R&D tax credit for projects addressing climate change, and my provision providing a graduated scale of tax credits for achieving increasingly challenging energy efficiency benchmarks over a series of time periods would complement the President's ideas in the short-term and long-term.

Further, I call on Treasury and Energy to collaborate on a set of meaningful tax incentives to directly spur voluntary actions by ordinary citizens, and indirectly by entities that are tax exempt such as municipal power agencies, universities, and others.

3. The President's proposal to spur development of bioenergy and bioproducts that can benefit farmers and rural areas, reduce reliance on foreign oil, cut air pollution, and reduce greenhouse gas emissions -

This program first surfaced, of course, in an article by Senator Dick Lugar in *Foreign Affairs* magazine over a year ago. It is embodied in his bill which recently passed the Senate without dissent. Actually, in the early drafting stages I contemplated adding the text of the Lugar legislation to my bill, but did not do so out of deference to Senator Lugar whose strategy was to move his bill separately. Instead, in public speeches leading up to its approval by the full Senate I helped promote his legislation as a stand-alone proposition. Let's both hope that the House takes it up quickly and sends it to the President for enactment!

4. An initiative to encourage open competitive markets and promote the export of American clean energy technologies into the multi-billion dollar market of developing transition countries around the world -

Again, we are in harmony. My bill takes the Administration's proposal a few steps further with an entire title on technology transfer. Projects that replace older machinery in other countries with more advanced energy efficient technologies will qualify for a suite of export incentives. These will undoubtedly be deployed in developing countries because the bill is crafted in a way to target these projects where local hosts do not have the economic clout to finance them on their own.

5. The ongoing Vision 21 Power Plant program to develop coal-fired power plants that

would be about twice as efficient as current plants –

My approach to achieve this objective is by way of tax incentive. S. 1777 spurs continuing efficiency breakthroughs by offering incentives to reach increasingly challenging efficiency benchmarks – achievable in the short-term, improving in the long-term.

6. Nuclear energy plant optimization – advanced technologies that can help ensure the longer term reliability and efficiency of existing nuclear power plants –

While my bills do not specify nuclear power projects for short- or long-term promotion, I am confident that nuclear power will benefit from my legislation. First, the current and future Presidents are called upon to recommend to Congress legislation to respond to climate change. Any comprehensive execution of this provision would have to address the role of nuclear power. However, if a President should overlook nuclear in the mandated report and recommendation to Congress, I offer a back-up. My bill also includes a statutory requirement for the General Accounting Office to identify statutory or administrative barriers to reducing greenhouse gas emissions. If any exist with regard to nuclear power, I would expect GAO to find them and highlight them, along with all others.

I considered folding into S. 1776 the most important step toward securing long-term reliability of nuclear power's contribution, namely, nuclear waste legislation. I did not do so because of the President's repeated vetoes. My goal from the beginning remains unchanged: to find consensus, not division, on climate change.

On a separate complementary track, as a member of the Senate Appropriations Committee I have strongly supported DOE's Nuclear Energy Plant Optimization program and Nuclear Energy Research Initiative.

7. Law to give businesses protection against being penalized down the road when they take real, tangible actions today to reduce their greenhouse gas emissions –

Unlike some other proposals, my legislation actually accomplishes this in hard currency immediately when such actions are taken. My tax incentives, all of which are available for the year in which the qualifying investments are made, are all predicated on reporting the reductions achieved by those investments under Section 1605 (b) of EPAct, as amended by S. 1776.

8. Help states and local communities undertake efforts to encourage innovation and reduce greenhouse gases --

With the same stated purpose, but in contrast to the Clean Air Partnership Fund's top-

down approach, S. 1776 explicitly preserves state-initiated climate change responses by protecting them from future federal preemption. It works as follows. If a state has a program that has as one of its effects the reduction (or sequestration) of greenhouse gas emissions, it remains in effect despite future federal enactments to the contrary. The only exception: when a future Congress recites in future legislation the specific section number in my bill as either (1) being repealed outright, or (2) as not applying to the specific state program. I have been assured that this provision passes Constitutional muster. I am confident that future Congresses will look long and hard before deliberately and conspicuously tampering with states' rights and climate change programs.

9. Diplomatic effort to complete the unfinished business of the Kyoto Protocol -

While our perspectives on this bullet in your letter to me do not match, my legislation is silent on the subject. Again, this is because my primary objective was to explore policies on which consensus with the President and others is possible. Let's not let our differing perspectives get in the way of policies we can and do agree on.

However, as an aside, I do believe that both an international and domestic consensus on Kyoto is achievable and, in fact, emerging. As months and years pass since Vice President Gore personally negotiated its terms and the President signed it, several governments have distanced themselves from - or, in Norway's case - impaled itself on Kyoto. A sure way to resolve the issue once and for all here in the United States is for the President to submit the Treaty for Senate ratification. Sweeping in scope as my legislation is, however, treaty ratification would not be germane to my bill.

Finally, in the same spirit of sharpening our mutual understanding, let's focus on an area where you seem to see even more agreement between us than I do. Interpreting our legislation as reflecting "a shift in the terms of the debate from whether there is a problem to what actions we can take to address it," you take it one step further by quoting Texaco: "protracted debate about the adequacy of the science is something [we need] to move beyond."

On the question of the adequacy of the science, I side with the National Research Council of the National Academy of Sciences. In the March 30, 2000 hearing before the Senate Energy Committee, Dr. Elbert W. (Joe) Friday, speaking for the National Academy, stated plainly: "the jury is still out." What portion of the warming signal is attributable to anthropogenic effects and what to natural variability he declined to speculate on, except to explicitly refuse to say that Mankind's contribution is primary. Nor did he, speaking on behalf of the science community, indicate that any proposed suite of climate change response policies would appreciably alter global temperature trends. Instead, he focused the Committee's attention on the milestone *Pathways Report* published just last Fall by the National Academy of Sciences.

The fundamental gaps in climate science underscored in that report are the foci of the science title of S. 1776. Having worked closely with leading U.S. climate scientists on these issues, I am

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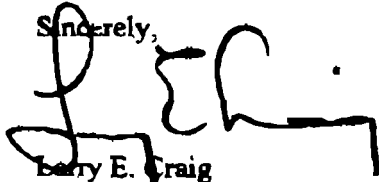
now convinced that the United States (and, therefore the world) has the potential capability to solve these riddles. However, resources and hard work will be required to do so. The science community has consensus: climate science has a long way to go. Instead of pretending that we have learned everything we need to learn as many advocates on both sides of the climate change issue do for quite different reasons, I advocate aggressive exploration and resolution of these uncertainties.

In the meantime, my bill does stand for the proposition that we needn't wait for that resolution to take immediate, no regrets, steps to reduce greenhouse gas emissions. Additionally (and perhaps, even more importantly), I set out the elements to put into place an inter-branch process by which all relevant information - science, economics, and technology - can be marshaled to guide conscientious, contemporary public policy in a fast-changing world.

Should it turn out that sacrifice by American citizens - even the stark sacrifices such as those portended by Kyoto - are warranted, we must have confidence that all the information is in, integrated, and understood, not only by elected officials, but also by the people we are privileged to serve.

I look forward to getting together soon to explore ways for real progress - consensus action - this year.

Sincerely,



Barry E. Craig
United States Senator

cc: All Senate Energy and Natural Resources Committee Members

THE WHITE HOUSE

WASHINGTON

March 15, 2000

Dear Mr. Speaker:

In accordance with section 568(b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2000, as contained in the Consolidated Appropriations Act, 2000 (Public Law 106-113), I transmit herewith an account of all Federal agency climate change programs and activities. This report includes both domestic and international programs and activities related to climate change, and contains data on both spending and performance goals..

As the comprehensive nature of this report indicates, my Administration believes that climate change presents one of the premier challenges that America -- and the world -- will face in this new century. Informed by sound science and based on prudent measures, I believe it is critical that the Federal Government provide leadership to address this serious challenge and to act on behalf of our citizens and future generations. Our action plan, as detailed in this report, features numerous investments in scientific research, in proven public-private partnerships, and in efforts to promote new and developing technologies and practices that will not only reduce greenhouse gases, but will provide significant new economic opportunities and savings for American businesses and consumers.

I appreciate the interest of the Congress in this important issue and in our efforts to address it. I urge the Congress to fully support these initiatives and to join my Administration in meeting the challenge of climate change.

Sincerely,

William D. Clinton

The Honorable J. Dennis Hastert
Speaker of the
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

March 15, 2000

Dear Mr. President:

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I appreciate the interest of the Congress in this important issue and in our efforts to address it. I urge the Congress to fully support these initiatives and to join my Administration in meeting the challenge of climate change.

Sincerely,

William D. Clinton

The Honorable Albert Gore, Jr.
President of the Senate
Washington, D.C. 20510

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**FEDERAL CLIMATE CHANGE EXPENDITURES
REPORT TO CONGRESS**

March 2000

Congress of the United States

Washington, DC 20515

February 1, 2000

Honorable J. Dennis Hastert
Speaker
US House of Representatives
H232 Capitol
Washington DC 20515

Dear Mr. Speaker:

It is time that Congress begin to take responsible action to address the threat of global climate change. We are writing to urge you to ensure that the House refrain from using the appropriations process to block sensible efforts to address this serious issue.

There is no longer credible scientific debate over whether climate change is, in fact, occurring. Over the past several years, some have argued that satellite data disproves the existence of global climate change. In an important new report, the National Academy of Sciences's National Research Council (NRC) concluded that just the opposite is true: the worldwide rise in temperatures is "undoubtedly real" and appears to have accelerated in recent decades.

Though the NRC report demonstrates that new scientific research is confirming what we have long suspected about global warming, it should not be the final word on climate change science. There will always be a need for additional research, but such a need should not be used as an excuse for delay.

The measures needed to combat global warming not only are justified by the science, but they are in the best interests of our economy and public health. Implementation of energy efficiency measures would save consumers money, create hundreds of thousands of jobs, enhance U.S. economic competitiveness internationally, and provide public health and economic benefits by slowing the growth of greenhouse gas emissions and other air pollutants.

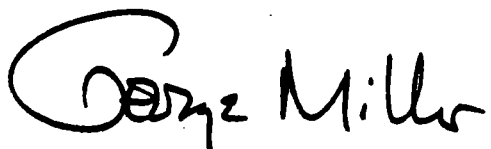
Increasingly, business groups are abandoning a monolithic approach that denies the existence of global climate change and are looking for constructive ways to engage in the search for solutions. Ford, DaimlerChrysler, British Petroleum, Shell Oil and Dow Chemical have all withdrawn from the Global Climate Coalition, a lobbying group opposed to the Kyoto climate treaty that takes great pains to amplify scientific uncertainties about climate change.

Speaker Hastert
Page 2

For the last several years, Congress has all but denied the significance of climate change through its actions. It is time to stop this pattern and resolve to move constructively forward. We urge you to keep the FY 2001 appropriations bills free of anti-environmental riders that would hinder us in this process and to offer the House the kind of leadership necessary to address this serious environmental threat.

Thank you for your consideration.

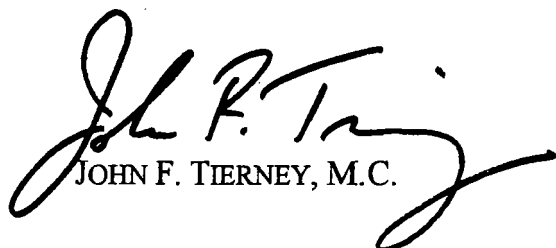
Sincerely,


GEORGE MILLER, M.C.


SHERROD BROWN, M.C.


FRANK PALLONE JR., M.C.


BARBARA LEE, M.C.


JOHN F. TIERNEY, M.C.


THOMAS H. ALLEN, M.C.

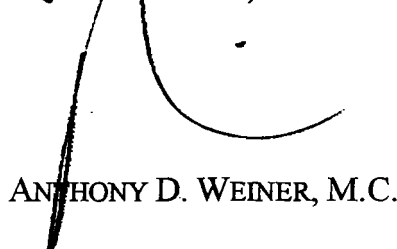

HENRY WAXMAN, M.C.

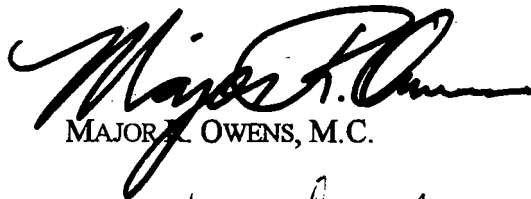

ROSA L. DELAURO, M.C.


ALCEE L. HASTINGS, M.C.

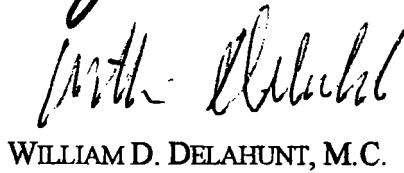

MICHAEL E. CAPUANO, M.C.


LLOYD DOGGETT, M.C.

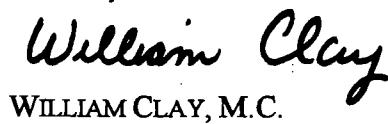

ANTHONY D. WEINER, M.C.



MAJOR A. OWENS, M.C.



WILLIAM D. DELAHUNT, M.C.



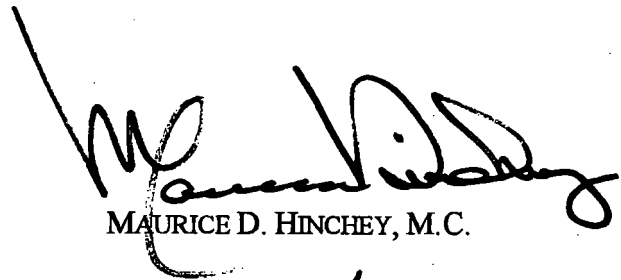
WILLIAM CLAY, M.C.



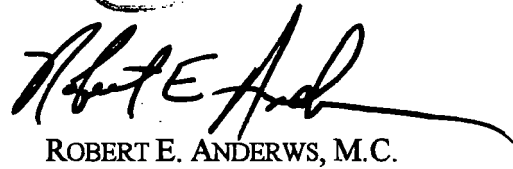
BRUCE F. VENTO, M.C.



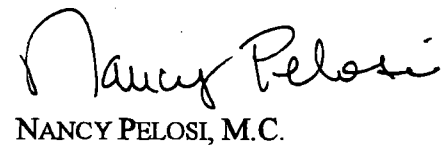
ELEANOR HOLMES NORTON, M.C.



MAURICE D. HINCHEY, M.C.



ROBERT E. ANDERWS, M.C.



NANCY PELOSI, M.C.



BOB FILNER, M.C.

Speaker Hastert

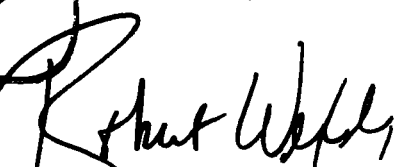
Page 3

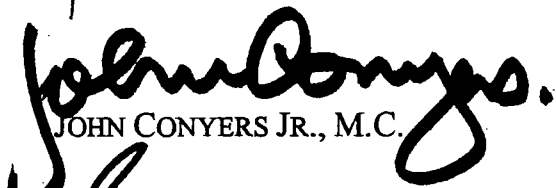

EDWARD J. MARKEY, M.C.

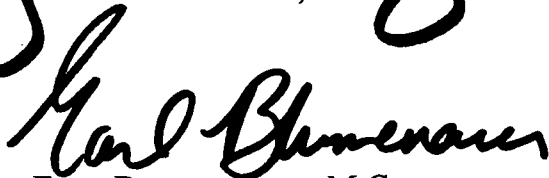

TAMMY BALDWIN, M.C.

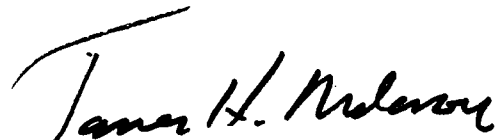

BERNARD SANDERS, M.C.

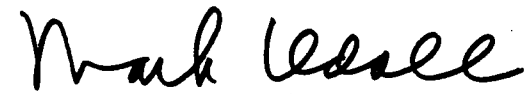

JULIAN C. DIXON, M.C.


ROBERT WEXLER, M.C.


JOHN CONYERS JR., M.C.

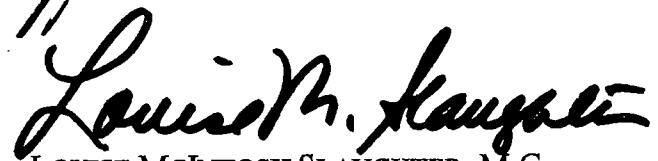

EARL BLUMENAUER, M.C.


JAMES H. MALONEY, M.C.


MARK UDALL, MC.


ANNA G. ESHOO, M.C.


JAY INSLEE, M.C.


LOUISE MCINTOSH SLAUGHTER, M.C.


JIM McDERMOTT, M.C.


FORTNEY "PETE" STARK, M.C.

United States Senate

WASHINGTON, DC 20510-2102

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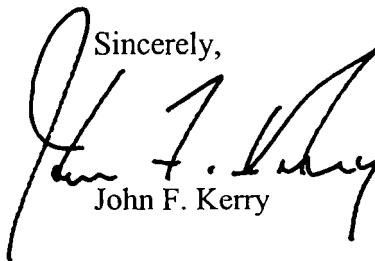
January 24, 2000

Dear Colleague:

I want to share with you some recent news coverage on global climate change. Attached are three articles detailing the growing scientific understanding of the Earth's atmosphere and how pollution may impact it.

Drawing on evidence collected from ice cores, temperature records, satellites and numerous other sources, our top scientists have established that the Earth is warming and that pollution, deforestation and other human activities may be partially to blame. In addition to these newspaper accounts, the CBS and NBC evening news programs have run stories over the past few weeks on these findings. Also attached is a *Washington Post* editorial urging the Congress to support national efforts to cut global warming pollution.

I hope this information is helpful to you and your staff.

Sincerely,

John F. Kerry

The Washington Post

Study: Arctic Sea Ice Is Rapidly Dwindling

A1 FRIDAY, DECEMBER 3, 1999

Global Warming Called Likely Cause

By CURT SUPLEE
Washington Post Staff Writer

The amount of sea ice in Arctic waters is shrinking, on average, by about 14,000 square miles a year, an area larger than Maryland and Delaware combined, probably because of global warming caused by human activity.

That is the potentially controversial conclusion of a new international study that combined 46 years of data documenting the declining extent of Northern Hemisphere sea ice and analyzed the information using two leading computer programs that simulate world climate.

At issue is one of the most ominous questions in science and environmental policy: Is the disappearance of so much ice the result of ordinary natural variations in Arctic conditions? Or is it the byproduct of global warming caused by civilization's release of "greenhouse" gases into the atmosphere?

The results indicate less than a 2 percent probability that the melting of the past 20 years is due to normal climate variation. That is, a decline that large would be seen only about two out of 100 times in computer models that calculate the long-term interactions of water, air, land, sunlight and the like to simulate the way the world's climate changes naturally over time. The authors further found only a 0.1 percent chance that the whole 46-year trend could have occurred in the course of natural fluctuations.

But when they compared the same data to the output of models incorporating recent greenhouse-gas and aerosol emissions, the computer and observed results were almost identical.

"This strongly suggests that the observed decrease in northern hemisphere sea ice is related to [human-caused] global warming," wrote the team of nine scientists headed by Konstantin Y. Vinnikov of the University of Maryland in

today's issue of the journal *Science*.

Some other researchers have suggested that the shrinking Arctic ice may be related to global warming, but the new study is the first to bring together five independent data sets and show that the trends in each are extremely similar. The computer analysis technique the authors used is familiar in other global warming studies, but has never before been applied to Arctic ice.

The amount of the measured ice decline has not been in dispute. Whether the shrinkage is unnaturally large is a different matter. Even 50 years is a very short time in terms of global climate variation, and there are no measurements going back for thousands of years.

So the only possible comparison is to the results of computer models. The credibility of the result "comes down directly to one question: How good is the model at simulating natural variability?" said veteran ice researcher and co-author Claire L. Parkinson of NASA's Goddard Space Flight Center in Greenbelt. And the team used models that are "very well known and reputable," she said.

The analysis is "as careful and robust a piece of work as you can do," said Jerry Mahlman, director of the National Oceanic and Atmospheric Administration's Geophysical Fluid Dynamics Laboratory in Princeton, N.J. Many climate researchers regard the laboratory's climate model, which was used in the new study, as the world's most sophisticated.

Nonetheless, "I am not convinced that the natural variability of ice extent simulated by the model is realistic," said Richard E. Moritz, director of the multiyear SHEBA (Surface Heat Budget of the Arctic Ocean) Project Office at the University of Washington.

The other computer model, devised by the Hadley Centre re-

search group in England, showed approximately similar results.

The Arctic ice covers an area roughly the size of the United States, or about 4 million square miles, and ranges in thickness from an inch in "seasonal" ice to 10 feet or more in "multiyear" formations that do not melt over the summer. It has a profound effect on heat exchange; open water absorbs as much as 100 times more solar energy than ice. The amount of ice also affects density, salinity and flow of sea water in much of the Atlantic and elsewhere. In theory, a substantial change in ice extent could prompt severe alterations in ocean circulation, and hence in weather.

The new study uses two kinds of data on Arctic sea ice extent. One consists of ground-based measurements beginning in 1953. The other covers the 19.4 years from 1978 to 1998 when comprehensive satellite images became available.

Both sources clearly show the extent of total sea ice decreasing by about 3 percent per decade. Another paper in today's issue of *Science*, by a joint Norwegian and Russian team, reports that multi-year ice shrank by 14 percent in the 20 years from 1978 to 1998.

Mahlman and many other computer model proponents don't find that surprising, since the Princeton laboratory's model "essentially nails the amount of [global] warming in the 20th century, especially the fast run-up in the past two decades," he said. So naturally, "it also predicts the sea ice" decline.

That is not, however, a universal opinion. Moritz finds it suspicious that the model shows the same amount of sea-ice variation over the 20th century as it does for the last 5,000 years. It is almost always the case, Moritz notes, that any climate trends over a long term show much more variability than in a short term. It is possible, he believes, that the Princeton model "underestimates the natural

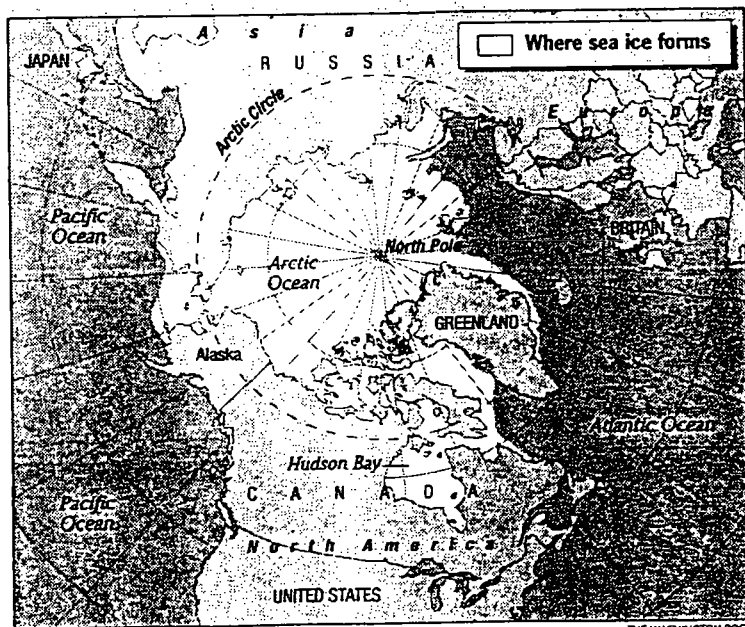
variability" because relatively little is known about the physics of sea ice and the way heat is transported in the Arctic.

Parkinson said the team is planning to compare the observations with other models.

Her group also used the climate models to extrapolate ice loss into the next century. Both estimates indicated a decline of 20 percent or more from current levels, which are already approximately 8 percent below the measured ice extent early in this century.

If that were to occur, no one knows what impact it might have on the region, or the entire Northern Hemisphere. Certainly it would affect Arctic wildlife, since many marine organisms that live under the ice are the primary energy source at the bottom of the food web.

In addition, "if the Arctic Ocean quit being a heat sink, it would change the balance of heat transfer between the tropics and the pole in ways we can't predict right now," said Michael Ledbetter, director of the Arctic System Science Program at the National Science Foundation. "But I don't know how many highly technological economies would want to go through that experiment."



The New York Times

1 SUNDAY, DECEMBER 19, 1999

1999 Continues Warming Trend Around Globe

By WILLIAM K. STEVENS

At the New York Botanical Garden in the Bronx, fragrant white blooms with a pink blush are breaking out on specimens of a popular landscaping shrub called the Koreanspice viburnum — four to five months early. Snowdrops, among the earliest bulbs to send up shoots when winter ends, have already poked up their noses. In some New York suburbs, yellow forsythia blossoms have brought a premature touch of spring to December.

"There's a little confusion out

there," said Wayne Cahilly, an arborist at the botanical garden, and he expressed no doubt as to the reason: abnormal warmth. Or is it so unusual? "I think this warm weather is becoming normal," Mr. Cahilly said.

Certainly it seems that way of late. Last month was the warmest November in 105 years of record-keeping in the contiguous 48 states, and the fourth-warmest in the Northeast. The trend continued into December in most of the country; as of Friday, the average temperature for the month in New York, for instance, was 5.7 degrees Fahrenheit above normal.

But that is almost the least of it. Federal scientists reported last week that in the contiguous 48 states and on other global land masses, including Europe and Asia, 1999 is certain to join 1998 as one of the two warmest years on record, continuing a

Continued on Page 18



Richard L. Harbus for The New York Times

KEEPING TRACK

Warmer and Warmer

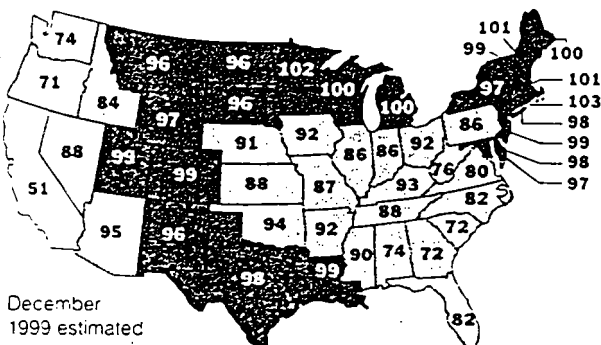
Scientists are reporting that 1999 will join 1998 as one of the two warmest years on record across the contiguous United States.

For 1999 ...

Numbers are 1999's temperature rank since 1895.

105=Warmest, 1=Coldest

■ Much above normal (104-95) □ Above normal (85-94) □ Normal (11-84)



Source: National Oceanic and Atmospheric Administration

... and for the next three months

Predictions for January, February and March of 2000 based on statistical analysis of past climate and current trends.



The New York Times

ing climatic and agricultural zones.

The United States experienced record-breaking warmth in both of the two most recent winters, said scientists at the government's Climate Prediction Center in Camp Springs, Md. The center predicted last week that on average, most of the country would be warmer than normal over the January-through-March period just ahead.

In the winter of 1997-98, circulation patterns influenced by El Niño played a crucial role in the warmth. Last winter, different circulation patterns associated with La Niña had a similar effect. Both La Niña and El Niño modify North America's climate by changing the position of the jet stream, the high-altitude river of air that generally runs from west to east and marks the boundary between cold northern air and warm southern air.

In a La Niña winter, the jet stream typically plunges down through Montana and the northern Plains and then into the central part of the country before curving northeastward. This curve would normally take place in the East, but in a La Niña year it tends to take place farther west, leaving the Eastern Seaboard on the warm side of the warm-cold division marked by the jet stream.

Eventually this whole pattern drifts eastward, bringing cold weather to the East. An influx of cold northern air is in fact expected for the latter part of this month in the Northeast, said Fred Gadomski, a meteorologist at Pennsylvania State University. This progression hap-

pens repeatedly. Sometimes in a La Niña regime, the course of the jet stream temporarily flattens out and whisks warm Pacific air all the way across the continent. Mr. Gadomski said he would not be surprised if such a nationwide warm spell developed after the upcoming cold snap passes.

Other factors, too, are shaping the winter, scientists at the prediction center say. In addition to the general warming of the atmosphere, for instance, year-to-year flip-flops in cir-

The warmest decade in a century of record-keeping.

ulation patterns over the North Atlantic can have a major effect on weather in the Eastern part of the country.

If this so-called North Atlantic oscillation is in one mode, typified by low atmospheric pressure over the ocean, the East tends to be warm. If high pressure dominates, said Vernon Kousky, a research meteorologist at the prediction center, the jet stream tends to follow a southerly course into the ocean in the vicinity of Virginia and North Carolina. North of that, big snowstorms can develop, Mr. Kousky said, as happened in 1995-96, a La Niña winter in which a January blizzard dropped

record snows from Washington to New York, essentially shutting down the nation's capital for days.

The North Atlantic oscillation's effect "never makes itself felt till the end of December or early January," Mr. Kousky said, adding that forecasters at this point cannot predict its behavior this winter.

A similar oscillation in the North Pacific may influence next summer's American weather, he said. The sea-surface temperature there flips back and forth between warm and cool states similar to those of El Niño and La Niña, but stays in one phase for several years. Researchers believe that it may recently have flipped into its warmer state. If it has, Mr. Kousky said, it could set off atmospheric chain reactions next summer that will bring a repeat of last summer's drought in much of the country's Northeastern quadrant, as well as a more active Atlantic hurricane season.

"We're trying to alert people to that possibility," he said.

Last summer's drought established records for dryness in the Northeast, the Middle Atlantic and the Ohio Valley, Mr. Karl's group reported last week. The April-to-July period was the driest or second-driest in all states from West Virginia to Maine. The drought was followed by record rainfall as hurricanes Dennis and Floyd struck the East Coast. Intensified drought and heavier rain are both expected to result from global warming, although no particular weather event of any kind can be attributed to it.

The Washington Post

A4 THURSDAY, JANUARY 13, 2000

Global Warming Is 'Real,' Report Finds

By JOBY WARRICK
Washington Post Staff Writer

A worldwide rise in temperatures at the Earth's surface is "undoubtedly real" and appears to have accelerated in recent decades, an independent scientific panel concluded in a major new report yesterday.

The panel estimated the increase in temperatures over the past century at between 0.7 and 1.4 degrees Fahrenheit—a 30 percent increase from earlier projections that reflects record-shattering high temperatures in the late 1990s.

Partly deflating a key argument used by skeptics of global warming, the report also dismissed as insignificant a glaring contradiction between two sets of measurements that have tracked temperature change over recent decades. Although land-based weather stations have shown a rise in temperatures, satellites that record temperatures in the upper atmosphere have shown little change in 20 years.

"The difference between the surface and upper-air trends in no way invalidates the conclusion that the Earth's temperature is rising," said John M. Wallace, a professor of atmospheric sciences at the University of Washington and chairman of the panel.

However, Wallace said, the disparity between the two sets of measurements points up weaknesses in scientists' ability to predict future warming. Most climate-forecasting models have predicted corresponding increases in temperature on land and in the air.

"There really is a difference between temperatures at the two levels that we don't fully understand," Wallace said in a telephone news conference on the eve of the report's official release today at the annual meeting of the American Meteorological Society in Long Beach, Calif.

The 11-member panel, which was organized by the National Academy of Sciences's National Research Council (NRC), included the two scientists responsible for tracking satellite temperature measurements. Roy Spencer, of NASA's Marshall Space Flight Center, and John R. Christy, of the University of Alabama in Huntsville, had been among a vocal minority of atmospheric scientists who argued that the Earth's warming—if it were occurring at all—was likely very mild. While concurring with the panel's conclusions, Christy said that predicting future climate trends remains fraught with peril.

"It is still not clear whether this is a representative sample that will tell us how the greenhouse effect will be played out in the future," he said.

The report did not attempt to explain the reasons for the warming. Many scientists believe the century's warming is at least partly the result of man-made pollution—higher levels of carbon dioxide and other "greenhouse" gases that trap the sun's heat like an insulating blanket. Further warming could disrupt agriculture and cause sea levels to rise, swamping coastal cities, scientists say.

The NRC panel's chief task was to attempt to reconcile the differences between the observed temperature changes on land and in the troposphere, the layer of the atmosphere that extends six to nine miles above Earth. For years, the lack of notable

warming in the 20-year satellite record has provided potent ammunition to global-warming skeptics, who view the land-based temperature measurements as unreliable.

In recent months, small computing errors were detected in satellite readings that, when corrected, showed a slight warming trend in the upper atmosphere. Still, a "substantial disparity remains," the report said.

Although the difference cannot be fully explained, the NRC panel found a variety of factors that could have slowed the rate of warming high above Earth. Possible explanations include atmospheric cooling from volcanic eruptions in the 1990s and the depletion of Earth's ozone layer.

Also, the 20-year satellite record is too short to be reliable in analyzing long-term trends, the report said.

The NRC's study was immediately hailed by environmental groups that have called for the reduction of greenhouse gases to slow the warming trend.

"It totally deflates the argument of the so-called skeptics that had used the apparent difference between ground-based and satellite data to argue that we really didn't know whether the world is warming or not," said Michael Oppenheimer, an atmospheric scientist with the Environmental Defense Fund.

But Arthur Robinson, the president of and a professor of chemistry at the Oregon Institute of Science and Medicine, called the report a "political document" and evidence that the "National Academy Board has pretty much been taken over by enviros." He contended that any global warming is part of a natural trend.

"One must not lose track of the fact that the Earth's temperature has been warming now for 300 years, not just 50 years. And there was no coal or gas 300 years ago," he said.

Staff writer Rick Weiss
contributed to this report.

The Washington Post

MONDAY, JANUARY 17, 2000 A21

More Hot News

THE LATEST data on global warming should thin the ranks of those who deny the evidence for climate change. The data were produced by an independent panel organized by the National Academy of Sciences and thus have the advantage of not coming from government experts whom skeptics of global warming apparently distrust. Moreover, the report addresses directly a favorite contention of the skeptics: that the lack of atmospheric warming casts doubt on the seriousness of warming at the earth's surface.

The panel confirmed that the atmosphere shows little sign of getting hotter; but then it asked, so what? The atmospheric trends do not alter the evidence for surface warming, which the panel put at between 0.7 and 1.4 degrees Fahrenheit over the past century and a remarkable 0.5 of a degree since 1979. John Christy of the University of Alabama in Huntsville, a panel member who has disputed the evidence for global warming, concurred with these findings,

although he added that we cannot know whether the recent warming trends will be sustained.

Until different scientific evidence emerges, that statement of the future's unpredictability is the only claim that skeptics should be allowed to get away with; denials that warming has happened are just plain wrong. And though the future is always uncertain, it seems absurd to base policy on a hope that current trends suddenly will reverse themselves. Some kind of action to reduce greenhouse gas emissions is urgent.

Last year the administration battled Congress into appropriating \$1.1 billion for research into clean technologies and tax breaks for clean products. This year the administration is planning to demand about 50 percent more. There will be worthwhile debates as to whether the administration's approach is the most cost-effective. But there should be no time wasted on claims that global warming is unreal.

ALCEE L. HASTINGS

23rd CONGRESSIONAL DISTRICT
FLORIDACOMMITTEE ON
INTERNATIONAL RELATIONSSELECT COMMITTEE
ON INTELLIGENCE

Congress of the United States
House of Representatives
Washington, D.C.

PLEASE RESPOND TO:

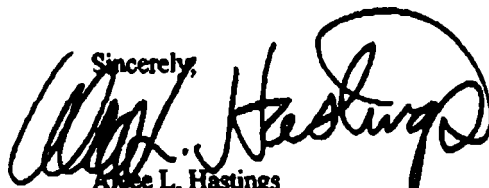
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5725 CONWYATE WAY
SUITE 208
WEST PALM BEACH, FL 33407
TELEPHONE: (561) 684-0565
FAX: (561) 684-0565

Dear Colleague:

Despite the bitter cold and snow this week,
I found the following editorial from the January 17
Washington Post edifying. I hope you do as well.

Sincerely,

Alcee L. Hastings
Member of Congress



More Hot News

THE LATEST data on global warming should thin the ranks of those who deny the evidence for climate change. The data were produced by an independent panel organized by the National Academy of Sciences and thus have the advantage of not coming from government experts whom skeptics of global warming apparently distrust. Moreover, the report addresses directly a favorite contention of the skeptics: that the lack of atmospheric warming casts doubt on the seriousness of warming at the earth's surface.

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United States Senate

WASHINGTON, DC 20510

October 6, 1999

The President
The White House
Washington, DC 20500

Dear Mr. President:

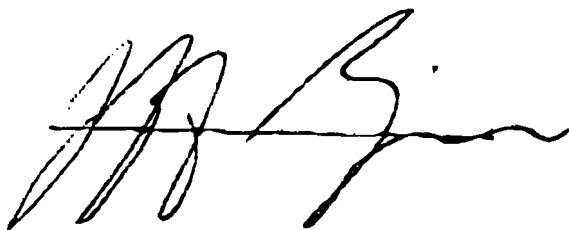
The undersigned Senators urge you to rank energy-efficiency programs at the Department of Energy (DOE) and the Environmental Protection Agency (EPA) among your top priorities for negotiation over the final content of the Interior and VA-HUD Appropriations bills. We believe that the development and adoption of clean and efficient energy technologies are critical to the nation's economy, our air quality, and any hope that we will be able to reduce carbon emissions cost effectively in the near future.

Energy-efficiency technologies developed or assisted by the Department of Energy have paid off handsomely for the American public. According to a 1996 General Accounting Office, just five of the technologies coming out of DOE over the past 20 years had yielded \$28 billion in returns for the economy as compared to an \$8 billion investment in the *entire* DOE energy-efficiency program. These returns do not include the thousands of other technologies put forward by DOE and our national laboratories, the formidable results of our support for state energy programs and low-income weatherization assistance, or the monetary value of reduced pollution. When these are factored in, the effectiveness of energy-efficiency programs become staggering.

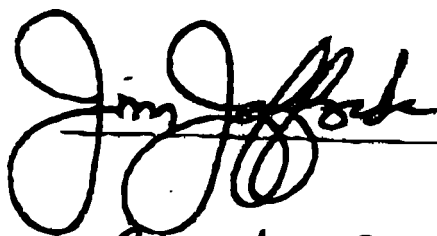
The EPA Energy Star program has had substantial success marketing energy-efficiency to thousands of businesses, school systems, hospitals, state and local governments and others. For very little up front investment by the taxpayer, the EPA Energy Star program has motivated savings of over \$600 million per year by more than 3000 participating organizations in 50 states, while preventing the emission of over 20 million tons of carbon dioxide.

Mr. President, these programs represent crucial investments in our nation's future, potentially allowing us to maintain the highest standard of living in the world while substantially mitigating the environmental damage caused by powering our economy with conventional energy sources. We thank you for your strong past support of these programs and urge that these efforts be among your highest priorities in the Interior and VA-HUD Appropriations bills.

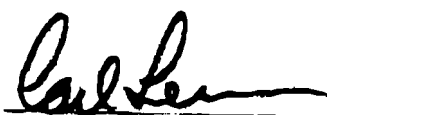
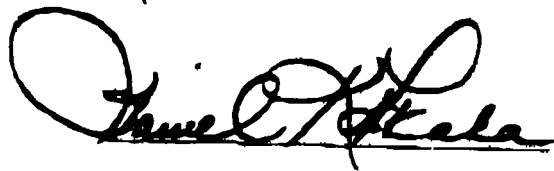
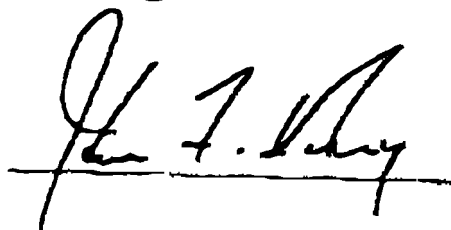
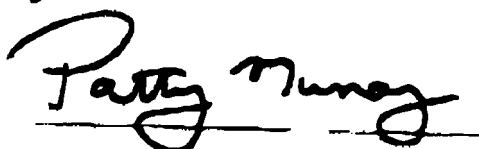
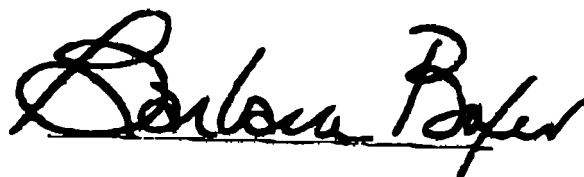
Respectfully,



Blake R. Lucien



Rick Leger



J. Biden

W. J. Clinton

United States Senate
WASHINGTON, DC 20510

October 22, 1999

The President
The White House
Washington, DC 20500

Dear Mr. President:

We are writing to express our concern over language regarding the Kyoto Protocol on Climate Change contained in the conference reports on both the Foreign Operations and Commerce, Justice, State and Judiciary FY 2000 Appropriations bills.

The language on its face prohibits implementation of the Kyoto Protocol without Senate ratification. However, the language could also be read to prevent U.S. diplomatic efforts to address developing country participation, an issue which the Senate highlighted in the 1997 Byrd-Hagel Resolution.

Your Administration is currently participating in international climate change negotiations pursuant to its obligations under the 1992 United Nations Framework Convention on Climate Change, which has been ratified by the United States. Within the context of these negotiations, the U.S. shares information with other countries on U.S. strategies for using market mechanisms as a tool for curbing pollution and offers technical assistance to developing countries in order that they may build their capacity to effectively limit their own emissions. The next conference of the parties will be held next week in Bonn, Germany.

These activities do not "implement" the Kyoto Protocol, but instead foster cost-effective international solutions to climate change. Any meaningful solution to global climate change will ultimately require global participation, and it is important that the U.S. take a leadership position in shaping and implementing such a solution.

U.S. Climate Change diplomacy should not be restricted and, in fact, such restrictions would appear to raise Constitutional concerns. In negotiations over the bills, we urge you to take a strong position against this language.

Sincerely,


Robert C. Byrd Frank R. Lautenberg

The President
October 22, 1999
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Patricia Leahy

John J. Vilsy

Patty Murray

Bob Crutcher

Robert H. Byrd

Barbara Pomeroy

Tom Vaisocher

Ron Wyden

James Christensen

Max Baucus

Jeff Bingaman

Jon Kyl

Jack Reed

Charles Schumer

Frank Lautenberg

Shirley M. Chilton

The President
October 22, 1999
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<u>Carl Levin</u>	<u>105 1 Levin</u>
<u>Chin. DM</u>	<u>Nancy Feingold</u>
<u>J. L. ...</u>	<u>J. Kerry</u>
<u>Tom Harkin</u>	<u>Phil Kennedy</u>
<u>Jack Durbin</u>	<u>Harry Reid</u>
<u>Jim Jeffords</u>	<u>Eric Johnson</u>
<u>Herb Kohl</u>	

THE WHITE HOUSE

WASHINGTON

September 23, 1999

The Honorable Spencer Abraham
United States Senate
329 Dirksen Senate Office Building
Washington, DC 20510-2201

Dear Senator Abraham:

Thank you for your letter of August 6, 1999, on the U.S. National Assessment of the Potential Consequences of Climate Variability and Change. I am in complete agreement with your point that the assessment report, requested by Congress in the Global Change Research Act, must be scientifically credible, objective, and balanced. To that end, we have been working for many months with the agencies in the U.S. Global Change Research Program (USGCRP) conducting the assessment to ensure that the development, writing, and review process is rigorous, transparent, open, and based on the best possible science. I have attached to this response a detailed description of the process prepared at my request by the chair of the USGCRP, Dr. Robert Corell. I believe that these procedures are generally consistent with the specific guidelines that you have presented in your letter. There are two fundamental principles that are particularly worth highlighting.

First, the assessment report will be based on peer-reviewed science. In addition to relying on specific peer-reviewed articles and studies, the report will also use peer-reviewed general circulation and ecosystem models to examine potential regional and sectoral effects of climate change. All of the global climate models being used in the National Assessment have been peer-reviewed in the literature and a substantial amount of the data generated by these models has been made readily available on the World Wide Web.

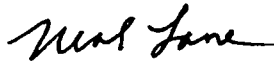
Second, the assessment process will be open and transparent, and the assessment report will be subjected to independent peer review. From the start, we have designed the assessment process to be open and transparent. For example, the National Assessment Synthesis Team, which is responsible for drafting the synthesis report, was established as a FACA-chartered advisory committee with balanced representation from academia, industry, government, and public interest groups. The Synthesis Team meets in open, public meetings and the process of synthesis and discussion is proceeding in public view. (As noted above, extensive materials have been made available on the assessment's web page.) In addition, we have established a "blue ribbon" group of experts under the auspices of the President's Committee of Advisors on Science and Technology (PCAST) (itself a FACA-chartered advisory committee) to oversee the assessment process.

Page 2

With respect to the report itself, we plan to submit early drafts for technical review by independent experts and will work with interested parties to identify appropriate expert reviewers. Following technical review, there will be further review by eminent members of the scientific community and government experts and agencies. We also plan to solicit public comments on the report in the Federal Register.

These procedures, while time-consuming, will result in a scientifically credible and objective assessment report that can make a contribution to the policymaking process. I hope you find the enclosed materials helpful, and I have also requested my staff and Dr. Corell to provide you with any additional information or to arrange for any briefings that you or your staff members may desire.

Sincerely,

A handwritten signature in black ink, appearing to read "Neal Lane", written in a cursive style.

Neal Lane
Assistant to the President
for Science and Technology

Enclosure



OFFICE OF THE US GLOBAL CHANGE RESEARCH PROGRAM
400 Virginia Avenue, SW
Suite 750, Washington, DC 20024
Phone: 202-488-8630 Fax: 202-488-8681

September 20, 1999

MEMORANDUM

TO: Neal Lane, Director, Office of Science and Technology Policy

FROM: Robert W. Corell, Chair, Subcommittee on Global Change Research

SUBJECT: Peer Review Processes in the National Assessment

In response to your request, I worked with the co-chairs of the National Assessment Synthesis Team (NAST) to produce the following description of the peer-review process and the use of source material in the National Assessment of the Potential Consequences of Climate Variability and Change.

1. Structure of the National Assessment

The National Assessment Report. The National Assessment report is being written by the NAST, which has been established and chartered under the Federal Advisory Committee Act (FACA) (membership list included as **Attachment 1**). The NAST includes technical experts from industry, government agencies, academia, and public interest groups. The meetings of the NAST are publicly announced in the Federal Register and are open to any interested party.

The National Assessment report will consist of two sections: an overview and a full report, which will be more comprehensive and detailed. All statements and conclusions in the overview will be derived from the full report. The full report will contain all the data relevant to the conclusions in the overview and will be fully referenced.

Regional and Sectoral Reports. As part of the assessment process, USGCRP agencies are funding a number of academic institutions to prepare reports on regional and sectoral impacts of climate change that will be reviewed and published separately from the national assessment report. Each of the regional and sectoral reports is being prepared by a different team of authors, including government and industry experts, under the leadership of the academic institution. This "bottom-up" effort is intended to ensure diverse and specific regional and sectoral input into the National Assessment Report. We have encouraged the NAST authors of the full National Assessment Report to coordinate their efforts with the regional and sectoral teams, and this has

proven to be an effective means of identifying important regional and sectoral issues and concerns.

Each academic-led regional and sectoral team has independent authority over the content of, and the review processes for, its report; however, any material from the regional or sectoral reports used by the NAST in the full National Assessment report must still meet the requirements for source materials and peer-review discussed below.

2. Guidelines for Use of Sources in the National Assessment

The National Assessment Report will rely on materials published in the peer-reviewed scientific journal literature. The report will also use peer-reviewed and expert materials not published in scientific journals, such as government, National Research Council, scientific symposium, industrial, and independent publications, such as the National Research's Council's 1995 report on "Natural Climate Variability on Decade-to-Century Time Scales." A sample listing of sources that have been used to date in preparing the National Assessment full report is included with this memo (**Attachment 2**); this list will expand as the assessment progresses. In order to ensure the use of the best available high-quality scientific information, the following guidelines have been adopted:

- All papers that are cited in the assessment must be available to readers.
- All citations must include a description of the source of the information (scientific journals, government publication, etc.)
- Material that has been peer-reviewed and published can be used. This includes articles that are in press, provided that they will be published or otherwise available by the time the National Assessment is published. Historical data records and output from peer-reviewed models can also be used, provided that they are openly and widely available.
- Copies of publications and analyses used in the National Assessment that are not widely accessible shall be maintained at the National Assessment Coordination Office. These materials will be made available to technical reviewers and other readers upon request. Interested parties will be able to access listings of this material and request access to specific items over the Web.

3. Types of Analyses in the National Assessment

To ensure the objectivity of the assessment effort and to avoid biases from reliance on any one scenario, model, or technique, the National Assessment is using a variety of analytical tools to examine the potential consequences of climate variability and change for the U.S. Several different types of scenarios of possible future changes are being used:

- *A historical climatology of the United States* covering the 20th Century is being used to determine how to interpret the consequences of recent and projected climatic trends. The Assessment will also examine what consequences the recurrence of previous extreme events, such as the drought of the 1930's, would have, given today's technology and demographics.

- *General circulation model simulations* extending to the year 2100 will be used. Model simulations have been carried out assuming a 1% per year increase in greenhouse gas concentrations (the central reference case most frequently used by the climate modeling community) including changes in aerosol concentration. A figure is attached which shows how the response of the two principal general circulation models being used in the National Assessment (the Canadian Climate Centre and the U.K. Hadley Centre models) fits into the range of nine model outputs for a temperature simulation. (**Attachment 3**). These two models were selected because they were the most readily available general circulation models that had completed transient runs with sulfate effects early in the assessment process. Overall criteria for the use of models is discussed in more detail in the following section.
- *A variety of more traditional sensitivity analyses* to specified future climate conditions are also being employed. These include the use of region- or sector-specific questions about vulnerability to plausible future climate conditions. For example, what is the range of variability of precipitation and temperature that agriculture can cope with?

The use of these multiple analytical tools ensures that the assessment report will be not tilted arbitrarily towards either "worst case" or "best case" outcomes. However, it is important to understand that the assessment report will not be making projections of the "most likely" outcome; it is beyond the ability of our current scientific and modeling capability to do so. We will examine a range of outcomes that appear to be plausible, based on our current understanding and remaining uncertainties. The intent of such analysis is not to predict the probability of any future scenario, but rather to better understand the costs and benefits to the United States if regional climate conditions change.

4. Guidelines for use of General Circulation Models in the National Assessment

The use of General Circulation Models (GCMs) is only one aspect of the National Assessment, but it is an important one. The primary general circulation models selected for use in the National Assessment were the Canadian Climate Centre and U.K. Hadley Centre models, based on the fact that they had transient results with sulfates available. No U.S. models had produced this kind of output when the assessment was initiated. While the assessment has been underway, the National Center for Atmospheric Research (NCAR) has completed a series of model runs with transient results and sulfates. The NAST may consider the results of the NCAR model runs if there is time to incorporate them into the analyses in the National Assessment Report. Some regional and sectoral teams may also choose to use other GCMs for specialized analyses. The guidelines that we adopted for the use of any general circulation models for producing scenarios for analysis as part of the National Assessment were:

- Models used in the assessment must be fully described in the peer-reviewed literature.
- Model-based analyses should consider results from more than one GCM.
- A simulation length was desired that covered both the present century and the next century.
- A consistent set of assumptions about increases in greenhouse gases was required.
- The simulation results must be fully available for reviewers to examine during the process of technical review.

Where appropriate, and to the extent possible, we have sought to use the analogous guidelines for the use of other models, such as ecosystem models. All of the global climate model results being used in the National Assessment have been peer-reviewed in the literature and a substantial amount of the enormous volume of data generated by these models has been made readily available on the World Wide Web.

5. Review Process for the National Assessment

Independent technical experts, government experts and agencies, and stakeholders will subject the draft National Assessment overview and full report to a rigorous peer review process. In addition, after technical and expert review, the report will be made available for public comment prior to final publication.

There will be four full stages of review for the National Assessment overview and full report:

1. *Technical review*: In addition to review by assessment participants, the various sections of the report will be sent to at least 200 independent experts (individuals who are active in relevant scientific fields, and who are not participants in the assessment process). They will be asked to examine the work for technical accuracy, and the report will be revised in accordance with comments received. We will work with interested parties to help identify appropriate independent experts for technical review.
2. *Comprehensive review*: A group of roughly 20 experts with broad scientific and technical experience will review the entire document in a comprehensive manner. They will again be checking for technical accuracy, but will also be concerned with responsiveness to comments received, style, consistency of approach and findings in different sections, and relation of the overview and underlying full report.
3. *Public Comment Period*: The report will be made available for public comment. Its availability for review will be announced in a Federal Register Notice.
4. *High-Level agency review*: Because the authorizing legislation of the USGCRP charges the National Science and Technology Council with the responsibility of preparing assessments of global change and submitting them to the Congress, the document will then go through the full National Science and Technology Council interagency review and clearance process.

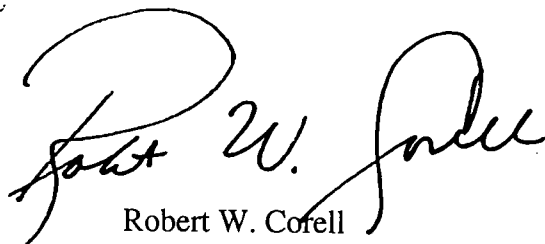
The first two stages of review will be overseen by a senior-level advisory board operating under the auspices of the President's Committee of Advisors on Science and Technology, which will ensure responsiveness to technical review comments. The Board includes representatives from academia, industry, and non-governmental organizations, and is chaired by Professor Peter Raven (the former Home Secretary of the National Academy of Sciences), and Nobel Laureate Mario Molina (**Attachment 4** is a list of members). The public comment period will be overseen by the USGCRP agencies and the NSTC review will be overseen by the Office of Science and Technology Policy in their role as executive secretary of the NSTC. For all steps, the Synthesis Team will prepare a review memorandum that summarizes the comments received and explains the responses. A

compilation of all comments received will be maintained at the National Assessment Coordination Office and will be available for review by interested parties.

6. Interactions with the National Research Council and the Intergovernmental Panel on Climate Change

The National Research Council has produced many recommendations for research agendas in global change over the past decade. Many of the recommendations and findings produced by the NRC, including those in its recent reports on climate modeling, climate observations, and the future of global change research, have served as important inputs to the National Assessment process. We expect the NRC to continue to play an important role in recommending research priorities for the USGCRP in the coming years. We expect the National Assessment to be a critical part of our ongoing discussions with the NRC on the USGCRP research agenda.

With regards to the IPCC, we cannot determine precisely what material the IPCC will use in its upcoming Third Assessment Report (TAR), which will have an increased focus on regional assessment. However, we are confident that the analyses in the National Assessment will be an important contribution to the understanding of potential consequences of climate change for the U.S. As such, we expect that the results will be of interest to the IPCC and are likely to be considered in the North American segment in the IPCC TAR. Any information that the IPCC chooses to use from this assessment will have been thoroughly reviewed and will be publicly available to all interested parties.



Robert W. Corell

Attachments

- Attachment 1: National Assessment Synthesis Team Membership
- Attachment 2: Selected References used in the National Assessment
- Attachment 3: Model Intercomparison: Temperature Anomalies
- Attachment 4: Review Board Charge and Membership

Attachment 1: National Assessment Synthesis Team Membership

Co-chairs:

Tom Karl, NOAA National Climatic Data Center
Anthony Janetos, World Resources Institute
Jerry Melillo, Ecosystems Center, Marine Biological Laboratory

Members:

Eric Barron, Pennsylvania State University
Virginia Burkett, USGS National Wetlands Research Center
Thomas Cecich, Glaxo-Wellcome, Inc.
Katharine Jacobs, Arizona Department of Water Resources
Linda Joyce, USDA Forest Service
Barbara Miller, Rankin International, Inc. and the World Bank
M. Granger Morgan, Carnegie Mellon University
Edward Parson, Harvard/Kennedy School of Government
Richard Richels, EPRI
David Schimel, National Center for Atmospheric Research

Attachment 2:
Selected References used in the National Assessment

References in Available Sections of the Draft Report of the
National Assessment Synthesis Team
(September 2, 1999)

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Attachment 3:
Model Intercomparison: Temperature Anomalies

Figure Description

The global mean temperature (GMT) anomalies are computed from each decadal mean with reference to the 1890-1900 decadal mean. The values therefore represent changes in GMT from the late 1800s for several model simulations. The primary models used in the National Assessment are the CGCM1 and the HadCM2. The CGCM1 is one of the most sensitive models to increased greenhouse gases, warming by 3.5C from the 1990s to the end of the 21st century. The HadCM2 model, on the otherhand, warms by about 2.5 C in the same time period. The CGCM1, ECHAM4/OPCY3 (which was only run to 2049), HadCM2, and GFDL models all assume a 1% increase per year in equivalent CO₂, with a doubling of sulfate aerosols by the end of the 21st century. The NCAR CSM and DOE PCM and HADCM3 are all new generation climate models that have been recently completed. The DOE PCM 'business as usual (bau)' and HadCM3 scenarios also employ a close approximation to the 1% greenhouse and sulfate scenarios as the older models, though they include multiple greenhouse gases. The NCAR CSM 'bau' scenario includes much lower sulfur emissions (half present-day values by the end of the 21st century) than the other scenarios. Both stabilization scenarios assume that CO₂ stabilizes when it reaches 550 ppmv. The NCAR CSM and DOE PCM are all based on similar atmospheric models, so that the resulting GMTs are fairly similar, and at the low end of recent model simulations.

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United States Sen

COMMITTEE ON APPROPRIATION
WASHINGTON, DC 20510-6025

cc: BAUGENTINE
KONTOLUPES

November 9, 1998

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I understand that you are considering signing the Kyoto Protocol to the United Nations Framework Convention on Climate Change of 1992 this week, during the Fourth Conference of Parties in Buenos Aires, Argentina. I urge you not to do so.

Signing the Kyoto Protocol now would be contrary to the plain language of Senate Resolution 98, cosponsored by sixty-five Senators and passed by a unanimous vote of 95-0 on July 25, 1997. The consensus of the Senate since that date remains that the United States should not be a signatory to the Kyoto Protocol until and unless that agreement also mandates new specific scheduled commitments to limit or reduce greenhouse gas emissions by developing country parties within the same compliance period. Additionally, the Resolution states that the Senate should be provided with a detailed explanation of any legislation or regulatory actions that may be required to implement the Protocol. The Senate's position has not changed since the resolution was passed almost sixteen months ago, and those two conditions have not yet been met.

Further, I am unconvinced that signing the Kyoto Protocol would improve your negotiating position vis-à-vis developing countries. I understand that some developing countries have claimed that the United States is not serious about global warming because we have not signed the Kyoto Protocol. But signing now, before the conditions outlined in S. Res. 98 have been met, is an empty gesture in that the Senate is unlikely to look favorably upon approving the Protocol until they are met. Signing now simply puts greater pressure on the Administration to support a Protocol that does not meet the conditions set out in S. Res. 98. Signing now implies a commitment to the Protocol that may undermine our future leverage with the biggest emitters in the developing world.

I believe your Administration may be in a stronger negotiating position to encourage the developing world's biggest emitters, like China, to sign on to scheduled, binding

President William J. Clinton
November 9, 1998
Page 2

commitments if negotiators can say, accurately, that no U.S. participation is possible to address this global problem until the developing countries also make a commitment.

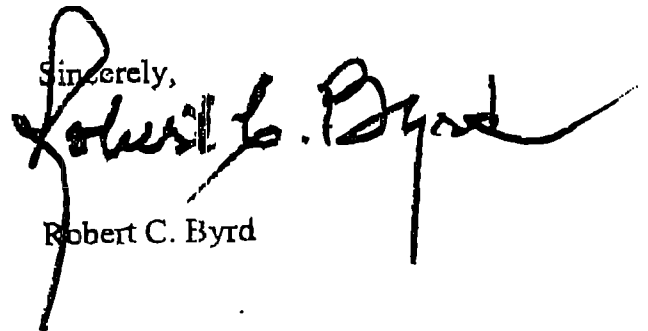
On a domestic note, some Members of Congress have voiced concern over the past year that the Administration might be attempting to implement the Kyoto Protocol through a "regulatory back door" in advance of Senate approval of the Protocol. I worked hard this past year to modify very stringent bill and report language included in several appropriations bills so that ongoing, voluntary programs that help reduce greenhouse gas emissions as well as promote other domestic energy goals could be funded. Signing the Protocol now would lend credence to those Members' concerns, and could jeopardize continued funding for even those existing programs. These ongoing, voluntary programs are important in helping to reduce the future economic burdens of U.S. participation in the Kyoto Protocol, in the event that the United States eventually does ratify the treaty.

I believe that global warming is a serious global problem that needs and deserves to be addressed in a serious, evenhanded, and global manner. But I do not agree that the United States should consider signing on to a one-sided Protocol that will not, in its present form, do more than plug the holes in one end of a leaky global boat, while leaving the biggest emitters of the developing world free to drill more holes in the other end of the boat. The net result is the same — we all sink!

I urge you, therefore, to resist making empty gestures that will only make the potential future approval of the Protocol by the Senate more difficult.

With kind regards, I am

Sincerely,

A handwritten signature in black ink, appearing to read "Robert C. Byrd", with a long, sweeping horizontal stroke at the end.

Robert C. Byrd

RCB:lwt

United States Senate

WASHINGTON, DC 20510-2704

December 11, 1998

Stuart Eizenstat
Under Secretary of State for Economic, Business
and Agricultural Affairs
U.S. Department of State
Washington, D.C. 20520

Dear Ambassador Eizenstat:

I want to commend you for the achievements made at the recently concluded negotiations of the U.N. Framework Convention on Climate Change (UNFCCC) in Buenos Aires, Argentina. The decision by the President to sign the Kyoto Protocol, while not binding, increases the likelihood of gaining additional developing country participation in global activities to mitigate against climate change. The announcements by Argentina and Kazakstan to take on future commitments is a signal that the U.S. has been successful in promoting global participation, and I am confident that continued efforts will yield additional, significant commitments.

I am also particularly pleased that the Administration is working to credit carbon sinks on agricultural lands in the context of the Protocol. Rewarding farmers and the agriculture sector for their ability to help combat global warming is a focal point of my involvement in this issue, and the reason that I attended the Buenos Aires conference. I understand that what was negotiated in Buenos Aires, regarding Article 3.4 (sinks, including agricultural sinks) is a major first step toward that goal.

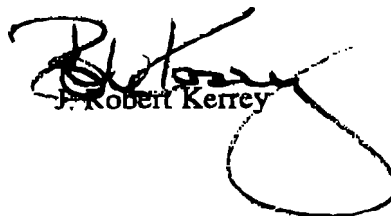
There is some uncertainty, however, regarding how, and whether, each of these two activities can occur under the current Kyoto Protocol framework; I would like clarification on both points.

First, it is my understanding that while the Protocol does not now allow for agricultural soil sinks to count towards a country's reduction commitments, Article 3.4 of the Protocol leaves open the possibility that agricultural soils can be added at a later date, without an amendment to the Protocol. The decision taken in Buenos Aires regarding Article 3.4 will provide for a scientific assessment of the sinks issue by experts from the Intergovernmental Panel on Climate Change (IPCC). The IPCC is expected to issue a final report by May of 2000, and adoption of the IPCC findings will then be considered at the next meeting of the Conference of the Parties (COP).

Second, I would like clarification on how a developing country such as Argentina or Kazakstan can take on binding targets under the Kyoto Protocol without amending the Protocol. It is my understanding that international agreements such as the Protocol have been supplemented in the past before they entered into force. I would like an explanation of how this would work in the context of the Kyoto Protocol.

I look forward to your response, and to continued progress on this complex but critical issue.

Sincerely,



J. Robert Kerrey

SHERWOOD L. BOEHLERT, New York
HARRIS W. FAWELL, Illinois
CONSTANCE A. MORELLA, Maryland
CURT WELDON, Pennsylvania
DANA ROHRBACHER, California
JOE BARTON, Texas
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CHARLES W. "CHIP" PICKERING, Mississippi
CHRIS CANNON, Utah
KEVIN BRADY, Texas
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Vacancy

November 18, 1998

The Honorable Stuart E. Eizenstat
Under Secretary of State for Economic, Business
and Agricultural Affairs
U.S. Department of State
2201 C Street, NW
Washington, DC 20520

Dear Under Secretary Eizenstat:

I congratulate you on your endurance and negotiating skills in regards to the recently completed fourth session of the Conference of the Parties (COP4) to the United Nations Framework Convention on Climate Change (FCCC) in which you successfully sought to fashion a decision by the COP4 for future action. I understand that decision has been designated as the "Buenos Aires Plan of Action." It is certainly an improvement over the rather disastrous "Berlin Mandate" negotiated at the first Conference of the Parties (COP1) in 1995 by former Under Secretary Timothy Wirth as the basis for the Protocol. I say this because the Buenos Aires Plan of Action, unlike the Berlin Mandate, contains no provision exempting developing country Parties from any new commitments and because it does not establish a firm deadline for completion of the detailed work outlined in the Plan of Action and related documents adopted by COP4. Obviously, the Administration and other Parties have learned from the Berlin Mandate experience. That is good.

Nevertheless, that decision and other decisions adopted by the Parties, including the decision on the first day of COP4 to delete Agenda Item 6 on voluntary commitments by developing countries, do little to move the Kyoto Protocol closer to making it conform to the provisions of the Byrd-Hagel Resolution, S. Res. 98, which was adopted by the Senate in 1997 by a unanimous vote of 95-0. If anything, they are a step backwards because the decisions do not, in any way, address the issue of adopting at any time legally binding, not voluntary, commitments for developing countries, nor do they even give any signal to Parties that entry into force is threatened because of a lack of such commitments. The Buenos Aires Plan of Action is silent on this portion of the Byrd-Hagel Resolution. That is clearly not good.

The announcement by Argentina that over the next year it will outline some voluntary limits on the growth of its greenhouse gas emissions from some unspecified baseline is, of course, welcome. However, it is my understanding that Argentina, which relies heavily on natural gas, nuclear energy and hydropower, does not plan to become an Annex I Party pursuant to Article 4.2(g) of the FCCC or otherwise accept the requirements of Article 3 of the Kyoto Protocol.

The Honorable Stuart E. Eizenstat
November 18, 1998
Page two

In reply to my question 3.2 of my letter of August 7, 1998, you quite rightly pointed out that the Byrd-Hagel Resolution "does not differentiate between key developing countries and other developing countries." However, you also agreed "that the participation of countries such as the Republic of Korea, Brazil, South Africa, Singapore, Thailand, Mexico, Malaysia, Indonesia, China, and India — and the example set by them — will be critical in dealing meaningfully with the threat of global warming." Obviously, Argentina and most other Latin American Parties are not on that list. Moreover, I do not understand Argentina's voluntary action to be, despite your Press Statement of November 14, 1998, a "legally binding" commitment of the kind adopted by Annex I Parties pursuant to Article 3 and Annex B of the Kyoto Protocol, unless, of course, there is a new interpretation or understanding of the term "legally binding."

As to the second condition of the Byrd-Hagel Resolution regarding the U.S. economy, I understand that the Plan of Action is composed of "six separate decisions" that primarily relate to Articles 2.3, 3.4, 3.14, 5.1, 5.2, 6, 7, 8, 12 and 17 of the Kyoto Protocol and to some Articles of the FCCC. The number, vagueness, and complexity of these decisions demonstrates how incomplete or unfinished the Kyoto Protocol really is and how difficult it will be to even try to conform to the requirements of the Byrd-Hagel Resolution anytime soon, if at all. The actions to be taken by the Parties under the Buenos Aires Plan of Action over the next two years are daunting, and many Parties do not share the U.S. view on mechanisms or sinks which are also crucial to the questions of entry into force. Indeed, there continues to be an effort to bash the U.S. as "big and bad," while others, like the European Union (EU), paint themselves green.

For example, at Buenos Aires there was great focus at COP4 by the U.S. delegation on the Article 6, 12 and 17 mechanisms. However, the EU once again used this Conference to press for "cooperation" on policies and measures and even sought a "workshop to assess benefits of additional coordination of policies and measures."

The EU also stressed compliance or enforcement of all issues under the Protocol, including compliance with regards to the mechanisms, and the Alliance of Small Island States wanted a special working group. These efforts resulted in a decision to establish not only a joint working group on compliance, but if necessary, an *ad hoc* working group on compliance or other procedures without ever mentioning Article 18 of the Kyoto Protocol. These actions, coupled with the EU's strong views, as outlined in its Environment Council Meeting "Conclusions" statement of October 6, 1998, on limiting emissions trading, suggest that future negotiations will continue to be extremely difficult, particularly if the EU joins with the Group of 77 and China on such issues as "supplementarity" and the Article 17 mechanisms where they appear to have similar views. Those views, unfortunately, are not in line with the views expressed by the Administration, at least as I understand them. Clearly, this problem alone demonstrates that it is fortunate for the U.S. that rule 42 of the proposed rules of procedure for the FCCC has never been adopted and that consensus continues to apply.

Over the next two years, the Plan of Action calls for only four sessions of the subsidiary bodies, along with two additional COPs, presumably including related ministerial meetings which are of questionable value. I understand that the dates are all fixed, except for COP6, which could occur before or after the next U.S. Presidential elections. No other sessions for the subsidiary bodies (where the real work must take place) are planned, despite a wise U.S. suggestion for fewer ministerials and more subsidiary body sessions. Instead, a November 13 "Draft Decision" called on the COP President to maintain contacts with Ministers

The Honorable Stuart E. Eizenstat
November 18, 1998
Page three

in order to provide "appropriate political guidance," whatever that means, to the work of the subsidiary bodies. Fortunately, that item was not part of the final Plan of Action, because I understand that Switzerland was openly critical of the closed-door, limited Parties negotiations initiated by the President in Buenos Aires with the so-called "Friends of the Chair." Many other Parties expressed agreement with Switzerland through applause. They want a more "democratic and transparent" process. Clearly, the above November 13 proposal was not consistent with that important concept.

I was, therefore, surprised to read your November 14 Press Statement that explains that the U.S. apparently favors "frequent, high-level consultations" to provide "political guidance" to the subsidiary bodies, since the issues have grown more "numerous and complex," and "annual meetings are no longer sufficient." I was surprised because that appears to be a "back-door" effort to do exactly what the negotiations agreed not to do when they abandoned the idea of maintaining intersessional ministerial "contacts" to provide "appropriate political guidance." It is also contrary to the spirit of the Swiss protest, because it is non-democratic and non-transparent. Possibly, you made the statement before the plenary began and the Swiss spoke.

The problem is not the number of annual meetings. It is the fact that the Kyoto Protocol was also the product of round-the-clock, closed-door, non-democratic negotiations under a deadline and mandate that were flawed and arbitrary. As a result, it is not only unfinished or incomplete, but also inconsistent, vague, ambiguous and, most importantly, unworkable and not in the interests of the U.S.

Your negotiations at Buenos Aires fortunately did not, as I have said, repeat the mandate and deadline problem of Berlin. The lack of a mandate and the more flexible language on when decisions should be forthcoming (*i.e.*, the words "with a view to taking discussions") hopefully can ease the pressure for rushed or incomplete decisions by COP6, particularly since ratification and entry into force, pursuant to Article 25 of the Kyoto Protocol, is not likely to occur by COP6. Such flexibility is a far better approach than non-transparent, intersessional meetings that exclude some Annex I and non-Annex I Parties, as well as non-governmental business, industry, labor, agriculture, local government, consumer and environmental organizations. If, as your Press Statement of November 14 states, the talks at COP4 were actually "infused by a promising spirit of engagement," such "political guidance" should not be needed and if Switzerland's remarks are indicative of that spirit, such guidance is likely not welcome. Thus, I urge you to reconsider and abandon that idea. If, however, any such intersessional meetings are held, I repeat my request that Congressional observers be allowed to monitor such meetings.

I note that the paper issued by Australia for the Umbrella Group, which includes the U.S., set forth several other proposed decisions which also were fortunately not adopted by the Parties. Based on conversations I had with NGOs in Buenos Aires, it was fairly obvious that this paper and the proposals therein were not discussed at any time before Buenos Aires with them, including the business and industry representative who will be directly affected by the mechanisms and related rules, guidelines, etc. In my view, the paper

The Honorable Stuart E. Eizenstat
November 18, 1998
Page four

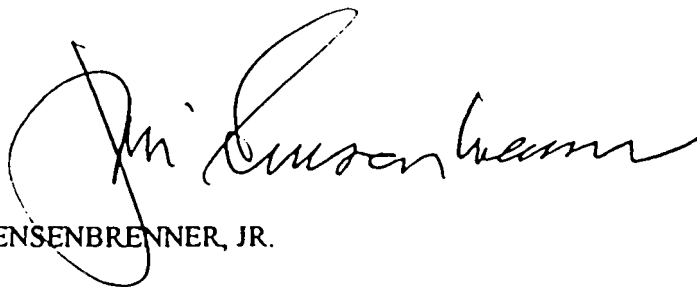
raised more questions than it answered and appeared to suffer from haste. With the arrival of Under Secretary Frank Loy, it seems to me that the State Department has the capacity to do more to open a dialogue on these matters with the NGOs before each session and to share ideas and proposals. Briefing and meetings with some more or less favored NGOs will not suffice. In this regard, enclosure 1 to this letter is an Environmental Defense Fund document of a presentation to "White House Task Force on Climate Change Consultation Meeting - March 13, 1998" which, strangely enough, seems to be the forerunner of U.S. proposals. I would like to know: (1) who attended that meeting; (2) the role of EDF, directly or indirectly, in the development by the U.S. delegation and its agencies, of its positions for Buenos Aires, including a list of all meetings by the delegation and its agencies with EDF since that time (*i.e.*, March 13, 1998); and (3) whether or not EDF receives any Federal funding from such agencies, directly or indirectly, regarding this and other climate matters.

In considering the Protocol for advice and consent to ratification, the Senate and because this involves potential legislative actions, the House, will undoubtedly want to review carefully all such rules, etc., and compliance provisions. Given their potential impact on the economy, both Houses will want to know to what extent and how these NGOs were given a meaningful opportunity to review and comment on proposals. Your comments on this matter are requested.

I also note that paragraph 3 of the decision on mechanisms (FCCC/CP/1998/L.21) calls for "two technical workshops before April 15, 1999, that are apparently open to NGOs. I assume that your Department will keep them and me informed as to the date and place of the workshops and their agendas.

Finally, I appreciate receiving your replies before COP4 to the questions in my letters of August 7 and September 18, 1998. They were helpful and are under review for hearings, particularly in regards to the work of the IPCC, in the 106th Congress. I would also request your prompt response to a number of additional matters related to COP4 that are raised in enclosure 2 to this letter.

Sincerely,



F. JAMES SENSENBRENNER, JR.
Chairman

FJS/hlw

Enclosures

cc: Hon. Frank E. Loy, Under Secretary of State for Global Affairs
Hon. Janet L. Yellen, Chair, Council of Economic Advisers
Todd Stern, President's Climate Change Coordinator

Building a Global GHG Emissions Trading Market: The Road to Buenos Aires

Presentation to White House Task Force on Climate Change,
Consultation Meeting - March 13, 1998

Environmental Defense Fund

The Ultimate Design Objectives

- Ensuring Environmental Performance:
 - ▶ Compliance with Emissions Limitation Requirements
- Cutting Costs
- Driving Entrepreneurial Forces Toward Innovation and Environmental Improvement

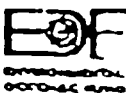
The Five Key Design Attributes

- Measurement/Quantification/Reporting
 - ▶ Key to Compliance
 - ▶ Key to Environmental Credibility of Trading
- Integrity
 - ▶ Key to Ensuring Environmental Equivalence of Traded Emissions
- Fungibility
 - ▶ Key to Firm Investment and Market Performance: Cost and Innovation



The Five Key Design Attributes (continued)

- Consistency
 - ▶ Key to Market Performance
- Transparency
 - ▶ Key to Political Environment Fostering
Compliance and Economic Environment
Fostering Investment



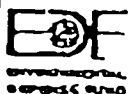
Key Design Tools: Ockham's Razor, Physicist's "Parsimony"

- Rules Should Do No More, and No Less, Than They *Absolutely Have To*
 - ▶ Assure that a traded reduction in emissions is qualified to offset an emissions increase: environmental integrity
 - ▶ Assure compliance
- Success in These Tasks the Foundation on Which Market Will Build Itself



Key Design Tool: Ockham's Razor (*continued*)

- Compare EPA Design Philosophy for Acid Rain Program:
 - ▶ Compliance = Emissions Allowances = Currency of Trading
 - ▶ Regulatory Impact on All Other Choices Minimized



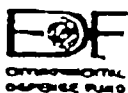
Key Design Tool: Ockham's Razor (*continued*)

- "A Ton is a Ton" as a Negotiating Strategy:
 - ▶ Reveals Negotiators' Motives, Objectives and Rationales
 - ▶ Focuses Negotiators on Fundamental Points of Agreement



Minimum Elements for Trading and Compliance

- Definition of Qualified Reduction
 - ▶ Must be "Surplus" to Offset Emissions
 - ▶ Must be *Actual* Reduction that *Has* Occurred
- "True Up" and Non-Compliance Consequences
 - ▶ "Vintaging" Instrumental to Compliance Assurance and Transparency
- Quantification and Reporting



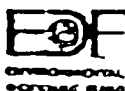
Defining a Qualified Reduction

- Increments of Annex B Nation's "Assigned Amount" (Budget Trading) (Articles 3 and 17)
- Project-based Reductions in Annex I Nations (Article 6)
- Project-based Reductions in non-Annex I Nations (Article 12)



Annex B "Budget Trading"

- Qualification of Reductions Embedded in Protocol:
 - ▶ "Any emission reduction units, or any part of an assigned amount which a Party acquires from/transfers to another Party ... [under] Articles 6 or 17 shall be added to/subtracted from the assigned amount for the acquiring/transferring Party" (Article 3.10 and 3.11).
 - ▶ Transacted Reductions "Surplus" by Definition so long as "Double-Entry" Recording Mandated by Article 3 Applied (See, Article 7.2)



Annex B "Budget Trading" (continued)

- *Additional Rules* should Specify Vintaging by Nation of Origin and Date of Transfer
 - ▶ Ensures Transparency
 - ▶ Facilitates Compliance Incentives



Annex I Project Trading (Article 6)

- Qualification of Reductions Same as Budget Trading:
 - ▶ "Any emission reduction units, or any part of an assigned amount which a Party acquires from/transfers to another Party ... [under] *Articles 6 or 17* shall be added to/subtracted from the assigned amount for the acquiring/transferring Party" (*emphasis added*) (Article 3.10 and 3.11).
 - ▶ Transacted Reductions "Surplus" by Definition so long as "Double-Entry" Recording Mandated by Article 3 Applied (See, Article 7.2)



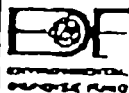
Annex I Project Trading (Article 6) (*continued*)

- *Additional Rules* should Specify Vintaging by Nation of Origin and Date of Transfer
 - ▶ Ensures Transparency
 - ▶ Facilitates Compliance Incentives



Annex I Project Trading (Article 6) (*continued*)

- Why Article 6?
 - ▶ Technically, Redundant of Articles 3.10, 3.11 and 17
 - ▶ May Provide Strategic Opportunity:
 - Tie between project-specific reductions and budget trading can address uncertainties about transferring nation's emissions reduction performance
 - ▶ Transactions May Best Be Governed by Sovereign Domestic Discretion, Policy and Rules of Exporting and Importing Nations (?)



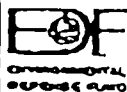
Non-Annex I Trading: Clean Development Mechanism

- Establishing "Project Baseline" Essential Task of Qualifying Reductions as "Surplus":
What Would Emissions Be in Absence of Project?
 - ▶ Environmental Integrity Essential Since Built-In Mechanics of Article 3 not Applicable
 - ▶ Methods of Answering the Question Should be Practical and Broadly Applicable to Enhance Transparency, Reduce Uncertainty and Minimize Transactions Costs
 - ▶ "Financial Additionality" and Similar Devices Do *Not* Enhance Environmental Integrity



Non-Annex I Trading: Clean Development Mechanism (continued)

- Vintaging by Nation, Project and Date of Reduction Needed to Provide Transparency and Aid Compliance
- *Additional Rule:* Reduction-Exporting Nation Should Include Export Transaction in National Report
 - ▶ May Affect Performance Against Future Obligations
 - ▶ "Double-Entry" Bookkeeping Buttresses Annex I Reporting



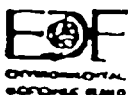
Non-Annex I Trading: Clean Development Mechanism (continued)

- *Interim Rules* Needed to Fulfill COP-3's Apparent Intent to Foster Activity Beginning in 2000 (Article 12.10)



True-Up and Non-Compliance Remedies

- Final Integral Element for Ensuring that All Traded Reductions are Qualified as Surplus
 - ▶ Conversely, unaccounted emissions budget exceedances dis-qualify reductions transferred by violating Party from serving as offsets
 - ▶ True-up mechanism should be included in any Article 17 trading rules since essential to trading integrity



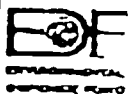
True-Up and Non-Compliance Remedies (*continued*)

- *Additional Rule:* Emission Budget Exceedances Automatically Deducted from Following Budget Period with "Interest" or Multiplier
 - ▶ "Automaticity" is critical: Triggered deduction thus preferable to otherwise attractive end-of-budget-period offset-purchase mandate



True-Up and Non-Compliance Remedies (*continued*)

- *Additional Rules:*
 - ▶ Automatic Discounting of Reductions Traded by... Parties Exceeding Their Budgets
 - ▶ Prohibition on Transfers from Parties Exceeding Their Budgets until Such Parties Achieve Compliance
 - ▶ Implemented as Graduated, Sequential Remedies



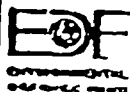
True-Up and Non-Compliance Remedies (*continued*)

- Discount and Prohibition Needed to Address "Surplus" Issue and Provide Compliance Incentives
- Credible Compliance Response in International Regime Critical to Mobilizing Domestic Investment in Compliance and Business Investment in Emissions Trading Market



Quantification and Reporting

- Framework Established by FCCC and Kyoto Protocol
 - ▶ National Reports
 - ▶ "Double-Entry" Bookkeeping Incorporated in Article 3.10 and 3.11
- "Double-Entry" Should be Extended to CDM Reporting (*Additional Rule*)



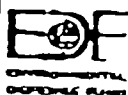
Quantification and Reporting (continued)

- *Additional Rule: Article 7 National Reports Should Include Full Compliance and Trading Ledger*
 - ▶ Party's Quantified Emissions Limitation
 - ▶ Transfers To and From the Party
 - ▶ Vintage Information on All Such Transfers
 - Date of Reduction, Nation of Origin or Receipt, Project of Origin for CDM Transfers
 - ▶ Domestic Offsets
 - ▶ Party's Actual Emissions



Quantification and Reporting (continued)

- SBSTA and IPCC Should Identify and Disseminate Emissions Quantification Protocols



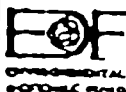
Reporting and Tracking: Institutional Needs for Compliance and Market Operation

- Annual Publication of Country Reports by Secretariat
- Establishment of National Registries of Persons and Firms Engaged in Trading
- Designation of National Authorities to Sanction, and Track, Transfers
 - ▶ For Non-Annex I Nations, Persons, Firms and Agencies Providing Certification of Emissions Reductions also Should be Identified



Domestic Policies' Impact on International Market

- Domestic Early Reduction Programs can Prime Market, Especially if International Reductions Are Recognized under Such Programs
- Annex I Countries' Domestic Rules can Spur or Chill Sources' Participation in International Market: Articles 3.10 and 3.11 Effectively Require Governments to Authorize Firm Trading Activity
 - ▶ Exclusive Retention of Trading by Government *versus* Workable Rules Authorizing Project Trading by Firms



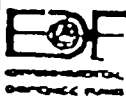
Domestic Policies' Impact on International Market (continued)

- Non-Annex I Countries' Domestic Policies Likely to Have Similar Range of Effects
 - ▶ Countries' Creation of Conducive Legal, Reporting and Certification "Infrastructure" can Facilitate CDM Trading
- International Strategies to *Promote* Trading with Foreign Governments and Firms May Be Crucial to Fostering Active, Robust Global Market



The Hot Button Issues

- No Consensus among NGO's
- Cap On Trading
 - ▶ Does Not Enhance Environmental Integrity or Performance



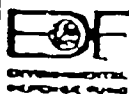
The Hot Button Issues *(continued)*

- "No Trading Without Rules"
 - ▶ Immediate "Forward" Sales of Assigned Amounts of Annex I Countries not Prohibited, and Fully Consistent with Integrity of Protocol Regime
 - ▶ Nothing to Prevent Firms from Entering into Private Contracts -- Of Course, Traded Reductions Not Creditable toward Compliance in Absence of Regulatory Requirements and Rules



The Hot Button Issues *(continued)*

- "Russian Tons"
 - ▶ Transfer of Any Increment of Assigned Amount Fully Consistent with Protocol Integrity
 - ▶ Conversely, Restriction on, or Disqualification of, Trading of Russia's Assigned Amount Inconsistent with, and Potentially Undermining of, Integrity of Protocol's Budget Structure for Annex B Countries



Conclusion

- Essential to Concentrate on the Central Elements of Trading System Integrity
- Collateral Policy Objectives Should be Minimized
- Environmental Integrity and Market Viability Inextricably Linked
 - ▶ All Proposed Design Elements of Trading Rules Should be Evaluated Against These Dual Objectives



Enclosure 2 to November 18, 1998 Letter from Science Committee Chairman F. James Sensenbrenner, Jr. to the Honorable Stuart E. Eizenstat

Argentina and Kazakhstan Pledges to Take on Binding Emissions Targets

1. Please explain the basis for your comment in your November 14 "Opening Statement" to the Press that Argentina has pledged "to take on a binding emission target" and that Kazakhstan "intends to do so as well."
 - 1.1 What do you mean by the word "binding"?
 - 1.2 Am I correct in my understanding that Argentina has not pledged to become an Annex I and Annex B Party, and that Kazakhstan has?
 - 1.3 Since the Kyoto Protocol has not entered into force, am I correct in my understanding that Kazakhstan cannot be added to Annex B except by an amendment to the Protocol, which in turn cannot be amended until it is ratified? Please describe in detail the "mechanics" of Kazakhstan becoming an Annex I and Annex B Party.
 - 1.4 When will the details, such as the baselines and actual targets, of Argentina's pledge be set forth?
 - 1.5 When will the details, such as the baselines and actual targets, of Kazakhstan's pledge be set forth?
 - 1.6 Also, what are the emissions of Argentina and Kazakhstan to date as shown by their latest national communications? Alternatively, if such national communications have not been submitted, what are the best estimates of their 1990 emissions levels and projected 2010 emissions levels?
 - 1.7 What, if any, commitments of any kind have been made by the U.S. to these Parties in relation to their announcement and future actions?

Use of the Terms "Rules", "Guidelines", and "Modalities"

2. As shown in the tables of actions in document FCCC/CP/1998/L.19, most of the actions reference such terms as "modalities" or "guidelines." The word "rules" is generally not, as best as I can ascertain, mentioned in the Kyoto Protocol except in the case of Articles 3.4 and 17. And to my knowledge, the nature and designation of the actions to be developed under the various Articles of the Kyoto Protocol was not discussed at COP4, unless, of course, that discussion occurred behind closed-doors. I presume that a modality or guideline is not the same as a rule.
 - 2.1 Since the Protocol does not make any reference to "rules" in, for example, Articles 6 and 12, under what authority could the Parties to the Protocol adopt provisions that would be designated as "rules" and be legally binding and enforceable?

- 2.2 What is your understanding of the meaning of the words “modalities” and “guidelines” in the context of each of the Articles in the Protocol where they are used?
- 2.3 Which of these various terms when adopted by decisions of the Parties are viewed as merely advisory or as legally binding?

Other International Agreements to Which the U.S. is a Party That Provide for Rules, Guidelines, and Modalities to Be Developed by the Parties for Application to All or Most Parties Without Amendment of the Applicable Agreement

3. Please identify and provide copies of other international agreements to which the U.S. is a Party that provide for rules, guidelines, and modalities to be developed by the Parties for application to all or most Parties without amendment of the applicable agreement. Also, please provide copies of any such rules, guidelines, and modalities and explain whether or not they are binding.

“Work Programme on Mechanisms”

4. The decision in document FCCC/CP/1998/L.21 of November 14, 1998 provides for a “work programme on mechanisms”, including all of the 142 elements mentioned therein, “with a view to taking decision on all of the mechanisms,” including Article 17, “at its sixth session.” The decision provides that the work programme will be undertaken with “priority given” to the CDM.
- 4.1 Since you negotiated this decision, please provide your understanding of the nature and extent of this priority and how it will be achieved, particularly in light of the above quoted phrase, and indicate how you expect it to be carried out by either SBI or SBSTA, or both.
- 4.2 What happened to the Honduras proposal for an interim CDM?
- 4.3 That decision also calls upon the Secretariat to prepare a plan for next June to facilitate “capacity building for developing country Parties, especially the small island States and the least developed amongst them,” in CDM project activities, and for “facilitating the participation of Parties with economies in transition in other mechanisms.”
- 4.3.1 What is intended and contemplated by this provision, taking into consideration the paper submitted by Uganda on behalf of the African Group in document FCCC/CP/1998/MISC.7/Add.2?
- 4.3.2 Please explain the term “capacity building.”

Sink Issues

5. I am concerned, particularly because of comments made by developing countries at the IPCC in Vienna and by others, that the document FCCC/CP/1998/L.5 relative to sink issues apparently defers any decision on their applicability to, and inclusion in, any and all mechanisms to sometime after the IPCC's Special Report, which is not due until 2000. Unlike the other decisions, there is no reference in the Action Plan to COP6 even though COP6 is due to occur after release of the Special Report. Why did the U.S. agree to such a vague timetable for this significant issue?

Policies and Measures

6. Please explain what is contemplated by the compromise EU/Umbrella Group decision in document FCCC/CP/1998/L.19 on "Consideration of ways to facilitate cooperation to enhance the individual and combined effectiveness of policies and measures under Article 2.1(b)" and explain whether this decision is leading to coordinated policies and measures among Annex I Parties as called for by the EU in its October 6, 1998 Environment Council "Conclusions." Is the word "combined," which is in Article 2.1(b) of the Protocol, an euphemism for "coordinated" or "harmonized"?
7. What is the U.S. understanding of the term " 'best practices' in policies and measures" in the decision in document FCCC/CP/1998/L.19? Does it refer to industry sector-by-sector and does it require identification of specific policies and measures?

Kyoto Protocol Compliance/Non-Compliance

8. Decision FCCC/CP/1998/L.19 includes procedures and mechanisms relating to compliance without reference to Article 18 or any other Article of the Protocol. It, however, also calls for COP5 to "take further steps" with a view to "adopting a decision" at COP6. It calls for a joint working group on compliance under SBI and SBSTA to:
 - Identify compliance-related elements in the Protocol
 - Follow the development of these elements in various groups including, for example, elements on substantive rules and consequences of non-compliance, and identify gaps in order that they are addressed in the suitable forum
 - Develop procedures by which compliance with obligations under the Protocol should be addressed, to the extent that they are not being considered by other groups
 - Ensure coherent approaches to developing a comprehensive compliance system
- 8.1 What Articles of the Protocol authorize or provide for decisions by the Parties regarding compliance, other than Article 18?
- 8.2 Since the word "rules" does not appear in Articles 6 and 12 and many other Articles, what is the basis for compliance mechanisms for modalities and guidelines?
- 8.3 Is it your understanding that all compliance measures will apply equally to all Parties? Does compliance include a due process element? How would non-compliance be determined?
- 8.4 Is it intended to apply to compliance by Parties only or to compliance by legal entities as well? Will there be penalties or punishment for non-compliance?
- 8.5 If so, what is the legal basis under the protocol for such action, absent an amendment under Article 18?

In response to these questions and question 2 above, please take into consideration your replies to my questions 4.1.1 - 4.3 of my August 7, 1998 letter.

9. I understand that an Umbrella Group paper by Australia mentioned a compliance decision for failure to comply with Articles 5 and 7, and proposed a penalty for non-compliance that would preclude trading.
- 9.1 What is the basis in the Protocol for this proposal? Please cite the appropriate Articles.
- 9.2 What process was intended to determine non-compliance and for review of that determination?
- 9.3 What were the criteria for making such a determination?
- 9.4 If the U.S. was subjected to such a penalty, what would be the economic consequences?
- 9.5 The Umbrella Group's paper seemed to also assume that Article 17 units would expire at the end of the commitment period because the Parties would agree to a second commitment period and all related details before 2012. However, such assumptions may be misplaced and in any event, a second commitment period would require an amendment and ratification. Such ratification and entry into force could be delayed beyond 2012. Also, some Parties may not ratify an amendment even if they are Parties to the Protocol. If any of these happened, what would be the impact on the Parties and entities if the units expire at the end of 2012? Could that cause economic chaos?

Umbrella Group "Bubble"

10. You have reportedly said that the Umbrella Group could form a bubble, such as that of the EU, and trade among its members.
- 10.1 Under what circumstances would the U.S. follow this approach?
- 10.2 Would that require the Umbrella Group to first enter into a multi-lateral agreement which would be subject to Senate advice and consent to ratification and subject the group and its members to the same requirements of the Protocol that are now applicable to the EU and its members? Does the FCCC or the Protocol provide for such an agreement? Has Congress provided authority for such an agreement?
- 10.3 How would such a bubble help the Group unless the trading included a measure of exclusivity for Group members?
- 10.4 How would WTO rules limit the effectiveness of the group?

EU "Supplementarity Principle"

11. In your November 14 Press Statement, you said that the talks at Buenos Aires were "arduous," but that Parties "recognized the value of directly involving the private sector" and that "there is a growing recognition that trading will help us achieve maximum environmental gain for each dollar, peso, euro or yen invested in greenhouse gas reduction." At the same time you said, what I perceived as a caution, that "Serious hurdles remain before this treaty is workable and complete." Actually, that is an understatement, when I call to mind CEA Chair Janet Yellen's recent economic analysis of the Protocol, which relies heavily on an emissions trading scheme that is unfettered and unencumbered, and then consider post Buenos Aires comments by several environmentalists aired on C-Span on November 17, 1998, that such reliance is unrealistic. They referred to the EU view, which may have broad support among FCCC Parties, that Annex I Parties, particularly the Umbrella Group, must meet their commitments through domestic action in Umbrella countries like the U.S., not through the purchase of emissions elsewhere. In this regard, the EU in a statement at Buenos Aires said:

"Mr. Chairman, at the recent EU Council meeting the EU environment ministers have endorsed the principles expressed in these non-papers that in our view should govern the functioning of the mechanisms. One of those essential points is the supplementarity principle. The EU reaffirms that the mechanisms defined in the Kyoto Protocol are supplemental to domestic action, which should provide the main means for meeting the commitments under Article 3 of the Protocol. The principles, modalities, rules and guidelines for the operation of the mechanisms have to ensure that they do not undermine domestic action or weaken these commitments. The EU recalls that a concrete ceiling on the use of mechanisms has to be defined to achieve these aims. Such a ceiling should be defined in quantitative and qualitative terms based on equitable criteria."

The EU, apparently with general support from the G-77 and China, achieved its objective, over the Umbrella Group's objection, to include the "supplementarity principle" in the applicable workplan. Apparently, the environmentalist's answer is that the Administration propose in 1999 more "domestic" actions, such as tax incentives, regulatory standards, and actions for the agriculture sector, as a way to convince Parties that the U.S. is serious about domestic actions, even though such proposals may not receive Congressional support. The environmentalists who appeared skeptical about the Yellen analysis also said that the U.S. must compromise with the EU on this matter.

- 11.1 Please explain what further "domestic" actions the Administration is contemplating and how the mere announcement of them would convince other Parties, like the EU whose goals in this regard certainly appear to relate more to economic interests and competition than the environment, that the U.S. is taking domestic actions.
- 11.2 It is my understanding the U.S. has not supported a "concrete ceiling on the use of flexible mechanisms" whether defined as "quantitative" or "qualitative." Is that still the U.S. position? How would you define such a ceiling in qualitative terms?
- 11.3 Does the U.S. continue to reject the EU's argument on supplementarity and on any limit on emissions trading?

THE WHITE HOUSE

WASHINGTON

August 21, 1998

Dear Senator Byrd:

Thank you for your letter regarding my trip to China. I strongly agree that there are many "win-win" opportunities for China in addressing the challenge of global warming.

As you suggested, I addressed global warming on many occasions during my China trip. I raised the issue in meetings with Chinese leaders, including Jiang Zemin and Zhu Ronghi. I discussed the issue in a roundtable with leading Chinese environmentalists and spoke to the issue publicly in speeches in Beijing, Shanghai and Guilin.

On each of these occasions, I stressed the opportunity for China in pursuing a clean energy future. I urged the Chinese to participate meaningfully in global efforts to address climate change. I emphasized that, as you note in your letter, the Kyoto Protocol provides market mechanisms to promote economic growth while reducing emissions in China and around the world.

During my visit to China, our two governments agreed to pursue high-level consultations on global warming. I am hopeful that these consultations will promote better understanding on this topic and help move the world forward in meeting the challenges of climate change.

Thank you for your leadership on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill", written in a cursive, slightly slanted style.

The Honorable Robert C. Byrd
United States Senate
Washington, D.C. 20510

Aug-24-98 12:08 Climate Change Task Force

P.02

Jun-26-98 12:29P Climate Change Task Force
 1 03:25:00 THU 13:45 FAX 202 226 0002 SENATOR BYRD WASH.

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United States Senate

COMMITTEE ON APPROPRIATIONS
 WASHINGTON, DC 20510-6025

June 22, 1998

The President
 The White House
 Washington, D.C. 20500

Dear President Clinton:

I understand that you will soon depart to visit President Jiang Zemin and Premier Zhu Rongji in Beijing, as well as other Chinese leaders, to discuss a range of sensitive issues vital to both of our nations.

While I know that your agenda will be full, I hope you will take every opportunity to engage the Chinese on an issue that is very important to both of us. In Senate Resolution 98, cosponsored by myself and Senator Hagel, the Senate stressed that the United States should not ratify the Kyoto Protocol until developing countries, especially the largest emitters, accept binding commitments to limit their greenhouse gas emissions.

I hope that you will urge the Chinese to take a progressive leadership role among the developing world so that we can begin to tackle this serious issue. After 2015, China is expected to surpass the United States as the world's largest emitter of greenhouse gases. While the Chinese contribution to global emissions in 1995 was 11 percent, it is expected to reach 17 percent by 2035. In that same time period, the U.S. emissions will shrink from 22 percent to 15 percent. The Chinese must recognize the importance of the role they play in global emissions and should not ignore their responsibilities in addressing this shared problem.

The international effort to bring China on board may seem like a difficult task, but it is still possible if we seek win-win opportunities. I am aware that China has taken a variety of steps to clean up its environment, but China's domestic efforts to control pollution must increase in the future given the seriousness of their environmental problems. At the same time, I hope that you will encourage them to support the market mechanisms that your negotiators so successfully incorporated into the Kyoto Protocol.

The President
June 22, 1998
Page 2

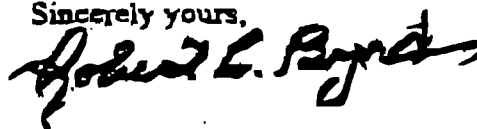
Through joint implementation (JI) and the clean development mechanism (CDM), we have a tremendous opportunity to work with the developing world, allowing for economic growth while also reducing global greenhouse gas emissions.

The Chinese acceptance of these measures, as well as their efforts to reduce their emissions domestically through greater efficiency and sustainable development, helps to move us toward a Protocol that we can all support. I hope you will use your influence to persuade the Chinese to accept binding limits by following this path. Such a course would not only recognize their own domestic efforts already underway but would also incorporate the beneficial aspects of JI and the CDM. As I have previously said, we are not attempting to limit the economic growth of China or any other developing nation. China must have the right to develop economically. I also recognize that their binding commitments need not be identical to those required of industrialized nations. Furthermore, limitations imposed on China can be gradually implemented as their contributions toward solving this problem increase.

The combination of these efforts would be the right course of action and underscore how the Chinese could accept binding commitments to reduce their greenhouse gas emissions. Taken together, these steps would lead to a real reduction in emissions as well as global participation in the Kyoto Protocol.

Thanking you in advance for your consideration, I am

Sincerely yours,



Robert C. Byrd

RCB:fxw

(JUN-18-98 10:02 10011)

**U.S. House of Representatives
Committee on Commerce**

**Room 2125, Rayburn House Office Building
Washington, DC 20515-6115**

June 9, 1998

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**The Honorable Carol M. Browner
Administrator
Environmental Protection Agency
401 M Street, S.W.
Washington, D.C. 20460**

Dear Administrator Browner:

When Under Secretary of State Stuart Eizenstat testified before the Subcommittee on Energy and Power on March 4, 1998, he assured us that there would be no efforts by the Administration to implement the Kyoto Protocol, until it was submitted to the Senate for advice and consent to ratification. The Administration was wise in providing such assurances and in repeating them to others in Congress both before and after that hearing. A subsequent letter from Budget Director Raines has further clarified the matter by stressing that the Administration's fiscal year 1999 \$6.3 billion budget for its climate change initiatives separate from any Kyoto implementation effort.

Since then, it has come to my attention that the Environmental Protection Agency (EPA) initiated two actions which appear inconsistent with those assurances. One is of a regulatory nature, the other is of a legislative character.

As to the first action, EPA proposed on February 3, 1998, a rule under section 612 of the Clean Air Act for "restrictions or prohibitions on substitutes for ozone depleting substances." (63 F.R. 5491, February 3, 1998). However, the proposal has nothing to do with depleting substances. Instead EPA "assessed the possible contribution of self-chilling can technology to U.S. emissions of global warming gases when HFC-134a and HFC-152a are used" and concluded that the use of such gases for this type product would result in "unacceptable" greenhouse gas emissions. EPA reached this conclusion even though the agency was unable to discern any "actual market penetration" because "the product has not yet been introduced" into the marketplace. Nevertheless, the proposed rule would ban the use of these substances for these purposes. There is no assertion in the notice that this action is needed to protect the stratospheric ozone, which is the purpose of title VI of the Clean Air Act.

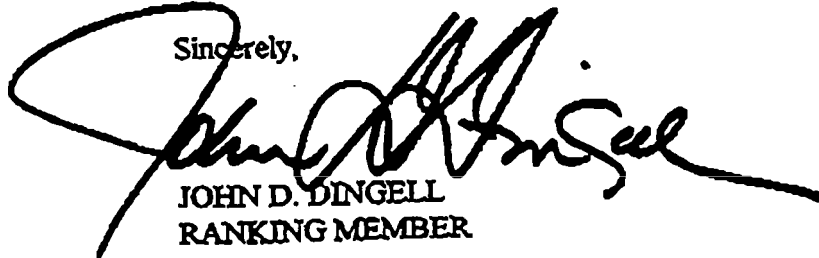
The Honorable Carol M. Browner
Page 2

In the second matter, I understand that the EPA is funding a study with the H. John Heinz III Center for Science, Economics and the Environment entitled "Limiting Greenhouse Gas Emissions Through Emissions Trading." The assumptions used, presumably as the basis for the contracted study, include that the U.S. will ratify the Kyoto Protocol and that there is some but limited international trading. It also apparently assumes that legislation would be required to establish a domestic carbon dioxide emissions trading system and that the design of such a system could be based on several options. The options targeted for study, moreover, include some based on regulatory energy efficiency standards for the appliance and transportation industries, such as corporate average fuel economy (CAFE) requirements.

In addition, I note that the Heinz Center includes a number of so-called "Research Collaborators", many of whom are present or former EPA personnel. Except for the natural gas and aluminum industry, none of these collaborators represents the other industries likely to be affected by the study, nor do they appear to represent labor, agriculture, small business, or the general public.

In light of Mr. Eizenstat's assurances, I request that you explain why the EPA has undertaken such actions apparently designed to meet thus far unmandated requirements and that you provide the Agency's statutory basis for doing so.

Sincerely,



JOHN D. DINGELL
RANKING MEMBER

Congress of the United States

Washington, DC 20515

Also: Skaggs, DeBette, ?

June 26, 1998

Despite a low allocation for Interior ...

CUTTING ENERGY EFFICIENCY PROGRAMS IS THE WRONG WAY TO GO

Dear Colleague

We would like to bring to your attention some disturbing cuts in the FY 1999 Interior Appropriations bill which will come to the floor in July. Under the bill, energy efficiency programs at the Department of Energy will be reduced by \$25 million below FY 1998 levels, and approximately \$200 million under the President's request for these programs. We believe a reallocation of funding within the bill will achieve a result which better serves our nation's economic, environmental, and security needs.

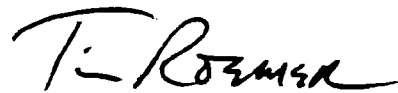
A recent study has determined that energy efficiency programs save our nation's economy over \$170 billion per year. Much of this saving is the direct result of programs carried out by the Department of Energy's office of Energy Efficiency and Renewable Energy. Major innovations in lighting, windows, building design, and industrial energy efficiency, as well as current breakthroughs in automotive technology can be directly traced to these appropriations. Through partnerships with state government, enormous energy-savings have been accomplished for schools, hospitals and low-income Americans. The Weatherization Assistance Program helps over 60,000 low-income, elderly, and disabled citizens are weatherized each year as a result of these key state-federal partnerships.

We believe that a cut of this magnitude could prevent the nation from achieving its economic, environmental, and security goals. A reallocation within the bill can allow these critical programs to be funded adequately while taking care of priorities such as National Parks and the Indian Health Service. We will be working over the recess to develop solutions to this problem, and we hope we can count on your support to address it as the Interior Appropriations bill moves to the House floor.

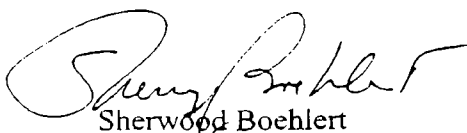
Sincerely,



Jon D. Fox
Member of Congress



Tim Roemer
Member of Congress



Sherwood Boehlert
Member of Congress



Tom Davis
Member of Congress



Luis Gutierrez
Member of Congress

United States Senate

WASHINGTON, DC 20510-1203

June 9, 1998

The Honorable Robert C. Byrd
United States Senate
Washington, DC 20510

Dear Senator Byrd:

You have exercised strong leadership on issues raised in connection with the United Nations Framework Convention on Climate Change, including achieving unanimous passage of the Byrd-Hagel Resolution last year. I wanted to discuss with you the prospects of us working together through the appropriations process to pursue the same goals further.

I am concerned that such action is necessary to protect the sovereignty of our nation, the jobs of American workers, and the constitutional prerogatives of the United States Senate.

Many recent conversations, as well as the General Accounting Office's appearance at a hearing before the Committee on Energy and Natural Resources last week, have increased my concern that focusing exclusively on the Kyoto Protocol will not stop its back-door implementation. I believe, and the GAO confirms, that increases in funding for the Administration's Climate Change Technology Initiative (CCTI) for activities ostensibly not linked to Kyoto nevertheless would pave the way for the protocol's implementation without the benefit of Senate ratification.

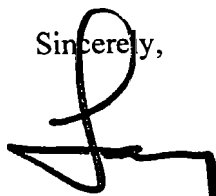
Senator Chuck Hagel and I have discussed the advisability of building upon the success of the Byrd-Hagel amendment by limiting CCTI funding and activities through the appropriations process and he agrees this pursuit could be quite beneficial.

I want to reassure you of our continued, strong commitment that this remain a bipartisan effort. Because I am hearing a great deal of interest in this subject, I expect other Senators to offer floor amendments to appropriations bills. I think it would be wise if we, as members of the Committee, and continuing to work with Senator Hagel, took the initiative.

My staff has prepared a straightforward list of options for appropriations-related amendments that could be offered in committee or on the Senate floor. I respectfully commend them to your attention and would like to hear your opinions and ideas. I would appreciate the opportunity to discuss this matter with you personally, as soon as is convenient for you.

Thank you for your consideration.

Sincerely,



Larry E. Craig
United States Senator

cc: The Honorable Chuck Hagel
Enclosure

Options for Climate Change Amendments
(could be offered individually or in combination)
Discussion Draft
June 9, 1998

Prohibit appropriated funds from being used in any way inconsistent with the Senate-passed Byrd-Hagel Resolution.

Prohibit funds from being used to implement or anticipate implementation of the Kyoto Protocol before the Senate ratifies the treaty. *[Note: By itself, this is not sufficient, since the Administration claims it is pursuing its CCTI as domestic policy, without regard to Kyoto.]*

With regard to Climate Change Technology Initiative (CCTI) activities (to ensure coverage of those the Administration claims would occur without regard to the Kyoto Protocol):

Limit appropriations for any CCTI activity to its FY 1998 level; *or*

Within an appropriations bill, limit appropriations for CCTI activities in the aggregate to FY 1998 levels. This could be done by:

Imposing the limit on such appropriations Language "notwithstanding any other provision of this Act" and allowing the conference committee to adjust individual accounts to comply; *or*

A sense of the senate provision instructing Senate conferees to insist on such an aggregate limit.

Clarify that CCTI activities, including those anticipating the Kyoto Protocol, are not exempt from the Results Act.

Sense of the Senate that the President, in continuing negotiations on the Kyoto Protocol, should not commit the U.S. Government or domestic entities to activities or restraints, the efficacy of which could not or would not be assessed under the Results Act.

Direct the Administration to report to the Appropriations Committees of the House by *[a reasonable date]* on the following:

Designation of the single Administration office or official with overall authority to coordinate interagency efforts on the CCTI;

Overall goals of Stage 1 of the CCTI;

Specific goals and targets for emissions reductions for all 3 stages of the CCTI;

A methodology for evaluating the efficacy of each CCTI activity in contributing to the achievement of emission-reduction targets;

A listing of which goals and activities would be necessary if the United States were bound by the Kyoto Protocol;

Analysis of the economic and employment impacts of CCTI and Kyoto;

An estimated date for the Administration's submission of the Kyoto Protocol to the Senate for ratification.

TED STEVENS, ALASKA, CHAIRMAN

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JAMES H. ENGLISH, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

June 25, 1998

The Honorable Larry E. Craig
United States Senate
Washington, D.C. 20510

Dear Senator Craig:

Thank you for your letter of June 9, 1998, regarding consideration of further climate change-related legislative work beyond the Byrd-Hagel Resolution. In your letter, you expressed your belief that the Administration is attempting to implement the Kyoto Protocol without the Senate's advice and consent.

While I appreciate the seriousness of the points you raise, I believe our first priority should be to maintain our strong bipartisan consensus. We were able to develop this consensus by striking a delicate balance with members who have a wide range of views on global climate change issues. In order to retain and preserve this consensus and to promote the many useful domestic environmental programs enacted apart from Kyoto, we must carefully approach our legislative role. The Byrd-Hagel Resolution sent a clear signal to the Administration about the course to be followed with regard to the Kyoto Protocol, but it was not intended to cripple all existing environmental programs.

Under the Framework Convention on Climate Change Treaty (UNFCCC) ratified by the U.S. in 1992, signatory nations are encouraged to reduce their greenhouse gas emissions through voluntary measures. The Senate is on record in support of voluntary programs because the Congress funded these programs for many years prior to Kyoto. A number of important programs, including clean coal technology development efforts that I support, have been chronically underfunded for many years. I would note that representatives of coal and utility industries expressed strong support for voluntary programs under the rubric of the UNFCCC at a recent meeting convened by my office with senior members of the Administration. Indeed, the coal and utility industries have long participated in programs to voluntarily reduce their greenhouse gas emissions and have documented and reported those reductions to the appropriate federal agencies. Through these efforts, the United States has a tremendous opportunity to profit from new technologies, both at home and abroad, while at the same time reducing greenhouse gas emissions.

I fully support programs that encourage domestic energy efficiency, decrease costs, and promote domestic energy security. These programs should be evaluated on their own

merits, and for this reason, I do not support the arbitrary capping of funding for environment and energy related programs. The federal government serves a vital catalytic role in supporting and developing high-risk research programs that the private sector can then take into the marketplace. The true benefit of these technologies and programs may not be evident for a number of years.

I am not aware of any present Administration proposals to impose binding regulations to reduce greenhouse gases. In fact, binding greenhouse gas regulations were specifically rejected by the White House and not included in its recent electricity restructuring proposal, despite support for these regulations by the Environmental Protection Agency. Nonetheless, I agree that we should remain vigilant and not support binding commitments unless, and until, the U.S. Senate gives its advice and consent to the Kyoto Protocol.

My concern with regard to your suggested language in applicable Fiscal Year 1999 appropriations bills is that it may inhibit adequate funding for worthy ongoing research and development programs. I do believe we should challenge the Administration to be more forthcoming about its efforts with regard to climate change, but I am concerned that we risk stifling constructive dialogue by taking the approach regarding funding that you suggest.

I believe that we should focus our attention on several of your other suggestions. I agree that we should challenge the Administration to be more forthcoming on its strategic planning and demand a clarification of its activities. The Administration has done an inadequate job in communicating in an open and cooperative manner. We should seek a more detailed explanation of the President's proposals and the underlying economic analysis that they hesitate to release. The Administration should be held responsible for failing to produce the analysis called for in the Byrd-Hagel Resolution.

Although I cannot support your proposal in its entirety, I appreciate your thoughtfulness in bringing it to my attention. I would be pleased to explore with you further targeted proposals aimed at improving constructive dialogue and encouraging the Administration to be more forthcoming with regard to its climate change-related initiatives.

With kind regards, I am

Sincerely,

A handwritten signature in black ink, appearing to read "Robert", with a long horizontal flourish extending to the right.

Robert C. Byrd

RCB:fxw

- 11.4 If the U.S. delegation decides to compromise on these matters, as suggested by the environmentalists, between now and COP6, can I be assured that Chairman Yellen will provide a new economic analysis of that compromise since her latest analysis assumes, as I understand it, 85% or more of international emissions trading?

COP Intersessional Meetings

12. Also, in your November 14 Press Statement, you said that "the Parties, at our urging, also agreed that since the issues have grown more numerous and complex, annual meetings are no longer sufficient" and that "there will be more frequent, high-level consultations to provide political guidance to the subsidiary bodies that grapple with the outstanding issues" in order to "allow us to maximize our progress at future conferences." I understand that if the President of the COP holds a series of intersessional meetings, the attendees will be ministers or others of the countries that are fortunate enough to have places on the COP Bureau or to be selected by the COP President for such a seat at the negotiating table.

12.1 Is my understanding correct?

12.2 Please identify the Parties chosen by the President in Buenos Aires for negotiations.

12.3 What do you mean by the phrase "political guidance" and how does this group of 35 ministers or less so guide all 176 Parties to the FCCC who are independent nations, particularly if, as you contend, the G-77/China are, in fact, showing signs of division or fracture?

12.4 Was the session this year in Tokyo open to NGOs and Congressional designees? If not, please explain why not.

12.5 What Parties paid the costs of the Tokyo session?

12.6 Will there be public notice of any such 1999 sessions and will you insist that they be open to the NGOs, as well as to Congressional designees? If not, please explain why not.

12.7 What Parties will pay the cost of these sessions?

In responding these questions, please coordinate with other agencies as appropriate. In addition, under the set of decisions constituting the Buenos Aires Plan of Action and other decisions, Parties are invited to submit views and additional information to the FCCC Secretariat and/or FCCC Subsidiary Bodies. Please provide the Committee on Science a copy of the U.S. submissions as such views are submitted to the FCCC Secretariat and/or FCCC Subsidiary Bodies.

Jonathan: Attached are draft responses to various congressional letters sent to the President. Shelley and I have reviewed these. Julie

Attached Draft Congressional Responses to:

1. Rep. Moran
2. Rep. Session, others
3. Rep. Cramer, others
4. Rep. Portman
5. Senator Grams
6. Rep. Gibbons
7. Rep. Ros-Lehtinen
8. Senator Roberts

Remaining Letters:

1. David Sandalow is working on responses to Rep. Gilman et.al., and Rep. Delay.
2. Status of Hagel, Lott, Helms letter?
3. Daschle letter - wants substantive response - Tom Peterson
4. Wyden - Treasury looking for letter
5. Harkin/Kerrey - Ag letter drafted. Needs updating.